

# APOLLO Series 2018-1 Trust

## Information Memorandum

Mortgage Backed Pass-Through Floating Rate Securities

A\$1,150,000,000  
CLASS A1 NOTES  
Provisional Rating  
“AAA(sf)” by S&P Global Ratings Australia Pty Ltd  
“AAAsf” by Fitch Australia Pty Ltd

and

A\$46,250,000  
CLASS A2 NOTES  
Provisional Rating  
“AAA(sf)” by S&P Global Ratings Australia Pty Ltd  
“AAAsf” by Fitch Australia Pty Ltd

and

A\$8,750,000  
CLASS AB NOTES  
Provisional Rating  
“AAA(sf)” by S&P Global Ratings Australia Pty Ltd  
“AAAsf” by Fitch Australia Pty Ltd

and

A\$18,750,000  
CLASS B NOTES  
Provisional Rating  
“AA(sf)” by S&P Global Ratings Australia Pty Ltd

and

A\$12,500,000  
CLASS C NOTES  
Provisional Rating  
“A(sf)” by S&P Global Ratings Australia Pty Ltd

and

A\$5,625,000  
CLASS D NOTES  
Provisional Rating  
“BBB(sf)” by S&P Global Ratings Australia Pty Ltd

and

A\$8,125,000  
CLASS E NOTES  
Provisional Rating  
Unrated

National Australia Bank Limited ABN 12 004 044 937  
Arranger and Joint Lead Manager

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch ABN 65 117 925 970  
Joint Lead Manager

Macquarie Bank Limited ABN 46 008 583 542  
Joint Lead Manager

Westpac Banking Corporation ABN 33 007 457 141  
Joint Lead Manager

26 April 2018

### **No Guarantee by Suncorp-Metway Group**

Neither the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes nor the Class A1-R Notes (if issued) (the “**Notes**”) represent deposits or other liabilities of Suncorp-Metway Limited ABN 66 010 831 722 (“**Suncorp-Metway**”), Suncorp Group Limited (ABN 66 145 290 124) or any of its subsidiaries (collectively the “**Suncorp-Metway Group**”). None of Suncorp-Metway, SME Management Pty Limited ABN 21 084 490 166 (the “**Manager**”) or any other member of the Suncorp-Metway Group guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the Assets of the Series Trust.

In addition, none of the obligations of the Manager are guaranteed in any way by Suncorp-Metway or any other member of the Suncorp-Metway Group.

### **No Guarantee by Joint Lead Managers**

None of the Notes represent deposits or other liabilities of National Australia Bank Limited (ABN 12 004 044 937) (“**NAB**”), The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch (ABN 65 117 925 970) (“**HSBC**”), Macquarie Bank Limited (ABN 46 008 583 542) (“**Macquarie Bank**”) or Westpac Banking Corporation (ABN 33 007 457 141) (“**Westpac**”) or any other member of the NAB, HSBC, Macquarie Bank or Westpac groups. Neither NAB, HSBC, Macquarie Bank or Westpac nor any other member of the NAB, HSBC, Macquarie Bank or Westpac groups guarantee the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the Assets of the Series Trust.

### **No Guarantee by Perpetual**

None of the Notes represent deposits or other liabilities of Perpetual Trustee Company Limited (in its personal capacity and in its capacity as trustee of any other trust), P.T. Limited (in its personal capacity and in its capacity as trustee of any trust) or any other member of the Perpetual Limited group. Neither Perpetual, P.T. Limited nor any other member of the Perpetual Limited group guarantee the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the Assets of the Series Trust.

### **The Notes are subject to Investment Risk**

The holding of the Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

### **Joint Lead Manager and other party Disclosure**

Each of the Joint Lead Managers (the “**Transaction Parties**”), Suncorp-Metway and the Manager disclose that, in addition to the arrangements and interests it will or may have with respect to the Manager, the Seller, the Servicer and Perpetual Trustee Company Limited (in its capacity as trustee of the Series Trust or any other series trust) (together, the “**Group**”) as described in this Information Memorandum (the “**Transaction Document Interests**”), it, its Related Entities, directors, officers and employees:

- (a) may from time to time be a Noteholder or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note; and
- (b) may pay or receive fees, brokerage and commissions or other benefits, and act as principal with respect to any dealing with respect to any Notes,

(the “**Note Interests**”).

Each purchaser of Notes acknowledges these disclosures and further acknowledges and agrees that, without limiting any express obligation of any person under any Transaction Document:

- (i) each of the Transaction Parties and each of their Related Entities (as defined below) directors, officers and employees (each a “**Relevant Entity**”) will, or may, from time to time, have the Transaction Document Interests and may from time to time have the Note Interests and is, and from time to time may be, involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research (the “**Other Transactions**”) in various capacities in respect of any member of the Group or any other person, both on the Relevant Entity’s own account and for the account of other persons (the “**Other Transaction Interests**”);
- (ii) each Relevant Entity in the course of its business (whether with respect to the Transaction Document Interests, the Note Interests, the Other Transaction Interests or otherwise) may act independently of any other Relevant Entity;
- (iii) to the maximum extent permitted by applicable law, the duties of each of the Arranger, the Joint Lead Managers, the Hedge Provider and the Liquidity Facility Provider (the “**Finance Parties**”), and each of their Related Entities and employees in respect of the Notes are limited to the contractual obligations of the Finance Parties to the Manager and the Trustee in respect of the Series as set out in the relevant Transaction Documents and, in particular, no advisory or fiduciary duty is owed to any person;
- (iv) a Relevant Entity may have or come into possession of information not contained in this Information Memorandum that may be relevant to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors (“**Relevant Information**”);
- (v) to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to any member of the Group or to any potential investor and this Information Memorandum and any subsequent conduct by a Relevant Entity should not be construed as implying that the Relevant Entity is not in possession of such Relevant Information; and
- (vi) each Relevant Entity may have various potential and actual conflicts of interest arising in the course of its business, including in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests. For example, the exercise of rights against a member of the Group arising from the Transaction Document Interests (eg by a dealer, an arranger, an interest rate swap provider or a liquidity facility provider) or from an Other Transaction may affect the ability of the Group member to perform its obligations in respect of the Notes. In addition, the existence of a Transaction Document Interest or Other Transaction Interest may affect how a Relevant Entity in another capacity (eg as a Noteholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of the Group or a Noteholder, and the Group or a Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Entity is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders or the Group, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

Neither the Manager nor the Trustee is required to ensure that no conflicts of the sort described in this section arises, nor to monitor any such conflict. Neither the Manager nor the Trustee will be liable in any way for any loss suffered by any person (including any Noteholder) by reason of any conflict referred to in this section.

“**Related Entities**” has the meaning given to that term in the *Corporations Act 2001* (Cth), but as if body corporate includes any entity.

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# 1 Important Notice

## 1.1 Terms

References in this Information Memorandum to various documents are explained in Section 13. Unless defined elsewhere, all other terms are defined in the Glossary in Section 15. Sections 13 and 15 should be referred to in conjunction with any review of this Information Memorandum.

## 1.2 Purpose

This Information Memorandum relates solely to a proposed issue of Class A1 Notes, Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes by Perpetual Trustee Company Limited ABN 42 000 001 007, in its capacity as trustee of the APOLLO Series 2018-1 Trust (the “**Trustee**”). This Information Memorandum does not relate to, and is not relevant for, any other purpose. Without limitation, while this Information Memorandum contains information relating to the Class A1-R Notes, the Class A1-R Notes are not being offered for issue, nor are applications for the issue of the Class A1-R Notes being invited, by this Information Memorandum.

## 1.3 Limited Responsibility for Information

The Manager has prepared and authorised the distribution of this Information Memorandum and has accepted sole responsibility for the information contained in it except for Section 6 which has been prepared and authorised and responsibility accepted by Suncorp-Metway.

None of Suncorp-Metway (except for Section 6), Perpetual Trustee Company Limited (in its personal capacity and in its capacity as trustee of any other trust), the Trustee, P.T. Limited ABN 67 004 454 666 (in its personal capacity and in its capacity as trustee of any trust), the Security Trustee, National Australia Bank Limited (ABN 12 004 044 937) (“**NAB**”), The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch (ABN 65 117 925 970) (“**HSBC**”) Macquarie Bank Limited (ABN 46 008 583 542) (“**Macquarie Bank**”) or Westpac Banking Corporation (ABN 33 007 457 141) (“**Westpac**”) have authorised, caused the issue of, or have (and expressly disclaim) any responsibility for, or made any statement in, any part of this Information Memorandum. Furthermore, neither the Trustee nor the Security Trustee has had any involvement in the preparation of any part of this Information Memorandum (other than where parts of this Information Memorandum contain particular references to Perpetual Trustee Company Limited or P.T. Limited in their corporate capacity).

Whilst the Manager believes the statements made in this Information Memorandum are accurate, neither it nor Suncorp-Metway, Perpetual Trustee Company Limited (in its personal capacity and in its capacity as trustee of any other trust), the Trustee, P.T. Limited ABN 67 004 454 666 (in its personal capacity), the Security Trustee, NAB, HSBC, Macquarie Bank or Westpac nor any external adviser to any of the foregoing makes any representation or warranty, express or implied, as to, nor assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation.

No recipient of this Information Memorandum can assume that any person referred to in it has conducted any investigation or due diligence concerning, or has carried out or will carry out any independent audit of, or has independently verified or will verify, the information contained in this Information Memorandum.

National Australia Bank Limited as Arranger and Joint Lead Manager, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch as Joint Lead Manager, Macquarie Bank Limited as Joint Lead Manager and Westpac Banking Corporation as Joint Lead Manager have no responsibility to or liability for and do not owe any

duty to any person who purchases or intends to purchase Notes in respect of this transaction, including without limitation in respect of the preparation and due execution of the Transaction Documents.

#### 1.4 Date of this Information Memorandum

This Information Memorandum has been prepared by the Manager as at 26 April 2018 (the "**Preparation Date**"), based upon information available, and the facts and circumstances known, to the Manager (or, in the case of Section 6, Suncorp-Metway) at that time.

Neither the delivery of this Information Memorandum, nor any offer or issue of the Notes, at any time after the Preparation Date implies, or should be relied upon as a representation or warranty, that:

- (a) there has been no change since the Preparation Date in the affairs or financial condition of the APOLLO Series 2018-1 Trust (the "**Series Trust**"), the Trustee, Suncorp-Metway, the Manager or any other party named in this Information Memorandum; or
- (b) the information contained in this Information Memorandum is correct at such later time.

No person undertakes to review the financial condition or affairs of the Trustee or the Series Trust at any time or to keep a recipient of this Information Memorandum or the holders of the Notes (the "**Noteholders**") informed of changes in, or matters arising or coming to their attention which may affect, anything referred to in this Information Memorandum.

Neither the Manager, Suncorp-Metway nor any other person accepts any responsibility to the Noteholders or prospective Noteholders to update this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

#### 1.5 Summary Only

This Information Memorandum is only a summary of the terms and conditions of the Notes and the Series Trust and should not be relied upon by intending subscribers or purchasers of the Notes. Instead, the definitive terms and conditions of the Notes and the Series Trust are contained in the Transaction Documents. If there is any inconsistency between this Information Memorandum and the Transaction Documents, the Transaction Documents should be regarded as containing the definitive information. A copy of the Transaction Documents may be inspected by intending subscribers or purchasers of the Notes, on the conditions contained in Section 13, at the offices of the Manager referred to in the Directory at the back of this Information Memorandum.

#### 1.6 Independent Investment Decisions

This Information Memorandum is not intended to be, and does not constitute, a recommendation by the Manager, Suncorp-Metway, the Trustee, Perpetual Trustee Company Limited (in its personal capacity and in its capacity as trustee of any other trust), P.T. Limited ABN 67 004 454 666 (in its personal capacity and in its capacity as trustee of any trust), the Security Trustee, NAB, HSBC, Macquarie Bank or Westpac that any person subscribe for or purchase any Notes. Accordingly, any person contemplating the subscription or purchase of the Notes must:

- (a) make their own independent investigation of the terms of the Notes and the financial condition, affairs and creditworthiness of the Series Trust, after taking all appropriate advice from qualified professional persons; and

- (b) base any investment decision on the investigation and advice referred to in paragraph (a) and not on this Information Memorandum.

No person is authorised to give any information or to make any representation which is not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of Suncorp-Metway or the Manager.

## **1.7 Distribution to Professional Investors only**

This Information Memorandum has been prepared on a confidential basis for distribution only to professional investors whose ordinary business includes the buying or selling of securities such as the Notes. This Information Memorandum is not intended for, should not be distributed to, and should not be construed as an offer or invitation to, any other person.

## **1.8 Issue Not Requiring Disclosure to Investors under the Corporations Act**

This Information Memorandum is not a “Product Disclosure Statement” or a “Prospectus” for the purposes of Chapter 7 of the Corporations Act and is not required to be lodged with the Australian Securities and Investments Commission under the Corporations Act. Nor will any disclosure document (as defined in the Corporations Act) be lodged with ASIC in respect of the Notes. This Information Memorandum has not been prepared specifically for investors in Australia and is not required to, and does not, contain all of the information which would be required in a disclosure document. Accordingly, a person may not (directly or indirectly) offer for issue or sale, or make any invitation to apply for the issue of or to purchase, the Notes nor distribute this Information Memorandum where such offer, invitation or distribution is received by a person in the Commonwealth of Australia, its territories or possessions, except if:

- (a) either:
  - (i) the minimum amount payable by the transferee (after disregarding any amount lent by the person offering the Notes (as determined under section 700(3) of the Corporations Act) or any of their associates (as determined under sections 10 to 17 of the Corporations Act)) on acceptance of the offer or application (as the case may be) is at least \$500,000 (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001); or
  - (ii) the offer is to a professional investor for the purposes of section 708 of the Corporations Act; or
  - (iii) the offer or invitation does not otherwise need disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act; and
- (b) the offer or invitation is not made to a Retail Client; and
- (c) the offer or invitation complies with any other applicable laws in all jurisdictions in which the offer or invitation is made; and
- (d) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

## **1.9 Liability to Australian Interest Withholding Tax**

Payments of interest on the Notes will be reduced by any applicable withholding taxes. The Trustee is not obliged to pay any additional amounts to the Noteholders to cover any withholding taxes. Accordingly, as payments made under the Notes

may be subject to Australian withholding tax, prior to acquiring any Notes or an interest in any Notes, investors should obtain their own independent withholding tax advice.

Under present law, interest paid on the Notes will generally be subject to Australian interest withholding tax if:

- (a) it is paid to a non-resident of Australia and is not derived by the non-resident in carrying on business at or through a permanent establishment in Australia; or
- (b) it is paid to an Australian resident who derived the interest in carrying on business through a permanent establishment outside Australia,

unless an exemption applies (including, under a double tax agreement as discussed in Section 12 below or under section 128F of the *Income Tax Assessment Act, 1936* (Cth) (together with the *Income Tax Assessment Act, 1997* (Cth) the “**Tax Act**”).

Under present law, the Notes will not be subject to Australian withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Tax Act and they are not acquired directly or indirectly by any Offshore Associate of the Trustee. The Trustee intends to make a public offer of the Notes in accordance with the terms of section 128F of the Tax Act and therefore the exemption from interest withholding tax under section 128F should be applicable to the Notes. See Section 12 below for further information.

#### **1.10 Limited Recovery**

Any obligation or liability of the Trustee arising under or in any way connected with the Notes, the Master Trust Deed, the Series Supplement, the Master Security Trust Deed, the General Security Agreement or any other Transaction Document to which the Trustee is a party is limited, except in the case of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents, to the extent to which it can be satisfied out of the Assets of the Series Trust out of which the Trustee is actually indemnified for the obligation or liability. Other than in the exception previously mentioned, the personal assets of the Trustee, the Security Trustee or any other member of the Perpetual Limited group are not available to meet payments of interest or repayment of principal on the Notes.

None of Suncorp-Metway, the Manager, any other member of the Suncorp-Metway Group, the Trustee, Perpetual Trustee Company Limited (in its personal capacity and in its capacity as trustee of any other trust), the Joint Lead Managers, P.T. Limited (in its personal capacity and as trustee of any trust), or the Security Trustee guarantees the success of the Notes issued by the Trustee or the repayment of capital or any particular rate of capital or income return in respect of the investment by Noteholders in the Notes, nor do they make any statement (including, without limitation, any representation) with respect to income tax or other taxation consequences of any subscription purchase or holding of the Notes or the receipt of any amounts thereunder.

The Notes are not guaranteed or insured in any respect by any Joint Lead Manager, the Trustee or the Security Trustee and do not constitute obligations of, or deposits, in any Joint Lead Manager or the Security Trustee or any company in the corporate group of any Joint Lead Manager or the Security Trustee.

#### **1.11 References to Rating**

There are various references in this Information Memorandum to the credit rating of the Notes and of particular parties. It is anticipated that the Class A1 Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, that the Class A2 Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, that the Class AB Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, that the Class B Notes will be rated AA(sf) by S&P, that the

Class C Notes will be rated A(sf) by S&P and that the Class D Notes will be rated BBB(sf) by S&P. The Class E Notes will not be rated. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the Rating Agencies. The ratings of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes address the likelihood of the payment of principal and interest on the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes pursuant to their terms. The Rating Agencies have not been involved in the preparation of this Information Memorandum.

## 1.12 Australian Financial Services licence

Perpetual Trustee Company Limited has obtained an Australian Financial Services licence under Part 7.6 of the *Corporations Act 2001* (Cth) (Australian Financial Services Licence No. 236643). Perpetual Trustee Company Limited has appointed P.T. Limited to act as its authorised representative under that licence (Authorised Representative No. 266797).

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## 2 Summary of the Issue

### 2.1 Summary Only

The following is only a brief summary of the terms and conditions of the Notes. A more detailed outline of the key features of the Notes is contained in Section 4.

### 2.2 General Information regarding the Notes

**Issuer:** The Trustee in its capacity as trustee of the Series Trust.

**General Description:** The Notes are secured, pass-through, floating rate debt securities.

**Classes:** The Notes are divided into 8 classes: the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

Coupon will be paid on a pari passu and rateable basis amongst the Class A1 Notes or Class A1-R Notes and ahead of the payment of Coupon on the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes prior to and after enforcement of the Charge.

Coupon will be paid on a pari passu and rateable basis amongst the Class A2 Notes and ahead of the payment of Coupon on the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes prior to and after enforcement of the Charge.

Coupon will be paid on a pari passu and rateable basis amongst the Class AB Notes and ahead of the payment of Coupon on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes prior to and after enforcement of the Charge.

Coupon will be paid on a pari passu and rateable basis amongst the Class B Notes and ahead of the payment of Coupon on the Class C Notes, Class D



Notes and the Class E Notes prior to and after enforcement of the Charge.

Coupon will be paid on a pari passu and rateable basis amongst the Class C Notes and ahead of the payment of Coupon on the Class D Notes and the Class E Notes prior to and after enforcement of the Charge.

Coupon will be paid on a pari passu and rateable basis amongst the Class D Notes and ahead of the payment of Coupon on the Class E Notes prior to and after enforcement of the Charge.

Coupon will be paid on a pari passu and rateable basis amongst the Class E Notes.

Prior to enforcement of the Charge, principal will be repaid sequentially amongst the classes of Notes except for so long as all of the following Subordination Conditions are met at which point principal will be repaid pari passu and rateably amongst all of the Notes:

- (a) the aggregate Invested Amount of all Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes as at that Determination Date expressed as a percentage of the aggregate Invested Amount of all Notes on that Determination Date is at least double the Aggregate Initial Invested Amount of such Notes expressed as a percentage of the Aggregate Initial Invested Amount of all Notes;
- (b) the aggregate Invested Amount of all Class AB Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes as at that Determination Date expressed as a percentage of the aggregate Invested Amount of all Notes on that Determination Date is at least double the Aggregate Initial Invested Amount of such Notes expressed as a percentage of the Aggregate Initial Invested Amount of all Notes;
- (c) there are no Charge-Offs allocated to the Class E Notes which remain unreimbursed;
- (d) the average for each of the last four Monthly Periods of the aggregate principal amount outstanding of Mortgage Loans then forming part of the Assets of the Series Trust on the last day of that Monthly Period with arrears days of greater than 60 days is less than 4% of the average of the last four Monthly Periods of the aggregate principal amount outstanding of all Mortgage Loans then forming part of the Assets of the Series Trust provided that where fewer than four Monthly Periods have occurred since the Cut-Off Date this condition will be tested in respect of the number of Monthly Periods that have occurred since the Cut-Off Date;
- (e) the second anniversary of the Issue Date has

occurred on or prior to the relevant Distribution Date; and

- (f) the relevant Distribution Date does not fall on a Call Option Date.

Following enforcement of the Charge, principal will be repaid sequentially first on the Class A1 Notes or Class A1-R Notes, second on the Class A2 Notes, third on the Class AB Notes, fourth on the Class B Notes, fifth on the Class C Notes, sixth on the Class D Notes and finally on the Class E Notes, on a pari passu and rateable basis amongst each class of Notes.

See further Sections 4.2(e), 4.3, 7.4(f), 7.5 and 9.5(d).

**Refinancing of Class A1 Notes:**

The Trustee may issue Class A1-R Notes on:

- (a) the Distribution Date occurring in April 2025 (the "**First Possible Class A1 Refinancing Date**"); or
- (b) if the Class A1 Notes are not fully redeemed on the First Possible Class A1 Refinancing Date, subject to the Manager's discretion, on any subsequent Distribution Date on which Class A1 Notes remain outstanding (each such date, a "**Subsequent Class A1 Refinancing Date**"),

provided, in each case, that the issue proceeds of such Class A1-R Notes must be sufficient to redeem the Class A1 Notes in full on that Distribution Date and the other conditions set out in Section 7.6 are satisfied. The Trustee must use the issue proceeds of those Class A1-R Notes to redeem all of the Class A1 Notes which remain outstanding at that time, as described in Section 7.6.

<b>Cut-Off Date:</b>	19 April 2018.
<b>Issue Date:</b>	Subject to the satisfaction of certain conditions precedent, on or about 26 April 2018.
<b>Maturity Date:</b>	For all Classes of Notes, the Distribution Date in October 2049.
<b>Record Date:</b>	The date which is 4 Business Days before each Distribution Date.
<b>Determination Date:</b>	The date which is 3 Business Days before each Distribution Date.
<b>Distribution Date:</b>	The 13th day of each month (or if such day is not a Business Day, the next Business Day). The first Distribution Date is 14 May 2018.
<b>Aggregate Initial Invested Amount of the Class A1 Notes:</b>	\$1,150,000,000

<b>Aggregate Initial Invested Amount of the Class A2 Notes:</b>	\$46,250,000
<b>Aggregate Initial Invested Amount of the Class AB Notes:</b>	\$8,750,000
<b>Aggregate Initial Invested Amount of the Class B Notes:</b>	\$18,750,000
<b>Aggregate Initial Invested Amount of the Class C Notes:</b>	\$12,500,000
<b>Aggregate Initial Invested Amount of the Class D Notes:</b>	\$5,625,000
<b>Aggregate Initial Invested Amount of the Class E Notes:</b>	\$8,125,000
<b>Denomination:</b>	Each Note has a denomination of \$1,000. The Notes will be issued in Australia in minimum parcels of \$500,000.
<b>Issue Price:</b>	The Notes will be issued at par value.
<b>Rating:</b>	It is expected that the Class A1 Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, the Class A2 Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, the Class AB Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, the Class B Notes will be rated AA(sf) by S&P, the Class C Notes will be rated A(sf) by S&P and the Class D Notes will be rated BBB(sf) by S&P. The Class E Notes will not be rated.
<b>Listing on the Australian Securities Exchange:</b>	The Manager, on behalf of the Trustee, may use reasonable commercial efforts to obtain a listing of the Class A1 Notes, the Class A2 Notes and the Class AB Notes on the Australian Securities Exchange ( <b>ASX</b> ) by no later than the second Distribution Date. However, it is wholly at the discretion of the ASX whether to accept the application to list the Class A1 Notes, the Class A2 Notes and the Class AB Notes. Any such listing is subject to the ASX Listing Rules and the ASX Market Rules and may be subject to any other conditions imposed by the ASX. The Manager will use reasonable commercial efforts to maintain such listing for as long as the Class A1 Notes, the Class A2 Notes and the Class AB Notes are outstanding.
<b>Arranger:</b>	NAB
<b>Joint Lead Managers:</b>	NAB, HSBC, Macquarie Bank and Westpac
<b>Liquidity Facility Provider, Redraw Facility Provider and Hedge Provider:</b>	Suncorp-Metway

**Manager:** SME Management Pty Limited

## **2.3 Coupon on the Notes**

### **Calculation of Coupon on the Notes:**

Coupon on the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for each Coupon Period will be calculated based on the aggregate of the Bank Bill Rate on the first day of that Coupon Period plus the applicable Margin for that class of Notes.

An additional margin of 0.25% will be added to the Coupon Rate for the Class A1 Notes, Class A1-R Notes, Class A2 Notes and Class AB Notes for each Coupon Period following (and including):

- (a) in respect of the Class A1 Notes only, the earlier of:
  - (i) the First Possible Class A1 Refinancing Date; and
  - (ii) the date on which the Call Option becomes exercisable by the Trustee; and
- (b) in respect of the Class A1-R Notes, the Class A2 Notes and Class AB Notes only, the date on which the Call Option becomes exercisable by the Trustee.

The initial Margin for the Notes will be determined by agreement between the Manager and the Joint Lead Managers.

Interest is calculated:

- (a) for the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes and the Class AB Notes on the Invested Amount; and
- (b) for the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on the Stated Amount,

of the relevant Note on the first day of each Coupon Period at the Coupon Rate for that Coupon Period.

For further details on the calculation of Coupon on the Notes, see Section 4.2(d).

### **Payment of Coupon on the Notes:**

Commencing 14 May 2018 (other than in respect of the Class A1-R Notes), subject to there being sufficient funds for this purpose, Noteholders on each Record Date will be entitled to receive payments of Coupon on the Notes monthly in arrears on the following Distribution Date.

At all times:

- (i) payments of interest in respect of the Class E Notes are subordinated to payments of interest in respect of the Class D Notes, Class C Notes,

Class B Notes, Class AB Notes, Class A2 Notes, Class A1 Notes and Class A1-R Notes;

- (ii) payments of interest in respect of the Class D Notes are subordinated to payments of interest in respect of the Class C Notes, Class B Notes, Class AB Notes, Class A2 Notes, Class A1 Notes and Class A1-R Notes;
- (iii) payments of interest in respect of the Class C Notes are subordinated to payments of interest in respect of the Class B Notes, Class AB Notes, Class A2 Notes, Class A1 Notes and Class A1-R Notes;
- (iv) payments of interest in respect of the Class B Notes are subordinated to payments of interest in respect of the Class AB Notes, Class A2 Notes, Class A1 Notes and Class A1-R Notes;
- (v) payments of interest in respect of the Class AB Notes are subordinated to payments of interest in respect of the Class A2 Notes, Class A1 Notes and Class A1-R Notes; and
- (vi) payments of interest in respect of the Class A2 Notes are subordinated to payments of interest in respect of the Class A1 Notes and Class A1-R Notes.

A failure to pay accrued interest on the Class E Notes does not constitute an event of default under the Master Security Trust Deed while there are Class D Notes, Class C Notes, Class B Notes, Class AB Notes, Class A2 Notes, Class A1 Notes or Class A1-R Notes outstanding.

A failure to pay accrued interest on the Class D Notes does not constitute an event of default under the Master Security Trust Deed while there are Class C Notes, Class B Notes, Class AB Notes, Class A2 Notes, Class A1 Notes or Class A1-R Notes outstanding.

A failure to pay accrued interest on the Class C Notes does not constitute an event of default under the Master Security Trust Deed while there are Class B Notes, Class AB Notes, Class A2 Notes, Class A1 Notes or Class A1-R Notes outstanding.

A failure to pay accrued interest on the Class B Notes does not constitute an event of default under the Master Security Trust Deed while there are Class AB Notes, Class A2 Notes, Class A1 Notes or Class A1-R Notes outstanding.

A failure to pay accrued interest on the Class AB Notes does not constitute an event of default under the Master Security Trust Deed while there are Class A2 Notes, Class A1 or Class A1-R Notes outstanding.

A failure to pay accrued interest on the Class A2 Notes does not constitute an event of default under

the Master Security Trust Deed while there are Class A1 Notes or Class A1-R Notes outstanding.

For further details on payment of Coupon on the Notes, see Sections 4.2(e) and 7.4(f).

## 2.4 Repayment of Principal on the Notes

**Repayment of Principal:** To the extent that Total Principal Collections are sufficient for this purpose (see Section 7.5), repayments of principal on the Notes will be made on each Distribution Date to Noteholders for the immediately preceding Monthly Period.

For further details see Sections 4.3(b) and 7.5(b).

### **Refinancing of Class A1 Notes**

The Trustee may, at the direction of the Manager, redeem all of the Class A1 Notes by repaying the then Invested Amount of the Class A1 Notes together with the Coupon payable on the Class A1 Notes on the First Possible Class A1 Refinancing Date or a Subsequent Class A1 Refinancing Date.

For additional information on the refinancing of the Class A1 Notes, see Section 4.3(d) and 7.6.

### **Call Option:**

The Trustee may, at the direction of the Manager and on giving 5 Business Days' notice to the Noteholders, redeem all of the Notes by repaying the then Invested Amount of the Notes together with the Coupon payable on the Notes on any Distribution Date falling after the last day of the Monthly Period on which the aggregate principal outstanding on the Mortgage Loans, when expressed as a percentage of the aggregate principal outstanding on the Mortgage Loans as at the Cut-Off Date, is equal to or below 10%.

For additional information on the Call Option, see Section 4.3(e).

## 2.5 The Mortgage Loans

### **Purchase of Mortgage Loans:**

On the Issue Date, the Trustee will use the proceeds from the issue of the Notes (other than the Class A1-R Notes) to purchase a pool of mortgage loans (the "**Mortgage Loans**") and collateral securities originated by the Seller. The Mortgage Loans may be acquired from the Seller. The purchase price for the Mortgage Loans will be approximately \$1,250,000,000 (being the total principal balance outstanding as at the Cut-Off Date in respect of the purchased Mortgage Loans). The Mortgage Loans have been sourced from the Seller's general portfolio of residential mortgage loans. They are required, generally, to be secured by a registered first ranking mortgage over Australian residential property (in limited circumstances a property can be secured by a second ranking mortgage). Suncorp-Metway has entered into a "Priority Deed Poll" whereby the Seller postpones all prior ranking mortgages held by it over Australian residential property which secures a Mortgage Loan that has been assigned to the Series Trust. Further details in relation to the Mortgage

Loans are contained in Section 6.

**Assignment of Mortgage Loans:**

The Mortgage Loans, related mortgages and collateral securities will be initially assigned to the Trustee in equity. If a Perfection of Title Event occurs under the Master Sale and Servicing Deed the Trustee may be required to take certain actions to perfect its legal title to the Mortgage Loans, related mortgages and collateral securities. For further details on perfection of title, see Section 10.2(l).

**Custody of Mortgage Loan Documents:**

The Seller will hold custody of the underlying Mortgage Loan Documents on behalf of the Trustee from the Issue Date until a Document Transfer Event occurs (or the Seller resigns as custodian). The Seller may appoint a Custodial Delegate as custodian of the Mortgage Loan Documents. For further details on custody of the Mortgage Loan Documents, see Section 11.1.

**Servicing:**

The Seller has been appointed as the initial Servicer under the Master Sale and Servicing Deed. For further details on the Servicer, see Sections 6.8 and 10.5.

**Collections:**

The Trustee will be entitled to all Collections received in respect of the Mortgage Loans from and including the Cut-Off Date. The Trustee will pay to the Seller on the first Distribution Date from those Collections an amount equal to the interest accrued on any Mortgage Loans acquired from the Seller from (and including) the previous due date for the payment of interest on each of the Mortgage Loans up to (but excluding) the Cut-Off Date (the “**Accrued Interest Adjustment**”).

For further details on the Accrued Interest Adjustment, see Section 7.4(e).

Moneys due by borrowers under the terms of the Mortgage Loans will be collected by the Servicer on behalf of the Trustee in accordance with the Master Sale and Servicing Deed and the Series Supplement.

Whilst the Collections Account is permitted to be maintained with the Servicer (see Section 2.6), the Servicer may retain the Collections it receives in respect of a Monthly Period until 10.00 am on the next following Distribution Date, when it must deposit them into the Collections Account together with, in certain circumstances, interest earned on those Collections during the period they are held by the Servicer.

If the Collections Account is not permitted to be maintained with the Servicer (see Section 2.6) the Servicer must pay all Collections it receives into the Collections Account within 2 Business Days of receipt (and in the case of Collections received prior to the Issue Date, within 2 Business Days of the Issue Date) or, where Collections are not received by the Servicer but are otherwise payable by the Servicer or the Seller, within 2 Business Days of when they fell due for payment by the Servicer or the Seller. The

Servicer may, in its sole discretion, deposit amounts into the Collections Account in prepayment of its obligations to pay Collections into the Collections Account in these circumstances. Such prepaid amounts (“**Outstanding Prepayment Amounts**”) are, to the extent they are standing to the credit of the Collections Account, secured to the Servicer under the Master Security Trust Deed and the General Security Agreement (see Section 9.5(d)).

The Servicer may from time to time request that the Trustee repay Outstanding Prepayment Amounts but only to the extent that those Outstanding Prepayment Amounts are not required to offset the Servicer’s earlier obligation to deposit Collections into the Collections Account.

Collections in respect of each Monthly Period will be distributed on the Distribution Date following the end of that Monthly Period.

**Interest off-set benefits:**

On each Distribution Date the Seller must pay to the Trustee an amount representing interest off-set benefits (if any) that were available to Mortgagors in respect of the Mortgage Loans under the terms of any Interest Off-Set Accounts during the immediately preceding Monthly Period calculated in accordance with the Master Sale and Servicing Deed. If the Seller is not an Eligible Depository, the Seller must pay any such amounts to the Trustee within 2 Business Days of the date such amounts would have otherwise been due for payment by the relevant borrower. These amounts (if any) will be included in the Collections and Finance Charges for the relevant Monthly Period (see Sections 7.3(a)(xiii) and 7.3(b)(x)).

**Clean Up and Extinguishment:**

If the aggregate principal outstanding on the Mortgage Loans on the last day of a Monthly Period, when expressed as a percentage of the aggregate principal outstanding on the Mortgage Loans as at the Cut-Off Date, is equal to or below 10%, the Seller may elect to repurchase the remaining Mortgage Loans, and must nominate a Distribution Date to pay the repurchase price for those Mortgage Loans. The repurchase price of the remaining Mortgage Loans (if the Seller elects to repurchase those Mortgage Loans) will be their Fair Market Value as at the last day of the Monthly Period ending immediately before the Clean-Up Settlement Date. If the repurchase price is insufficient to ensure the Noteholders will receive the aggregate Invested Amount of the Notes and the Coupon accrued but unpaid on the Notes and due for payment on the nominated Distribution Date, the repurchase will be subject to approval by way of Extraordinary Resolution of the Noteholders. Further details on the Clean-Up and Extinguishment are contained in Section 10.2(j).

**2.6 Structural Features**

**Mortgage Insurance:**

The Noteholders’ first level of protection against principal and/or interest losses on Mortgage Loans in respect of which the LVR at origination is greater



than 80% is provided by the respective Mortgage Insurance Policies under which such Mortgage Loans are insured. Subject to their terms, the Mortgage Insurance Policies cover all principal and interest losses incurred (if any) on each such Mortgage Loan. For further details on the Mortgage Insurance Policies, see Section 8.

**Excess Investor Revenues:**

The Noteholders' second level of protection is the monthly excess of the cash flow generated by the Mortgage Loans (after taking into account the operation of the swaps under any Hedge Agreement) over the interest payments to be made on the Notes and other outgoings ranking pari passu with or in priority to the Notes. To the extent that there is such an excess in cash flow (the "**Excess Investor Revenues**") available in relation to a Distribution Date, it will be used to:

- (a) first, reimburse any Unreimbursed Principal Draws (see Sections 7.4(c) and 7.4(f));
- (b) second, to the extent that there are any amounts remaining, reimburse any Defaulted Amounts (see Sections 7.5(d) and 7.4(f));
- (c) third, to the extent that there are any amounts remaining, reimburse any unreimbursed Charge-Offs on the Notes (see Sections 7.4(f) and 7.9(c));
- (d) fourth, to the extent that there are any amounts remaining, deposit an amount equal to the Liquidity Reserve Target Shortfall to the Liquidity Reserve Account (see Section 7.4(f));
- (e) fifth, to the extent that there are any amounts remaining, deposit an amount equal to the difference between the Maximum Excess Revenue Reserve Amount and the then current credit balance of the Excess Revenue Reserve (see Section 7.8) to the Excess Revenue Reserve;
- (f) sixth, to the extent that there are any amounts remaining, pari passu and rateably, pay any other amounts (other than those paid previously) owing to the Liquidity Facility Provider under the Liquidity Facility Agreement and the Redraw Facility Provider under the Redraw Facility Agreement (see Section 7.4(f));
- (g) seventh, to the extent that there are any amounts remaining, reimburse the Hedge Provider in respect of the Fixed Rate Swap any Mortgagor Break Costs not received by the Trustee and any amounts due by the Servicer to the Trustee where it has waived such Mortgagor Break Costs that have not been received by the Trustee from a mortgagor or the Servicer (see Section 7.4(f));
- (h) eighth, to the extent that there are any amounts remaining, pay any Subordinated Termination

Payments; and

- (i) finally, any amount remaining will be paid to the Income Unitholder as described in Section 7.4(f).

For a more detailed description of these cash flows, see Section 7.

**Allocation of Charge-offs:**

Class A1 Noteholders or Class A1-R Noteholders, as the case may be, will have the benefit of Charge-Offs being allocated first to the Class E Notes, then to the Class D Notes, then to the Class C Notes, then to the Class B Notes, then to the Class AB Notes and then to the Class A2 Notes. That is, to the extent that there is a loss on a Mortgage Loan which is not satisfied by a claim under the Mortgage Insurance Policy (if any) corresponding to that Mortgage Loan, or by application of Excess Investor Revenues, the amount of the loss will be allocated:

- (a) first, pari passu and rateably to the Class E Notes, reducing the Stated Amount of the Class E Notes until their Stated Amount is zero;
- (b) second, pari passu and rateably to the Class D Notes, reducing the Stated Amount of the Class D Notes until their Stated Amount is zero;
- (c) third, pari passu and rateably to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero;
- (d) fourth, pari passu and rateably to the Class B Notes, reducing the Stated Amount of the Class B Notes until their Stated Amount is zero;
- (e) fifth, pari passu and rateably to the Class AB Notes, reducing the Stated Amount of the Class AB Notes until their Stated Amount is zero; and
- (f) sixth, pari passu and rateably to the Class A2 Notes, reducing the Stated Amount of the Class A2 Notes until their Stated Amount is zero.

The amount of any remaining loss after allocation of such loss to the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes, the Class AB Notes and the Class A2 Notes will be allocated pari passu and rateably to the Class A1 Notes or Class A1-R Notes, reducing the Stated Amount of the Class A1 Notes or Class A1-R Notes until their Stated Amount is zero.

Class A2 Noteholders will have the benefit of Charge-Offs being allocated first to the Class E Notes, then to the Class D Notes, then to the Class C Notes, then to the Class B notes and then to the Class AB Notes.

That is, to the extent that there is a loss on a Mortgage Loan which is not satisfied by a claim under the Mortgage Insurance Policy (if any) corresponding to that Mortgage Loan, or by application of Excess Investors Revenues, the amount of the loss will be allocated:

- (a) first, pari passu and rateably to the Class E Notes, reducing the Stated Amount of the Class E Notes until their Stated Amount is zero;
- (b) second, pari passu and rateably to the Class D Notes, reducing the Stated Amount of the Class D Notes until their Stated Amount is zero;
- (c) third, pari passu and rateably to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero;
- (d) fourth, pari passu and rateably to the Class B Notes, reducing the Stated Amount of the Class B Notes until their Stated Amount is zero; and
- (e) fifth, pari passu and rateably to the Class AB Notes, reducing the Stated Amount of the Class AB Notes until their Stated Amount is zero.

The amount of any remaining loss after allocation of such loss to the Class E Notes, the Class D Notes, Class C Notes, Class B Notes and Class AB Notes will be allocated pari passu and rateably to the Class A2 Notes, reducing the Stated Amount of the Class A2 Notes until their Stated Amount is zero.

Class AB Noteholders will have the benefit of Charge-Offs being allocated first to the Class E Notes, then to the Class D Notes, then to the Class C Notes and then to the Class B Notes. That is, to the extent that there is a loss on a Mortgage Loan which is not satisfied by a claim under the Mortgage Insurance Policy (if any) corresponding to that Mortgage Loan, or by application of Excess Investor Revenues, the amount of the loss will be allocated:

- (a) first, pari passu and rateably to the Class E Notes, reducing the Stated Amount of the Class E Notes until their Stated Amount is zero;
- (b) second, pari passu and rateably to the Class D Notes, reducing the Stated Amount of the Class D Notes until their Stated Amount is zero;
- (c) third, pari passu and rateably to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero; and

- (d) fourth, pari passu and rateably to the Class B Notes, reducing the Stated Amount of the Class B Notes until their Stated Amount is zero.

The amount of any remaining loss after allocation of such loss to the Class E Notes, the Class D Notes, Class C Notes and Class B Notes will be allocated pari passu and rateably to the Class AB Notes, reducing the Stated Amount of the Class AB Notes until their Stated Amount is zero.

Class B Noteholders will have the benefit of Charge-Offs being allocated first to the Class E Notes, then to the Class D Notes and then to the Class C Notes. That is, to the extent that there is a loss on a Mortgage Loan which is not satisfied by a claim under the Mortgage Insurance Policy (if any) corresponding to that Mortgage Loan, or by application of Excess Investor Revenues, the amount of the loss will be allocated:

- (a) first, pari passu and rateably to the Class E Notes, reducing the Stated Amount of the Class E Notes until their Stated Amount is zero;
- (b) second, pari passu and rateably to the Class D Notes, reducing the Stated Amount of the Class D Notes until their Stated Amount is zero; and
- (c) third, pari passu and rateably to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero.

The amount of any remaining loss after allocation of such loss to the Class E Notes, the Class D Notes and the Class C Notes will be allocated pari passu and rateably to the Class B Notes, reducing the Stated Amount of the Class B Notes until their Stated Amount is zero.

Class C Noteholders will have the benefit of Charge-Offs being allocated first to the Class E Notes and then to the Class D Notes. That is, to the extent that there is a loss on a Mortgage Loan which is not satisfied by a claim under the Mortgage Insurance Policy (if any) corresponding to that Mortgage Loan, or by application of Excess Investor Revenues, the amount of the loss will be allocated:

- (a) first, pari passu and rateably to the Class E Notes, reducing the Stated Amount of the Class E Notes until their Stated Amount is zero; and
- (b) second, pari passu and rateably to the Class D Notes, reducing the Stated Amount of the Class D Notes until their Stated Amount is zero.

The amount of any remaining loss after allocation of

such loss to the Class E Notes and the Class D Notes will be allocated pari passu and rateably to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero.

Class D Noteholders will have the benefit of Charge-Offs being allocated first to the Class E Notes. That is, to the extent that there is a loss on a Mortgage Loan which is not satisfied by a claim under the Mortgage Insurance Policy (if any) corresponding to that Mortgage Loan, or by application of Excess Investor Revenues, the amount of the loss will be allocated pari passu and rateably to the Class E Notes, reducing the Stated Amount of the Class E Notes until their Stated Amount is zero.

The amount of any remaining loss after allocation of such loss to the Class E Notes will be allocated pari passu and rateably to the Class D Notes, reducing the Stated Amount of the Class D Notes until their Stated Amount is zero.

**Collections Account:**

Before the Issue Date, the Trustee must establish an account (or accounts) (the "**Collections Account**") into which all Collections received in respect of the Series Trust must be paid. The Collections Account must be maintained with an Eligible Depository and may be held with the Servicer if the Servicer is an Eligible Depository. Where the Servicer is not an Eligible Depository, the Collections Account may still be maintained with the Servicer provided that:

- (a) the Servicer's obligations to credit to, and repay from, in accordance with normal banking practice, moneys deposited and to be deposited to the Collections Account are supported by a standby guarantee in a form acceptable to the Rating Agencies; or
- (b) the Manager has given prior written notice to the Rating Agencies in relation to the Collections Account being held with the Servicer and is satisfied that this will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies to the Notes.

Interest will be earned on the amount standing to the credit of the Collections Account except, whilst the Collections Account is held with the Servicer:

- (a) on any amount deposited into the Collections Account in circumstances where:
  - (i) on the immediately preceding Determination Date the Manager determined that an amount referred to in Section 7.4(f)(xxvi) would be paid to the Income Unitholder on the next Distribution Date; and
  - (ii) an Insolvency Event does not exist in relation to the Servicer; and

- (b) to the extent that any credit balance represents the Cash Deposit (see Section 9.2(i)) or any collateral or prepayment under any Hedge Agreement.

If, while the Collections Account is maintained with the Servicer, the Trustee becomes aware that the Collections Account cannot continue to be maintained with the Servicer, the Trustee must immediately establish a new interest bearing Collections Account with an Eligible Depository and transfer the funds standing to the credit of the old Collections Account to the new Collections Account.

**Liquidity Facility:**

If there is a Remaining Net Liquidity Shortfall, the Trustee may be able to request an advance under the Liquidity Facility up to a total aggregate amount equal to the un-utilised portion of the Liquidity Facility Limit, being the greater of:

- (a) 1.0% of the aggregate principal outstanding under all Performing Loans at that time; and
- (b) 0.10% of the aggregate principal outstanding under all Performing Loans on the Issue Date.

Drawings under the Liquidity Facility will be subject to certain conditions precedent.

Suncorp-Metway will be the initial Liquidity Facility Provider.

For further details on the Liquidity Facility see Section 9.2.

**Redraw Facility:**

If Total Principal Collections for a Monthly Period (not including for this purpose the amount referred to in paragraph (v) of the definition of Total Principal Collections in Section 7.5(a)) are insufficient to fully reimburse the Seller for Redraws made during that Monthly Period to the extent the Seller is entitled to be reimbursed as described in Section 7.5(b)(ii), the Trustee may be able to request an advance from the Redraw Facility Provider under the Redraw Facility up to a total aggregate amount equal to the un-utilised portion of the Redraw Facility Limit, being, as at the Issue Date, the greater of:

- (a) 0.5% of the aggregate principal outstanding of all Performing Loans at that time; and
- (b) \$500,000.

The provision of the Redraw Facility will be subject to normal credit criteria and a market rate of interest will be charged.

Drawings under the Redraw Facility will be subject to certain conditions precedent.

Suncorp-Metway will be the initial Redraw Facility Provider.

For further details on the Redraw Facility see

Section 9.3.

**Liquidity Reserve:**

The Trustee may, in certain circumstances, be unable to meet Extraordinary Expenses from funds available to be applied for such purposes in the Series Trust. Accordingly, a Liquidity Reserve will be established prior to the Issue Date to mitigate the risk of such liquidity deficiency if such Extraordinary Expenses arise.

The Liquidity Reserve will be held in the Liquidity Reserve Account and must not be withdrawn by the Trustee other than:

- (a) to be applied to meet any Extraordinary Expenses;
- (b) to be applied as Total Investor Revenues on termination of the Series Trust;
- (c) to be applied in accordance with clause 13.1 ("Priority of Payments") of the Master Security Trust Deed; or
- (d) to be paid into a new or additional Liquidity Reserve Account, if such an account is opened.

The Trustee will allocate an amount equal to the Liquidity Reserve Target Shortfall from Total Investor Revenues to maintain the Liquidity Reserve Target Balance.

For further details see Sections 7.7 and 9.4.

**Excess Revenue Reserve:**

The Excess Revenue Reserve can be utilised if the Investor Revenues for a Monthly Period are less than Total Expenses for that Monthly Period (such insufficiency being a "**Gross Liquidity Shortfall**"). If there is a Gross Liquidity Shortfall, the Manager must direct the Trustee to withdraw from the Excess Revenue Reserve, on the immediately following Distribution Date, an amount equal to the lesser of:

- (i) the Gross Liquidity Shortfall; and
- (ii) the balance of the Excess Revenue Reserve,

(an "**Excess Revenue Reserve Income Draw**") and apply that amount as part of the Total Investor Revenues on that Distribution Date.

For further details on the Excess Revenue Reserve, see Section 7.8.

**Hedge Agreement:**

In order to hedge the mismatch between the rates of interest on the Mortgage Loans and the Trustee's floating rate obligations under the Notes, the Trustee and the Manager will enter into the Basis Swap and the Fixed Rate Swap with a Hedge Provider.

Suncorp-Metway will be the initial Hedge Provider for

the Basis Swap and the Fixed Rate Swap.

The Basis Swap and the Fixed Rate Swap will each be governed by the terms of the Hedge Agreement.

For further details in relation to the Basis Swap and the Fixed Rate Swap, see Section 9.1.

**Threshold Mortgage Rate:** On each Determination Date the Manager must determine the aggregate of:

- in summary, the rate that is the minimum interest rate per annum required to be set on Mortgage Loans which are subject to a variable rate, in order to cover, together with amounts to be received in respect of fixed rate Mortgage Loans, the Total Expenses of the Series Trust; and
- 0.25%,

(the “**Threshold Mortgage Rate**”) and notify that rate to the Trustee, the Seller and the Servicer on or prior to the following Distribution Date.

The Threshold Mortgage Rate is only relevant if the Basis Swap terminates.

For further details, see Section 9.1(b).

**Master Security Trust Deed and General Security Agreement:**

The obligations of the Trustee in respect of the Notes (among other obligations) are secured by a security interest granted by the Trustee over the Assets of the Series Trust in favour of the Security Trustee pursuant to the Master Security Trust Deed and the General Security Agreement. The Master Security Trust Deed, the General Security Agreement and the order of priority in which the proceeds of enforcement of the security interest are to be applied are described in Section 9.5.

## 2.7 Further Information

**Transfer:**

Following their issue, the Notes may (unless lodged with Austraclear) only be purchased or sold by execution and registration of a Note Transfer. For further details, see Section 4.8.

The Notes can only be transferred if the relevant offer or invitation to purchase:

- does not need disclosure to investors under Part 6D.2 of the Corporations Act;
- is not an offer or invitation to a Retail Client; and
- complies with all applicable laws in all jurisdictions in which the offer or invitation is made.



**Austraclear:** Following issue, the Notes can be lodged with Austraclear. For further details see Section 4.10.

**Stamp Duty:** The Manager has received advice that none of the issue, the transfer or the redemption of the Notes will currently attract stamp duty in any jurisdiction of Australia. For further details see Section 12.6.

**Withholding Tax and TFNs:** Payments of principal and interest on the Notes will be reduced by any applicable withholding taxes. The Trustee is not obligated to pay any additional amounts to the Noteholders to cover any withholding taxes.

Under present Australian law, the Notes will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Tax Act and they are not acquired directly or indirectly by any Offshore Associates of the Trustee. The Joint Lead Managers have agreed with the Trustee to offer the Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied and the Notes having the benefit of the section 128F exemption. One of these conditions is that the Trustee must not know or have reasonable grounds to suspect that a Note, or an interest in a Note, was being, or would later be, acquired directly or indirectly by any Offshore Associates of the Trustee (other than in the capacity of dealer, underwriter or manager in relation to a placement of the Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme). Accordingly, persons who are Offshore Associates of the Trustee should not acquire Notes (subject to the exceptions noted). For further information see Section 12.2.

Under current tax law, tax must be withheld from payments to an Australian resident Noteholder or a non-resident Noteholder holding the relevant Notes in the course of carrying on business at or through a permanent establishment in Australia who does not provide the Trustee with a tax file number or Australian Business Number (where applicable) unless an exemption applies to that Noteholder.

The Trustee shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any intergovernmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service as a result of a Noteholder, beneficial owner or an intermediary that is not an agent of the Trustee not being entitled to receive payments free of FATCA Withholding. The Trustee will have no obligation to pay additional amounts or otherwise indemnify any Noteholder for any such FATCA Withholding deducted or withheld by the Trustee, the paying agent or any other party.

Noteholders and prospective Noteholders should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Notes and any applicable interest withholding tax.

**Repurchase eligibility:**

It is intended that the Manager will, on or before the first Payment Date, apply to the RBA for the Class A1 Notes, Class A2 Notes and Class AB Notes to be listed as “eligible securities” for repurchase agreements.

The criteria for repo-eligibility published by the RBA require, among other things, that certain information be provided by the Manager to the RBA at the time of seeking repo-eligibility and during the term of the Class A1 Notes, the Class A2 Notes and the Class AB Notes in order for the Class A1 Notes, the Class A2 Notes and the Class AB Notes to be (and to continue to be) repo-eligible.

No assurance can be given that the application by the Manager for the Class A1 Notes, the Class A2 Notes and the Class AB Notes to be repo-eligible will be successful, or that the Class A1 Notes, the Class A2 Notes and the Class AB Notes will continue to be repo-eligible at all times even if they are eligible in relation to their initial issue. For example, subsequent changes by the RBA to its criteria could affect whether the Class A1 Notes, the Class A2 Notes and the Class AB Notes continue to be repo-eligible.

If the Class A1 Notes, the Class A2 Notes and the Class AB Notes are repo-eligible at any time, Noteholders should be aware that relevant disclosures may be made by the Manager to investors and potential investors in Class A1 Notes, Class A2 Notes and Class AB Notes from time to time in such form as determined by the Manager as it sees fit (including for the purpose of complying with the RBA’s criteria).

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### **3 Credit Rating**

It is expected that S&P and Fitch will assign long term credit ratings of AAA(sf) and AAAsf, respectively, in respect of the Class A1 Notes, S&P and Fitch will assign long term credit ratings of AAA(sf) and AAAsf, respectively, in respect of the Class A2 Notes, S&P and Fitch will assign long term credit ratings of AAA(sf) and AAAsf, respectively, in respect of the Class AB Notes, S&P will assign a long term credit rating of AA(sf) in respect of the Class B Notes, S&P will assign a long term credit rating of A(sf) in respect of the Class C Notes and S&P will assign a long term credit rating of BBB(sf) in respect of the Class D Notes. The Class E Notes will not be rated.

The credit ratings of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes should be evaluated independently from similar ratings on other types of notes or securities. A credit rating by the Rating Agencies is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, qualification or withdrawal at any time by the Rating Agencies. A revision, suspension, qualification or withdrawal of the credit rating of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes or the Class D Notes may adversely affect the market price of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes,

the Class C Notes or the Class D Notes. In addition, the credit ratings of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes do not address the expected timing of principal repayments under the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes or the Class D Notes, only that principal will be received no later than the Maturity Date in relation to each relevant Class of Notes. Other than this Section 3 and Section 1.11, the Rating Agencies have not been involved in the preparation of this Information Memorandum.

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## 4 Description of the Notes

### 4.1 General Description of the Notes

The Notes constitute debt securities issued by the Trustee in its capacity as trustee of the Series Trust. They are characterised as secured, pass-through, floating rate debt securities and are issued with the benefit of, and subject to, the Master Trust Deed, the Series Supplement, the Master Security Trust Deed and the General Security Agreement.

The Notes have been divided into 8 classes: the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

### 4.2 Coupon on the Notes

(a) Periods for which the Notes accrue interest

Each Note accrues interest from (and including) the Issue Date (or, in the case of the Class A1-R Notes, the Class A1-R Issue Date) and ceases to accrue interest from (and including) the earlier of:

- (i) the date on which the Stated Amount of that Note is reduced to zero and all accrued interest in respect of the Notes is paid in full; and
- (ii) the date on which that Note is deemed to be redeemed as described in Section 4.3(c).

(b) Coupon Periods

The period during which a Note accrues interest (as described above) is divided into periods (each a “**Coupon Period**”). The first Coupon Period in respect of the Notes (other than the Class A1-R Notes) commences on (and includes) the Issue Date and ends on (but does not include) the first Distribution Date (being 14 May 2018). The first Coupon Period in respect of the Class A1-R Notes commences on (and includes) the Class A1-R Issue Date and ends on (but does not include) the first Distribution Date following the Class A1-R Issue Date. Each succeeding Coupon Period commences on (and includes) a Distribution Date and ends on (but does not include) the next Distribution Date. The final Coupon Period ends on (but does not include) the date on which interest ceases to accrue on the Notes (as described in Section 4.2(a)).

(c) Coupon Rates

The Coupon Rate for each Coupon Period in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is the Bank Bill Rate for the Coupon Period plus the applicable Margin for that class of Notes.

An additional margin of 0.25% per annum (the “**Step-up Margin**”) will be added to the Coupon Rate for the Class A1 Notes, the Class A1-R Notes,

the Class A2 Notes and the Class AB Notes for each Coupon Period following (and including):

- (i) in respect of the Class A1 Notes only, the earlier of:
  - (A) the First Possible Class A1 Refinancing Date; and
  - (B) the date on which the Call Option becomes exercisable by the Trustee; and
- (ii) in respect of the Class A1-R Notes, the Class A2 Notes and the Class AB Notes only, the date on which the Call Option becomes exercisable by the Trustee.

The initial Margin for the Notes (other than the Class A1-R Notes) will be determined by agreement between the Manager and the Joint Lead Managers before the Issue Date. The initial Margin for the Class A1-R Notes will be determined by agreement between the Manager and the Joint Lead Managers before the Class A1-R Issue Date. The Margin on the Notes will be notified to the prospective Noteholders by the Manager.

(d) Calculation of Coupon on the Notes

Coupon on each class of Notes is calculated for each Coupon Period:

- (i) on:
  - (A) the Invested Amount of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes and the Class AB Notes; and
  - (B) the Stated Amount of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes,on the first day of the Coupon Period (after taking into account any reductions in the Invested Amount on that day);
- (ii) at the Coupon Rate for that class for that Coupon Period; and
- (iii) on the actual number of days in that Coupon Period and based on a year of 365 days.

(e) Coupon Payment on each Distribution Date

If Total Investor Revenues are sufficient for this purpose, Coupon on the Notes will be paid on each Distribution Date in arrears in respect of the Coupon Period ending on that Distribution Date.

If Total Investor Revenues available for payment of Coupon on the Notes are insufficient for the payment in full of Coupon on the Notes on a Distribution Date, (after payment of prior ranking distributions of Total Investor Revenues) the amount available will be applied in the following order:

- (i) first, in satisfying on a pari passu and rateable basis the Coupon due on that Distribution Date in respect of the Class A1 Notes or the Class A1-R Notes and any Coupon in respect of the Class A1 Notes or the Class A1-R Notes remaining unpaid from prior Distribution Dates until the amount of Coupon due in respect of the Class A1 Notes or the Class A1-R Notes has been satisfied;
- (ii) second, in satisfying on a pari passu and rateable basis the Coupon due on that Distribution Date in respect of the Class A2 Notes and any Coupon in respect of the Class A2 Notes remaining unpaid

from prior Distribution Dates until the amount of Coupon due in respect of the Class A2 Notes has been satisfied;

- (iii) third, in satisfying on a pari passu and rateable basis the Coupon due on that Distribution Date in respect of the Class AB Notes and any Coupon in respect of the Class AB Notes remaining unpaid from prior Distribution Dates until the amount of Coupon due in respect of the Class AB Notes has been satisfied;
- (iv) fourth, in satisfying on a pari passu and rateable basis the Coupon due on that Distribution Date in respect of the Class B Notes and any Coupon in respect of the Class B Notes remaining unpaid from prior Distribution Dates until the amount of Coupon due in respect of the Class B Notes has been satisfied;
- (v) fifth, in satisfying on a pari passu and rateable basis the Coupon due on that Distribution Date in respect of the Class C Notes and any Coupon in respect of the Class C Notes remaining unpaid from prior Distribution Dates until the amount of Coupon due in respect of the Class C Notes has been satisfied;
- (vi) sixth, in satisfying on a pari passu and rateable basis the Coupon due on that Distribution Date in respect of the Class D Notes and any Coupon in respect of the Class D Notes remaining unpaid from prior Distribution Dates until the amount of Coupon due in respect of the Class D Notes has been satisfied; and
- (vii) seventh, in satisfying on a pari passu and rateable basis the Coupon due on that Distribution Date in respect of the Class E Notes and any Coupon in respect of the Class E Notes remaining unpaid from prior Distribution Dates until the amount of Coupon due in respect of the Class E Notes has been satisfied.

A failure to pay Coupon on the Class A1 Notes or Class A1-R Notes within a specified period of time (see Section 9.5(b)(ix)) will be an Event of Default under the Master Security Trust Deed. The events of default and the remedies available to Noteholders are detailed in Sections 9.5(b) and 9.5(c).

A failure to pay Coupon on the Class A2 Notes will not be an Event of Default under the Master Security Trust Deed while the aggregate Stated Amount of the Class A1 Notes or Class A1-R Notes is greater than zero.

A failure to pay Coupon on the Class AB Notes will not be an Event of Default under the Master Security Trust Deed while the aggregate Stated Amount of the Class A1 Notes, Class A1-R Notes or Class A2 Notes is greater than zero.

A failure to pay Coupon on the Class B Notes will not be an Event of Default under the Master Security Trust Deed while the aggregate Stated Amount of the Class A1 Notes, Class A1-R Notes, Class A2 Notes or Class AB Notes is greater than zero.

A failure to pay Coupon on the Class C Notes will not be an Event of Default under the Master Security Trust Deed while the aggregate Stated Amount of the Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes or Class B Notes is greater than zero.

A failure to pay Coupon on the Class D Notes will not be an Event of Default under the Master Security Trust Deed while the aggregate Stated Amount of the Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes or Class C Notes is greater than zero.

A failure to pay Coupon on the Class E Notes will not be an Event of Default under the Master Security Trust Deed while the aggregate Stated Amount of

the Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes or Class D Notes is greater than zero. No interest accrues on the amount of any Coupon shortfall.

The method for calculating whether there are sufficient Total Investor Revenues available on a Distribution Date for the payment of Coupon on the Notes for the Coupon Period then ended (and any shortfalls of Coupon from previous Coupon Periods) is set out in Section 7.

#### **4.3 Principal Repayments on the Notes**

(a) Final Redemption

Unless previously redeemed (or deemed to be redeemed) in full, the Notes will be redeemed at their then Stated Amount, together with all accrued but unpaid interest, on their relevant Maturity Date.

(b) Repayment of Principal on the Notes

On each Distribution Date prior to enforcement of the Charge, to the extent that Total Principal Collections are sufficient for this purpose (after payment of prior ranking distributions of Total Principal Collections detailed in Section 7.5(b)) the Trustee, at the direction of the Manager, must apply the Total Principal Collections as follows:

(i) if the Subordination Conditions were not satisfied on the relevant Determination Date, in the following order:

(A) first, pari passu and rateably:

(aa) if any Class A1 Notes remain outstanding, to the Class A1 Noteholders in repayment of principal in respect of the Class A1 Notes, until the Stated Amount of the Class A1 Notes is reduced to zero; or

(ab) if any Class A1-R Notes remain outstanding, to the Class A1-R Noteholders in repayment of principal in respect of the Class A1-R Notes, until the Stated Amount of the Class A1-R Notes is reduced to zero;

(B) second, pari passu and rateably to the Class A2 Noteholders in repayment of principal in respect of the Class A2 Notes, until the Stated Amount of the Class A2 Notes is reduced to zero;

(C) third, pari passu and rateably to the Class AB Noteholders in repayment of principal in respect of the Class AB Notes, until the Stated Amount of the Class AB Notes is reduced to zero;

(D) fourth, pari passu and rateably to the Class B Noteholders in repayment of principal in respect of the Class B Notes, until the Stated Amount of the Class B Notes is reduced to zero;

(E) fifth, pari passu and rateably to the Class C Noteholders in repayment of principal in respect of the Class C Notes, until the Stated Amount of the Class C Notes is reduced to zero;

- (F) sixth, pari passu and rateably to the Class D Noteholders in repayment of principal in respect of the Class D Notes, until the Stated Amount of the Class D Notes is reduced to zero; and
  - (G) seventh, pari passu and rateably to the Class E Noteholders in repayment of principal in respect of the Class E Notes, until the Stated Amount of the Class E Notes is reduced to zero; or
- (ii) if the Subordination Conditions were satisfied on the relevant Determination Date pari passu and rateably (based on the Stated Amount of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) to the Class A1 Noteholders, the Class A1-R Noteholders, the Class A2 Noteholders, the Class AB Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders in repayment of principal in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes until the Stated Amount of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is reduced to zero.

The determination and allocation of Total Principal Collections is explained in Sections 7.5(a) and 7.5(b).

(c) Redemption on Final Payment

Upon a final distribution being made in respect of the Notes in the circumstances described in Section 10.6(d) or under the Master Security Trust Deed and the General Security Agreement, the Notes will be deemed to be redeemed and discharged in full and any obligation to pay any accrued but unpaid interest, any then unpaid Invested Amount, Stated Amount or any other amounts in relation to the Notes will be extinguished in full. Thereafter the Notes will cease to exist and the Noteholders will have no further rights or entitlements in respect of their Notes.

(d) Optional redemption on or after the First Possible Class A1 Refinancing Date

- (i) On any Distribution Date on or after the First Possible Class A1 Refinancing Date (if there are any Class A1 Notes outstanding on such date), the Trustee may (and must if so directed by the Manager) issue Class A1-R Notes and apply the proceeds to redeem all of the Class A1 Notes, as described in Section 7.6.
- (ii) Subject to paragraph (iii) below, the Manager has absolute discretion whether to direct the Trustee to take any action pursuant to paragraph (i) above.
- (iii) At any time on or before the Determination Date immediately before the First Possible Class A1 Refinancing Date, the Manager agrees to use its reasonable endeavours to arrange, on behalf of the Trustee, the marketing of the issuance of Class A1-R Notes in accordance with Section 7.6, with such Class A1-R Notes to have:
  - (A) an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1 Notes as at that Determination Date (plus any additional amount necessary for parcels of Class A1-R Notes to be issued); and

- (B) the Class A1-R Issue Date occurring on the First Possible Class A1 Refinancing Date.
  - (iv) If the Manager is unable to arrange for the issuance of Class A1-R Notes on the First Possible Class A1 Refinancing Date in accordance with Sections 4.3(d)(iii) and 7.6 on or before the First Possible Class A1 Refinancing Date, the Manager may (at its discretion) arrange, on behalf of the Trustee, for such issue of Class A1-R Notes on any Subsequent Class A1 Refinancing Date.
  - (v) If the Call Option Date has occurred, or is expected to occur on the relevant Distribution Date, the Manager's obligations and rights described in paragraphs (iii) and (iv) above are subject to any rights the Seller may have under the Transaction Documents to repurchase the Mortgage Loans on the relevant Distribution Date as described in Section 10.2(j) and the corresponding right of the Trustee to redeem the Notes as described in Section 4.3(e).
- (e) Call Option
- The Trustee may, at the direction of the Manager and on giving 5 Business Days' notice to the Noteholders, redeem all of the Notes ("**Call Option**") by repaying the then Invested Amount of the Notes together with the Coupon payable on the Notes on any Distribution Date falling after the last day of a Monthly Period on which the aggregate principal outstanding on the Mortgage Loans, expressed as a percentage of the aggregate principal outstanding on the Mortgage Loans as at the Cut-Off Date, is at or below 10% ("**Call Option Date**").
- Otherwise, the Trustee may redeem all of the Notes on the relevant Distribution Date for an amount less than the Invested Amount of the Notes and the Coupon payable on the Notes if the Noteholders have approved the redemption by an Extraordinary Resolution.
- (f) No Payment in Excess of Stated Amount
- No amount of principal will be paid to a Noteholder in excess of the Stated Amount applicable to the Notes held by that Noteholder other than in accordance with the Master Security Trust Deed (see Section 9.5(d)) and in accordance with the Call Option.
- (g) Subordination Conditions
- The Subordination Conditions are as follows and are satisfied on any Determination Date if:
- (i) the aggregate Invested Amount of all Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes as at that Determination Date expressed as a percentage of the aggregate Invested Amount of all Notes on that Determination Date is at least double the Aggregate Initial Invested Amount of such Notes expressed as a percentage of the Aggregate Initial Invested Amount of all Notes;
  - (ii) the aggregate Invested Amount of all Class AB Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes as at that Determination Date expressed as a percentage of the aggregate Invested Amount of all Notes on that Determination Date is at least double the Aggregate Initial Invested Amount of such Notes expressed as a percentage of the Aggregate Initial Invested Amount of all Notes;
  - (iii) there are no Charge-Offs allocated to the Class E Notes which remain unreimbursed;



- (iv) the average for each of the last four Monthly Periods of the aggregate principal amount outstanding of Mortgage Loans then forming part of the Assets of the Series Trust on the last day of that Monthly Period with arrears days of greater than 60 days is less than 4% of the average of the last four Monthly Periods of the aggregate principal amount outstanding of all Mortgage Loans then forming part of the Assets of the Series Trust provided that where fewer than four Monthly Periods have occurred since the Cut-Off Date this condition will be tested in respect of the number of Monthly Periods that have occurred since the Cut-Off Date;
- (v) the second anniversary of the Issue Date has occurred on or prior to the relevant Distribution Date; and
- (vi) the relevant Distribution Date does not fall on a Call Option Date.

#### **4.4 Payments**

##### **(a) Method of Payment**

Any amounts payable by the Trustee to a Noteholder will be paid in Australian dollars and may be paid by:

- (i) a crossed "not negotiable" cheque made payable to the Noteholder and despatched by post to the address of the Noteholder appearing on the Register;
- (ii) electronic transfer through Austraclear;
- (iii) at the option of the Noteholder (which may be exercised on a Note Transfer), direct transfer to a designated bank account in Australia of the Noteholder; or
- (iv) any other manner specified by the Noteholder and agreed to by the Manager and the Trustee.

##### **(b) Rounding of Coupon and Principal Payments**

All payments in respect of Coupon and principal on the Notes will be rounded to the nearest one cent (half a cent or more being rounded upward).

#### **4.5 Reporting of Pool Performance Data**

The Manager or a person nominated by the Manager will, on a monthly basis, publish on Perpetual's ABS Website (or another similar electronic reporting service) pool performance data.

Pool performance data will include:

- (a) performance data relating to the Notes issued (including Invested Amounts, Stated Amounts and Coupon Rates);
- (b) Note Factors;
- (c) prepayment rates;
- (d) arrears statistics; and
- (e) default statistics.

#### **4.6 The Register of Noteholders**

The Trustee will maintain the Register at its office in Sydney.

The Register will include, among other things, the names and addresses of the Noteholders and a record of each payment made in respect of the Notes.

The Register is the only conclusive evidence of the title of a person recorded in it as the holder of a Note.

The Trustee may from time to time close the Register for periods not exceeding 35 Business Days in aggregate in any calendar year (or such greater period as may be permitted by the Corporations Act).

In addition to the above period, the Register may be closed by the Trustee at 4.30 pm (Sydney time) on the fourth Business Day prior to each Distribution Date (or such other Business Day as is notified by the Trustee to the Noteholders from time to time) for the purpose of calculating entitlements to Coupon and principal on the Notes. The Register will be re-opened at the commencement of business on the Business Day immediately following the Distribution Date. On each Distribution Date, principal and Coupon on the Notes will be paid to those Noteholders whose names appear in the Register when the Register was closed prior to that Distribution Date.

The Register may be inspected by a Noteholder during normal business hours in respect of information relating to that Noteholder only. Copies of the Register may not be taken by the Manager or Noteholders. However, the Trustee must make a copy of the Register available to the Manager within one Business Day of the Manager's request for a copy.

The Trustee, with the Manager's approval, may cause the Register to be maintained by a third party on its behalf, and require that person to discharge the Trustee's obligations in relation to the Register.

#### **4.7 Note Certificates**

No global definitive certificate or other instrument will be issued to evidence a person's title to Notes. Instead, each Noteholder will be issued with a certificate ("**Note Certificate**") under which the Trustee acknowledges that the Noteholder has been entered in the Register in respect of the Notes referred to in that Note Certificate. A Note Certificate is not a certificate of title as to the relevant Notes. It cannot, therefore, be pledged or deposited as security nor can Notes be transferred by delivery of only a Note Certificate to a proposed transferee.

If a Note Certificate becomes worn out or defaced, then upon production of it to the Trustee, a replacement will be issued. If a Note Certificate is lost or destroyed, and upon proof of this to the satisfaction of the Trustee and the provision of such indemnity as the Trustee considers adequate, a replacement Note Certificate will be issued. A fee not exceeding \$10 may be charged by the Trustee for a replacement Note Certificate.

#### **4.8 Transfer of Notes**

Subject to the following conditions, a Noteholder is entitled to transfer any of its Notes:

- (a) if the offer for sale or invitation to purchase to the proposed transferee by the Noteholder:
  - (i) does not need disclosure to investors under Part 6D.2 of Chapter 6 of the Corporations Act;
  - (ii) is not an offer or invitation to a Retail Client; and

- (iii) complies with all applicable laws in all jurisdictions; and
- (b) unless lodged with Austraclear as explained in Section 4.10, all transfers of Notes must be effected by a Note Transfer.

Note Transfers are available from the Trustee's registry office. Every Note Transfer must be duly completed, duly stamped (if applicable), executed by the transferor and the transferee and lodged for registration with the Trustee accompanied by the Note Certificate for the Notes to which it relates.

For the purposes of accepting a Note Transfer, the Trustee is entitled to assume that it is genuine (unless it has actual knowledge to the contrary).

The Trustee is authorised to refuse to register any Note Transfer if:

- (c) it is not duly completed, executed and (if necessary) stamped;
- (d) it contravenes or fails to comply with the terms of the Master Trust Deed or the Series Supplement; or
- (e) the transfer would result in a contravention of, or a failure to observe the provisions of a law of the Commonwealth of Australia or of a State or Territory of the Commonwealth of Australia.

The Trustee is not bound to give any reason for refusing to register any Note Transfer and its decision is final, conclusive and binding. If the Trustee refuses to register any Note Transfer, it must as soon as practicable following that refusal, send to the transferor and the purported transferee notice of that refusal.

A Note Transfer will be regarded as received by the Trustee on the Business Day that the Trustee actually receives the Note Transfer at the place at which the Register is then kept. Subject to the power of the Trustee to refuse to register a Note Transfer, the Note Transfer will take effect from the beginning of the Business Day on which the Note Transfer is received by the Trustee. However, if a Note Transfer is received by the Trustee after 4.30 pm on a Business Day in Sydney the Note Transfer will not take effect until the next Business Day. If a Note Transfer is received by the Trustee during any period when the Register, or the relevant part of the Register, is closed for any purpose or on any weekend or public holiday, the Note Transfer will take effect from the beginning of the next Business Day on which the Register (or the relevant part of the Register) is open.

Where a Note Transfer is registered after the closure of the Register but prior to any payments that are due to be paid to Noteholders then Coupon or principal due on the Notes on the following Distribution Date will be paid to the transferor and not the transferee.

Upon registration of a Note Transfer, the Trustee will, within 10 Business Days of registration, issue a Note Certificate to the transferee in respect of the relevant Notes and, where applicable, issue to the transferor a Note Certificate for the balance of the Notes retained by the transferor.

#### **4.9 Marked Note Transfer**

A Noteholder may request the Trustee, or any third party appointed by the Trustee to maintain the Register as described in Section 4.6, to provide a marked Note Transfer in relation to its Notes. Once a Note Transfer has been marked by the Trustee or any such third party, for a period of 90 days thereafter (or such other period as is determined by the Manager), the Trustee or that third party will not register any transfer of the Notes described in the Note Transfer other than pursuant to that marked Note Transfer.

#### **4.10 Lodgement of Notes in Austraclear**

If Notes are lodged into the Austraclear system, Austraclear Limited will become the registered holder of those Notes in the Register. While those Notes remain in the Austraclear system:

- (a) all payments and notices required of the Trustee and the Manager in relation to those Notes will be directed to Austraclear Limited; and
- (b) all dealings and payments in relation to those Notes within the Austraclear system will be governed by the Austraclear Limited Regulations.

#### **4.11 Limit on Rights of Noteholders**

Apart from any security interest arising under the Master Security Trust Deed and the General Security Agreement (as to which see Section 9.5), the Noteholders do not own and have no interest in the Series Trust or any of its assets. In particular, but without prejudice to the rights and powers of the Noteholders under the Master Security Trust Deed and the General Security Agreement, no Noteholder in its capacity as such is entitled to:

- (a) interfere with or question the exercise or non-exercise of the rights or powers of the Seller, the Servicer, the Manager or the Trustee in their dealings with the Series Trust or any Assets of the Series Trust;
- (b) require the transfer to it of any Asset of the Series Trust;
- (c) attend meetings or take part in or consent to any action concerning any property or corporation in which the Trustee has an interest;
- (d) exercise any rights, powers or privileges in respect of any Asset of the Series Trust;
- (e) lodge a caveat or other notice forbidding the registration of any person as transferee or proprietor of, or any instrument affecting, any Asset of the Series Trust or claiming any estate or interest in any Asset of the Series Trust;
- (f) negotiate or communicate in any way with any person in respect of any Mortgage Loan assigned to the Trustee or with any person providing a Support Facility to the Trustee;
- (g) seek to wind up or terminate the Series Trust;
- (h) seek to remove the Servicer, the Manager or the Trustee;
- (i) take any proceedings including, without limitation, against the Trustee, the Manager, the Seller or the Servicer or in respect of the Series Trust or the Assets of the Series Trust. This will not limit the right of Noteholders to compel the Trustee, the Manager or the Security Trustee to comply with their respective obligations under the Master Trust Deed and the Series Supplement (in the case of the Trustee and the Manager) and the Master Security Trust Deed and the General Security Agreement (in the case of the Security Trustee);
- (j) have any recourse to the Trustee or the Manager in their personal capacity, except to the extent of its fraud, negligence or wilful default; or
- (k) have any recourse to the Seller or the Servicer in respect of a breach by the Seller or the Servicer of their respective obligations under the Series Supplement.

#### **4.12 Notices to Noteholders**

Notices, requests and other communications by the Trustee or the Manager to Noteholders may be made by:

- (a) advertisement placed on a Business Day in The Australian Financial Review (or other nationally delivered newspaper); or
- (b) mail, postage prepaid, to the address of the Noteholder as shown in the Register. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Noteholder actually receives the notice.

#### **4.13 Joint Noteholders**

Where Notes are held jointly, any notices in relation to the Notes which are sent by mail will be sent only to the person whose name appears first in the Register.

Any moneys due in respect of Notes which are held jointly will be paid to the account or person nominated by the joint Noteholders for that purpose or, if an account or person is not nominated, only to the person whose name appears first on the Register, except that in the case of payment by cheque, the cheque will be payable to the joint Noteholders.

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### **5 Some risk factors**

*The purchase, and subsequent holding, of the Notes is not free of risk. The Manager believes that the risks described below are some of the principal material risks inherent in the transaction for Noteholders and that the discussion in relation to those Notes indicates some of the possible implications for Noteholders. These risks may or may not occur and the Manager is not in a position to express a view on the likelihood of any such contingency occurring.*

*The inability of the Trustee to pay Coupon or principal on the Notes may occur for other reasons (for example because they are not considered to be significant, they are currently unknown or they are ones that the Trustee is unable to anticipate), and accordingly the Manager does not in any way represent that the description of the risks outlined below is exhaustive. It is only a summary of some particular risks.*

*Further, although the Manager believes that the various structural protections available to Noteholders lessen certain aspects of these risks, there can be no assurance that these measures will be sufficient to ensure the payment or distribution of Coupon or principal on the Notes on a timely or full basis. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.*

#### **5.1 Limited Liability Under the Notes**

The Notes are debt obligations of the Trustee in its capacity as trustee of the Series Trust. The Trustee's liability in respect of the Notes is limited to, and can be enforced against the Trustee only to the extent to which it can be satisfied out of, the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability except in certain limited circumstances (as to which see Section 10.3(k)).

There can be no assurance that the Assets of the Series Trust will be sufficient to make all interest and principal payments on the Notes. If the Assets of the Series Trust are insufficient to pay the interest and principal on the Notes when due, there will be no other source from which to receive these payments and the Noteholder may experience a loss or receive a lower yield on the investment than expected.

## 5.2 Secondary Market Risk

No assurance can be given that it will be possible to effect a sale of the Notes in the secondary market. Any secondary market that may exist may not continue for the life of the Notes or may not provide the Noteholders with liquidity of investment with the result that a Noteholder may not be able to find a buyer to buy its Notes readily. Further, there is no assurance that a potential sale of the Notes will not be at a discount to the acquisition price or that the Noteholder will realise a desired yield. In addition, potential investors in the Notes should be aware of the prevailing and widely reported global credit market conditions, whereby there may be a severe lack of liquidity in the secondary market for instruments similar to the Notes. Illiquidity may have a severe adverse effect on the market value of the Notes.

The Reserve Bank of Australia periodically updates the repo-eligibility criteria and reporting requirements for residential mortgage backed securities. If they are unable to be complied with in relation to the Class A1 Notes, Class A2 Notes and Class AB Notes the secondary market demand for those Notes may be affected.

## 5.3 Timing of Principal Distributions

Set out below is a description of some circumstances in which the Trustee may receive early or delayed repayments of principal on the Mortgage Loans (in addition to the early voluntary prepayment of a Mortgage Loan by a borrower in excess of the borrower's contractual obligation to pay principal) and, as a result of which, the Noteholders may receive repayments of principal on the Notes earlier or later than would otherwise have been the case:

- (a) enforcement proceeds received by the Trustee due to a borrower having defaulted on its Mortgage Loan;
- (b) receipt of insurance proceeds by the Trustee in relation to an insurance claim in respect of a Mortgage Loan;
- (c) repurchases of Mortgage Loans by the Seller as a result of any one of the following occurring:
  - (i) the discovery and subsequent notice by the Trustee, the Seller or the Manager, no later than 5 Business Days prior to the expiry of the relevant Prescribed Period, that any of the representations and warranties made by the Seller in respect of a certain Mortgage Loan were incorrect when given (see Sections 10.2(e) and 10.2(g));
  - (ii) the Seller making a Further Advance under a Mortgage Loan which causes the Scheduled Balance for that Mortgage Loan to be exceeded by more than 1 scheduled monthly instalment (see Section 10.2(h));
  - (iii) there being a change in law which leads to the Series Trust being terminated early and the Mortgage Loans are then repurchased by the Seller or sold to a third party (see Section 10.6);
  - (iv) the Seller exercising its option to repurchase the balance of the Mortgage Loans on or following the termination of the Series Trust (see Section 10.6(c)) or in the circumstances described in Section 10.2(j). There is no assurance given (express or implied) that the Seller will exercise this option including when it has the right to do so as part of a clean-up call; or
  - (v) the Seller electing to repurchase a Mortgage Loan where it has agreed or proposes to agree to a request by the borrower for the provision of any other loan, credit or other financial accommodation (other than the Mortgage Loan) which would become subject to the same collateral security as the Mortgage Loan or would otherwise

be held as an Asset of the Series Trust (such Mortgage Loan, a “Shared Security Mortgage Loan”);

- (d) the Servicer is obliged to service the Mortgage Loans in accordance with its Servicing Guidelines or, to the extent not covered by the Servicing Guidelines, the standards and practices of a prudent lender in the business of making residential home loans (see Section 6.8). There is no definitive view as to whether the standards and practices of a prudent lender in the business of making residential home loans do or do not include the Servicer’s own franchise considerations. If those considerations are included the Servicer would be entitled to consider its own reputation and future business writing prospects in making a determination as to how current Mortgage Loans are administered. Such a course may result in a delay of principal returns to Noteholders. The Servicer is, however, required to give undertakings as to how it will administer the Mortgage Loans (see Section 10.5(a)) and comply with the express limitations in the Master Sale and Servicing Deed;
- (e) the terms and conditions of the Mortgage Loans and related securities allow borrowers, with the consent of the Seller, to substitute their mortgaged property with a different mortgaged property without necessitating the repayment of the Mortgage Loan in full. Mortgage Loans which are secured by mortgaged property which may be substituted in this way may show a slower rate of prepayment than Mortgage Loans secured by mortgaged property which cannot be substituted in this way;
- (f) the terms and conditions of a Mortgage Loan and its related securities may allow a borrower, at the discretion of the Seller, to redraw funds previously prepaid by that borrower (see Section 9.3 for a description of the Redraw Facility). This may slow the rate of prepayment on the Mortgage Loans; and
- (g) the mortgage which secures a Mortgage Loan may also secure other financial accommodation provided by the Seller. If the mortgagor is in default under that other financial accommodation and the Seller enforces the relevant mortgage, the proceeds of enforcement will be made available to the Trustee (in priority to the Seller) for repayment of the Mortgage Loan. This may in turn result in the relevant Mortgage Loan being prepaid earlier than would otherwise be the case. This may occur notwithstanding there being no default under the Mortgage Loan.

Each of the above factors makes it difficult to reliably predict the actual rate of prepayment of the Mortgage Loans or the rate and timing of payments of principal on the Notes. There is no guarantee that the actual rate of prepayment on the Mortgage Loans, or the actual rate of prepayments on the Notes will conform to any particular model or that a Noteholder will achieve the yield expected on an investment in the Notes. If the Noteholder bought the Notes for more than their face amount, the yield on the Notes will drop if principal payments on the Notes occur at a faster rate than expected. If the Noteholder bought the Notes for less than their face amount, the yield on the Notes will drop if principal payments on the Notes occur at a slower rate than expected.

#### **5.4 Prepayment then Non-Payment**

There is the possibility that borrowers who have prepaid an amount of principal under their Mortgage Loans do not continue to make scheduled payments under the terms of their Mortgage Loans. Consistent with standard Australian banking practice, the Servicer does not consider such a Mortgage Loan to be in arrears until such time as the actual principal balance has exceeded the then current Scheduled Balance.

The failure of borrowers to make payments when due after an amount has been prepaid under their Mortgage Loans may affect the ability of the Trustee to make timely payments of Coupon to Noteholders. If the Trustee has insufficient funds to pay Coupon on the Notes, the Trustee:

- (a) will be entitled to make a drawing from the Excess Revenue Reserve for the amount of the deficiency (as to which, see Section 7.8) up to the balance of the Excess Revenue Reserve; and
- (b) may be entitled to:
  - (i) make a Principal Draw to the extent funds are available for it to apply to such deficiency (as to which, see Section 7.4(c)); and
  - (ii) make a drawing under the Liquidity Facility for the amount of the deficiency (as to which, see Section 9.2) up to a total aggregate amount equal to the un-utilised portion of the Liquidity Facility Limit.

The Liquidity Facility, the Excess Revenue Reserve and the ability to make a Principal Draw mitigate the risk of such a deficiency but may not be sufficient to cover the whole of the deficiency.

## 5.5 Delinquency and Default Risk

The Trustee's obligations to pay Coupon and principal on the Notes in full is limited by reference to, amongst other things, receipts under or in respect of the outstanding Mortgage Loans. Noteholders must rely, amongst other things, upon payments being made under the Mortgage Loans and on amounts available under a Mortgage Insurance Policy (if any) and, if and to the extent available, money available to be drawn under the Liquidity Facility (see Section 9.2) and the Excess Revenue Reserve (see Section 7.8).

If borrowers fail to make their monthly payments when due (other than when the borrower has prepaid principal under its Mortgage Loan, as to which see Section 5.4), there is a possibility that the Trustee may have insufficient funds to make full payments of Coupon on the Notes and eventual payment of principal to the Noteholders. A failure to pay accrued interest payable subordinate to accrued interest on the Class A1 Notes or the Class A1-R Notes does not constitute an Event of Default under the Master Security Trust Deed while the Stated Amount of the Class A1 Notes or the Class A1-R Notes is greater than zero. A failure to pay accrued interest payable subordinate to accrued interest on the Class A2 Notes does not constitute an Event of Default under the Master Security Trust Deed while the Stated Amount of the Class A2 Notes is greater than zero. A failure to pay accrued interest payable subordinate to accrued interest on the Class AB Notes does not constitute an Event of Default under the Master Security Trust Deed while the Stated Amount of the Class AB Notes is greater than zero. A failure to pay accrued interest payable subordinate to accrued interest on the Class B Notes does not constitute an Event of Default under the Master Security Trust Deed while the Stated Amount of the Class B Notes is greater than zero. A failure to pay accrued interest payable subordinate to accrued interest on the Class C Notes does not constitute an Event of Default under the Master Security Trust Deed while the Stated Amount of the Class C Notes is greater than zero. A failure to pay accrued interest payable subordinate to accrued interest on the Class D Notes does not constitute an Event of Default under the Master Security Trust Deed while the Stated Amount of the Class D Notes is greater than zero.

A wide variety of local or international developments of a legal, social, economic, political or other nature could conceivably affect the performance of borrowers under their Mortgage Loans.

In particular, as at the Cut-Off Date, some of the Mortgage Loans will be set at variable rates. These rates are reset from time to time at the discretion of the Servicer (see Section 6.4(b)). It is possible, therefore, that if these rates increase significantly relative to historical levels, borrowers may experience distress and increased default rates on the Mortgage Loans may result.

Further, Mortgage Loans may be affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as



changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in borrower's individual, personal or financial circumstances may affect the ability of borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Loans. In addition, the ability of a borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

If a borrower defaults on payments to be made under a Mortgage Loan and the Servicer seeks to enforce the mortgage securing the Mortgage Loan, many factors may affect the length of time before the mortgaged property is sold and the proceeds of sale are realised. In such circumstances, the sale proceeds are likely to be less than if the sale was carried out by the borrower in the ordinary course. Any such delay and any loss incurred as a result of the realised proceeds of the sale of the property being less than the principal amount outstanding at that time under the Mortgage Loan may affect the ability of the Trustee to make payments under the Notes, notwithstanding any amounts that may be claimed under the Mortgage Insurance Policies (see Section 8) or drawn under the Liquidity Facility (see Section 9.2) or withdrawn from the Excess Revenue Reserve (see Section 7.8).

Noteholders will bear the investment risk resulting from the delinquency and default experience of the Mortgage Loans.

## **5.6 Servicer Risk**

The appointment of the Servicer may be terminated in certain circumstances which are outlined in Section 10.5(e). If the appointment of the Servicer is terminated, the Trustee is obliged to find another entity to perform the role of Servicer for the Series Trust. The appointment of a substitute Servicer will only have effect once the Manager has given prior written notice to each Rating Agency in relation to such appointment and the substitute Servicer has executed a deed under which it agrees to service the Mortgage Loans and related securities upon the same terms as originally agreed to by the Servicer. However, there is no guarantee that a substitute Servicer will be found who would be willing to service the Mortgage Loans and related securities on the same terms agreed to by the Servicer.

Because the servicer fee is structured as a percentage of the aggregate principal outstanding of the Mortgage Loans at the relevant time, the amount of the servicer fee may be considered insufficient by potential substitute servicers if the servicing is required to be transferred at a time when the aggregate principal balance of the Mortgage Loans is significantly reduced. Due to this reduction in servicer fee, it may be difficult to find a substitute servicer. Consequently, the time it takes to effect the transfer of servicing to a substitute servicer under such circumstances may result in delays and/or reductions in the interest and principal payments on the Notes.

If the Trustee is unable to locate a suitable substitute Servicer, the Trustee must act as Servicer, and will continue to act in this capacity until a suitable substitute Servicer is found.

If the Trustee is required to act as the Servicer, the processing of payments on the Mortgage Loans and information relating to Collections could be delayed. This could cause payments on the Notes to be delayed and/or result in reductions in the interest and principal payments on the Notes.

The Servicer may also retire as Servicer by giving not less than 3 months' notice in writing to the Trustee and each Rating Agency (or, if the Trustee has agreed to a lesser period of notice, that lesser period). For further details see Section 10.5(f).

## 5.7 Equitable Assignment

The Mortgage Loans will initially be assigned by the Seller to the Trustee in equity and the Trustee will not have legal title to such Mortgage Loans. If the Trustee declares that a Perfection of Title Event has occurred under the Master Sale and Servicing Deed (see Section 10.2(l)), the Trustee and the Manager must, amongst other things, take all such steps as are necessary to perfect the Trustee's legal title in the mortgages relating to the Mortgage Loans (see Section 10.2(l) for further details on Perfection of Title Events). Until such time, the Trustee is not to take any such steps to perfect legal title and, in particular, it will not notify the borrowers or any security providers of the assignment of the Mortgage Loans.

The delay in the notification to a borrower of the assignment of the Mortgage Loans to the Trustee may have the following consequences:

- (a) until a borrower, guarantor or security provider has notice of the assignment, such person is not bound to make payment to anyone other than the Seller and can obtain a valid discharge from the Seller. As the Trustee will not have the right to give notice of assignment to the borrower until a Perfection of Title Event has occurred, there is, therefore, a risk that a borrower may make payments to the Seller after the Seller has become insolvent, but before the borrower receives notice of assignment of the relevant Mortgage Loan. These payments may not be able to be recovered by the Trustee. In addition, section 80(7) of the PPSA provides that an obligor will be entitled to make payments and obtain a good discharge from the Seller rather than directly to, and from, the Trustee until such time as the obligor receives a notice of the assignment that complies with the requirements of section 80(7)(a) of the PPSA, including, without limitation, a statement that payment is to be made to the Trustee, unless the obligor requests the Trustee to provide proof of the assignment and the Trustee fails to provide that proof within 5 Business Days of the request, in which case the obligor may continue to make payments to the Seller. Accordingly, an obligor may nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of a Mortgage Loan to the Trustee, if the Trustee fails to comply with these requirements. One mitigating factor is that the Seller is appointed as the initial Servicer of the Mortgage Loans and is obliged to deal with all moneys received from borrowers in accordance with the Series Supplement and the Master Sale and Servicing Deed and to service those Mortgage Loans in accordance with the Servicing Standards (see Section 6.8) but this may be of limited benefit if the Seller is insolvent;
- (b) until a borrower, guarantor or security provider has notice of the assignment, rights of set-off or counterclaim may accrue in favour of the borrower, guarantor or security provider against its obligations under the Mortgage Loans which may result in the Trustee receiving less money than expected from the Mortgage Loans (see Section 5.8 below);
- (c) for so long as the Trustee holds only an equitable interest in the Mortgage Loans, the Trustee's interest in the Mortgage Loans may become subject to the interests of third parties created after the creation of the Trustee's equitable interest but prior to it acquiring a legal interest. To reduce this risk, the Servicer has undertaken not to consent to the creation or existence of any security interest over the mortgages securing the Mortgage Loans;
- (d) for so long as the Trustee holds only an equitable interest in the Mortgage Loans, the Seller may need to be joined as a party to any legal proceedings against any borrower, guarantor or security provider in relation to the enforcement of any Mortgage Loan. In this regard, the Servicer undertakes to service (including enforce) the Mortgage Loans in accordance with the Servicing Standards;
- (e) the agreement from which a Mortgage Loan derives may be modified or substituted by the Seller and the relevant obligor without the involvement of the Trustee both before and after the notice of the transfer to the obligor,

subject to certain conditions including that the modification or substitution does not have a material adverse effect on the transferee's rights under the contract or the transferor's ability to perform the contract;

- (f) to effect a legal assignment of Mortgage Loans:
  - (i) will require the execution of a further instrument in writing by the Seller in accordance with section 12 of the Conveyancing Act 1919 (NSW) or the applicable equivalent provision in each other Australian jurisdiction;
  - (ii) will require in relation to each Mortgage Loan which is a mortgage, the execution and registration of instruments of transfer under the applicable real property legislation in the Australian jurisdictions; and
  - (iii) may require, depending on the location of the Mortgage Loan, the payment of stamp duty on the transfer of the Mortgage Loan.

## **5.8 Set-Off**

The Mortgage Loans can only be sold free of set-off to the Trustee to the extent permitted by law. The consequence of this is that if a borrower, guarantor or security provider in connection with a Mortgage Loan has funds standing to the credit of an account with the Seller or amounts are otherwise payable to such a person by the Seller, that person may have a right on the enforcement of the Mortgage Loan or the related securities or on the insolvency of the Seller to set-off the Seller's liability to that person in reduction of the amount owing by that person in connection with the Mortgage Loan.

If the Seller becomes insolvent, it can be expected that borrowers, guarantors and security providers will exercise their set-off rights (if any) to a significant degree.

To the extent that, on the insolvency of the Seller set-off is claimed in respect of deposits, the amount available for distribution to the Noteholders may be reduced to the extent that those claims are successful.

## **5.9 Ability of the Trustee to Redeem the Notes**

The ability of the Trustee to redeem all the Notes at their aggregate Stated Amounts whilst any of the Mortgage Loans are still outstanding will depend upon whether the Trustee is able to collect or otherwise obtain an amount sufficient to redeem the Notes and to pay its other obligations in the order explained in Section 7. Following the enforcement of the Master Security Trust Deed and the General Security Agreement and the crystallisation of the floating charge, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of the priority set out in the Master Security Trust Deed and the General Security Agreement (described in Section 9.5). The moneys available to the Security Trustee for distribution may not be sufficient to satisfy in full the claims of all or any of the Noteholders and neither the Security Trustee nor the Trustee nor any other party will have any liability to the Noteholders in respect of any such deficiency. Although the Security Trustee may seek to obtain the necessary funds by means of a sale of the outstanding Mortgage Loans, there is no guarantee that there will be at that time an active and liquid secondary market for mortgages. Further, if there was such a secondary market, there is no guarantee that the Security Trustee will be able to sell the Mortgage Loans for the principal amount then outstanding under such Mortgage Loans.

Accordingly, the Security Trustee may be unable to realise the value of the Mortgage Loans, or may be unable to realise the full value of the Mortgage Loans which may impact upon its ability to redeem all outstanding Notes at that time.

## **5.10 Breach of Representation and Warranty**

The Seller makes certain representations and warranties as at the Cut-Off Date to the Trustee in relation to the Mortgage Loans to be assigned to the Trustee (see Section 10.2(e)). The Trustee has not investigated or made any enquiries regarding the accuracy of any such representations and warranties. Under the Series Supplement and the Master Sale and Servicing Deed the Trustee is under no obligation to test the truth of the representations and warranties and is entitled to rely entirely upon the representations and warranties being correct unless it is actually aware of any breach (see Section 10.2(f)). If the Trustee or Manager discovers after the Cut-Off Date, but prior to the Issue Date, that a representation or warranty by the Seller was incorrect in relation to a Mortgage Loan or its related securities, the Mortgage Loan and its related securities will not form part of the Assets of the Series Trust. The amount equal to the purchase price for that Mortgage Loan will be allocated to Total Principal Collections for distribution on the first Distribution Date. The Seller has agreed in the Master Sale and Servicing Deed to repurchase any Mortgage Loan in respect of which it is discovered by the Trustee, the Manager or the Seller within the relevant Prescribed Period that any one of the representations and warranties given by the Seller was incorrect when given and notice of such discovery is given by the Manager or the Seller to the Trustee or by the Trustee to the Seller, as applicable, no later than 5 Business Days prior to the expiry of the relevant Prescribed Period. If the Trustee discovers that a representation and warranty was incorrect when given in relation to a Mortgage Loan after the last day that the above notice can be given, the Seller has agreed to rectify the breach of representation or warranty. The Seller retains full discretion as to how it will rectify such breach, including by paying damages to the Trustee for any loss or costs incurred by the Trustee provided that if it fails to rectify the breach in some manner (other than by indemnification for costs, damages or loss) within 10 Business Days of the Seller giving or receiving notice of the breach then the Seller is deemed to have elected to rectify the breach by indemnification for costs, damages or loss. However, the amount of such loss or costs cannot exceed the principal amount outstanding and accrued but unraised interest and any outstanding fees in respect of the Mortgage Loans. Besides these two remedies, there is no other express remedy available to the Trustee in respect of a breach of the representations and warranties given in respect of the Mortgage Loans. The rights of the Trustee in respect of any representation or warranty being incorrect are described in more detail in Section 10.2(g).

## **5.11 Payments on the Notes will be dependent on payments being made under the Fixed Rate Swap and Termination Payments on the Fixed Rate Swap**

To provide a hedge against the fixed rates payable on the fixed rate Mortgage Loans and the floating rate of interest payable by the Trustee in respect of the Notes, the Trustee will exchange payments calculated by reference to the weighted average fixed rate charged on the fixed rate Mortgage Loans for variable rate payments based on the Bank Bill Rate. If the Fixed Rate Swap is terminated or the Hedge Provider fails to perform its obligations under the Fixed Rate Swap, Noteholders will be exposed to the risk that the Trustee will not receive sufficient funds to pay interest on the Notes.

If the Trustee is required to make a termination payment to a Hedge Provider upon the termination of a Fixed Rate Swap, the Trustee (as directed by the Manager) will make the termination payment from the Assets of the Series Trust and, prior to enforcement of the Charge, in priority to payments on the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (other than where the Hedge Provider is the defaulting party). Thus, if the Trustee makes such a termination payment, there may not be sufficient funds remaining to pay interest on the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on a relevant Distribution Date.

## 5.12 The Mortgage Insurance Policies

A claim under a Mortgage Insurance Policy may be refused or reduced in certain circumstances if one of the exclusions to the Mortgage Insurance Policies applies (see generally Section 8) including in the event of a misrepresentation or a breach of any duty of disclosure by the Seller. This may affect the ability of the Trustee to make timely payments of Coupon and principal on the Notes. However, in respect of certain of these circumstances, the Trustee may have recourse to the Seller either for breach of a representation and warranty (see Section 10.2(g)) or for breach of its obligations as Servicer (see Section 10.5(e)).

## 5.13 Consumer Credit Legislation

Some of the Mortgage Loans and related mortgages and guarantees are regulated by the Consumer Credit Legislation.

The Consumer Credit Legislation requires anyone that engages in a credit activity, including by providing credit or exercising the rights and obligations of a credit provider, to be appropriately authorised to do so. This requires those persons to either hold an Australian Credit Licence, be exempt from this requirement or be a credit representative of a licensed entity.

The Consumer Credit Legislation imposes a range of disclosure and conduct obligations on persons engaging in a credit activity. For example any increase of the credit limit of a regulated loan must be considered and made in accordance with the responsible lending obligations of the Consumer Credit Legislation.

The responsible lending obligations under the NCCP are broadly expressed. In recent years, there have been a number of Federal Court decisions, regulatory guidance from ASIC and action which ASIC has taken against licensees, including issuing infringement notices. The practical effect of these developments, among other things, is that the interpretation of, and guidance in relation to, these obligations can change, particularly in respect of whether a credit licensee has taken sufficient steps to comply with its responsible lending obligations.

Failure to comply with the Consumer Credit Legislation may mean that court action is brought by the borrower, guarantor, mortgagor or by ASIC to:

- (a) grant an injunction preventing a regulated Mortgage Loan from being enforced (or any other action in relation to the Mortgage Loan) if to do so would breach the Consumer Credit Legislation;
- (b) order compensation to be paid for loss or damage suffered (or likely to be suffered) as a result of a breach of a civil penalty provision or a criminal offence in the Consumer Credit Legislation;
- (c) if a credit activity has been engaged in without a licence and no relevant exemption applies, issue an order it considers appropriate so that no profiting can be made from the activity, to compensate for loss and to prevent loss. This could include an order declaring a contract, or part of a contract, to be void, varying the contract, refusing to enforce, ordering a refund of money or return of property, payment for loss or damage or being ordered to supply specified services;
- (d) in the case of a borrower, vary the terms of a Mortgage Loan on the grounds of hardship;
- (e) vary the terms of a Mortgage Loan and related mortgage or guarantee or a change to such documents, that are unjust, and reopen the transaction that gave rise to the Mortgage Loan and any related mortgage or guarantee or change;

- (f) in the case of a borrower or guarantor, reduce or annul any interest rate payable on the Mortgage Loan arising from a change to that rate which is unconscionable;
- (g) declare that all or certain provisions of the Mortgage Loan or a related security or guarantee which are in breach of the relevant Consumer Credit Legislation are void or unenforceable from the time it was entered into or at all times on and after a specified day before the order is made;
- (h) obtain restitution or compensation from the credit provider in relation to any breaches of the Consumer Credit Legislation in relation to the Mortgage Loan or a related security or guarantee; or
- (i) seek various remedies for other breaches of the Consumer Credit Legislation.

Applications may also be made to relevant external dispute resolution schemes which have the power to resolve disputes where the value of the claim is \$500,000 or less. There is no ability to appeal from an adverse determination by an external dispute resolution scheme, including on the basis of bias, manifest error or want of jurisdiction.

Where a systematic contravention affects contract disclosures across multiple Mortgage Loans, there is a risk of a representative or class action under which a civil penalty could be imposed in respect of all affected Mortgage Loan contracts. If borrowers suffer any loss, orders for compensation may be made.

Under the Consumer Credit Legislation, ASIC will be able to make an application to vary the terms of a contract or a class of contracts on the above grounds if this is in the public interest (rather than limiting these rights to affected debtors).

Any such order (by a court or external dispute resolution scheme) may affect the timing or amount of interest, fees or charges, or principal payments under the relevant Mortgage Loan (which might in turn affect the timing or amount of Coupon or principal payments under the Notes).

Breaches of the Consumer Credit Legislation may also lead to civil penalties or criminal fines being imposed on the Seller, for so long as it holds legal title to the Mortgage Loans and the related security. If the Trustee acquires legal title, it will then become primarily responsible for compliance with the Consumer Credit Legislation. The amount of any civil penalty payable by the borrower may be set off against any amount payable by the borrower under the Mortgage Loans. The Trustee will be indemnified out of the Assets of the Series Trust for liabilities it incurs under the Consumer Credit Legislation. Where the Trustee is held liable for breaches of the Consumer Credit Legislation, the Trustee must seek relief initially under any indemnities provided to it by the Manager, the Servicer or the Seller before exercising its rights to recover against any Assets of the Series Trust.

The Seller will give certain representations and warranties that the mortgages relating to the Mortgage Loans complied in all material respects with all applicable laws when those mortgages were entered into. The Servicer has also undertaken to comply with the Consumer Credit Legislation in carrying out its obligations under the Transaction Documents. In certain circumstances the Trustee may have the right to claim damages from the Seller or the Servicer, as the case may be, where the Trustee suffers loss in connection with a breach of the Consumer Credit Legislation which is caused by a breach of a relevant representation or undertaking.

## 5.14 Australian Anti-Money Laundering and Counter-Terrorism Financing Regime

Under the Anti-Money Laundering and Counter-Terrorism Financing Act (the “**AML/CTF Act**”), if an entity has not met certain of its obligations under the AML/CTF Act, that entity will be prohibited from providing a designated service which includes:

- (a) opening or providing certain accounts, allowing any transaction in relation to such an account or receiving instructions to transfer money in and out of such an account;
- (b) making loans to a borrower or allowing a transaction to occur in respect of that loan in certain circumstances;
- (c) providing a custodial or depository service;
- (d) issuing or selling a security in certain circumstances; and
- (e) exchanging one currency for another in certain circumstances.

These obligations will include undertaking applicable know your customer identification procedures before a designated service is provided. Generally until these obligations have been met an entity will be prohibited from providing funds or services to a party or making any payments on behalf of a party. The obligations also include, but are not limited to, conducting on-going customer due diligence and reporting of suspicious and other transactions.

The obligations placed upon an entity can affect the services of an entity or the funds it provides and ultimately may result in a delay or decrease in the amounts a Noteholder receives.

## 5.15 Unfair Contract Terms

If the Mortgage Loans have been entered into by an individual, their terms may be subject to review under Part 2 of the Australian Securities and Investments Commission Act 2001<sup>1</sup> and/or Part 2B of the Fair Trading Act 1999 (Vic)<sup>2</sup> for being unfair.

Under the national regime, a term of a standard-form consumer contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract and is not reasonably necessary to protect the supplier's legitimate interests and it would cause detriment to a party if applied or relied on. A term that is unfair will be void however the contract will continue if it is capable of operating without the unfair term.

Under the Victorian regime, a term in a consumer contract would be unfair and therefore void if it is a prescribed unfair term or if a court or Tribunal determines that in all the circumstances it causes a significant imbalance in the parties' rights and obligations arising under the contract to the detriment of the consumer.

The national regime commenced on 1 July 2010 while the application of the Victorian regime to credit contracts commenced in June 2009. The Victorian and/or the national unfair terms regime may apply to Mortgage Loans, depending when the Mortgage Loans were entered into. However, the Victorian version of the regime ceased applying to new contracts from 1 January 2011.

Mortgage Loans and related mortgages and guarantees entered into before the application of either the Victorian or national unfair terms regimes will become subject to the National regime going forward if those contracts are renewed or a term is varied (although, where a term is varied, the regime only applies to the varied term).

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<sup>1</sup> As amended by the *Trade Practices Amendments (Australian Consumer Law) Act (No. 1) 2010* (Cth).

<sup>2</sup> As amended by the *Fair Trading and Other Acts Amendment Act 2009* (Vic).

To the extent that a provision of any of the Mortgage Loans were found to be unfair, this could have an adverse effect on the ability of the Trustee to recover money from the relevant borrower and consequently to make payments under the Transaction Documents.

#### **5.16 Investment in the Notes may not be suitable for all investors**

The Notes are not a suitable investment for any investor that requires a regular or predictable schedule of payments or payment on any specific date. The Notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyse the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors. Mortgage-backed securities, like the Notes, usually produce more returns of principal to investors when market interest rates fall below the interest rates on the Mortgage Loans and produce less returns of principal when market interest rates rise above the interest rates on the receivables. If borrowers refinance or pay out their receivables, Noteholders will receive an unanticipated payment of principal. As a result, if market rates are falling, Noteholders are likely to receive more money to reinvest at a time when other investments generally are producing a lower yield than that on the Notes and are likely to receive less money to reinvest when other investments generally are producing a higher yield than that on the Notes. Noteholders will bear the risk that the timing and amount of distributions on the Notes will prevent Noteholders from attaining the desired yield.

#### **5.17 Conflicts of interest of certain parties to the transaction could adversely affect the value of and return on the Notes**

Suncorp-Metway and certain of the parties to the transaction, including, without limitation, Perpetual Trustee Company Limited and the Manager, may effect transactions in which they may have, directly or indirectly, a material interest or a relationship with another party to such transaction or a related transaction, which may involve a potential conflict with an existing contractual duty to the Trustee or with another transaction party, including a Noteholder, and could adversely affect the value and return of the offered Notes. Also, see pages 2 and 3 of this Information Memorandum under the heading "Joint Lead Manager and other party Disclosure".

#### **5.18 Replacement of an entity or entities within the Suncorp-Metway Group in any capacity under this transaction could require replacement of such entity or entities in other capacities, which could adversely affect the Noteholders**

Entities within the Suncorp-Metway Group act in various capacities in this transaction, including as Hedge Provider, as Manager, as Seller, as Servicer, as Liquidity Facility Provider and as Income Unitholder and Capital Unitholder. There can be no assurance that if any entity within the Suncorp-Metway Group must be replaced in respect of any one of these capacities, it will not also be necessary to replace the same or any other entity within the Suncorp-Metway Group in any of its other capacities. There can be no assurance that replacing any entities within the Suncorp-Metway Group in various capacities at the same time will not result in any adverse consequences to Noteholders.

#### **5.19 Credit enhancement may not be sufficient to absorb losses**

Credit enhancement in the form of subordination of the relevant Classes of Notes and excess interest collections are intended to absorb anticipated losses on the Mortgage Loans, but there can be no assurance that credit enhancement will be sufficient to absorb any or all actual losses on the Mortgage Loans comprising the Assets of the Series Trust.

The amount of credit enhancement provided through the subordination of the relevant Classes of Notes is limited and could be depleted prior to the payment in full of the



more senior class of Notes. If the Stated Amount of any Class of Notes is reduced to zero, Noteholders may suffer losses on their Notes.

## **5.20 Priority of payments affects reinvestment risk and risk of loss**

Classes of Notes that receive payments earlier than other Classes or earlier than expected are exposed to greater reinvestment risk, and Classes of Notes that receive principal later than other Classes or later than expected are exposed to greater risk of loss. In either case, the yields on the Notes could be materially and adversely affected.

## **5.21 The use of Principal Collections to cover liquidity shortfalls may lead to principal losses**

If the Principal Draws are made and there is insufficient income in succeeding Monthly Periods to repay those Principal Draws, Noteholders may not receive full repayment of principal on the Notes.

## **5.22 Application of the Personal Property Securities Act**

A new personal property securities regime commenced operation throughout Australia on 30 January 2012. The Personal Property Securities Act 2009 (“PPSA”) has established a national system for the registration of security interests in personal property, together with new rules for the creation, priority and enforcement of security interests in personal property.

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages (but does not include mortgages over real property). However, they also include transactions that in substance, secure payment or performance of an obligation but may not have been previously legally classified as securities (referred to as “in-substance” security interest), including transactions that were not regarded as securities under the law that existed prior to the introduction of the PPSA. Further, certain other interests are deemed to be security interests whether or not they secure payment or performance of an obligation. These deemed security interests include assignments of receivables.

A person who holds a security interest under the PPSA will need to register (or otherwise perfect) the security interest (within a limited period of time) to ensure that the security interest has priority over competing interests (and in some cases, to ensure that the security interest survives the insolvency of the grantor). If they do not do so:

- (a) another security interest may take priority;
- (b) another person may acquire an interest in the assets which are subject to the security interest free of their security interest; or
- (c) they may not be able to enforce the security interest against a grantor who becomes insolvent (because the security interest will vest in the grantor).

The security granted by the Trustee under the General Security Agreement and the assignment of the Mortgage Loans to the Trustee are security interests under the PPSA. The Manager intends to effect registrations of these security interests by way of a registration on the Personal Property Securities Register. The Transaction Documents may also contain other security interests.

There is uncertainty on aspects of the implementation of the PPSA regime because the PPSA significantly altered the law relating to secured transactions. There are issues and ambiguities in respect of which a market view or practice will evolve over time. Further, the PPSA has recently been the subject of a statutory review process as required under section 343 of the PPSA. The final report on that review was tabled before Australia’s Commonwealth Parliament on 18 March 2015. However, it remains unclear at this stage what amendments will be made to the PPSA as a result

of the final report and what the timeframe for implementation of those amendments will be.

### **5.23 A decline in Australian economic conditions or a change in macroeconomic variables may lead to losses on the Notes**

If the Australian economy were to experience a decline in economic conditions, delinquencies or losses on the Mortgage Loans might increase, which might cause losses on the Notes.

A systemic shock in relation to the Australian or other financial systems could have adverse consequences that would be difficult to predict and respond to. The financial services industry and capital markets have been, and may continue to be, adversely affected by continuing market volatility and the negative outlook for global economic conditions. These conditions may affect the ability of Suncorp-Metway's borrowers to repay their loans.

### **5.24 Certain fees and indemnity payments to certain transaction parties may be adjusted and will be made prior to payments on the Notes**

The fees payable to the Trustee, the Servicer, the Manager and the Security Trustee may be adjusted and will be paid prior to payments on the Notes. Further, some indemnities and reimbursements payable by the Trustee under the Transaction Documents will be paid prior to payments on the Notes.

### **5.25 The concentration of Mortgage Loans in specific geographic areas may increase the possibility of loss on the Notes**

To the extent that the Series Trust contains a high concentration of Mortgage Loans secured by properties located within a single state or region within Australia, any deterioration in the real estate values or the economy of any of those states or regions could result in higher rates of delinquencies, foreclosures and losses than expected on the Mortgage Loans. In addition, these states or regions may experience natural disasters, which may not be fully insured against and which may result in property damage and losses on the Mortgage Loans. The Trustee cannot predict when or where such state or regional economic declines may occur and cannot predict to what extent or for how long such conditions may continue. These events may in turn have a disproportionate impact on funds available to the Series Trust, which could cause Noteholders to suffer losses by way of reduced or delayed payments.

### **5.26 European Union Capital Requirements Regulation - securitisation exposure rules and other regulatory initiatives**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of Suncorp-Metway, the Manager, the Arranger, the Joint Lead Managers or any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should be aware of Articles 404-410 (inclusive) of Regulation (EU) No 575/2013 of the European Parliament and Council (the "CRR"), as supplemented by Commission Delegated Regulation (EU) No 625/2014 and Commission Implementing Regulation (EU) No 602/2014, which came into force on 1 January 2014 in Member States of the European Union and have been implemented by national legislation in the other Member States of the European Economic Area ("EEA"). Article 405 of the CRR restricts 'credit institutions' and 'investment firms'

(each as defined in the CRR), and the consolidated group subsidiaries thereof (each an “**Affected Investor**”) from investing in or being exposed to a ‘securitisation’ (as defined in the CRR) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of at least 5% in that securitisation in the manner contemplated by Article 405 (and the regulatory technical standards since adopted by the European Commission in relation to the same).

Article 406 of the CRR also requires an Affected Investor to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the notes it has acquired and the underlying exposures, and that procedures have been established for monitoring performance information in relation to the underlying exposures on an on-going basis. Failure to comply with one or more of the requirements set out in Articles 405, 406 or 409 of the CRR may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant Affected Investor.

Investors should also be aware of Article 17 of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (“**AIFMD**”), as supplemented by Section 5 of Chapter III of the Commission Delegated Regulation (EU) No 231/2013 (“**Investment Managers Directive**”) and Article 135(2) of the EU Solvency II Directive 2009/138/EC, as supplemented by Articles 254-257 of Commission Delegated Regulation (EU) No 2015/35 (“**Solvency II**”), which introduced risk retention and due diligence requirements which apply, respectively, to EEA regulated alternative investment fund managers and EEA regulated insurance/reinsurance undertakings (together with those requirements under the CRR, the “**Existing Retention Rules**”). While such requirements are similar to those which apply under the CRR they are not identical and, in particular, additional due diligence obligations apply to relevant investors under the Investment Managers Directive and Solvency II.

On 17 January 2018, Regulation EU 2017/2402 laying down a general framework for securitisation and creating a framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 and Regulation EU 2017/2401 containing related amendments to the CRR (collectively, the “**New Securitisation Regulations**”) entered into force in the European Council of the European Union. The new retention rules under the New Securitisation Regulations (the “**New Retention Rules**”) will apply to securitisations in respect of which the relevant securities are issued on or after 1 January 2019. The aim of the New Securitisation Regulations is to create a harmonised securitisation framework within the European Union.

In addition to applying to any investor regulated by the current CRR, the risk retention and due diligence requirements in the New Retention Rules will also apply to EEA management companies and funds regulated pursuant to the Undertakings for Collective Investment in Transferable Securities Directive (Directive 2009/65/EC) (collectively “**UCITS**”) and to institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 and certain other entities appointed by such institutions (collectively, “**IORPS**”) which were subject to separate requirements under AIFMD and Solvency II.

Under the New Securitisation Regulations, some but not all of the Existing Retention Rules will continue to apply to securitisations in respect of which the relevant securities are issued before 1 January 2019 (“**Pre-2019 Securitisations**”). This means that both EEA management companies and funds regulated pursuant to UCITS and institutions for occupational retirement provision as defined in the IORPS may be subject to additional requirements under the Existing Retention Rules which apply to them specifically if the relevant securities are issued as part of Pre-2019 Securitisations.

In this Information Memorandum, the Existing Retention Rules together with the New Retention Rules, are referred to as the “**Retention Rules**” (which, in each case, do not take into account any relevant national measures).

Suncorp-Metway (as original lender) will undertake to the Trustee to hold, in accordance with the Retention Rules, an interest in randomly selected exposures equivalent to no less than 5% of the aggregate principal balance of the securitised exposures in accordance with paragraph 1(c) of Article 405 of the CRR.

There are material differences between the New Retention Rules and the Existing Retention Rules. Although the primary legislative process has reached its end, it is expected that there will be secondary legislation and guidance notes in regards to the interpretation of the New Retention Rules and the changes from the Existing Retention Rules.

Prospective investors are themselves responsible for monitoring and assessing changes to the Retention Rules and their regulatory capital requirements. Each investor subject to the Retention Rules should consult with their own legal and regulatory advisors to determine whether, and to what extent, the information described in this Information Memorandum and in any reports provided to investors in relation to the transaction is sufficient for compliance by that investor with any applicable Retention Rules and regulatory technical standards. In the event that a regulator determines that the transaction did not comply or is no longer in compliance with the Retention Rules or the investor has insufficient information to satisfy its due diligence and/or ongoing monitoring requirements under the Retention Rules, then that investor may be required by its regulator to set aside additional capital against its investment in the Notes or take other remedial measures in respect of its investment in the Notes.

None of Suncorp-Metway, NAB, HSBC, Macquarie Bank or Westpac or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances of such purposes or has any obligation to provide any further information or take any other steps that may be required by an investor subject to the Retention Rules to enable compliance by that investor with the requirements of the Retention Rules or any other applicable legal, regulatory or other requirements.

There remains considerable uncertainty with respect to the Retention Rules and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the Retention Rules and any implementing rules in a relevant jurisdiction should seek guidance from their regulator. Similar requirements to those set out in the Retention Rules may be implemented for other European Union-regulated investors in the future.

The Retention Rules and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of certain individual investors and, in addition, could have a negative impact on the price and liquidity of the Notes in the secondary market.

There can be no assurance that the regulatory capital treatment of the Notes for any investor will not be affected by any future implementation of, and changes to, the Retention Rules or other regulatory or accounting changes.

## **5.27 Effects of other financial regulatory measures**

In addition to the European Union Retention Rules detailed above in Section 5.26 ("European Union Capital Requirements Regulation – securitisation exposure rules and other regulatory initiatives), there are other domestic and international measures for increased or revised regulation (including with respect to regulatory capital treatment) of mortgage backed securities (such as the Notes) which are currently at various stages of implementation.

Such changes in the global financial regulation or regulatory treatment of mortgage-backed securities may negatively impact the regulatory position of affected investors and have an adverse impact on the value and liquidity of mortgage-backed securities such as the Notes. Prospective investors in the Notes should consult with their own

legal and investment advisors regarding the potential impact on them and the related compliance issues.

## 5.28 Major Bank Levy

On 9 May 2017 the Australian Government released the 2017-18 Federal Budget which included the introduction of a major bank levy for authorised deposit-taking institutions with licensed entity liabilities of at least \$100 billion (the “**Commonwealth Major Bank Levy**”). The Commonwealth Major Bank Levy was passed into law on 24 June 2017 and commenced on 1 July 2017. The Commonwealth Major Bank Levy is calculated quarterly as 0.015% of an ADI’s licensed entity liabilities (for an annualised rate of 0.06%). The Commonwealth Major Bank Levy affects Australia’s five largest banks, which does not include Suncorp as it does not have licensed entity liabilities of at least \$100 billion.

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## 6 Mortgage loans

### 6.1 The Mortgage Pool

The pool of Mortgage Loans to be assigned to the Trustee on the Issue Date (the “**Mortgage Pool**”) will be selected on the Cut-Off Date from a wider pool of the Mortgage Loans. The Selection Mortgage Pool consists of 4,400 Mortgage Loans with an aggregate principal balance outstanding of \$1,249,983,124.93 as at the Cut-Off Date (using data as at close of business on 18 April 2018, the day immediately prior to the Cut-Off Date). Statistical information in respect of the Selection Mortgage Pool is provided in the Annexure to this Information Memorandum. The actual characteristics of the Mortgage Pool may change from that contained in the Annexure as a result of the selection process.

### 6.2 Eligibility Criteria

The Mortgage Loans included in the Mortgage Pool must meet the following eligibility criteria or such other eligibility criteria as the Trustee, the Seller and the Manager may agree in writing prior to the Cut-Off Date and in respect of which the Manager has given prior written notice to the Rating Agencies (the “**Eligibility Criteria**”):

- (a) All Mortgage Loans must:
  - (i) be advanced and repayable in Australian Dollars;
  - (ii) be secured by a mortgage which is either:
    - (A) a first ranking mortgage; or
    - (B) a second ranking mortgage where:
      - (1) there are 2 mortgages over the land securing the Mortgage Loan and the Seller is the first mortgagee; and
      - (2) the first-ranking mortgage is also being acquired by the Trustee;
  - (iii) be secured by a mortgage over land which is residential property;
  - (iv) have a stated term to maturity at the Cut-Off Date not exceeding 30 years;
  - (v) have a loan-to-value ratio (“**LVR**”) not exceeding 95% determined as at the Cut-Off Date;

- (vi) be assignable by the Seller in equity without prior consent being required from, or notice of the assignment needing to be given to, the mortgagor or any other person;
  - (vii) have been approved by the Seller on or after 1 July 1998; and
  - (viii) be a fully verified income loan.
- (b) All Mortgage Loans must not:
- (i) be partially drawn down;
  - (ii) be a loan secured by a Mortgage over Land which does not contain a residential building;
  - (iii) be a loan to a present employee of the Seller at a concessional rate of interest;
  - (iv) be a loan which is in arrears for greater than 30 days as at the Cut-Off Date;
  - (v) be a loan that allows interest to be paid in advance without the consent of the Seller; or
  - (vi) be a loan whose interest rate has been fixed for a period greater than 5 years.

### 6.3 Policies and Procedures

Suncorp-Metway has internal policies and procedures in relation to the granting of Mortgage Loans and the administration of credit risk-bearing portfolios, which include:

- (a) criteria for the granting of the Mortgage Loans, as described in Sections 6.5 and 6.6;
- (b) systems in place to administer and monitor the Mortgage Loans and related credit-risk exposures, as to which the Mortgage Loans in the Mortgage Pool will be serviced in line with the usual servicing procedures of Suncorp Metway;
- (c) diversification of Suncorp-Metway's residential lending portfolio, given their distribution strategy and overall credit strategy; and
- (d) procedures in relation to the administration of Mortgage Loans in arrears, as described in Section 6.7.

### 6.4 Mortgage Loan Products

- (a) Loan Purpose

The Mortgage Loans have been made for the following purposes:

- (i) **"Personal Purpose Mortgage Loans"** have been made for the purchase, construction or improvement of Residential Property which is the principal place of residence of the borrower, or to refinance an existing mortgage, or for the acquisition of various goods and services, cash advances, debt consolidation or any other worthwhile purpose. Mortgage Loans may be granted for stand alone houses, strata titled units and townhouses.
- (ii) **"Investment Loans"** are loans for Residential Property other than the principal residence of the borrower (eg a rental property), and do not include major investments of a commercial nature.

(b) Interest Rate Options

The Mortgage Loans have a number of different interest rate options:

- (i) **“Variable Rate Loans”**: The variable rate is an administered rate determined by the Seller (as Servicer of the Mortgage Loans). Whenever the rate is varied, for principal and interest repayment loans, a new monthly payment amount is determined (subject to a tolerance of \$50.00) to maintain the final payment date. The borrower is notified of the new interest rate and the new monthly payment amount, if applicable.

Borrowers have the option to switch to a fixed rate at any time, for an appropriate fee.

- (ii) **“Fixed Rate Loans”**: Borrowers may fix the interest rate on their Mortgage Loans for a period of 1, 2, 3 or 5 years, converting automatically at the end of the agreed term to a Variable Rate Loan. The borrowers may choose to fix the interest rate for a further period.

If a borrower chooses to break the fixed rate prior to the end of the fixed term or pay more than the pre-payment allowance (\$500 as at the date of this Information Memorandum) in excess of the monthly repayment, they may be subject to an early payment interest adjustment (“EPIA”).

The EPIA is calculated by determining the difference between the swap reference rate for the fixed rate period at the loan disclosure date (ie. The date that the fixed rate was originally set) and the swap reference date which applies to the remaining period of the fixed rate contract. The difference is multiplied by the current loan balance or excess repayment amount (as applicable) to give the annual interest loss. The resulting amount is then divided by 12 months (to calculate a monthly figure) and then multiplied by the number of months remaining in the fixed rate contract. The amount so calculated, is then discounted using the net present value formula to convert the EPIA to today’s value.

- (iii) **“Variable Rate Loans with Offset”**: Personal Purpose Mortgage Loan borrowers may choose a Variable Rate Loan with an Offset facility. The loan operates in the same way as a Variable Rate Loan, but is also offset 100% against an offset savings account. Therefore, interest on the loan account is only calculated on the difference between the loan account balance and the offset account balance. All holders of an offset savings account must be a party to the corresponding Mortgage Loan.

(c) Repayment Type

The Mortgage Loans are either repaid by:

- (i) **“Principal and Interest”**: Personal Purpose Mortgage Loan borrowers and Investment Loan borrowers may choose to make principal and interest repayments on loans.
- (ii) **“Interest Only”**: Personal Purpose Mortgage Loan borrowers and Investment Loan borrowers may choose to make interest only repayments on eligible loans for up to a maximum period of 5 years.

(d) Redraw Facility

Borrowers may, subject to the approval of the Seller, redraw their Mortgage Loans, provided that the balance of the Mortgage Loan after the redraw

does not exceed the amount equal to the Scheduled Balance less the amount of one scheduled monthly instalment.

The Seller will be reimbursed by the Trustee for redraws from Principal Collections and by drawing upon the Redraw Facility.

(e) Interest Off-Set

Borrowers holding a deposit account with the Seller may elect to have interest off-set arrangements apply to their deposit account. In these cases, interest on the Mortgage Loan is calculated using two different interest rate formulae:

- (i) Partial Offset: The rate which ordinarily applies to the Mortgage Loan, less the rate which applies to the Interest Off-Set Account. The resulting rate is applied to that part of the Mortgage Loan balance equal to the amount of the deposit. Interest on the remaining part of the Mortgage Loan is charged at the full Mortgage Loan rate.
- (ii) Full Offset: The rate which ordinarily applies to the Mortgage Loan is applied to the net balance of the Mortgage Loan, after deducting the amount of the deposit. This formula is only used for standard variable accounts.

(f) Prepayments

A borrower may make repayments in excess of the scheduled instalment amounts for the Mortgage Loan. The "in advance" amount is the difference between the actual repayments made by the borrower and the scheduled instalment amounts for the Mortgage Loan.

When a borrower is in advance of their repayments and they do not meet their scheduled repayment, monies will be deducted from the in advance amount to meet the repayment. If the in advance amount only partially meets the scheduled repayment requirement, the borrower is required to continue to make scheduled payments.

(g) Additional Advances

If further funds are to be advanced to a borrower under a Mortgage Loan and that further advance would cause the current balance to exceed the Scheduled Balance of that Mortgage Loan by more than one scheduled monthly instalment, then that Mortgage Loan will be repurchased by the Seller from the Mortgage Pool.

(h) Origination of Mortgage Loans

The Mortgage Loans in the Mortgage Pool were all originated between 1 July 1998 and 31 January 2017 through Suncorp-Metway's store network, Suncorp-Metway mobile lenders and other approved originators, and were all subject to the normal credit and settlement procedures of the Seller at that time.

## 6.5 Credit Approval Process

This Section provides details of how the Mortgage Loans are assessed under Suncorp-Metway's lending policy. All Mortgage Loans which are assigned to the Series Trust will have been assessed in accordance with the steps set out below.



(a) Loan Applications

Applicants for a Mortgage Loan are required to complete and sign an application form which details the financial position of the applicants as well as permitting the Seller to make appropriate enquiries in relation to the employment, income and credit histories of the applicants.

(b) Credit Assessment

Mortgage Loan applications are assessed using the Seller's standard assessment criteria, which requires independent validation of the details included in the application such as employment history and serviceability of the applicants. The applicant's credit history is assessed by perusal of loan/account statements and by obtaining a reference from the Equifax Australia Information Services and Solutions Pty Limited.

Mortgage Loans are processed through the Seller's automated decision engine ("**Scorecard**"). The Scorecard either approves, refers or rejects the application. Approved loans are forwarded to a lending officer of the Seller who validates the data entered into the system. Referred and rejected applications are further reviewed by a lending officer of the Seller holding an appropriate personal lending delegation. A Delegated Credit Authority ("**DCA**") is only granted by the Seller to lending officers who have appropriate experience and training. DCAs are reviewed on a regular basis supported by a continuous and real time hindsight process. Mortgage Loan applications outside the lending officer's personal DCA are referred to the Seller's banking credit division for assessment under their DCA structure.

(c) Valuations

The Seller values property offered as security for Mortgage Loans using the following valuation methods:

- existing valuation
- contract for sale
- automated valuation model which generates a statistical valuation through the use of an automated valuation system
- desktop valuation by an independent valuer who is part of Seller's valuation panel
- full valuation by an independent valuer who is part of Seller's valuation panel

With the exception of the existing valuation method, the Seller's valuation system will determine the appropriate valuation method by referring to the valuation rules set by the Seller.

Full valuations are undertaken by independent valuers for proposals which are assessed as presenting a higher risk or where the lending officer of the Seller believes the other valuation methods may not adequately identify risks and assess market value.

(d) Mortgage Insurance

All Mortgage Loans included in the Mortgage Pool are covered by a primary mortgage insurance policy, if the LVR at origination is greater than 80%.

## 6.6 Documentation and Settlements

Following approval, the validation, documentation, settlement and registration of securities for Mortgage Loans are centrally controlled by the Lending Services section (or an authorised agent). Standard documentation is produced by Lending Services (or an authorised agent) from information provided on the file and appropriate confirmation searches and input through the loan documentation system. Once a Mortgage Loan is settled the details are established in the mortgage loan debtors system.

For all Mortgage Loans the Seller requires, prior to settlement and funding, the following:

- (a) copy of sale contract (if the Borrower is purchasing real property);
- (b) valuation report (if applicable);
- (c) certificate of title (if applicable);
- (d) council notices and certificates (where requested);
- (e) evidence of mortgage insurance (if applicable);
- (f) independent reports (if applicable);
- (g) guarantor acknowledgement (if loan is guaranteed);
- (h) executed guarantee (if applicable);
- (i) executed, stamped transfer of land (if the Borrower is purchasing real property);
- (j) executed discharge of existing mortgage/s (if applicable);
- (k) disbursement authority signed by the borrower/s;
- (l) the Seller's mortgage documents signed; and
- (m) the Seller's loan agreement signed.

Lending Services (or an authorised agent) checked the documentation for correctness, effected final title searches and authorised the drawing of settlement cheques or funds. Once the final check searches had been verified, settlement was effected and the documentation was lodged at the relevant registries for registration.

## 6.7 Collections

The following describes the Seller's current collection procedures, which apply to all mortgage loans, including the Mortgage Loans in the Mortgage Pool.

Mortgage Loans that have breached the terms and conditions of the mortgage are administered by the Banking Recovery/Retail Recoveries section within Banking Risk/Lending Services. Accounts are assessed and monitored using the current balance, actual balance, and monthly repayment as the prime criteria.

Borrowers are contacted by mail, telephone or both. Follow-up action is assessed on the degree of arrears, current LVR, borrowers' financial position and liaison with mortgage insurers.

Collection action follows a structured process to protect the interests of the mortgagee and/or mortgage insurer. This process includes, issuing of notices, applying default charges and taking steps to protect and/or sell secured assets

(including the maintenance of local government rates and property insurance payments, as prescribed in the mortgage document).

Litigation may or may not be initiated and is at the discretion of the Seller. Assessment is based on economic factors, enforceability, increased liability or consequential loss, cost/benefit and/or recommendation by the Seller's legal advisers.

## **6.8 Servicing**

### **(a) Initial Servicer**

The initial Servicer of the Mortgage Loans and related securities is Suncorp-Metway.

### **(b) Servicing to be in accordance with the Servicing Standards**

Subject, unless the prior written consent of the Trustee and the Manager is obtained, to the express limitations on servicing (see Section 6.8(d)), the Servicer must ensure that the servicing of the Mortgage Loans and related securities is in accordance with the Servicing Standards.

The Servicing Standards are the standards and practices set out in the Servicing Guidelines or, to the extent not covered by the Servicing Guidelines, the standards and practices of a prudent lender in the business of making residential home loans.

The Servicing Guidelines are the written guidelines, policies and procedures established by the Servicer for servicing its mortgage loan portfolio, as amended from time to time. The Servicer may amend the Servicing Guidelines from time to time subject to the Rating Agencies, the Trustee and the Manager being notified in advance of any material amendments which relate to the servicing of the Mortgage Loans and related securities.

All acts of the Servicer in servicing the Mortgage Loans are binding on the Trustee. Neither the Trustee nor the Manager is responsible or liable for any act of the Servicer which contravenes the Servicing Standards except to the extent that the contravention was caused by the Trustee's or the Manager's or their respective delegates' fraud, negligence or wilful default.

The Servicer's duties and obligations under the Series Supplement continue until the earlier of:

- (i) the Termination Payment Date; and
- (ii) the date of the Servicer's retirement or removal as Servicer.

### **(c) Payment of Collections into the Collections Account**

Moneys due by borrowers under the terms of the Mortgage Loans will be collected by the Servicer.

While the Collections Account is permitted to be maintained with the Servicer (see Section 2.6), the Servicer may retain the Collections until 10.00am on the Distribution Date, when it must deposit them into the Collections Account.

Where the Collections Account is not permitted to be maintained with the Servicer, the Servicer must pay all Collections received by the Servicer in respect of Mortgage Loans into the Collections Account within 2 Business Days after receipt (or in the case of Collections received by the Seller before the Issue Date, within 2 Business Days of the Issue Date) or within

2 Business Days of their due date for payment (when they are payable by Suncorp-Metway or the Servicer).

Provided that the Manager has determined on the preceding Determination Date that a distribution to the Income Unitholder is to be made on the following Distribution Date as described in Section 7.4(f)(i) and that an Insolvency Event does not exist in respect of the Servicer, the Servicer will retain the interest and other income derived from holding any Collections.

(d) Express Powers and Limitations on Servicing

The Master Sale and Servicing Deed regulates the following aspects of the servicing of the Mortgage Loans:

(i) Interest Rates

The Servicer must, as part of its function of servicing the Mortgage Loan Rights, set the interest rate charged on each Mortgage Loan which has a variable rate of interest. For so long as the Seller is the Servicer, such interest rate must be the interest rate which the Seller charges on a similar mortgage loan (having regard, among other things, to the nature of the mortgage loan product and the type of borrower) which is recorded on the Servicer's database but which has not been assigned to the Trustee unless any Transaction Document requires the Servicer to charge a different interest rate in respect of that Mortgage Loan (for instance, in circumstances where the Threshold Mortgage Rate applies).

The Servicer must set the interest rate charged on each Mortgage Loan at the rate which the Servicer charges on similar mortgage loans not assigned to the Trustee. However, where the Basis Swap has been terminated the weighted average of the variable rates of interest charged on the Mortgage Loans must be set in accordance with the requirements explained in Section 9.1 until a new basis swap is entered into with a counterparty in respect of which the Manager has given notice to the Rating Agencies or another arrangement satisfactory to the Manager and the Trustee (and in respect of which the Manager has given notice to the Rating Agencies) for the purposes of hedging the interest rate mismatch, is put in place.

(ii) Release or Substitution of Securities Generally

The Servicer may release or substitute any securities relating to a Mortgage Loan. The Servicer though has agreed that it will only do this in relation to a Mortgage Loan if:

- (A) at least one mortgage is retained after the release or substitution to secure the Mortgage Loan;
- (B) prior to the release or substitution, the LVR for the Mortgage Loan is reappraised by the Servicer in accordance with the Servicing Standards and based on that reappraisal after the release or substitution, the LVR for the Mortgage Loan remains equal or below the LVR at the date of the release or substitution; and
- (C) the release or substitution will not result in a reduction in the amount that could otherwise be recovered under any applicable Mortgage Insurance Policy.

The Servicer will indemnify the Trustee for any loss the Trustee suffers as a result of the Servicer releasing or substituting any Mortgage Loan securities in breach of the above conditions.

- (iii) Extension of Maturity of Mortgage Loans and variation or relaxation of other terms

Subject to the foregoing and the conditions applying to the making of Further Advances (as discussed in Section 10.2(h)), the Servicer must not grant any extension of the maturity date of a Mortgage Loan beyond 30 years from the date the funds were first advanced under the Mortgage Loan or allow a borrower any reduced monthly payments that would have that result.

Subject to the foregoing and paragraph (ii) of this Section 6.8(d), the Servicer may vary, extend or relax the time to maturity, the terms of repayment or any other term of a Mortgage Loan and its related securities in accordance with the Servicing Standards.

- (iv) Release of Debt

Except as discussed in paragraph (ii) of this Section 6.8(d), the Servicer must not release a borrower or security provider from any amount owing in respect of a Mortgage Loan or its related securities unless there is a realised loss after selling the property the subject of the Mortgage and the Servicer making a claim under any applicable Mortgage Insurance Policy.

- (v) Waivers, releases and compromises

Subject to the indemnity referred to in the last paragraph of paragraph (ii) of this Section 6.8(d) and the restrictions referred to in paragraph (iv), the Servicer is empowered to waive any breach under, or to compromise, compound or settle any claim in respect of, or to release any party from an obligation under, a Mortgage Loan or its related securities.

- (vi) Leases

The Servicer may, in accordance with the Servicing Guidelines, consent to the creation of leases, licences or restrictive covenants in respect of any mortgaged property in connection with a Mortgage Loan.

- (vii) Binding Provisions and Orders of a Competent Authority

The Servicer may release a mortgage or other related security, reduce the amount outstanding under or vary the terms of any Mortgage Loan (including the terms of repayment) or any related security or grant other relief to a borrower or a security provider if required to do so by any provision of the Code of Banking Practice, any other code binding on the Servicer or any applicable laws or if ordered to do so by a court, tribunal, authority, ombudsman or other entity whose decisions are binding on the Servicer.

If the order is due to:

- (A) the Servicer breaching any applicable law or official directive (other than one which provides for relief on equitable or like grounds when the Servicer is acting in accordance with the standards and practices of a prudent lender) at the time the Mortgage Loan or related security was entered into or a Further Advance was made; or

- (B) the Servicer not acting in accordance with the standards and practices of a prudent lender in the business of making residential home loans,

then the Servicer must notify the Trustee of the making of such an order and must compensate the Trustee for its loss. The amount of the loss is to be determined by agreement with the Trustee or, failing this, by the Servicer's external auditors.

(viii) Enforcement

The Servicer may take such action to enforce a Mortgage Loan and its related securities as it determines should be taken.

In particular, the Servicer is not required to institute, or continue, any litigation in respect of any amount owing under a Mortgage Loan if there are reasonable grounds for believing, based on advice from its legal advisers, that the Servicer will be unable to enforce the provisions of the Mortgage Loan under which such amount is owing or the likely proceeds, in light of the associated expenses, do not warrant the litigation.

However, the Servicer must not knowingly take any action, or knowingly fail to take any action, if that action or failure to take action will interfere with the enforcement of any rights under any Assets of the Series Trust, unless such action is in accordance with the Servicing Standards.

(ix) Insurance Policies

The Servicer may compromise, compound or settle any claim in respect of any mortgage or property insurance policy which is then an Asset of the Series Trust.

Insurance proceeds received in respect of a Mortgage Loan must be applied to the account established in the Servicer's records for the Mortgage Loan up to the principal amount outstanding plus accrued but unraised interest except where such proceeds relate to property insurance and are released in accordance with the Servicing Standards and are paid directly for work being carried out in rebuilding, reinstating or repairing the property to which the proceeds relate.

## 6.9 Information on the Mortgage Loans

Suncorp-Metway will be the custodian of the Mortgage Loan Documents (see Section 11). It must deliver to the Trustee an electronic listing containing information in connection with the Mortgage Loans and related securities. Suncorp-Metway has agreed to indemnify the Trustee for any losses suffered as a result of Suncorp-Metway failing to supply adequate information or supplying inaccurate or incomplete information on such disk such that the Trustee is unable to lodge and register caveats and transfers upon the occurrence of a Perfection of Title Event (see Section 10.2(l)) or a Document Transfer Event (see Section 11.2).

## 6.10 Monitoring of fixed rate loans

- (a) Suncorp-Metway monitors an estimate of the profile (volume and fixed rate maturity) of fixed rate loans within its mortgage portfolio on a daily basis. This profile is reported to the appropriate executive committee of Suncorp-Metway on a monthly basis to ensure that the level of fixed rate loans remains at an acceptable level to Suncorp-Metway and are appropriately managed.
- (b) If Suncorp-Metway (in its capacity as Servicer) agrees to convert a variable rate Mortgage Loan (which forms part of the Assets of the Series Trust) into a fixed rate Mortgage Loan it will aim to set the rate of interest on the fixed rate Mortgage Loan (which it is entitled to set in its absolute discretion) so

that such interest amounts when aggregated (without double counting) with all other Finance Charges are sufficient to enable the Trustee to comply with all of its obligations under the Transaction Documents as they fall due.

- (c) In setting the rate of interest on a fixed rate Mortgage Loan in accordance with paragraph (b), Suncorp-Metway will take into account the obligation on:
- (i) the Servicer to vary the weighted average of the variable rates in respect of Mortgage Loans which then form part of the Assets of the Series Trust in relation to the Threshold Mortgage Rate – see Section 6.8(d)(i); and
  - (ii) The Manager to ensure that the Trustee's interest rate risk under that Mortgage Loan is hedged under a Fixed Rate Swap.

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## **7 Cash flow allocation methodology**

### **7.1 Principles Underlying the Allocation of Cash Flows**

This Section 7 describes the methodology for the calculation of the amounts to be paid by the Trustee on each Distribution Date to, amongst others, the Noteholders.

In summary, the Series Supplement provides for Collections to be allocated and paid on a monthly basis, in accordance with a set order of priorities, to satisfy the Trustee's payment obligations in relation to the Series Trust. The underlying cash flows comprising the Collections are explained in Section 7.3. The methodology for allocating Collections between Coupon on the Notes and other charges, on the one hand, and principal, on the other, are explained in Sections 7.4 and 7.5.

The calculation of the various amounts payable on each Distribution Date and the priority in which these amounts are paid are also explained in Sections 7.4 and 7.5.

In certain circumstances the principal amount of the Notes can be reduced by way of Charge-Off. This is explained in Section 7.9.

### **7.2 Monthly Periods, Determination Dates and Distribution Dates**

The distribution of Collections operates on a deferred basis. The Collections in respect of each Monthly Period are paid by the Trustee towards Series Trust Expenses and to, amongst other creditors of the Series Trust, the Noteholders on the following Distribution Date. All necessary calculations for this purpose are made by the Manager no later than the Determination Date after the end of each Monthly Period. Available funds are then transferred to the Collections Account (if not already credited to the Collections Account) on the Distribution Date, for utilisation by the Trustee on the Distribution Date.

The following sets out an example of a series of relevant dates and periods for the allocation of cash flows and their payments. All dates are assumed to be Business Days.

1 June 2018 (inclusive) – 30 June 2018 (inclusive) Monthly Period

13 June 2018 (inclusive) – 13 July 2018 (exclusive) Coupon Period

9 July 2018 Record Date

10 July 2018 Determination Date

13 July 2018 Distribution Date

## 7.3 Underlying Cash Flows

### (a) Collections

The Collections for a Monthly Period are the aggregate of the following amounts (without double counting) in respect of the Mortgage Loans:

- (i) the sum of all amounts for which a credit entry is made (net of any interest offset benefits under the Interest Off-Set Accounts in relation to the Mortgage Loans) during the Monthly Period to the accounts established in the Servicer's records for the Mortgage Loans less the sum of the amount of any credit entries to the accounts established in the Servicer's records for the Mortgage Loans which relate to any Defaulted Amount on the Mortgage Loans during the Monthly Period and the amount of any reversals made during the Monthly Period to the accounts established in the Servicer's records for the Mortgage Loans where the original credit entry (or part thereof) was made in error or was made but subsequently reversed due to funds not being cleared;
- (ii) any Recoveries received by the Servicer in relation to the Mortgage Loans during the Monthly Period (less any reversals made during the Monthly Period in respect of Recoveries where the original credit entry (or part thereof) was made in error or subsequently reversed due to funds not being cleared);
- (iii) any amounts received by the Trustee from the Seller in respect of the Monthly Period with respect to Mortgage Loans repurchased following the making of a Further Advance (see Section 10.2(h)), as a result of the discovery of an incorrect Seller representation (see Section 10.2(g)) or as a result of the exercise of the Seller's right to repurchase a Shared Security Mortgage Loan (see Section 10.2(m));
- (iv) any amounts received by the Trustee on the Clean-Up Settlement Date following the Monthly Period (see Section 10.2(j));
- (v) any damages or indemnities received by the Trustee in respect of the Monthly Period as a result of:
  - (A) the discovery after the Prescribed Period that a representation or warranty of the Seller mentioned in Section 10.2(e) was incorrect when given (see Section 10.2(g));
  - (B) any release or substitution of any mortgage or related securities (other than as described in Section 6.8(d)); or
  - (C) the Servicer being required under the Code of Banking Practice, another binding provision, or a court or tribunal, to grant any form of relief to a mortgagor or collateral security provider as a result of the Servicer or the Seller having breached any applicable law, official directive, the Code of Banking Practice or other binding provision, or not having acted as a prudent lender of residential home loans;
- (vi) any damages received by the Trustee in the Monthly Period which are not included in the amounts referred to in paragraph (v) above;
- (vii) any amounts received by the Trustee in the Monthly Period as a result of the sale of the Assets of the Series Trust on or following the Termination Date;



- (viii) in respect of the first Monthly Period, any Note subscription proceeds received by the Trustee that are not used on the Issue Date to acquire Mortgage Loans;
- (ix) any mortgage or general insurance proceeds received in relation to the Mortgage Loans by the Servicer or the Trustee during the Monthly Period;
- (x) the amount of any Waived Mortgagor Break Costs received by the Trustee in respect of the Monthly Period to the extent the Servicer is liable to pay any such amount in accordance with the Transaction Documents;
- (xi) the aggregate principal amount of any Mortgage Loans transferred by the Trustee to another trust established under the Master Trust Deed which is received by the Trustee during the Monthly Period;
- (xii) any amount received by the Trustee in respect of accrued but unpaid interest on the Mortgage Loans on the transfer of those Mortgage Loans to another trust established under the Master Trust Deed; and
- (xiii) any amounts received by the Trustee from the Seller in respect of interest offset benefits for the Monthly Period under the Interest Off-Set Accounts in accordance with the Master Sale and Servicing Deed,

less:

- (xiv) any amount debited during the Monthly Period to the accounts established in the Servicer's records for the Mortgage Loans representing fees or charges imposed by any governmental agency;
- (xv) bank accounts debits tax or similar taxes or duties imposed by any governmental agency (including any tax or duty in respect of payments or receipts to or from bank or other accounts);
- (xvi) amounts paid in accordance with Section 7.5(c); and
- (xvii) insurance premiums paid by the Servicer.

Collections for a Monthly Period are allocated first to the satisfaction of Finance Charges.

(b) Finance Charges

The Finance Charges for a Monthly Period are the aggregate of the following amounts (without double counting) in respect of the Mortgage Loans:

- (i) the aggregate of:
  - (A) all debit entries representing interest or other charges that have been charged (net of any interest offset benefits under the Interest Off-Set Accounts in relation to the Mortgage Loans) during the Monthly Period made to the accounts established in the Servicer's records for the Mortgage Loans;
  - (B) subject to paragraph (C), any Mortgagor Break Costs charged during a prior Monthly Period and received by the Servicer during the Monthly Period; and

(C) any amounts received by the Servicer during the Monthly Period from the enforcement of any mortgage or in accordance with any mortgage insurance policy where such amounts exceed the costs of enforcement of any mortgage and the interest and principal then outstanding on the Mortgage Loan in respect of which amounts are received and represent the Mortgagor Break Costs charged during a prior Monthly Period on the Mortgage Loan in respect of which amounts are received,

less:

- (D) the aggregate of any reversals made during the Monthly Period in respect of interest or other charges in relation to any of the accounts where the original debit entry (or part thereof) was in error or was made but subsequently reversed due to funds not being cleared, and any Mortgagor Break Costs charged, but not received by the Servicer, during the Monthly Period;
- (ii) any Recoveries received by the Servicer in relation to the Mortgage Loans during the Monthly Period less any reversals where the original debit entry (or part thereof) was in error or was made but subsequently reversed due to funds not being cleared;
- (iii) any amounts received by the Trustee for Mortgage Loans repurchased following the making of a Further Advance (see Section 10.2(h)), as a result of the discovery of an incorrect Seller representation (see Section 10.2(g)) or as a result of the exercise of the Seller's right to repurchase a Shared Security Mortgage Loan (see Section 10.2(m)) where such amounts represent accrued but unraised interest on the Mortgage Loans in respect of the Monthly Period;
- (iv) the amount of any Clean-Up Settlement Price received by the Trustee on the Clean-Up Settlement Date following the end of the Monthly Period which represents amounts in respect of accrued but unraised interest on the Mortgage Loans;
- (v) any amount received by the Trustee from the Seller, Servicer or Manager in respect of the Monthly Period for breach of a representation, warranty or obligation under the Master Trust Deed or Series Supplement;
- (vi) any amounts received by the Trustee in the Monthly Period as a result of the sale of Assets of the Series Trust on or following the Termination Date which the Manager determines are to be treated as Finance Charges;
- (vii) the amount of any Waived Mortgagor Break Costs received by the Trustee from the Servicer during the Monthly Period to the extent the Servicer is liable to pay any such amount in accordance with the Transaction Documents;
- (viii) any Collections received by the Trustee or the Servicer during the Monthly Period if during that Monthly Period the Total Stated Amount of the Notes has been reduced to zero;
- (ix) any amount received by the Trustee in respect of accrued but unpaid interest on the Mortgage Loans on the transfer of those Mortgage Loans to another trust established under the Master Trust Deed; and

- (x) any amounts received by the Trustee from the Seller in respect of interest offset benefits for the Monthly Period under the Interest Off-Set Accounts in accordance with the Master Sale and Servicing Deed,

less any amount debited to the accounts established in the Servicer's records for the Mortgage Loans during the Monthly Period in respect of government fees or charges, bank accounts debits tax or similar taxes or duties (including any tax or duty in respect of payments or receipts to or from bank or other accounts) or insurance premiums paid by the Servicer.

## 7.4 Determination of Investor Revenues

### (a) Determination of Investor Revenues

On each Determination Date the Manager will calculate (without double counting) the aggregate of the following (referred to as "**Investor Revenues**") for the immediately preceding Monthly Period:

- (i) the lesser of:
  - (A) Collections for that Monthly Period; and
  - (B) Finance Charges for that Monthly Period;
- (ii) any net amounts received by the Trustee under any Hedge Agreement in respect of the Coupon Period ending on the Distribution Date in relation to the immediately preceding Monthly Period;
- (iii) any interest income (or amounts in the nature of interest income) credited to the Collections Account during the Monthly Period or amounts in the nature of interest otherwise paid by the Servicer or the Manager during that Monthly Period in respect of Collections held by it;
- (iv) all income realised in the Monthly Period in respect of Authorised Short-Term investments of the Series Trust;
- (v) any amount of input tax credits (as defined in the GST Legislation) received by the Trustee in the Monthly Period in respect of the Series Trust; and
- (vi) any other amount received by the Trustee in the Monthly Period (excluding any Collection, any advance pursuant to the Redraw Facility or the Liquidity Facility or any withdrawal from the Liquidity Reserve Account or any collateral or prepayment under any Hedge Agreement),

(but excluding any interest or other income received during the Monthly Period in respect of the Cash Deposit or any collateral or prepayment under any Hedge Agreement, or interest or other income credited to the Liquidity Reserve Account during that Monthly Period).

### (b) Gross Liquidity Shortfall

If the Investor Revenues for a Monthly Period are less than Total Expenses (see Section 7.4(g)) for that Monthly Period (such insufficiency being a "**Gross Liquidity Shortfall**" in relation to that Monthly Period), the Manager must direct the Trustee to withdraw from the Excess Revenue Reserve, on the immediately following Distribution Date, an amount equal to the lesser of:

- (i) the Gross Liquidity Shortfall; and

(ii) the balance of the Excess Revenue Reserve,

(an “**Excess Revenue Reserve Income Draw**”) and apply that amount as part of the Total Investor Revenues on that Distribution Date.

If the Excess Revenue Reserve Income Draw determined by the Manager on a Determination Date is greater than zero, the Manager will calculate the aggregate of the following in relation to the immediately preceding Monthly Period (being the “**Adjusted Investor Revenues**”):

(iii) the Investor Revenues; and

(iv) the Excess Revenue Reserve Income Draw.

(c) Net Liquidity Shortfall and Calculation of Principal Draw

If the Adjusted Investor Revenues (see Section 7.4(b)) for a Monthly Period are less than the Total Expenses (see Section 7.4(g)) for that Monthly Period (the difference being the “**Net Liquidity Shortfall**” in relation to that Monthly Period), the Manager will calculate the lesser of the following (being a “**Principal Draw**”) on the next Determination Date:

(i) the Net Liquidity Shortfall in relation to that Determination Date; and

(ii) where the Collections exceed the Finance Charges for that Monthly Period, the amount of such excess or, where the Finance Charges exceed the Collections for that Monthly Period, zero.

Principal Draws may be reimbursed from Total Investor Revenues in the manner explained in Section 7.4(f).

(d) Remaining Net Liquidity Shortfall

If the Principal Draw is less than the Net Liquidity Shortfall for the Monthly Period (such deficit being a “**Remaining Net Liquidity Shortfall**”), the Trustee may be entitled to request or apply an Applied Liquidity Amount under the Liquidity Facility for an amount equal to the lesser of the Remaining Net Liquidity Shortfall and the amount which is available for drawing under the Liquidity Facility (see Section 9.2).

(e) Accrued Interest Adjustment

Each Mortgage Loan to be acquired from the Seller will have accrued interest from (and including) the previous due date for the payment of interest under the Mortgage Loan up to (but excluding) the Cut-Off Date. This accrued interest (the “**Accrued Interest Adjustment**”) is to be determined by the Manager and paid to the Seller on the first Distribution Date.

(f) Calculation and Application of Total Investor Revenues

On each Determination Date the Manager will calculate the aggregate of the following (being “**Total Investor Revenues**”) in relation to the immediately preceding Monthly Period:

(i) the Adjusted Investor Revenues (see Section 7.4(b));

(ii) the amount of the Principal Draw in relation to the Distribution Date (see Section 7.4(c));

(iii) the Applied Liquidity Amount (if any) to be paid or applied under the Liquidity Facility on the next Distribution Date (see Section 9.2(d));

- (iv) any amount applied under the utilisation of the Liquidity Reserve to cover an Extraordinary Expense Shortfall (see Section 7.7(c)); and
- (v) any amount applied from the Excess Revenue Reserve other than an Excess Revenue Reserve Income Draw (see Section 7.8(e)(ii)).

The Trustee will apply the Total Investor Revenues for each Monthly Period (after deduction and payment on the first Distribution Date of the Accrued Interest Adjustment to the Seller) on the Distribution Date following the end of the Monthly Period in the following order of priority:

- (vi) first, at the Manager's discretion, payment of A\$1 to the Income Unitholder to be dealt with, and held by, the Income Unitholder absolutely;
- (vii) second, in or towards payment of or provision for the Series Trust Expenses (other than any amount payable under paragraph (xxv) below) in respect of the immediately preceding Monthly Period (in the order set out in Section 7.4(h) below);
- (viii) third, in payment pari passu and rateably towards any net amounts payable by the Trustee to the Hedge Providers under the Hedge Agreements on that Distribution Date (other than any Subordinated Termination Payments and Mortgagor Break Costs to the extent they are payable in the circumstances described in paragraphs (xxiii) and (xxiv));
- (ix) fourth, in payment pari passu and rateably towards:
  - (A) repayment to the Liquidity Facility Provider of the then Liquidity Facility Principal;
  - (B) the Liquidity Facility Interest (if any) due on that Distribution Date plus any Liquidity Facility Interest remaining unpaid from prior Distribution Dates; and
  - (C) payment to the Redraw Facility Provider of the Redraw Facility Interest (if any) due on that Distribution Date plus any Redraw Facility Interest remaining unpaid from prior Distribution Dates;
- (x) fifth, in payment of the Note Interest Amount in respect of that Distribution Date in relation to:
  - (A) if any Class A1 Notes remain outstanding, each Class A1 Note, pari passu and rateably amongst the Class A1 Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class A1 Notes, pari passu and rateably between the Class A1 Noteholders; or
  - (B) if any Class A1-R Notes remain outstanding, each Class A1-R Note, pari passu and rateably amongst the Class A1-R Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class A1-R Notes, pari passu and rateably between the Class A1-R Noteholders;
- (xi) sixth, in payment of the Note Interest Amount in respect of that Distribution Date in relation to each Class A2 Note, pari passu and rateably amongst the Class A2 Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class A2 Notes, pari passu and rateably between the Class A2 Noteholders;

- (xii) seventh, in payment of the Note Interest Amount in respect of that Distribution Date in relation to each Class AB Note, pari passu and rateably amongst the Class AB Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class AB Notes, pari passu and rateably between the Class AB Noteholders;
- (xiii) eighth, in payment of the Note Interest Amount in respect of that Distribution Date in relation to each Class B Note, pari passu and rateably amongst the Class B Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class B Notes, pari passu and rateably between the Class B Noteholders;
- (xiv) ninth, in payment of the Note Interest Amount in respect of that Distribution Date in relation to each Class C Note, pari passu and rateably amongst the Class C Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class C Notes, pari passu and rateably between the Class C Noteholders;
- (xv) tenth, in payment of the Note Interest Amount in respect of that Distribution Date in relation to each Class D Note, pari passu and rateably amongst the Class D Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class D Notes, pari passu and rateably between the Class D Noteholders;
- (xvi) eleventh, in payment of the Note Interest Amount in respect of that Distribution Date in relation to each Class E Note, pari passu and rateably amongst the Class E Noteholders, and any Note Unpaid Interest remaining unpaid from prior Distribution Dates in relation to those Class E Notes, pari passu and rateably between the Class E Noteholders;
- (xvii) twelfth, an amount equal to any Unreimbursed Principal Draw in relation to that Determination Date (see Section 7.4(c)) will be allocated to the Total Principal Collections for the immediately preceding Monthly Period (see Section 7.5(a)) on that Distribution Date;
- (xviii) thirteenth, an amount equal to the Defaulted Amount for the immediately preceding Monthly Period will be allocated to Total Principal Collections for the immediately preceding Monthly Period;
- (xix) fourteenth, an amount equal to any Charge-Offs in respect of the Notes remaining unreimbursed from all prior Distribution Dates will be allocated to Total Principal Collections for the immediately preceding Monthly Period;
- (xx) fifteenth, an amount equal to the difference between the Maximum Excess Revenue Reserve Amount and the then current balance of the Excess Revenue Reserve as a deposit to the Excess Revenue Reserve;
- (xxi) sixteenth, an amount equal to the Liquidity Reserve Target Shortfall on that date as a deposit to the Liquidity Reserve Account;
- (xxii) seventeenth, pari passu and rateably:
  - (A) any other amounts (other than those paid under paragraph (ix) above) owing to the Liquidity Facility Provider under the Liquidity Facility Agreement; and

- (B) any other amounts (other than those paid under paragraph (ix) above) owing to the Redraw Facility Provider under the Redraw Facility Agreement;
- (xxiii) eighteenth, to the Fixed Rate Swap Provider of an amount equal to the aggregate of any Mortgagor Break Costs charged in relation to the Mortgage Loans and any Non-Collection Fees due by the Servicer to the Trustee during the Monthly Period then just ended or during any prior Monthly Period that have not been received by the Trustee from a Mortgagor or the Servicer on that Distribution Date or any preceding Distribution Date;
- (xxiv) nineteenth, in payment pari passu and rateably towards any Subordinated Termination Payments payable by the Trustee to the Hedge Providers under the Hedge Agreements on that Distribution Date;
- (xxv) twentieth, in payment pari passu and rateably of any amount payable by the Trustee to a Joint Lead Manager under clause 9.2 of the Dealer Agreement; and
- (xxvi) finally, the remaining amount (if any) of Total Investor Revenues will be paid to the Income Unitholder (or in accordance with its directions) on that Distribution Date first, towards any outstanding subscription amount and second, any remaining amount to be dealt with, and held by, the Income Unitholder in its absolute discretion.

(g) Total Expenses

“**Total Expenses**” in relation to a Monthly Period means:

- (i) if there are unreimbursed Charge-Offs allocated to the Class B Notes, the aggregate of the amounts referred to in paragraphs (vi) to (xvii) (inclusive) of Section 7.4(f) for the Distribution Date immediately following that Monthly Period;
- (ii) subject to paragraph (i), if there are unreimbursed Charge-Offs allocated to the Class C Notes, the aggregate of the amounts referred to in paragraphs (vi) to (xviii) (inclusive) of Section 7.4(f) for the Distribution Date immediately following that Monthly Period;
- (iii) subject to paragraphs (i) and (ii), if there are unreimbursed Charge-Offs allocated to the Class D Notes, the aggregate of the amounts referred to in paragraphs (vi) to (xix) (inclusive) of Section 7.4(f) for the Distribution Date immediately following that Monthly Period; or
- (iv) if:
  - (A) the first occurring Call Option Date has not yet occurred;
  - (B) there are no Charge-Offs allocated to the Class E Notes which remain unreimbursed; and
  - (C) the average for each of the last four Monthly Periods of the aggregate principal amount outstanding of Mortgage Loans then forming part of the Assets of the Series Trust on the last day of that Monthly Period with arrears days of greater than 60 days is less than 4% of the average of the last four Monthly Periods of the aggregate principal amount outstanding of all Mortgage Loans then forming part of the Assets of the Series Trust provided that where fewer than four Monthly Periods have occurred since the Cut-Off Date this condition will be tested in respect of the number of Monthly Periods that have occurred since the Cut-Off Date,

the aggregate of the amounts referred to in paragraphs (vi) to (xvi) (inclusive) of Section 7.4(f) for the Distribution Date immediately following that Monthly Period; or

- (v) in all other cases, the aggregate of the amounts referred to in paragraphs (vi) to (xv) (inclusive) of Section 7.4(f) for the Distribution Date immediately following that Monthly Period,

provided that, in relation to the first Determination Date, the Total Expenses will also include the Accrued Interest Adjustment.

(h) Series Trust Expenses

The Manager will determine on each Determination Date the following expenses incurred during (or which relate to) the Monthly Period and which are to be paid on the next Distribution Date:

- (i) first, on a pari passu and rateable basis, all Tax payable in relation to the Series Trust;
- (ii) second, on a pari passu and rateable basis, all indemnities and reimbursements payable by the Trustee pursuant to the Transaction Documents (other than any indemnities payable by the Trustee to the Redraw Facility Provider under clause 18 (“Indemnity”) of the Redraw Facility Agreement and clause 19 (“Indemnity”) of the Liquidity Facility Agreement);
- (iii) third, on a pari passu and rateable basis, any Penalty Payments (to the extent the Trustee is liable for such payments);
- (iv) fourth, on a pari passu and rateable basis all other costs, charges and expenses incurred by the Trustee in respect of the Series Trust where such costs, charges and expenses are permitted to be reimbursed to the Trustee out of the Assets of the Series Trust under the Master Trust Deed or the Series Supplement (other than the amounts referred to in paragraphs (vi) and (viii) to (xxvi) of Section 7.4(f), the amounts referred to in Section 7.5(b) and any liability of the Trustee to repay all or part of the Cash Deposit or any collateral or prepayment lodged with, or paid to, the Trustee under the terms of any Hedge Agreement or any other amount referred to in paragraphs (v) to (x) below);
- (v) fifth, the Trustee Fee (this is described in Section 10.3(f));
- (vi) sixth, the Servicing Fee (this is described in Section 10.5(d));
- (vii) seventh, the Management Fee (this is described in Section 10.4(e));
- (viii) eighth, the Custodian Fee (if any) (this is described in Section 11.3);
- (ix) ninth, the fees, costs and expenses incurred by or payable to the Security Trustee in acting as Security Trustee;
- (x) tenth, the Redraw Interest (if any); and
- (xi) eleventh, on a pari passu and rateable basis (and without double counting), any other expenses properly incurred by the Manager, the Servicer, the Security Trustee or the Seller in relation to the administration, management or operation of the Series Trust, the Assets of the Series Trust or any of the Transaction Documents and which are payable by the Trustee under the Transaction Documents.



The aggregate of (i) to (xi) above represent the “**Series Trust Expenses**”.

## 7.5 Repayment of Principal on the Notes

### (a) Determination of Total Principal Collections

The Principal Collections for a Monthly Period are:

- (i) zero, where the Finance Charges for that Monthly Period exceed the Net Collections in respect of that Monthly Period; or
- (ii) in all other cases, the Net Collections for that Monthly Period less the Finance Charges in respect of that Monthly Period.

On each Determination Date the Manager will calculate the following for the immediately preceding Monthly Period (being the “**Total Principal Collections**”):

- (iii) the Principal Collections for that Monthly Period;
- (iv) the amount to be allocated on the Distribution Date immediately following the end of that Monthly Period from Total Investor Revenues to Total Principal Collections;
- (v) the Redraw Advance (if any) to be drawn down under the Redraw Facility on the Distribution Date immediately following the end of that Monthly Period;
- (vi) any amount applied under the utilisation of the Liquidity Reserve upon termination of the Trust (see Section 7.7(c)(iii)); and
- (vii) for the Monthly Period during which the Class A1-R Issue Date occurs, the amount of any surplus issuance proceeds of Class A1-R Notes after redemption in full of the Class A1 Notes (see Section 7.6(e)).

If the amount of the Total Principal Collections (less the amount referred to in paragraph (v) above) is insufficient to fund Redraws made by the Seller during the immediately preceding Monthly Period and which are repayable to the Seller as described in Section 7.5(b)(ii) (such deficit being a “**Redraw Shortfall**”), the Trustee may be entitled to draw on the Redraw Facility for the lesser of the amount of the Redraw Shortfall and the amount which is available for drawing under the Redraw Facility (see Section 9.3).

### (b) Application of Total Principal Collections

On each Distribution Date, the Trustee must at the Manager’s direction apply the Total Principal Collections for the Monthly Period just ended in the following order of priority:

- (i) (**Redraw Principal Outstanding**): first, in repayment to the Redraw Facility Provider of the Redraw Principal Outstanding until the Redraw Principal Outstanding is reduced to zero;
- (ii) (**Redraw**): second, in repayment to the Seller of any unreimbursed Redraws made by the Seller during the immediately preceding Monthly Period;
- (iii) (**Notes**): third,
  - (A) if the Subordination Conditions were not satisfied on the relevant Determination Date, in the following order:

- (aa) first, pari passu and rateably:
    - (i) if any Class A1 Notes remain outstanding, to the Class A1 Noteholders in repayment of principal in respect of the Class A1 Notes, until the Stated Amount of the Class A1 Notes is reduced to zero; or
    - (ii) if any Class A1-R Notes remain outstanding, to the Class A1-R Noteholders in repayment of principal in respect of the Class A1-R Notes, until the Stated Amount of the Class A1-R Notes is reduced to zero;
  - (ab) second, pari passu and rateably to the Class A2 Noteholders in repayment of principal in respect of the Class A2 Notes, until the Stated Amount of the Class A2 Notes is reduced to zero;
  - (ac) third, pari passu and rateably to the Class AB Noteholders in repayment of principal in respect of the Class AB Notes, until the Stated Amount of the Class AB Notes is reduced to zero;
  - (ad) fourth, pari passu and rateably to the Class B Noteholders in repayment of principal in respect of the Class B Notes, until the Stated Amount of the Class B Notes is reduced to zero;
  - (ae) fifth, pari passu and rateably to the Class C Noteholders in repayment of principal in respect of the Class C Notes, until the Stated Amount of the Class C Notes is reduced to zero;
  - (af) sixth, pari passu and rateably to the Class D Noteholders in repayment of principal in respect of the Class D Notes, until the Stated Amount of the Class D Notes is reduced to zero; and
  - (ag) seventh, pari passu and rateably to the Class E Noteholders in repayment of principal in respect of the Class E Notes, until the Stated Amount of the Class E Notes is reduced to zero; or
- (B) if the Subordination Conditions were satisfied on the relevant Determination Date, pari passu and rateably (based on the Stated Amount of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) to the Class A1 Noteholders, the Class A1-R Noteholders, the Class A2 Noteholders, the Class AB Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders in repayment of principal in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes until the Stated Amount of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is reduced to zero;

- (iv) **(Liquidity Reserve Loan Provider)**: fourth, to the Liquidity Reserve Loan Provider in repayment of principal outstanding under the Liquidity Reserve Loan Agreement; and
- (v) **(Capital Unitholders)**: finally, the balance (if any) is to be paid to the Capital Unitholders, pari passu and rateably amongst them, in respect of the Capital Units held by them.

(c) Redraw distributions

- (i) If (when the Seller is the Servicer and the Servicer is permitted to maintain the Collections Account (see Section 2.6)), the Seller makes a Redraw on a Mortgage Loan, the amount of Collections required to be deposited by the Servicer will be reduced by the amount of that Redraw and the balance of Collections on which interest is calculated will be reduced by the amount of that Redraw. The Seller will not be entitled to any reimbursement by the Trustee for a Redraw made on a Mortgage Loan to the extent Collections are reduced in accordance with this Section.
- (ii) If the Seller is not the Servicer or is not permitted to maintain the Collections Account and the Seller makes a Redraw on a Mortgage Loan, the Seller may notify the Manager and the Manager will direct the Trustee to (and the Trustee will) apply Collections received during the Monthly Period to reimburse the Seller ("**Monthly Period Redraw Reimbursement**"). If the Seller does not notify the Manager or is not reimbursed, the Seller will be reimbursed in accordance with Section 7.5(b)(ii) and the Trustee will pay Redraw Interest to the Seller.

(d) Defaulted Amounts

The Defaulted Amount (if any) for a Monthly Period is the aggregate principal amounts outstanding in respect of Mortgage Loans which have been written off as uncollectible by the Servicer during the Monthly Period in accordance with the Servicing Standards. The Defaulted Amount is therefore the shortfall remaining between the sale and other realisation proceeds and the balance outstanding in respect of the relevant Mortgage Loans after payment of any amount due under the relevant Mortgage Insurance Policies (if any).

If there are insufficient Total Investor Revenues on a Distribution Date to satisfy all of the Defaulted Amounts, the Charge-Off provisions explained in Section 7.9 will apply.

(e) No payment in excess of Stated Amounts

No amount of principal will be repaid to a Noteholder in excess of the Stated Amounts applicable to the Notes held by that Noteholder.

## 7.6 Refinancing of Class A1 Notes with Class A1-R Notes

- (a) The following paragraphs describe the process that is to apply if the Manager has elected to arrange for the marketing and issuance of Class A1-R Notes on the First Possible Class A1 Refinancing Date or on a Subsequent Class A1 Refinancing Date as outlined in Section 4.3(d).
- (b) The Manager may, at its cost, appoint such advisors, arrangers or dealers as it sees fit to assist with the marketing and issuance of the Class A1-R Notes. The Manager agrees to give notice to the Rating Agencies in respect of the Margin on the Class A1-R Notes prior to the issuance of the Class A1-R Notes.

- (c) If the Manager is able to arrange for Class A1-R Notes to be issued by the Trustee on the First Possible Class A1 Refinancing Date or a Subsequent Class A1 Refinancing Date (as applicable) (such date being the “**Class A1-R Issue Date**”):
- (i) with a Margin which:
    - (A) is less than the sum of the Margin for the Class A1 Notes and the Step-Up Margin; and
    - (B) the Manager is reasonably satisfied will not result in a reduction, qualification or withdrawal of any of the ratings then assigned by each Rating Agency to the Notes;
  - (ii) with the same credit rating from each Rating Agency as the Class A1 Notes on the Class A1-R Issue Date;
  - (iii) with an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1 Notes on the Determination Date immediately prior to the Class A1-R Issue Date (plus any additional amount necessary for parcels of Class A1-R Notes to be issued); and
  - (iv) in accordance with the public offer test outlined in Section 128F of the Tax Act,

the Manager will direct the Trustee in writing (copied to each Rating Agency) to issue those Class A1-R Notes on the relevant Class A1-R Issue Date.

- (d) The Trustee (at the direction of the Manager) must give the Noteholders of the Class A1 Notes not less than 7 days’ notice of the proposed redemption of the Class A1 Notes on the relevant Class A1-R Issue Date (unless the relevant Class A1-R Issue Date is the First Possible Class A1 Refinancing Date).
- (e) On the Class A1-R Issue Date, the Trustee agrees to deposit the proceeds of the Class A1-R Note issuance into the Collections Account and apply the issuance proceeds of those Class A1-R Notes on the Class A1-R Issue Date towards redeeming the Class A1 Notes, with any surplus amount to be included in the Total Principal Collections for distribution on the next Distribution Date after the Class A1-R Issue Date.
- (f) The Trustee may not issue Class A1-R Notes (and the Manager must not direct the Trustee to issue Class A1-R Notes) unless the issue proceeds of those Class A1-R Notes are sufficient to redeem the Class A1 Notes in full and the conditions in paragraph (c) above are satisfied.

## 7.7 Liquidity Reserve

- (a) Purpose of the Liquidity Reserve

Certain circumstances may affect the ability of the Trustee to meet any out of pocket expenses of the Trust not incurred in the ordinary course of business of the Series Trust (“**Extraordinary Expenses**”). The Liquidity Reserve mitigates the risk of a liquidity deficiency if such Extraordinary Expenses arise.

- (b) The Liquidity Reserve Target Balance

Prior to the Issue Date, the Liquidity Reserve Loan Provider must deposit an amount equal to \$150,000 (the “**Liquidity Reserve Target Balance**”) into the Liquidity Reserve Account, which will form the Liquidity Reserve.

The Trustee will allocate amounts equal to the Liquidity Reserve Target Shortfall from Total Investor Revenues to maintain the Liquidity Reserve Target Balance (see paragraph (xxi) of Section 7.4(f)).

(c) Utilisation of the Liquidity Reserve

If Extraordinary Expenses are incurred by the Series trust in a Monthly Period and there are insufficient Total Investor Revenues available to pay such Extraordinary Expenses (an “**Extraordinary Expense Shortfall**”), the Manager agrees to instruct the Trustee on the immediately following Distribution Date to withdraw from the Liquidity Reserve Account an amount equal to the lesser of:

- (i) the balance of the Liquidity Reserve Account at that time; and
- (ii) the amount of the Extraordinary Expense Shortfall,

and apply such amount as Total Investor Revenues on that Distribution Date.

Otherwise, the Liquidity Reserve will be held in the Liquidity Reserve Account and must not be withdrawn by the Trustee other than:

- (iii) to be applied as Total Principal Collections on termination of the Series Trust; or
- (iv) to be applied in accordance with clause 13.1 (“Priority of Payments”) of the Master Security Trust Deed; or
- (v) to be paid into a new or additional Liquidity Reserve Account, if such an account is opened.

(d) Liquidity Reserve Target Shortfall

The Liquidity Reserve Target Shortfall (if any) means, on any date, an amount equal to the Liquidity Reserve Target Balance less the balance of the Liquidity Reserve Account on that date.

## 7.8 Excess Revenue Reserve and Excess Revenue Reserve Income Draw

(a) Establishment of Excess Revenue Reserve

The Manager must establish and maintain a ledger account of the Collections Account (the “**Excess Revenue Reserve**”), by recording all increases and decreases to the balance of the Excess Revenue Reserve.

(b) Excess Revenue Reserve Trigger Event

An Excess Revenue Reserve Trigger Event occurs on a Distribution Date prior to the first Call Option Date, if:

- (i) the average for each of the last three Monthly Periods of the aggregate principal amount outstanding of Mortgage Loans then forming part of the Assets of the Series Trust on the last day of that Monthly Period with arrears days of equal to or greater than 60 days is greater than 4% of the average of the last three Monthly Periods of the aggregate principal amount outstanding of all Mortgage Loans then forming part of the Assets of the Series Trust, provided that where fewer than three Monthly Periods have occurred since the Cut-Off Date this condition will be tested in respect of the number of Monthly Periods that have occurred since the Cut-Off Date;

- (ii) a Servicer Default occurs; or
  - (iii) on the Distribution Date and each of the immediately two preceding Distribution Dates (in each case after taking into account any application of Total Investor Revenues and Total Principal Collections, and any allocation of Charge-Offs, on the relevant Distribution Date), the Stated Amount of the Class E Notes is less than the Invested Amount of the Class E Notes.
- (c) Maximum Excess Revenue Reserve Amount

The Maximum Excess Revenue Reserve Amount is an amount equal to:

- (i) on a Distribution Date prior to the first Call Option Date:
    - (A) if an Excess Revenue Reserve Trigger Event has occurred, 0.20% of the Aggregate Initial Invested Amount of the Notes (other than the Class A1-R Notes); or
    - (B) otherwise, zero;
  - (ii) on each Distribution Date on or after the first Call Option Date, infinity; and
  - (iii) on the Maturity Date, zero.
- (d) Excess Revenue Reserve

The Excess Revenue Reserve will be:

- (i) increased by any deposit to the Excess Revenue Reserve pursuant to Section 7.4(f)(xx); and
  - (ii) decreased by any withdrawal from the Excess Revenue Reserve as contemplated by Section 7.8(e).
- (e) Utilisation of the Excess Revenue Reserve

The Manager must direct the Trustee to withdraw amounts from the Excess Revenue Reserve in the following circumstances:

- (i) to meet an Excess Revenue Reserve Income Draw as described in Section 7.4(b); and
- (ii) to apply the balance of the Excess Revenue Reserve as Total Investor Revenues on the Maturity Date or any earlier date on which the Notes are redeemed in full in accordance with their terms in each case after the Invested Amount of the Notes have been repaid in full.

## 7.9 Charge-Offs

- (a) What is meant by a Charge-Off

In the circumstances described in Section 7.9(b), a Defaulted Amount (to the extent not able to be recovered from Total Investor Revenues on a Distribution Date) will be absorbed by reducing the Stated Amount of the Notes in the manner described in Section 7.9(b). That reduction of a Stated Amount in respect of the Notes is called a **“Charge-Off”**.

(b) Defaulted Amount Insufficiency

If Total Investor Revenues for a Monthly Period are insufficient to meet all of the Defaulted Amounts as described in Section 7.5(d), then the amount of the insufficiency (the “**Defaulted Amount Insufficiency**”), will be allocated on the following Distribution Date to produce the following Charge-Offs:

- (i) the Defaulted Amount Insufficiency is first charged off against the Stated Amount for the Class E Notes so as to reduce the Stated Amount of the Class E Notes (pari passu and rateably between the Class E Notes based on their Stated Amounts on that Determination Date), until the Stated Amount for the Class E Notes is reduced to zero;
- (ii) if the Defaulted Amount Insufficiency is not fully taken into account by a Charge-Off against the Class E Notes (because the Stated Amount of the Class E Notes has been reduced to zero), the remaining Defaulted Amount Insufficiency will be charged off against the Stated Amount of the Class D Notes (pari passu and rateably between the Class D Notes based on their Stated Amounts on that Determination Date) until the Stated Amount of the Class D Notes is reduced to zero;
- (iii) if the Defaulted Amount Insufficiency is not fully taken into account by a Charge-Off against the Class E Notes and the Class D Notes (because the Stated Amount of the Class E Notes and the Class D Notes have each been reduced to zero), the remaining Defaulted Amount Insufficiency will be charged off against the Stated Amount of the Class C Notes (pari passu and rateably between the Class C Notes based on their Stated Amounts on that Determination Date) until the Stated Amount of the Class C Notes is reduced to zero;
- (iv) if the Defaulted Amount Insufficiency is not fully taken into account by a Charge-Off against the Class E Notes, the Class D Notes and the Class C Notes (because the Stated Amount of the Class E Notes, the Class D Notes and the Class C Notes have each been reduced to zero), the remaining Defaulted Amount Insufficiency will be charged off against the Stated Amount of the Class B Notes (pari passu and rateably between the Class B Notes based on their Stated Amounts on that Determination Date) until the Stated Amount of the Class B Notes is reduced to zero;
- (v) if the Defaulted Amount Insufficiency is not fully taken into account by a Charge-Off against the Class E Notes, the Class D Notes, the Class C Notes and the Class B Notes (because the Stated Amount of the Class E Notes, the Class D Notes, the Class C Notes and the Class B Notes have each been reduced to zero), the remaining Defaulted Amount Insufficiency will be charged off against the Stated Amount of the Class AB Notes (pari passu and rateably between the Class AB Notes based on their Stated Amounts on that Determination Date) until the Stated Amount of the Class AB Notes is reduced to zero;
- (vi) if the Defaulted Amount Insufficiency is not fully taken into account by a Charge-Off against the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes (because the Stated Amount of the Class E Notes, the Class D Notes, the Class C Notes, the Class B notes and the Class AB Notes have each been reduced to zero), the remaining Defaulted Amount Insufficiency will be charged off against the Stated Amount of the Class A2 Notes (pari passu and rateably between the Class A2 Notes based on their Stated Amounts on that Determination Date) until the Stated Amount of the Class A2 Notes is reduced to zero; and

- (vii) if the Defaulted Amount Insufficiency is not fully taken into account by a Charge-Off against the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes (because the Stated Amount of the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes have each been reduced to zero), the remaining Defaulted Amount Insufficiency will be charged off against the Stated Amount of the Class A1 Notes or Class A1-R Notes (pari passu and rateably between the Class A1 Notes or Class A1-R Notes based on their Stated Amounts on that Determination Date) until the Stated Amount of the Class A1 Notes or Class A1-R Notes is reduced to zero.

(c) Reimbursements of Charge-Offs

Charge-Offs may be reimbursed from Total Investor Revenues in the manner explained in Section 7.4(f).

A reimbursement of a Charge-Off will reduce the Charge-Offs in respect of the Notes remaining unreimbursed from prior Distribution Dates by the amount allocated from Total Investor Revenues.

The amount allocated for reimbursement of a Charge-Off in respect of the Notes will form part of the Total Principal Collections for the next following Distribution Date and will be applied in the following order of priority:

- (i) first, to the reduction of the Charge-Offs in respect of the Class A1 Notes or Class A1-R Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, based on their Stated Amounts on that Determination Date until these are reduced to zero;
- (ii) second, to the reduction of the Charge-Offs in respect of the Class A2 Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, based on their Stated Amounts on that Determination Date until these are reduced to zero;
- (iii) third, to the reduction of the Charge-Offs in respect of the Class AB Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, based on their Stated Amounts on that Determination Date until these are reduced to zero;
- (iv) fourth, to the reduction of the Charge-Offs in respect of the Class B Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, based on their Stated Amounts on that Determination Date until these are reduced to zero;
- (v) fifth, to the reduction of the Charge-Offs in respect of the Class C Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, based on their Stated Amounts on that Determination Date until these are reduced to zero;
- (vi) sixth, to the reduction of the Charge-Offs in respect of the Class D Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, based on their Stated Amounts on that Determination Date until these are reduced to zero; and
- (vii) seventh, to the reduction of the Charge-Offs in respect of the Class E Notes remaining unreimbursed from all prior Distribution Dates, pari passu and rateably between them, based on their Stated Amounts on that Determination Date until these are reduced to zero.



## 7.10 Calculations and Directions

The calculations referred to in this Section 7 will be made by the Manager and provided to the Trustee on each Determination Date (based where necessary on information provided by the Servicer) in respect of the immediately preceding Monthly Period. The Manager must also direct the Trustee to make all necessary payments on the next following Distribution Date. The Trustee is entitled to conclusively rely on the Manager's calculations and directions and is under no obligation to check their accuracy. The Trustee is not responsible or liable for any inaccuracy in these calculations and directions. Arrangements for notification of pool performance data are explained in Section 4.5.

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## 8 The mortgage insurance policies

### 8.1 General

Each Mortgage Loan with a loan-to-value ratio of greater than 80% upon origination is insured by a Mortgage Insurance Policy issued to the Seller by QBE Lenders' Mortgage Insurance Limited ABN 70 000 511 071 ("**QBE LMI**", the "**Approved Mortgage Insurer**").

With effect from the Cut-Off Date, Suncorp-Metway (in the case of an individually insured loan) will assign its entire right, title and interest in each Mortgage Insurance Policy relating to a Mortgage Loan to the Trustee. The assignment will initially be in equity and will not be perfected until a Perfection of Title Event occurs (although Suncorp-Metway may have an obligation to notify the relevant Approved Mortgage Insurer of the assignment under the terms of the Mortgage Insurance Policy).

Any amounts paid by the Approved Mortgage Insurer under the Mortgage Insurance Policies which are received by the Seller must be applied by the Seller (in its capacity as initial Servicer) in the manner described in Section 7.

Under the Master Sale and Servicing Deed, the Seller (in its capacity as initial Servicer) undertakes to comply with its obligations (as the insured) under the Mortgage Insurance Policies (if any) in respect of each Mortgage Loan.

If the Trustee's interest in a Mortgage Loan is extinguished in favour of the Seller as a result of:

- (a) a breach of the Seller's representations and warranties in relation to the Mortgage Loan being discovered within the relevant Prescribed Period which was not remedied within that period (see Section 10.2(g));
- (b) a repurchase of a Mortgage Loan by the Seller on or following the termination of the Series Trust (see Section 10.6(c)) or following the payment by the Seller of the Clean-Up Settlement Price (see Section 10.2(j)); or
- (c) the exercise of the Seller's right to repurchase a Shared Security Mortgage Loan (see Section 10.2(m)),

then the Seller will be entitled to the benefit of the Mortgage Insurance Policy (if any) under which that Mortgage Loan is insured.

The remainder of this Section 8 contains a brief description of the Approved Mortgage Insurer and a summary of some of the provisions of the Mortgage Insurance Policies as at the date of this Information Memorandum. The terms of the Mortgage Insurance Policies may vary in the future from those described below.

## 8.2 QBE LMI Lenders Mortgage Insurance Policy

### (a) Period of Cover

The Seller has entered into a Lenders Mortgage Insurance Agreement with QBE LMI (as supplemented or updated from time to time).

The policy terminates on the earliest of the following:

- (i) repayment in full of the Mortgage Loan;
- (ii) the expiry date of the policy, however if before 14 days after the expiry date of the policy notice is given of default under the Mortgage Loan, the policy will continue solely for the purposes of a claim;
- (iii) payment of a claim under the policy; or
- (iv) cancellation of the policy in accordance with the Insurance Contracts Act 1984.

### (b) Cover for Losses

Subject to the exclusions outlined below, QBE LMI must pay the insured's loss in respect of a Mortgage Loan being the aggregate of the following amounts owed to the insured:

- (i) the balance of the loan account at the settlement date;
- (ii) interest on the balance of the loan account from the settlement date to the date of claim to a maximum of 30 days; and
- (iii) costs incurred by the insured on sale of the mortgaged property which include:
  - (A) costs properly incurred for insurance premiums, rates, land tax (calculated on a single holding basis) and other statutory charges on the mortgaged property;
  - (B) reasonable and necessary legal fees and disbursements incurred in enforcing or protecting rights under the insured mortgage up to a maximum amount of \$20,000;
  - (C) reasonable agent's commission, advertising costs, valuation costs and other costs relating to the sale of the mortgaged property;
  - (D) reasonable and necessary costs incurred in maintaining (but not restoring) the mortgaged property, provided that amounts exceeding \$1,500 will only be included if incurred by the insured with the prior written consent of QBE LMI;
  - (E) any amounts applied with the prior written consent of QBE LMI to discharge a security interest having priority over the insured mortgage; and
  - (F) any GST incurred on the sale or transfer of the mortgaged property in satisfaction of a debt owed under the loan account or in respect of any of the above costs,

less the following deductions:

- (iv) the gross proceeds of sale of the mortgaged property; and

- (v) the following amounts if not already applied to the credit of the loan account:
  - (A) compensation received for any part of the mortgaged property or any collateral security that has been resumed or compulsorily acquired;
  - (B) all rents collected and other profits received relating to the mortgaged property or any collateral security;
  - (C) any sums received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property following damage or destruction;
  - (D) all amounts recovered from the exercise of the insured's rights relating to any collateral security;
  - (E) any other amount received relating to the insured mortgage or any collateral security including any amounts received from the borrower, any guarantor or prior mortgagee; and
  - (F) any amount incurred in respect of GST relating to the mortgaged property or any collateral security to the extent the insured is entitled to claim input tax credits.

Amounts owed to the insured for the purposes of paragraphs (i) to (iii) of the above calculations do not include the following amounts:

- (vi) interest charged in advance;
- (vii) default rate interest;
- (viii) higher interest rate payable because of failure to make prompt payment when due or because a loan account exceeds its credit limit;
- (ix) fines, fees or charges debited to the loan account;
- (x) early repayment fees;
- (xi) break funding costs;
- (xii) costs of restoration following damage to or destruction of the mortgaged property;
- (xiii) insurance premiums, rates, land tax or other charges that were due and payable prior to the loan advance
- (xiv) costs of removal, clean up and restoration arising from contamination of the mortgaged property;
- (xv) additional funds advanced to the borrower without QBE LMI's written consent;
- (xvi) amounts paid by the insured in addition to the loan amount to complete improvements;
- (xvii) cost overruns; or
- (xviii) any civil or criminal penalties imposed on the insured under legislation including the Consumer Credit Legislation.

(c) Reduction in Claim

The amount of a claim under the policy may be reduced by the amount by which the insured loss is increased due to:

- (i) the insured making a false or misleading statement, assurance or representation to the borrower or any guarantor;
- (ii) the insured consenting to, without the written approval of QBE LMI:
  - (A) creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property; or
  - (B) an increase in or acceleration of the payment obligation of the borrower under any security interest having priority over the insured mortgage; or
- (iii) any breach or non-compliance with the *Managed Investments Act 1988* (Cth) and/or a managed investment scheme arising in relation to the property.

The amount of a claim will be less the amount of any GST input tax credits or reduced input tax credits that are available to the insured by reason of any taxable supply made to the insured in connection with the exercise of their rights in connection with the mortgaged property and in respect of which the payment is made.

(d) Submission for Payment of Claims

The insured must submit a claim for loss under the policy providing all documents and information reasonably required by QBE LMI within 30 days of:

- (i) settlement of the sale of the corresponding mortgaged property; or
- (ii) a request by QBE LMI to submit a claim for loss.

### 8.3 QBE Lenders' Mortgage Insurance Limited

QBE Lenders' Mortgage Insurance Limited (ABN 70 000 511 071) is an Australian public company registered in New South Wales and limited by shares. QBE Lenders' Mortgage Insurance Limited's principal activity is lenders' mortgage insurance which it has provided in Australia since 1965.

QBE Lenders' Mortgage Insurance Limited's parent is QBE Holdings (AAP) Pty Ltd, a subsidiary of the ultimate parent company, QBE Insurance Group Limited ("**QBE Group**"). QBE Group is an Australian based public company listed on the Australian Securities Exchange. QBE Group is recognised as Australia's largest international general insurance and reinsurance company with operations in more than 37 countries around the world, and is one of the top 20 global general insurers and reinsurers as measured by net earned premium.

QBE Group currently has an issuer credit rating by S&P of A- (outlook stable).

As of 31 December 2017, the audited financial statements of QBE Lenders' Mortgage Insurance Limited had total assets of A\$1,896 million and shareholder's equity of A\$949 million. QBE Lenders' Mortgage Insurance Limited currently has an insurer financial strength rating by S&P of A+ (outlook stable) and Fitch Ratings of AA- (outlook stable). There is no assurance that the ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if, in their judgment, circumstances so warrant. The ratings reflect each respective rating agency's current assessments of the creditworthiness of QBE Lenders' Mortgage Insurance Limited and its ability to pay claims on its policies of

insurance. Each insurer financial strength rating of QBE Lenders' Mortgage Insurance Limited should be evaluated independently. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency. Such ratings are subject to revision, qualification or withdrawal at any time by the applicable rating agency.

The business address of QBE Lenders' Mortgage Insurance Limited is Level 5, 2 Park Street, Sydney, New South Wales, Australia, 2000.

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## 9 Support Facilities, Master Security Trust Deed and General Security Agreement

### 9.1 The Interest Rate Swaps

(a) Interest Rate Mismatch between Mortgage Loans and Notes

The Trustee may receive interest on the Mortgage Loans with 2 different types of interest rate. These are:

- (i) the Seller's variable administered rate; and
- (ii) a fixed rate where the borrower has elected this.

This will result in an interest rate mismatch between the floating Coupon Rate payable on the Notes and the rate of interest earned on the Mortgage Loans.

In order to eliminate the mismatch, on the Issue Date, the Trustee and the Manager will enter into a basis swap (the "**Basis Swap**") and a fixed rate swap (the "**Fixed Rate Swap**") with a Hedge Provider.

The Basis Swap will apply in respect of any Mortgage Loan charged a variable rate of interest as at the Issue Date or which converts from a fixed rate to a variable rate after the Issue Date.

The Fixed Rate Swap will apply in respect of any Mortgage Loan charged a fixed rate of interest as at the Issue Date or which converts from a variable rate to a fixed rate of interest after the Issue Date.

The Fixed Rate Swap and the Basis Swap will each be governed by the terms of a Hedge Agreement entered into by the Manager, the Trustee and the Hedge Provider. The initial Hedge Provider under the Fixed Rate Swap and the Basis Swap will be Suncorp-Metway.

(b) The Basis Swap

The Hedge Provider will provide the Basis Swap to the Trustee to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on the Mortgage Loans at a variable rate and the floating Coupon Rate payable on the Notes.

Under the Basis Swap, the Trustee will pay to the Hedge Provider on each Distribution Date the Variable Finance Charges for the Calculation Period ending on that Distribution Date.

The "**Variable Finance Charges**" for a Monthly Period are the debit entries referred to in paragraph (i)(A) of the description of Finance Charges in Section 7.3(b) and the amounts referred to in paragraphs (iii), (iv), (x) and of that description for the Monthly Period in respect of Mortgage Loans charged interest at a variable rate during all or any relevant part of that Monthly Period.

The Hedge Provider will in turn pay to the Trustee on each Distribution Date an amount calculated by reference to the Bank Bill Rate plus a margin based on the principal amount outstanding on the Mortgage Loans (excluding those being charged a fixed rate of interest) as at the beginning of the Monthly Period in respect of which the Variable Finance Charges for the Calculation Period ending on that Distribution Date are calculated. The margin over Bank Bill Rate payable by the Hedge Provider is equal to the aggregate of the weighted average margin payable on the Notes on the relevant Distribution Date plus a percentage, fixed for the life of the Basis Swap and determined at the time the Basis Swap is entered into.

The Servicer may otherwise ensure that the variable rate on the Mortgage Loans is at least equal to the Threshold Mortgage Rate or enter into such other arrangements, satisfactory to the Manager and in respect of which the Manager has given prior written notice to the Rating Agencies.

(c) Fixed Rate Swap

The Hedge Provider will provide the Fixed Rate Swap to the Trustee to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on Mortgage Loans at a fixed rate and the floating Coupon Rate payable on the Notes.

Under the Fixed Rate Swap, the Trustee will pay to the Hedge Provider on each monthly Distribution Date, the Fixed Finance Charges for the preceding Monthly Period. The “**Fixed Finance Charges**” for a Monthly Period are the debit entries referred to in paragraph (i)(A) of the description of Finance Charges in Section 7.3(b) and the amounts referred to in paragraphs (iii), (iv) and (x) of that description for the Monthly Period in respect of Mortgage Loans being charged interest at a fixed rate during all or any relevant part of that Monthly Period.

The Hedge Provider will in turn pay to the Trustee on each Distribution Date an amount calculated by reference to the Bank Bill Rate plus a margin and based on the principal amount outstanding on the Mortgage Loans being charged a fixed rate of interest as at the beginning of the Monthly Period in respect of which the Fixed Finance Charges for the Calculation Period ending on that Distribution Date are calculated. The margin over the Bank Bill Rate payable by the Hedge Provider is equal to the aggregate of the weighted average margin payable on the Notes on the relevant Distribution Date plus a percentage, fixed for the life of the Fixed Rate Swap and determined at the time the Fixed Rate Swap is entered into.

If the long term or short term credit ratings assigned by S&P or Fitch to the Hedge Provider of the Fixed Rate Swap fall below required credit ratings from the relevant Rating Agency as determined under the Hedge Agreement:

- (i) the Hedge Provider of the Fixed Rate Swap will be required, at its cost and within the periods determined under the Hedge Agreement to lodge an amount, or additional amount, as applicable, into an approved bank account in accordance with the credit support annex to the Hedge Agreement; and
- (ii) the Hedge Provider of the Fixed Rate Swap may (but is not required to) do any of the following:
  - (A) novate all its rights and obligations under the Hedge Agreement to replacement counterparty; or
  - (B) arrange for a suitably rated entity to become a co-obligor or, pursuant to a guarantee, guarantor in respect of the obligations of the Hedge Provider under the Fixed Rate Swap; or

- (C) in the case of a downgrade of a credit rating assigned to the Hedge Provider by S&P, enter into any other arrangement notified by the Manager to each Rating Agency and confirmed in writing to Party B (as defined in the Hedge Agreement) following notification to each Rating Agency, will not result in the withdrawal or downgrade of the credit ratings assigned by the Rating Agencies to the Notes; or
- (D) in the case of a downgrade of a credit rating assigned to the Hedge Provider by Fitch, take such other action as the Hedge Provider may agree with Fitch.

However, if the credit ratings of the Hedge Provider fall below minimum credit ratings from S&P or Fitch as determined under the Hedge Agreement, such that posting collateral in accordance with the credit support annex to the Hedge Agreement will not be sufficient to prevent a downgrade of the ratings assigned by the relevant Rating Agency to the Notes, the Hedge Provider of the Fixed Rate Swap will be required, at its cost and within the periods determined under the Hedge Agreement, (in the case of a downgrade of a credit rating assigned to the Hedge Provider by S&P) to use commercially reasonable efforts to take, or (in the case of a downgrade of a credit rating assigned to the Hedge Provider by Fitch) to take, the actions described in (ii) above as well as posting any collateral required as described in (i) above.

Failure to comply with any of the above conditions (other than a failure to notify a Rating Agency, if required under the Hedge Agreement, of a downgrade to a credit rating of the Hedge Provider of the Fixed Rate Swap) is an additional termination event under the Hedge Agreement (irrespective of whether the Hedge Provider has used commercially reasonable efforts to do so).

(d) Early Termination

The Hedge Provider or the Trustee may terminate the Basis Swap and the Fixed Rate Swap in certain circumstances, including if:

- (i) there is a payment default (other than, in the case of the Hedge Provider, under the credit support annex to the Hedge Agreement) which continues for 3 Business Days after notice by the non-defaulting party;
- (ii) the performance by the Hedge Provider or the Trustee of any obligations under the Hedge Agreement becomes illegal due to a change in law;
- (iii) in the case of the Trustee, the Hedge Provider fails to comply with its obligations described above following a downgrade of its credit ratings; or
- (iv) an Event of Default (as defined in the Hedge Agreement) occurs and the Security Trustee has been directed to declare the Notes immediately due and payable.

If the Trustee is not paid an amount owing to it by the Hedge Provider under the Hedge Agreement within 10 Business Days of its due date for payment this will result in a Perfection of Title Event (see Section 10.2(l)).

(e) Termination of Swaps

The Basis Swap terminates on the earlier of:

- (i) the date that all of the Notes have been redeemed in full;

- (ii) the Termination Date for the Series Trust; and
- (iii) the Distribution Date falling in October 2049.

The Fixed Rate Swap terminates on the earlier of:

- (iv) the date that all of the Notes have been redeemed in full;
- (v) the Termination Date for the Series Trust; and
- (vi) the Distribution Date falling in October 2049.

On the termination of the Basis Swap or a Fixed Rate Swap on or prior to its Termination Date (as defined in the relevant Basis Swap or Fixed Rate Swap), the Manager and the Trustee must endeavour to:

- (vii) in the case of the Basis Swap:
  - (A) within 3 Business Days, enter into a replacement swap on terms and with a counterparty in respect of which the Manager has given prior written notice to the Rating Agencies;
  - (B) ensure that the Servicer complies with its obligations following the termination of the Basis Swap to adjust, if applicable, the weighted average of the rates set by the Servicer on the variable rate Mortgage Loans (see Section 9.1(b)); or
  - (C) within 3 Business Days, enter into other arrangements in respect of which the Manager has given prior written notice to the Rating Agencies; and
- (viii) in the case of the Fixed Rate Swap:
  - (A) within 3 Business Days, enter into a replacement swap on terms and with a counterparty in respect of which the Manager has given prior written notice to the Rating Agencies; or
  - (B) enter into other arrangements in respect of which the Manager has given prior written notice to the Rating Agencies.

## 9.2 The Liquidity Facility

- (a) Purpose of the Liquidity Facility

As described in Sections 5.4 and 6.4(f), borrowers may prepay an amount of principal under their Mortgage Loans and then cease to make scheduled payments under the terms of their Mortgage Loans. The Servicer does not treat the Mortgage Loan as being in arrears until such time as the borrower has exceeded the Scheduled Balance. However, this can affect the ability of the Trustee to make timely payments of Coupon to Noteholders. Furthermore, as described in Section 5.5, if borrowers fail to make monthly payments in respect of Mortgage Loans (other than where a borrower has prepaid principal under its Mortgage Loan) this may also affect the ability of the Trustee to make timely payments of Coupon to Noteholders. The Liquidity Facility provided by the Liquidity Facility Provider to the Trustee mitigates the risk of a liquidity deficiency should any of these situations occur.



(b) The Liquidity Facility Provider

The initial Liquidity Facility Provider will be Suncorp-Metway.

(c) The Liquidity Facility Limit

The maximum liability of the Liquidity Facility Provider under the Liquidity Facility is an amount equal to the Liquidity Facility Limit, being an amount equal to the greater of:

- (i) 1.0% of the aggregate principal outstanding under all Performing Loans at that time; and
- (ii) 0.10% of the aggregate principal outstanding under all Performing Loans on the Issue Date.

(d) Utilisation of the Liquidity Facility

Following the occurrence of a Remaining Net Liquidity Shortfall (see Section 7.4(d)), an amount equal to the lesser of:

- (i) the un-utilised portion of the Liquidity Facility Limit; and
- (ii) the Remaining Net Liquidity Shortfall,

may be available to be advanced or (in the circumstances described in Section 9.2(i)) applied under the Liquidity Facility on each Distribution Date in or towards extinguishment of that Remaining Net Liquidity Shortfall.

The amount drawn under the Liquidity Facility is referred to as an **“Applied Liquidity Amount”**.

The necessary documentation for drawdowns or applications to be made under the Liquidity Facility must be prepared by the Manager and delivered to the Trustee for execution.

(e) Interest and Fees

The duration that an Applied Liquidity Amount is outstanding is divided into interest periods. Interest accrues daily on each Applied Liquidity Amount advanced or applied under the Liquidity Facility at the Bank Bill Rate for that interest period plus a margin, calculated on days elapsed and a year of 365 days. Interest is payable on each Distribution Date in accordance with the Series Supplement (see Section 7.4(f)). Any amount of unpaid interest will be capitalised and interest will accrue in accordance with the foregoing on any unpaid interest. If interest amounts due on a Distribution Date are not paid in full, the unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date (see Section 7.4(f)), until such amounts are paid in full.

A commitment fee accrues daily from the date of the Liquidity Facility Agreement and is calculated on the un-utilised portion of the Liquidity Facility Limit based on the number of days elapsed and a 365 day year. The commitment fee is payable monthly in arrears on each Distribution Date and the termination of the Liquidity Facility in accordance with the Series Supplement (see Section 7.4(f)). If fees due on a Distribution Date are not paid in full, the unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date in accordance with the Series Supplement (see Section 7.4(f)), until such amounts are paid in full.

(f) Repayment of Outstanding Advances

Each Applied Liquidity Amount outstanding on any Distribution Date is repayable on the following Distribution Date, but only to the extent that there are funds available for this purpose in accordance with the Series Supplement (see Section 7.4(f)). It is not an event of default under the Liquidity Facility if the Trustee does not have funds available to repay the Applied Liquidity Amounts outstanding under the Liquidity Facility on a Distribution Date. If outstanding Applied Liquidity Amounts are not repaid in full on a Distribution Date, any unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date to the extent that funds are available for this purpose under the Series Supplement (see Section 7.4(f)), until such amounts are paid in full.

(g) Events of Default

Each of the following is an event of default under the Liquidity Facility (whether or not caused by any reason whatsoever outside the control of the Trustee or any other person):

- (i) the Trustee fails to pay any amount due under the Liquidity Facility within 10 Business Days of the due date;
- (ii) the Trustee breaches its undertaking described in Section 9.2(j); or
- (iii) an event of default occurs under the Master Security Trust Deed (see Section 9.5(b)) and action is taken to enforce the Master Security Trust Deed and the General Security Agreement.

At any time after the occurrence of an event of default under the Liquidity Facility, the Liquidity Facility Provider may, by written notice to the Trustee, declare all advances, accrued interest and all other sums which have accrued due under the Liquidity Facility Agreement immediately due and payable and declare the Liquidity Facility terminated (in which case the obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement will immediately terminate on receipt by the Trustee of such notice).

(h) Termination

The Liquidity Facility will terminate, and the Liquidity Facility Provider's obligation to make any advances will cease, on the earliest of the following to occur:

- (i) 31 years after the date of the Liquidity Facility Agreement;
- (ii) one month after the Notes have been redeemed in full in accordance with the Series Supplement;
- (iii) the termination date appointed by the Liquidity Facility Provider if it becomes illegal or impossible for the Liquidity Facility Provider to maintain or give effect to its obligations under the Liquidity Facility Agreement as a result of a change of law or its interpretation;
- (iv) the date upon which the Liquidity Facility Limit is reduced to zero (see Section 9.2(c));
- (v) the date on which the Liquidity Facility Provider declares the Liquidity Facility terminated following an event of default under the Liquidity Facility; and
- (vi) the date declared by the Trustee to be the date on which the Liquidity Facility is to terminate and the Liquidity Facility Provider is

to be replaced by a substitute Liquidity Facility Provider, subject to the repayment by the Trustee of all amounts outstanding under the Liquidity Facility and the Manager giving prior written notice to each Rating Agency in relation to the termination of the Liquidity Facility and the appointment of the replacement Liquidity Facility Provider.

(i) Deposit into Cash Deposit Account

If on any Business Day before the termination of the Liquidity Facility Agreement, the Liquidity Facility Provider does not have a credit rating of:

(i) by S&P:

- (A) a long term credit rating equal to or higher than BBB+; or
- (B) a long term credit rating equal to or higher than BBB, together with a short term credit rating equal to or higher than A-2; or
- (C) if the Liquidity Facility Provider does not have a long term credit rating from S&P, a short term credit rating equal to or greater than A-2; and

(ii) by Fitch, a minimum long term issuer default rating equal to or greater than A or a minimum short term issuer default rating of equal to or higher than F1,

the Liquidity Facility Provider will deposit into an account (the “**Cash Deposit Account**”) with a financial institution having at least those short term credit ratings from S&P and Fitch an amount equal to the un-utilised portion of the Liquidity Facility Limit as at that time (the “**Cash Deposit**”). Thereafter, if the Manager determines that a Remaining Net Liquidity Shortfall has occurred, the amount of such shortfall must be satisfied from the amount deposited in the Cash Deposit Account. On the termination of the Liquidity Facility, or if the Liquidity Facility Provider subsequently obtains the ratings referred to above, the un-utilised portion of the Cash Deposit must be repaid to the Liquidity Facility Provider and (except in the case of the termination of the Liquidity Facility) any Remaining Net Liquidity Shortfalls occurring thereafter will be satisfied by the Liquidity Facility Provider meeting a direct claim under the Liquidity Facility.

Interest earned on the Cash Deposit Account will be paid by the Trustee, at the direction of the Manager, to the Liquidity Facility Provider.

(j) Trustee Undertaking

The Trustee has undertaken to the Liquidity Facility Provider not to consent to amend or revoke the provisions of any Transaction Document in a manner which would change the basis on which any advance under the Liquidity Facility or Applied Liquidity Amount is calculated, the entitlement of the Trustee to request any such advance or the basis of calculation or order of application of any amount to be paid or applied under the Master Trust Deed, the Series Supplement, the General Security Agreement or the Master Security Trust Deed without the prior written consent of the Liquidity Facility Provider.

### 9.3 The Redraw Facility

(a) Purpose of the Redraw Facility

As described in Section 10.2(h) the Seller may, in its discretion and subject to its credit review process, provide Redraws to a mortgagor who has prepaid the principal amount outstanding under its Mortgage Loan ahead of

its Scheduled Balance. The Redraw Facility is made available to the Trustee by the Redraw Facility Provider to help fund the reimbursement of Redraws made by the Seller where the Total Principal Collections for a Monthly Period (not including the amount referred to in paragraph (iii) of the definition of that term in Section 7.5(a)) are insufficient to reimburse the Seller for such Redraws as described in Section 7.5(b)(ii).

The term of the Redraw Facility is 364 days and may be renewed at the option of the Redraw Facility Provider if it receives a request for extension from the Manager not less than 60 days prior to the scheduled termination of the Redraw Facility.

(b) Redraw Facility Provider

The initial Redraw Facility Provider will be Suncorp-Metway.

(c) The Redraw Facility Limit

The maximum amount that can be advanced under the Redraw Facility is the amount equal to the Redraw Facility Limit, being an amount equal to the lesser of:

- (i) the Redraw Shortfall less the amount of any redraw in respect of a Mortgage Loan which was not a Performing Loan at the time the redraw was made; and
- (ii) the greater of:
  - (A) 0.5% of the outstanding principal balance of all Performing Loans at that time; and
  - (B) \$500,000,

which limit may be reduced on any Determination Date provided that certain conditions (including notifying the Rating Agencies) are satisfied.

To the extent that the Redraw Facility is fully utilised and Principal Collections for a Monthly Period are insufficient to reimburse Redraws made by the Seller during that Monthly Period, the Seller will be funding Redraws on an unsecured basis.

(d) Utilisation of the Redraw Facility

Following the occurrence of a Redraw Shortfall (see Section 7.5(a)) advances under the Redraw Facility will be made on a Distribution Date for an amount equal to the lesser of:

- (i) the un-utilised portion of the Redraw Facility Limit; and
- (ii) the Redraw Shortfall,

as determined on the preceding Determination Date.

A drawing may only be made by the Trustee giving the Redraw Facility Provider a drawdown notice prepared by the Manager and signed by the Trustee.

(e) Interest and fees

The duration of the Redraw Facility is divided into successive interest periods. Interest accrues daily on the principal outstanding under the Redraw Facility at the Bank Bill Rate for that interest period plus a margin,

calculated on days elapsed and a year of 365 days. Interest is payable on each Distribution Date in accordance with the Series Supplement (see Section 7.4(f)). Any amount of unpaid interest will be capitalised and interest will accrue in accordance with the foregoing on any unpaid interest.

A commitment fee accrues daily from the Issue Date on the un-utilised portion of the Redraw Facility Limit, based on the number of days elapsed and a 365 day year. The commitment fee is payable monthly in arrears on each Distribution Date, but only to the extent that funds are available for this purpose under the Series Supplement. If the commitment fee due on a Distribution Date is not paid in full, the unpaid amount will be carried forward so that they are payable by the Trustee on each following Distribution Date to the extent that funds are available for this purpose under the Series Supplement (see Section 7.4(f)), until such amounts are paid in full.

(f) Repayment of Drawings

The principal outstanding under the Redraw Facility (the “**Redraw Principal Outstanding**”) is repayable on the following Distribution Date in accordance with the Series Supplement (as described in Section 7.5(b)(ii)). It is not an event of default under the Redraw Facility if the Trustee does not have funds available to repay the full amount of the principal outstanding under the Redraw Facility on a Distribution Date. If amounts due on any Distribution Date are not paid in full, the unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date in accordance with the Series Supplement (see Section 7.5(b)), until such amounts are paid in full.

(g) Events of Default

Each of the following is an event of default under the Redraw Facility:

- (i) the Trustee fails to pay any amount due under the Redraw Facility within 10 Business Days of the due date (provided that it will not be an event of default where the Trustee does not have sufficient funds available to it to repay the full amount of the principal outstanding under the Redraw Facility on a Distribution Date (see Section 9.3(f)));
- (ii) the Trustee breaches its undertaking described in Section 9.3(i); or
- (iii) an event of default occurs under the Master Security Trust Deed (see Section 9.5(b)) and action is taken to enforce the Master Security Trust Deed and the General Security Agreement.

At any time after the occurrence of an event of default under the Redraw Facility, the Redraw Facility Provider may, by written notice to the Trustee, declare all advances, accrued interest and/or all other sums which have accrued due under the Redraw Facility Agreement immediately due and payable and declare the Redraw Facility terminated (in which case the obligations of the Redraw Facility Provider under the Redraw Facility Agreement will immediately terminate).

(h) Termination

The Redraw Facility will terminate, and the Redraw Facility Provider’s obligation to make any advances will cease, upon the earliest to occur of the following:

- (i) one month after the Notes have been redeemed in full in accordance with the Series Supplement;
- (ii) the expiry of 364 days from the date of the Redraw Facility Agreement unless the Redraw Facility Provider has agreed to

extend the term of the Redraw Facility in accordance with the terms of the Redraw Facility Agreement, in which case, the expiry of 364 days from the commencement date of that extended term;

- (iii) the date upon which the Redraw Facility Limit is reduced to zero (see Section 9.3(c));
- (iv) the date on which the Redraw Facility Provider declares at its discretion the Redraw Facility terminated by written notice to the Trustee and the Manager; and
- (v) the date declared by the Trustee to be the date on which the Redraw Facility is to terminate and the Redraw Facility Provider is to be replaced by a substitute Redraw Facility Provider, subject to the repayment by the Trustee of all amounts outstanding under the Redraw Facility, the Redraw Facility Provider no longer being the Servicer and the Manager giving prior written notice to each Rating Agency in relation to the termination of the Redraw Facility and the appointment of the replacement Redraw Facility Provider.

(i) Trustee Undertaking

The Trustee has undertaken to the Redraw Facility Provider not to consent to amend or revoke any provisions of the Master Trust Deed, the Series Supplement or the Master Security Trust Deed or the General Security Agreement in respect of payments or the order of priorities of payments to be made thereunder without the prior written consent of the Redraw Facility Provider.

## 9.4 Liquidity Reserve

(a) The Liquidity Reserve Loan Provider

The Liquidity Reserve Loan Provider will be Suncorp-Metway.

(b) Advance under the Liquidity Reserve Loan Agreement

The Liquidity Reserve Loan Provider will (on the request of the Trustee, at the direction the Manager, prior to the Issue Date) provide a single loan advance of A\$150,000.

(c) Utilisation of the Liquidity Reserve

The Liquidity Reserve can only be utilised in accordance with the purposes set out in Section 7.7(c).

(d) Interest

No interest is payable on the Liquidity Reserve.

(e) Repayment

The Trustee will repay the Liquidity Reserve Loan Provider on the earlier of the Termination Payment Date or following an Event of Default.

## 9.5 The Master Security Trust Deed and General Security Agreement

(a) Charge

Under the Master Security Trust Deed and the General Security Agreement, the Trustee grants a security interest (the “**Charge**”) over:

- (i) all the Assets of the Series Trust; and

- (ii) the benefit of all covenants, agreements, undertakings, representations, warranties and other choses in action in favour of the Trustee under the Transaction Documents,

(together, the “**Collateral**”) (subject to the Prior Interest (as defined in the Master Security Trust Deed) relating to the Series Trust) in favour of the Security Trustee for:

- (iii) due and punctual performance, observance and fulfilment of the Obligations (as defined in the General Security Agreement); and
- (iv) payment of monies owing to the Secured Creditors of the Series Trust (being the Noteholders, the Hedge Providers, the Liquidity Facility Provider, the Liquidity Reserve Loan Provider, the Redraw Facility Provider, the Manager, the Servicer (if any) and the Seller)

The Security Trustee holds the benefit of the Charge and certain covenants of the Trustee on trust for those persons who are Secured Creditors at the time the Security Trustee distributes any of the proceeds of the enforcement of the Charge (see Section 9.5(d)).

The Charge in relation to the Series Trust is a floating charge over the Collateral. Floating charges do not attach to specific assets but instead “float” over the Collateral which may change from time to time, allowing the Trustee to deal with those assets in the ordinary course of its business and as permitted by the Transaction Documents and to give third party title to those assets free from any encumbrance. The Charge takes effect automatically and immediately as a fixed charge over:

- (v) the affected Collateral relating to the Series Trust if an event of default described in Section 9.5(b)(v) or (vii) occurs; and
- (vi) all of the Collateral relating to the Series Trust if an event of default in relation to the Trust occurs, other than event of default described in at paragraph (v) above.

During the time that a Charge has taken effect as a fixed charge over any Collateral, the Trustee must not dispose of or deal with such Collateral unless such disposition or other dealing is permitted or required by and will be effected in accordance with the terms of the Master Trust Deed, the General Security Agreement or any other Transaction Document relating to the Series Trust. However, at any time after a Charge has taken effect as a fixed charge over the relevant part of the Collateral, the Security Trustee may (and will, if directed by an Extraordinary Resolution of the Voting Secured Creditors of the Series Trust) by notice in writing to the Trustee convert the Charge from a fixed charge into a floating charge in relation to the asset or assets specified in such notice.

(b) Events of Default

It is an event of default under the Master Security Trust Deed and the General Security Agreement if:

- (i) the Trustee retires or is removed as trustee of the Series Trust and is not replaced within 30 days and the Manager fails within a further 20 days to convene a meeting of Investors to appoint a new Trustee;
- (ii) the Security Trustee has actual notice or is notified by the Trustee or the Manager that the Trustee is not entitled fully to exercise its right of indemnity against the Assets of the Series Trust to satisfy any liability to a Secured Creditor and the circumstances are not rectified to the reasonable satisfaction of the Security Trustee within

14 days of the Security Trustee requiring the Trustee in writing to rectify them;

- (iii) the Series Trust is not properly constituted or is imperfectly constituted in a manner or to an extent that is regarded by the Security Trustee (acting reasonably) to be materially prejudicial to the interests of any class of Secured Creditor and is incapable of being remedied or if it is capable of being remedied this has not occurred to the reasonable satisfaction of the Security Trustee within 30 days of its discovery;
- (iv) an Insolvency Event occurs in relation to the Trustee in its capacity as trustee in respect of the Series Trust;
- (v) distress or execution is levied or a judgment, order or security interest is enforced, or becomes enforceable against any of the Collateral for an amount exceeding \$1,000,000 which, in each case, adversely affects any payments to be made on the Notes (other than the Class E Notes);
- (vi) the Charge is or becomes wholly or partly void, voidable or unenforceable;
- (vii) the Trustee, without the prior written consent of the Security Trustee, attempts to create or permits to exist any Security Interest howsoever ranking over any part of the Collateral (subject only to the Permitted Interest (as defined in the Master Security Trust Deed) in relation to the Secured Series Trust) or convey, assign, transfer, lease or otherwise dispose or part with possession of, make any bailment over, or create or permit to exist any other interest in any part of the Collateral (unless the terms of a Transaction Document have such an effect) or allows to exist a Security Interest over the Collateral otherwise than in accordance with the Master Trust Deed, the Master Security Trust Deed, the General Security Agreement or the Series Supplement relating to the Series Trust;
- (viii) the Commissioner of Taxation or its delegate determines to issue a notice (under any legislation that imposes a tax) requiring any person obliged or authorised to pay money to the Trustee to instead to pay such money to the Commissioner in respect of any tax or any fines and costs imposed on the Trustee;
- (ix) any Secured Moneys payable under Section 7.4(f) are not paid within 10 Business Days of when due, other than where the Secured Moneys payable are subordinate to:
  - (A) while the aggregate Stated Amount of the Class A1 Notes or Class A1-R Notes is greater than zero, the Class A1 Notes or Class A1-R Notes;
  - (B) while the aggregate Stated Amount of the Class A2 Notes is greater than zero, the Class A2 Notes;
  - (C) while the aggregate Stated Amount of the Class AB Notes is greater than zero, the Class AB Notes;
  - (D) while the aggregate Stated Amount of the Class B Notes is greater than zero, the Class B Notes;
  - (E) while the aggregate Stated Amount of the Class C Notes is greater than zero, the Class C Notes;



- (F) while the aggregate Stated Amount of the Class D Notes is greater than zero, the Class D Notes; or
- (G) while the aggregate Stated Amount of the Class E Notes is greater than zero, the Class E Notes; or
- (x) any other event occurs which is described in a Transaction Document as an event of default for the purposes of the Master Security Trust Deed and the General Security Agreement.

If an event of default occurs then the Charge becomes fixed:

- (xi) over all the Collateral if the event of default is one of those described in paragraphs (i), (ii), (iii), (iv), (vi), (viii), (ix) or (x) above; or
- (xii) over the Collateral affected if the event of default is one of those described in paragraph (v) or (vii) above.

(c) Enforcement

If the Security Trustee becomes actually aware that an event of default has occurred it must notify all then Voting Secured Creditors and the Rating Agencies and provide to each of them full details of the event of default and the actions and procedures the Security Trustee is aware are being taken and convene a meeting of the Voting Secured Creditors to seek the directions contemplated by this Section (c).

At that meeting, the Voting Secured Creditors must vote by Extraordinary Resolution on whether to direct the Security Trustee to:

- (i) declare the Secured Moneys immediately due and payable;
- (ii) appoint a receiver and if a receiver is to be appointed, to determine (by another Extraordinary Resolution) the amount of the receiver's remuneration;
- (iii) instruct the Security Trustee to sell and realise the Collateral; and/or
- (iv) take such further action as the Voting Secured Creditors may specify in the Extraordinary Resolution and which the Security Trustee indicates that it is willing to take.

The Security Trustee is required to take all action necessary to give effect to any Extraordinary Resolution of the Voting Secured Creditors only if the Security Trustee, as required by it in its absolute discretion, is adequately indemnified from the Collateral or has been satisfactorily indemnified by the Voting Secured Creditors in a form reasonably satisfactory to the Security Trustee (which may be by way of an Extraordinary Resolution of the Voting Secured Creditors) against all actions, proceedings, claims and demands to which it may render itself liable, and all costs, charges, damages and expenses which it may incur, in giving effect to the Extraordinary Resolution.

If the Security Trustee convenes a meeting of the Voting Secured Creditors or is required by an Extraordinary Resolution of the Voting Secured Creditors to take any action in relation to the enforcement of the Master Security Trust Deed and the General Security Agreement or decides to exercise its rights under the Master Security Trust Deed and the Security Trustee advises the Voting Secured Creditors that it will not take that action in relation to the enforcement of the Master Security Trust Deed and the General Security Agreement unless it is personally indemnified by the Voting Secured Creditors to its reasonable satisfaction against all actions, proceedings, claims, demands, costs, charges, damages and expenses in relation to the enforcement of the Master Security Trust Deed and the General Security

Agreement and put in funds to the extent to which it may become liable and the Voting Secured Creditors refuse to grant the requested indemnity and put it into funds, the Security Trustee will not be obliged to act in relation to such action. In these circumstances, the Voting Secured Creditors may exercise such powers, and enjoy such protections and indemnities, of the Security Trustee under the Master Security Trust Deed and the General Security Agreement in relation to the enforcement of the Master Security Trust Deed and the General Security Agreement as they determine by Extraordinary Resolution. The Security Trustee will not be liable in any manner whatsoever if the Voting Secured Creditors exercise, or do not exercise, the rights given to them as described in the preceding sentence. Except in the foregoing situation, the powers, rights and remedies (including the power to enforce the Charge or to appoint a receiver to any of the Collateral) are exercisable by the Security Trustee only and no Secured Creditor is entitled to exercise them.

The Security Trustee must not take any steps to enforce the Charge unless the Voting Secured Creditors have passed an Extraordinary Resolution directing it to take such action or in the opinion of the Security Trustee the delay required to obtain the directions of the Voting Secured Creditors would be prejudicial to the interests of the Secured Creditors.

The Security Trustee is entitled, on such terms and conditions it deems expedient, without the consent of the Secured Creditors, to agree to any waiver or authorisation of any breach or proposed breach of the Transaction Documents (including the Master Security Trust Deed and the General Security Agreement) and may determine that any event that would otherwise be an event of default will not be treated as an event of default for the purposes of the Master Security Trust Deed and the General Security Agreement, which is not, in the opinion of the Security Trustee, materially prejudicial to the interests of the Secured Creditors as a class.

The Security Trustee is not required to ascertain whether an event of default has occurred and, until it has actual notice to the contrary, may assume that no event of default has occurred and that the parties to the Transaction Documents (other than the Security Trustee) are performing all of their obligations.

Subject to any notices or other communications it is deemed to receive under the terms of the Master Security Trust Deed and the General Security Agreement, the Security Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of the officers of the Security Trustee (or any Related Body Corporate of the Security Trustee) which have day to day responsibility for the administration or management of the Security Trustee's (or any Related Body Corporate of the Security Trustee's) obligations in relation to the Series Trust, the General Security Agreement or the Master Security Trust Deed, having actual knowledge, actual awareness or actual notice of that thing, or grounds or reason to believe that thing. Notice, knowledge or awareness of an event of default means notice, knowledge or awareness of the occurrence of the events or circumstances constituting an event of default.

(d) Priorities under the Master Security Trust Deed and General Security Agreement

The proceeds from the enforcement of the Charge are to be applied in the following order of priority, subject to any statutory or other priority which may be given priority by law:

- (i) first, pari passu and rateably towards satisfaction of amounts which become owing or payable under the Master Security Trust Deed and the General Security Agreement to indemnify the Security Trustee, the Manager, any receiver or other person appointed under the Master Security Trust Deed and the General Security

Agreement against all loss, liability and reasonable expenses incurred by that person in performing any of their duties or exercising any of their powers under the Master Security Trust Deed and the General Security Agreement (except the receiver's remuneration);

- (ii) second, in payment pari passu and rateably of any fees and any liabilities, losses, costs, claims, actions, damages, expenses, demands, charges, stamp duties, and other Taxes due to the Security Trustee and the receiver's remuneration (if any);
- (iii) third, in payment pari passu and rateably of such other outgoings and/or liabilities that the receiver or the Security Trustee have incurred in performing their obligations or exercising their powers under the Master Security Trust Deed and the General Security Agreement;
- (iv) fourth, in payment of other Security Interests over the Collateral which the Security Trustee is aware have priority over the Charge (including the Trustee's lien over and right of indemnification from, the Collateral), in the order of their priority;
- (v) fifth, in payment to the Seller of any unpaid Accrued Interest Adjustment;
- (vi) sixth, in payment pari passu and rateably:
  - (A) to the Liquidity Facility Provider of any Liquidity Facility Principal and Liquidity Facility Interest owing to the Liquidity Facility Provider under the Liquidity Facility Agreement;
  - (B) to the Redraw Facility Provider of any Redraw Facility Principal owing to the Redraw Facility Provider under the Redraw Facility Agreement;
  - (C) to each Hedge Provider of all amounts owing to that Hedge Provider under the relevant Hedge Agreement other than any Subordinated Termination Payments;
  - (D) to the Seller of any outstanding Redraws and any other amounts owing to the Seller;
  - (E) to the Manager of any moneys owing to the Manager; and
  - (F) to the Servicer of any amounts owing to the Servicer (other than any amount described in Section 9.5(g));
- (vii) seventh:
  - (A) if any Class A1 Notes remain outstanding, in payment to the Class A1 Noteholders firstly of accrued but unpaid interest on the Class A1 Notes and secondly in reduction of the Invested Amount of the Class A1 Notes (in each case to be distributed pari passu amongst the Class A1 Notes); or
  - (B) if any Class A1-R Notes remain outstanding, in payment to the Class A1-R Noteholders firstly of accrued but unpaid interest on the Class A1-R Notes and secondly in reduction of the Invested Amount of the Class A1-R Notes (in each case to be distributed pari passu amongst the Class A1-R Notes);

- (viii) eighth, in payment to the Class A2 Noteholders firstly of accrued but unpaid interest on the Class A2 Notes and secondly in reduction of the Invested Amount of the Class A2 Notes (in each case to be distributed pari passu amongst the Class A2 Notes);
- (ix) ninth, in payment to the Class AB Noteholders firstly of accrued but unpaid interest on the Class AB Notes and secondly in reduction of the Invested Amount of the Class AB Notes (in each case to be distributed pari passu amongst the Class AB Notes);
- (x) tenth, in payment to the Class B Noteholders firstly of accrued but unpaid interest on the Class B Notes and secondly in reduction of the Invested Amount of the Class B Notes (in each case to be distributed pari passu amongst the Class B Notes);
- (xi) eleventh, in payment to the Class C Noteholders firstly of accrued but unpaid interest on the Class C Notes and secondly in reduction of the Invested Amount of the Class C Notes (in each case to be distributed pari passu amongst the Class C Notes);
- (xii) twelfth, in payment to the Class D Noteholders firstly of accrued but unpaid interest on the Class D Notes and secondly in reduction of the Invested Amount of the Class D Notes (in each case to be distributed pari passu amongst the Class D Notes);
- (xiii) thirteenth, in payment to the Class E Noteholders firstly of accrued but unpaid interest on the Class E Notes and secondly in reduction of the Invested Amount of the Class E Notes (in each case to be distributed pari passu amongst the Class E Notes);
- (xiv) fourteenth, any remaining Secured Moneys (to the extent not satisfied under paragraph (vi)(A) above) owing to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (xv) fifteenth, any remaining Secured Moneys (to the extent not satisfied under paragraph (vi)(B) above) owing to the Redraw Facility Provider under the Redraw Facility Agreement;
- (xvi) sixteenth, in or towards payment pari passu and rateably of any Subordinated Termination Payments payable by the Trustee to a Hedge Provider in accordance with the relevant Hedge Agreement;
- (xvii) seventeenth, in payment of all amounts outstanding under the Liquidity Reserve Loan Agreement;
- (xviii) eighteenth, in payment pari passu and rateably to each Secured Creditor any remaining amounts owing to that Secured Creditor which are secured under the Master Security Trust Deed and the General Security Agreement;
- (xix) nineteenth, in payment of subsequent Security Interests over the Collateral of which the Security Trustee is aware in the order of their priority; and
- (xx) finally, in payment of the surplus to the Trustee to be distributed in accordance with the terms of the Master Trust Deed and the Series Supplement.

(e) Hedge Provider Collateral under Hedge Agreement

Any collateral paid under a Hedge Agreement by the Hedge Provider will not be distributed in accordance with Section 9.5(d). Instead, any such collateral will, subject to the operation of any netting provisions in the relevant Hedge Agreement, be returned to the Hedge Provider, except to the extent that the

relevant Hedge Agreement requires it to be applied to satisfy any obligation owed to the Trustee by the Hedge Provider.

(f) Outstanding Cash Deposit

Any outstanding Cash Deposit standing to the credit of the Cash Deposit Account will not be distributed in accordance with Section 9.5(d). Instead, any such outstanding Cash Deposit will be returned to the Liquidity Facility Provider, except to the extent that the Liquidity Facility Agreement requires it to be applied to satisfy any Remaining Net Liquidity Shortfall in accordance with the Liquidity Facility Agreement.

(g) Outstanding Prepayment Amount

Any Outstanding Prepayment Amount will not be distributed in accordance with Section 9.5(d). Instead, any such Outstanding Prepayment Amount will be returned to the Servicer except to the extent that any such amount is required to be applied to satisfy any obligation owed by the Servicer to remit Collections to the Trustee.

(h) Amendments to the Master Security Trust Deed and the General Security Agreement

The Security Trustee, the Manager and the Trustee may amend the Master Security Trust Deed or the General Security Agreement if the amendment:

- (i) in the opinion of the Security Trustee (or a barrister or solicitor instructed by the Security Trustee) is necessary or expedient to comply with any statute or regulation or with the requirements of any governmental agency;
- (ii) in the opinion of the Security Trustee is to correct a manifest error or ambiguity or is of a formal, technical or administrative nature only;
- (iii) in the opinion of the Security Trustee is appropriate or expedient as a consequence of any amendment to any statute or regulation or altered requirements of any governmental agency or any decision of any court (including an alteration, addition or modification which in the opinion of the Security Trustee is appropriate or expedient as a consequence of the enactment of, or amendment to, any statute or regulation or any tax ruling or government announcement or statement or any decision handed down by a court altering the manner or basis of taxation of trusts);
- (iv) is to apply only in respect of a Secured Series Trust not yet created under the Master Trust Deed;
- (v) in the opinion of the Security Trustee will enable the provisions of the Master Security Trust Deed or the General Security Agreement in relation to a Secured Series Trust to be more conveniently, advantageously, profitably or economically administered; or
- (vi) in the opinion of the Manager is otherwise desirable for any reason.

However, where an amendment referred to in paragraphs (v) or (vi) above will be or is likely to be, in the opinion of the Security Trustee, materially prejudicial to the interests of all Noteholders or of a particular class of Noteholders, then the amendment can only be made if an Extraordinary Resolution approving the amendment is passed by all Noteholders or Noteholders of the relevant class.

The Security Trustee is entitled to take into account any written confirmation obtained from the Rating Agencies in determining whether a proposed

amendment will not be and is not likely to become materially prejudicial to the interests of the Noteholders or a class of them.

(i) Security Trustee Costs and Remuneration

The Security Trustee is entitled to be reimbursed for all costs incurred in acting as Security Trustee.

The Security Trustee is entitled to be remunerated at the rate agreed from time to time between the Manager, the Security Trustee and the Trustee (such rate may include a component that represents or is referable to a goods and services tax).

(j) Limitations on Security Trustee's Liability

The Security Trustee's liability under the Master Security Trust Deed and the General Security Agreement is limited to the amount the Security Trustee is able to be satisfied out of the assets held on trust by it under the Master Security Trust Deed and the General Security Agreement from which the Security Trustee is actually indemnified for the liability. However, this limitation will not apply to the extent that the Security Trustee's right of indemnity is reduced as a result of fraud, negligence or wilful default on the part of the Security Trustee or its officers, employees or agents or any other person whose acts or omissions the Security Trustee is liable for under the Transaction Documents.

(k) Other Limitations on Responsibility and Liability of the Security Trustee

The Master Security Trust Deed contains a range of provisions regulating the scope of the Security Trustee's duties and liabilities. These include (which list is not exhaustive) the following:

- (i) the Security Trustee is not required to monitor whether an event of default has occurred or inquire as to compliance by the Trustee or the Manager with the Transaction Documents, or their other activities;
- (ii) the Security Trustee is not required to take any action under the Master Security Trust Deed, except as directed by an Extraordinary Resolution of Voting Secured Creditors;
- (iii) the Security Trustee is not required to act in relation to the enforcement of the Master Security Trust Deed unless its liability is limited in a manner satisfactory to it and the Voting Secured Creditors place it in funds and indemnify it to its satisfaction;
- (iv) the Security Trustee is not responsible for the adequacy or enforceability of any Transaction Documents;
- (v) the Security Trustee need not give to the Secured Creditors information concerning the Trustee or the Manager which comes into the possession of the Security Trustee;
- (vi) the Trustee gives wide ranging indemnities to the Security Trustee in relation to its role as Security Trustee; and
- (vii) the Security Trustee may rely on documents and information provided by the Trustee or the Manager.

(l) Disclosure of Information

In relation to information which the Trustee or the Security Trustee in its capacity as trustee of the Security Trust (the "**Recipient**") receives from any

of the Manager or the Noteholders in relation to the Series Trust, the Seller Trust or the Security Trust (the “**Information**”), the Recipient is entitled to make available (to the extent permitted by law) such Information to:

- (i) any Related Body Corporate of the Recipient which acts as custodian or Security Trustee of the Assets of the Series Trust or the Seller Trust assets or which otherwise has responsibility for the management or administration of the Series Trust or the Seller Trust, including their respective assets; and
- (ii) the Recipient acting in its capacity as Manager, custodian or Servicer (as applicable) of the Series Trust.

The Recipient will not have any liability for the use, non-use, communication or non-communication of the Information in the above manner, except to the extent to which the Recipient has an express contractual obligation to disclose or not disclose or to use or not use certain information received by it and fails to do so.

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## 10 The Series Trust

### 10.1 Creation of Trusts

#### (a) Creation of the Series Trust

The Master Trust Deed provides for the creation of an unlimited number of series trusts. Each series trust is a separate and distinct trust fund. The assets of each series trust are not available to meet the liabilities of any other series trust and the Trustee must ensure that no moneys held by it in respect of any series trust are commingled with any moneys held by the Trustee in respect of any other series trust.

The beneficial ownership of the Series Trust is divided into eleven Units: ten Capital Units (the “**Capital Units**”) and one Income Unit (the “**Income Unit**”) and together with the Capital Units the “**Units**”).

The Trustee of the Series Trust will fund the purchase of the Mortgage Pool by issuing the Notes (other than the Class A1-R Notes).

The Series Trust is established for the purpose of the Trustee:

- (i) acquiring and disposing of Mortgage Loan Rights and other Authorised Short-Term Investments, in accordance with the Transaction Documents;
- (ii) issuing and redeeming or repurchasing the Notes and the Units in accordance with the Transaction Documents; and
- (iii) entering into, performing its obligations and exercising its rights under and taking any action contemplated by any of the Transaction Documents,

and the Trustee, on the direction of the Manager, may exercise any or all of its powers under the Transaction Documents for these purposes and any purposes incidental to these purposes.

#### (b) Creation of the Seller Trust

On the Cut-Off Date the Trustee will also acquire from the Seller:

- (i) the mortgages and collateral securities securing the Mortgage Loans offered to the Trustee by the Seller; and

- (ii) all other loans (the “**Other Loans**”) secured by the sold mortgages or the sold collateral securities but which will not form part of the Assets of the Series Trust.

The Trustee’s interest in the Other Loans will be held by way of a separate trust by the Trustee for the Seller (the “**Seller Trust**”). The Trustee’s interest in the mortgages and collateral securities which secure only the Mortgage Loans will be held by the Trustee for the Series Trust. The Trustee’s interest in the mortgages and collateral securities which secure the Mortgage Loans and the Other Loans (the “**Seller Collateral Securities**”) will also be held by the Trustee for the Series Trust but only to the extent that the proceeds the Trustee receives on their realisation equal the amount outstanding under the Mortgage Loans they secure. The balance will be held by the Trustee subject to the terms of the Seller Trust.

The Trustee must not (and the Manager must not direct the Trustee to) dispose of or create any security interest in a collateral security which secures a Mortgage Loan and an Other Loan unless the relevant transferee or holder of the security interest is first notified of the interest of the Seller Trust in that collateral security. If the Trustee has breached (or the Seller reasonably believes that the Trustee will breach) this restriction, it will be entitled to lodge caveats to protect its interests in the relevant collateral securities.

## 10.2 Assignment of Mortgage Loans

- (a) Assignment

With effect from the Cut-Off Date, the Seller will, on payment of the consideration described in Section 10.2(d), equitably assign its entire interest in, to and under the following to the Trustee:

- (i) the Mortgage Loans;
- (ii) all Other Loans in existence from time to time in relation to the Mortgage Loans (to be held by the Trustee as trustee of the Seller Trust as described in Section 10.1(b));
- (iii) all mortgages in existence from time to time in relation to the Mortgage Loans;
- (iv) all collateral securities in existence from time to time in relation to the Mortgage Loans;
- (v) all insurance policies in respect of land subject to such a mortgage or collateral security;
- (vi) the Mortgage Insurance Policies;
- (vii) all moneys owing at any time thereafter in relation to the Mortgage Loans; and
- (viii) the documents relating to the above, including the original or duplicates of the relevant loan agreements, mortgages, collateral securities, insurance policies and the certificate of title (where existing) in relation to the land secured by the mortgages (the “**Mortgage Loan Documents**”),

but excluding the Accrued Interest Adjustment in respect of each Mortgage Loan.

The items referred to in paragraphs (i) to (viii) above are together known as the “**Mortgage Loan Rights**”.



If any mortgages or collateral securities are granted after the Cut-Off Date which secure a Mortgage Loan or an insurance policy or any Mortgage Loan Document is entered into in connection with a Mortgage Loan after the Cut-Off Date, these will be also assigned to the Trustee.

However, if the Trustee or Manager discovers after the Cut-Off Date but before the Issue Date that a representation or warranty by the Seller was incorrect in relation to a Mortgage Loan or its related securities, that Mortgage Loan and its related securities will not form part of the Assets of the Series Trust (see Section 10.2(g), below).

Some of the Seller's security documentation relating to the Mortgage Loans are expressed to secure "all moneys" owing to the Seller by the mortgagor on any account. It is therefore possible that a security held by the Seller in relation to other facilities provided by it could secure a Mortgage Loan, even though in the Seller's records the particular security was not taken for this purpose. The Seller will only assign to the Trustee in its capacity as trustee of the Series Trust those securities that appear in its records as intended to secure the Mortgage Loans. Any other securities which by the terms of their "all moneys" clauses secure the Mortgage Loans but were not taken for that purpose are (as are the corresponding insurance policies) held by the Trustee as trustee of the Seller Trust (see Section 10.1(b)) and are not held for the benefit of the Noteholders, and the expressions "Mortgage Loan Rights" and "Mortgage Loan Documents" should be construed accordingly.

If the Seller enforces a mortgage relating to a Mortgage Loan as a result of a default by a borrower in respect of other facilities provided by the Seller to the borrower, the proceeds of enforcement of the related mortgage are made available to the Trustee in priority to the Seller.

The Seller will hold custody of the Mortgage Loan Documents from the Issue Date. The Seller may delegate this obligation to a Custodial Delegate (see Section 11).

(b) Sale in Equity Only and Free of Set-Off to Extent Permitted by Law

The assignment of Mortgage Loans and related securities to the Trustee will initially be in equity only. The Trustee will not be entitled to take any steps to perfect its legal title or give notice to any party to the Mortgage Loan Documents unless a Perfection of Title Event under the Master Sale and Servicing Deed occurs (see Section 10.2(l)).

To the extent permitted by law, the Mortgage Loans will be sold free of any rights of set-off (other than in respect of Interest Off-Set Accounts) which any borrowers or security providers may have.

(c) Servicer to exercise rights or discretions

The Trustee authorises the Seller to exercise any right, power or discretion of the Trustee to the extent the right, power or discretion is inherent and necessary to the exercise by the Seller of its obligations under the Mortgage Loan Rights. The Seller delegates to the Servicer any such rights, power or discretions.

(d) Consideration Payable to the Seller

On the Issue Date the Trustee will, in consideration of the assignment of the Mortgage Loans and related securities pay to the Seller the total principal amount outstanding (as recorded on the Servicer's database) in respect of any Mortgage Loans assigned to it by the Seller calculated as at the Cut-Off Date. To the extent that the amount subscribed by the initial Noteholders exceeds the amounts referred to in the above paragraph, the excess will form part of the Collections for the first Monthly Period (see Section 7.3(a)).

(e) Seller's Representations and Warranties in relation to the Mortgage Loans

Under the Master Sale and Servicing Deed, the Seller makes (as at the Cut-Off Date) representations and warranties in relation to any Mortgage Loans and related securities being assigned by the Seller to the Trustee.

Those representations and warranties are summarised as follows:

- (i) at the time the Seller entered into the mortgages relating to the Mortgage Loans, those mortgages complied in all material respects with applicable laws;
- (ii) at the time the Seller entered into the Mortgage Loans, it did so in good faith;
- (iii) at the time the Seller entered into the Mortgage Loans, the Mortgage Loans were originated in the ordinary course of the Seller's business;
- (iv) at the time the Seller entered into the Mortgage Loans, all necessary steps were taken to ensure that, each related mortgage complied with the legal requirements applicable at that time to be:
  - (A) a first ranking mortgage; or
  - (B) where the Seller already held the first ranking mortgage, a second ranking mortgage,  
  
(subject to any statutory charges, any prior charges of a body corporate, service company or equivalent, whether registered or otherwise, in either case secured over land, subject to stamping and registration in due course);
- (v) where there is a second or other mortgage securing a Mortgage Loan and the Seller is not the mortgagee of that second or other mortgage, satisfactory priority arrangements have been entered into to ensure that the mortgage ranks ahead in priority to the second or other mortgage on enforcement for at least the principal amount and interest on the Mortgage Loan;
- (vi) at the time the relevant Mortgage Loans were approved, the Seller had received no notice of the insolvency or bankruptcy of the borrowers or any guarantors or security providers or any notice that any such person did not have the legal capacity to enter into the relevant mortgage;
- (vii) the Seller is the sole legal and beneficial owner of the Mortgage Loans and the related securities and no prior ranking security interest exists in relation to its interest in the Mortgage Loans and related securities (other than under the Mortgage Insurance Policies and other related insurance policies);
- (viii) each of the relevant Mortgage Loan Documents (other than the Mortgage Insurance Policies and other related insurance policies) which is required to be stamped with stamp duty has been duly stamped;
- (ix) the Mortgage Loans have not been satisfied, cancelled, discharged or rescinded and the property relating to each relevant mortgage has not been released from the security of that mortgage;

- (x) the Seller holds, in accordance with the Servicing Standards, all documents which it should hold to enforce the provisions of the securities relating to Mortgage Loans;
- (xi) other than the Mortgage Loan Documents and documents entered into in accordance with the Servicing Standards, there are no documents entered into by the Seller and the mortgagor or any other relevant party in relation to the Mortgage Loans which would qualify or vary the terms of the Mortgage Loans;
- (xii) other than in respect of priorities granted by statute, the Seller has not received notice from any person that it claims to have a security interest ranking in priority to or equal with the Seller's mortgage;
- (xiii) the Seller is not aware of any restrictive covenants, licences or leases existing in respect of land the subject of any relevant mortgage which reduce the value of the mortgage over such land so that the LVR in respect of the relevant Mortgage Loan as at the Cut-Off Date exceeds 95%;
- (xiv) the Mortgage Loans comply with the Eligibility Criteria (see Section 6.2);
- (xv) except in relation to fixed rate Mortgage Loans (or those which can be converted to a fixed rate or a fixed margin over a benchmark) and as may be provided by applicable laws (including the Consumer Credit Legislation), binding codes and competent authorities binding on the Seller, there is no limitation affecting, or consent required from a borrower to effect, a change in the interest rate under the Mortgage Loans, and a change in interest rate may be set at the sole discretion of the Servicer;
- (xvi) Mortgage Loans in respect of which the LVR at origination is greater than 80% are or will be insured as at the Issue Date under the terms of a Mortgage Insurance Policy;
- (xvii) the Seller is lawfully entitled to sell the Mortgage Loans and related securities to the Trustee free of all security interests and, so far as the Seller is aware, adverse claims or other third party rights or interests;
- (xviii) the provisions of all legislation (if any) relating to the sale of the Mortgage Loans and related securities have been complied with;
- (xix) the sale of the Mortgage Loans and related securities will not constitute a transaction at an undervalue, a fraudulent conveyance or a voidable preference under any insolvency laws;
- (xx) the sale of the Mortgage Loans and related securities will not constitute a breach of the Seller's obligations or a default under any security interest granted by the Seller or affecting the Seller's assets;
- (xxi) there are no Linked Accounts in relation to any Mortgage Loan other than any Interest Off-Set Account relating to the Mortgage Loan; and
- (xxii) the terms of the loan agreements relating to the Mortgage Loans require payments in respect of the Mortgage Loans to be made to the Seller free of set-off (other than in respect of Interest Off-Set Accounts).

(f) Trustee Entitled to Assume Accuracy of Representations and Warranties

The Trustee is under no obligation to investigate or test the truth of any of the representations and warranties referred to in Section 10.2(e) and is entitled to conclusively accept their accuracy (unless it is actually aware of a breach).

(g) Consequences of a Breach of the Representations and Warranties

On and from the Cut-Off Date to (but excluding) the Issue Date, if the Seller becomes aware that a material representation or warranty referred to in Section 10.2(e) was incorrect when given, in respect of a Mortgage Loan it must notify the Manager and the Trustee and that Mortgage Loan and its related securities will not form part of the Assets of the Series Trust.

An amount equal to the purchase price for that Mortgage Loan will be allocated to Total Principal Collections for distribution on the first Distribution Date.

On or after the Issue Date, if the Seller, the Manager or the Trustee becomes actually aware that a material representation or warranty referred to in Section 10.2(e) was incorrect when given, it must notify the others within 5 Business Days.

If any representation or warranty is incorrect when given and notice of this is given by the Manager to the Seller or received by the Seller from the Trustee not later than 5 Business Days prior to the expiry of the relevant Prescribed Period, and the Seller does not remedy the breach to the satisfaction of the Trustee within 5 Business Days of the notice being given, the Mortgage Loan and its related securities will no longer form part of the Assets of the Series Trust. However, all Collections received in connection with that Mortgage Loan from the Cut-Off Date to the date of delivery of the notice are retained as Assets of the Series Trust. The Seller must pay to the Trustee the principal amount outstanding in respect of the relevant Mortgage Loan and interest accrued but unraised under the Mortgage Loan (as at the date of delivery of the relevant notice) within 2 Business Days of that Mortgage Loan ceasing to form part of the Assets of the Series Trust.

During the relevant Prescribed Period, the Trustee's sole remedy for any of the representations or warranties being incorrect is the right to the above payment from the Seller. The Seller has no other liability for any loss or damage caused to the Trustee, any Noteholder or any other person.

If a representation or warranty by the Seller in relation to a Mortgage Loan and its related securities is discovered to be incorrect after the last day for giving notices in the relevant Prescribed Period, the Seller will rectify the breach of representation or warranty. The Seller retains full discretion as to how it will rectify such breach, including by indemnifying the Trustee for any costs, damages or loss arising from the breach provided that if it fails to rectify the breach in some manner (other than by indemnification for costs, damages or loss) within 10 Business Days of the Seller giving or receiving notice of the breach then the Seller is deemed to have elected to rectify the breach by indemnification for costs, damages or loss. The amount of such costs, damages or loss must be agreed between the Trustee, the Manager and the Seller or, failing this, be determined by the Seller's external auditors. The amount of such costs, damages or loss must not exceed the principal amount outstanding, together with any accrued but unraised interest and any outstanding fees, in respect of the Mortgage Loan.

The above are the only rights that the Trustee has if a representation or warranty given by the Seller in relation to a Mortgage Loan or its related securities is discovered to be incorrect. In particular, this discovery will not constitute a Perfection of Title Event under the Master Sale and Servicing Deed except in the circumstances described in Section 10.2(l) below.

The consequences of a breach of a representation or warranty given by the Seller in relation to a Mortgage Loan as described in this Section apply to all the Mortgage Loans.

(h) Consequences of Further Advances by the Seller

Under the terms and conditions of each Mortgage Loan, the Seller may, in its discretion and subject to its credit review process, make an advance to a mortgagor after the Cut-Off Date but only in circumstances where the Seller is not aware that the mortgagor is in default of its obligations under the Mortgage Loan (a "**Further Advance**").

If the Seller makes a Further Advance and opens a separate account in its records in relation to that Further Advance, then the Further Advance will be an Other Loan, and will be held by the Trustee for the Seller (as described in Section 10.1(b)).

If the Seller makes a Further Advance which it records as a debit to the account in its records for an existing Mortgage Loan and which does not lead to an increase in the Scheduled Balance of that Mortgage Loan by more than 1 scheduled monthly instalment, the Further Advance is treated as an advance made pursuant to the terms of the relevant Mortgage Loan (each a "**Redraw**") and the rights to repayment will be an amount due under the Mortgage Loan and will form part of the Assets of the Series Trust. On each Distribution Date the Seller will then look to the Trustee for reimbursement of Redraws made during the previous Monthly Period.

If the Seller makes a Further Advance which it records as a debit to the account in its records for an existing Mortgage Loan and which leads to an increase in the Scheduled Balance by more than 1 scheduled monthly instalment, the Mortgage Loan and its related securities will no longer form part of the Assets of the Series Trust. In return the Seller must pay the Trustee the principal amount (before the Further Advance) of, and accrued but unpaid interest on, the Mortgage Loan.

If upon request of a mortgagor in relation to a Mortgage Loan, the Seller provides an additional feature with respect to other Mortgage Loans originated by the Seller which cannot be added to the Mortgage Loan while it remains as an Asset of the Series Trust or for any other similar purpose a Mortgage Loan cannot remain as an Asset of the Series Trust, the Mortgage Loan will cease to form part of the Assets of the Series Trust. In these circumstances the Seller must pay to the Trustee the principal balance plus accrued but unpaid interest owing in respect of the Mortgage Loan.

The Seller must not exercise its rights to provide a Further Advance or an additional feature with respect to a Mortgage Loan as described in the foregoing if the Seller is aware that the mortgagor with respect to the relevant Mortgage Loan is in default of its obligations under that Mortgage Loan.

(i) Repayment of a Mortgage Loan

If a Mortgage Loan is repaid in full, the remaining interest (if any) in the Mortgage Loan and its related securities will no longer form part of the Assets of the Series Trust. However, if any related securities also secure other existing Mortgage Loans, the Trustee will continue to hold the related securities until repayment of those other Mortgage Loans.

(j) Clean-Up and Extinguishment

If the aggregate principal outstanding on the Mortgage Loans on the last day of a Monthly Period, when expressed as a percentage of the aggregate principal outstanding on the Mortgage Loans as at the Cut-Off Date, is equal to or below 10%, the Seller may elect to repurchase the remaining Mortgage

Loans, and must nominate a Distribution Date to pay the repurchase price for those Mortgage Loans (“the **Clean-Up Settlement Date**”). The repurchase price of the remaining Mortgage Loans (if the Seller elects to repurchase those Mortgage Loans) (the “**Clean-Up Settlement Price**”) will be their Fair Market Value as at the last day of the Monthly Period ending immediately before the Clean-Up Settlement Date. If the Clean-Up Settlement Price is insufficient to ensure the Noteholders will receive the aggregate Invested Amount of the Notes and the Coupon accrued but unpaid on the Notes and due for payment on the Clean-Up Settlement Date, the repurchase will be subject to approval by way of Extraordinary Resolution of the Noteholders.

Upon payment by the Seller to the Trustee of the Clean-Up Settlement Price on the Clean-Up Settlement Date, the Mortgage Loans and their related securities are deemed to have been repurchased by the Seller with immediate effect from the last day of the Monthly Period ending immediately before the Clean-Up Settlement Date.

(k) Noting Interest on Property Insurance

Following the Issue Date, the Servicer must either:

- (i) ensure that when each insurance policy which forms part of the Assets of the Series Trust is renewed, it is noted on the insurance policy that the Seller’s interest as mortgagee includes its assigns (whether legal or equitable) or such other form of wording as the Trustee and the Manager approve; or
- (ii) take such other approach as is approved by the Trustee, the Manager and the Rating Agencies.

(l) Perfection of Title Event

A Perfection of Title Event occurs under the Master Sale and Servicing Deed if:

- (i) the Seller makes any representation under the Master Sale and Servicing Deed (see Section 10.2(e)) which is incorrect when made (other than a representation or warranty referred to in Section 10.2(e) which results in the Seller paying the Trustee any amount referred to in Section 10.2(g)) and it has, or if continued will have, an Adverse Effect and:
  - (A) such breach is not satisfactorily remedied so that it no longer has or will have an Adverse Effect, within 20 Business Days (or such longer period as the Trustee agrees) of notice thereof to the Seller from the Manager or the Trustee; or
  - (B) the Seller has not within 20 Business Days (or such longer period as the Trustee agrees) of such notice, paid compensation to the Trustee for its loss (if any) suffered as a result of such breach in an amount satisfactory to the Trustee (acting reasonably);
- (ii) if the Seller is the Servicer, a Servicer Default occurs (see Section 10.5(e));
- (iii) an Insolvency Event occurs in relation to the Seller; or
- (iv) the Trustee is not paid in full any amount payable to it by the Seller (in any capacity) under any Transaction Document in relation to the Series Trust within 10 Business Days (or such longer period as the

Trustee may agree to) from the date such amount falls due for payment under the relevant Transaction Document.

The Trustee must declare a Perfection of Title Event (of which the Trustee is actually aware) by notice in writing to the Seller, the Manager and each Rating Agency unless the Manager has obtained confirmation from each Rating Agency (with a copy to the Trustee) that the failure to perfect the Trustee's title to the mortgages will not result in a reduction, qualification or withdrawal of any credit ratings then assigned by it in relation to the Notes.

If the Trustee declares that a Perfection of Title Event has occurred, the Trustee and the Manager must immediately take all steps necessary to perfect the Trustee's legal title to the Mortgage Loan Rights (including lodgement of mortgage transfers) and must notify the relevant mortgagors (including informing them, where appropriate, of the Series Trust bank account to which they should make future payments) of the sale of the Mortgage Loans and mortgages, and must take possession of the Seller's loan files in relation to the Mortgage Loans, subject to the Privacy Act and the Seller's duty of confidentiality to its customers under the general law or otherwise.

On becoming aware of the occurrence of a Perfection of Title Event the Trustee must, within 30 Business Days, either have commenced all necessary steps to perfect legal title in, or have lodged a caveat in respect of the Trustee's interest in each Mortgage Loan. However, if the Trustee does not hold all the Mortgage Loan Documents necessary to vest in it the Seller's right, title and interest in any Mortgage Loan, within 5 Business Days of becoming aware of the occurrence of a Perfection of Title Event, the Trustee must, to the extent of the information available to it, lodge a caveat or similar instrument in respect of the Trustee's interest in that Mortgage Loan.

(m) Optional repurchase of a Shared Security Mortgage Loan

Notwithstanding the existence of the Seller Trust, the Seller has the right to repurchase any loan that would otherwise become an asset of the Seller Trust at any time after the Closing Date together with the Mortgage Loans that are subject to the same Collateral Security as that other loan. For example, if the Seller has agreed to or proposes to agree to a request by a borrower for the provision of any loan, credit or other financial accommodation of whatever nature (other than the Mortgage Loan) and, as a result, one or more loans secured by the same Collateral Security as a Mortgage Loan would be held as an asset of the Seller Trust, the Seller may elect to repurchase all loans secured by that Collateral Security (including the Mortgage Loan). The amount payable by the Seller in relation to the repurchase of a Mortgage Loan must be equal to the aggregate principal balance plus accrued but unpaid interest and fees owing in respect of the relevant Mortgage Loan as at the date of such payment.

### 10.3 The Trustee

(a) Appointment

The Trustee is appointed as trustee of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

(b) The Trustee's Undertakings

The Trustee undertakes, among other things, that it will:

- (i) act in the interests of the Investors on and subject to the terms and conditions of the Master Trust Deed and the Series Supplement and, in the event of a conflict between such interests, act in the interests of the Noteholders;

- (ii) exercise all due diligence and vigilance in carrying out its functions and duties and in protecting the rights and interests of the Investors;
- (iii) do everything and take all actions which are necessary to ensure that it is able to maintain its status as trustee of the Series Trust;
- (iv) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (v) exercise all diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed, having regard to the interests of the Investors;
- (vi) use its best endeavours to carry on and conduct its business in so far as it relates to the Master Trust Deed and the Series Trust in a proper and efficient manner;
- (vii) keep accounting records which correctly record and explain all amounts paid and received by the Trustee; and
- (viii) keep the Series Trust separate from each other series trust which is constituted pursuant to the Master Trust Deed and account for the assets and liabilities of the Series Trust separately from the assets and liabilities of such other series trusts.

(c) No Duty to Investigate

Under the Master Trust Deed and the Series Supplement the Trustee has no duty to investigate whether or not a Manager Default, Servicer Default or a Perfection of Title Event under the Master Sale and Servicing Deed has occurred except where the Trustee has actual notice, knowledge or awareness of the event.

Subject to the provisions of the Transaction Documents dealing with deemed receipt of notices or other communications, the Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of the officers of the Trustee (or any Related Body Corporate of the Trustee's) who have day to day responsibility for the administration or management of the Trustee's (or a Related Body Corporate of the Trustee's) obligations in respect of the Series Trust having actual knowledge, actual awareness or actual notice of that thing, or grounds or reason to believe that thing. Notice, knowledge or awareness of a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event means notice, knowledge or awareness of the occurrence of the event or circumstances constituting a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event.

(d) The Trustee's Powers

Subject to the Master Trust Deed, the Trustee has all the powers in respect of the Assets of the Series Trust which it could exercise if it were the absolute and beneficial owner of those assets.

In particular, the Trustee has power to:

- (i) invest in, dispose of or deal with any asset or property of the Series Trust (including the Mortgage Loans) in accordance with the Manager's proposals;
- (ii) obtain and act on advice from such advisers as may be necessary, usual or desirable for the purpose of enabling the Trustee to be fully



and properly advised and informed in order that it can properly exercise its powers and obligations;

- (iii) enter into, perform, enforce (subject to the restrictions in the Master Trust Deed) and amend (subject to any relevant terms and conditions) the Transaction Documents;
- (iv) subject to the limitations set out in the Master Trust Deed, borrow or raise money, whether or not on terms requiring security to be granted over the Assets of the Series Trust;
- (v) refuse to comply with any instruction or direction from the Manager, the Servicer or the Seller in respect of the Series Trust where it reasonably believes that the rights and interests of the Investors are likely to be materially prejudiced by so complying;
- (vi) with the agreement of the Manager, do things incidental to any of its specified powers or necessary or convenient to be done in connection with the Series Trust or the Trustee's functions; and
- (vii) purchase any Mortgage Loan notwithstanding that, as at the Cut-Off Date, such Mortgage Loan is in arrears at the time of its acquisition by the Trustee.

(e) Delegation by Trustee

The Trustee is entitled to appoint the Manager, the Servicer, the Seller, the Security Trustee, a Related Body Corporate or any other person permitted by the Master Trust Deed or the Series Supplement to be attorney or agent of the Trustee for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its duties and obligations. The Trustee at all times remains liable for the acts and omissions of any Related Body Corporate when it is acting as the Trustee's delegate.

(f) The Trustee's Fees and Expenses

In respect of each Monthly Period, the Trustee is entitled to a fee for performing its duties. The fee will be an amount agreed between the Manager and the Trustee and is payable to the Trustee in arrears on the Distribution Date following the end of the Monthly Period. The Trustee's Fee may also be adjusted either by agreement or by expert determination, so that the Trustee is not economically advantaged or disadvantaged in relation to the supplies provided by it under the Series Supplement and the abolition of, change in the rate of, or any amendment to the legislation imposing, the goods and services tax. Any adjustment is subject to receipt by the Manager giving prior written notice to the Rating Agencies.

The Trustee is entitled to be reimbursed out of the Assets of the Series Trust in respect of all expenses incurred in respect of the Series Trust (but not general overhead costs and expenses). Furthermore, the Trustee is entitled to be indemnified out of the Assets of the Series Trust for all fees, costs, charges, expenses and liabilities incurred by the Trustee in relation to or under any Transaction Document. The Trustee will also be indemnified for costs in connection with court proceedings alleging negligence, fraud or wilful default except where such allegation is found by the court to be correct.

(g) Retirement, Removal and Replacement of the Trustee

The Trustee must retire as trustee of the Series Trust if:

- (i) it fails or neglects, within 20 Business Days (or such longer period as the Manager may agree to) after receipt of a notice from the

Manager requiring it to do so, to carry out or satisfy any material duty or obligation imposed on it by a Transaction Document;

- (ii) an Insolvency Event occurs with respect to it in its personal capacity;
- (iii) it ceases to carry on business;
- (iv) it merges or consolidates with another entity without obtaining the consent of the Manager and the resulting merged or consolidated entity does not assume the Trustee's obligations under the Transaction Documents; or
- (v) there is a change in the ownership of 50% or more of its issued share capital from that as at the date of the Master Trust Deed or effective control of the Trustee alters from that as at the date of the Master Trust Deed, unless in either case approved by the Manager.

The Manager may require the Trustee to retire if it believes in good faith that any of these events have occurred. If the Trustee refuses to retire within 30 days after either the occurrence of one of the above events or notice from the Manager, the Manager:

- (vi) is entitled to remove the Trustee from office immediately by notice in writing (with a copy to the Rating Agencies in relation to each Rated Series Trust (if any)); and
- (vii) subject to any approval required by law, is entitled to and must use its reasonable endeavours to appoint a substitute Trustee, who is approved by the Rating Agencies for the Series Trust, to be the Trustee.

The Manager may satisfy its obligation to support a substitute Trustee by having the Supreme Court of New South Wales (or any other court having the necessary jurisdiction) grant orders:

- (viii) substituting for the Trustee a substitute Trustee, notice of which is given to the Rating Agencies; and
- (ix) vesting the Assets of the Series Trust in a substitute Trustee.

For the purpose of making an application for such orders:

- (x) it is expedient to substitute for the Trustee a substitute Trustee as trustee of the Series Trust; and
- (xi) without the assistance of the relevant court it is inexpedient, difficult or impracticable to substitute for the Trustee a substitute Trustee.

If, prior to the removal of the Trustee, the Manager has not been able to appoint a substitute Trustee as Trustee in accordance with this clause then the Manager must convene a single meeting of Investors of all then Series Trusts at which a new Trustee may be appointed by Extraordinary Resolution of all Investors of the then Series Trusts.

(h) Voluntary Retirement of the Trustee

The Trustee may retire as trustee of all Series Trusts upon giving 3 months' notice in writing to the Manager or such lesser time as the Manager and the Trustee agree. The Trustee, subject to any approval required by law, must appoint as trustee of the Series Trust in writing a substitute Trustee notice of which is given to the Rating Agencies (if any) for the Series Trust and the

Manager, which approval must not be unreasonably withheld by the Manager.

If a substitute Trustee has not been appointed upon the expiry of the 30 day period commencing when the Trustee notifies the Manager of its intention to retire, then from the expiry of that 30 day period, the Manager must appoint a substitute Trustee notice of which is given to the Rating Agencies of the Series Trust as Trustee.

The Manager may satisfy its obligation to appoint a substitute Trustee as Trustee by having the Supreme Court of New South Wales (or any other court having the necessary jurisdiction) grant orders:

- (i) substituting for the Trustee a substitute Trustee, notice of which is given to the Rating Agencies; and
- (ii) vesting the Assets of the Series Trust in a substitute Trustee.

For the purpose of making an application for such orders:

- (iii) it is expedient to substitute for the Trustee a substitute Trustee as trustee of the Series Trust; and
- (iv) without the assistance of the relevant court it is inexpedient, difficult or impracticable to substitute for the Trustee a substitute Trustee.

If, prior to the retirement of the Trustee the Manager is unable to appoint such a substitute Trustee as trustee of the Series Trust then the Manager must convene a single meeting of Investors of all then Series Trusts at which a new Trustee may be appointed by Extraordinary Resolution of the Investors of all the then Series Trusts.

(i) Substitute Trustee

The appointment of a substitute Trustee will not be effective until the substitute Trustee has executed a deed under which it assumes the obligations of the Trustee under the Master Trust Deed and the other Transaction Documents.

(j) Limitation of the Trustee's Responsibilities

The Trustee has the particular role and obligations specifically set out in the Transaction Documents. The Manager, Servicer and Seller are responsible for different aspects of the operation of the Series Trust, as described elsewhere in this Information Memorandum. The Trustee has no liability for any failure by the Manager, Seller, Servicer or other person appointed by the Trustee under any Transaction Document (other than a person whose acts or omissions the Trustee is liable for under any Transaction Document) to perform their obligations in connection with the Series Trust except to the extent such failure is caused by fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents.

(k) Limitation of the Trustee's Liability

The Master Trust Deed, Series Supplement and other Transaction Documents contain provisions which regulate the Trustee's liability to Noteholders, other creditors of the Series Trust and any beneficiaries of the Series Trust.

The Trustee's liability in its capacity as trustee of the Series Trust to the Noteholders and to others is limited by those provisions to the amount the

Trustee is entitled to recover through its right of indemnity from the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability. However, this limitation does not apply if the Trustee's right of indemnity is limited as a result of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents. This limitation of the Trustee's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Series Trust.

The Trustee is not liable to any person for any losses, costs, liabilities or expenses arising out of the exercise or non-exercise of its discretion (or by the Manager, the Seller or the Servicer of its discretions) or for any instructions or directions given to it by the Manager, the Seller or the Servicer, except to the extent that any obligation or liability arises as a result of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents.

Except where the Trustee acts in breach of trust or is otherwise disentitled (including, without limitation, for fraud, negligence or wilful default on the part of the Trustee or its officers, employees, or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents), the Trustee will be indemnified out of the Assets of the Series Trust against all losses and liabilities properly incurred by it in performing any of its duties or exercising any of its powers under the Transaction Documents in its capacity as trustee of the Series Trust.

Notwithstanding the above, where the Trustee is held liable for breaches under the Consumer Credit Legislation, the Trustee must seek relief initially under any indemnities provided to it by the Manager, the Servicer or the Seller before exercising its right of indemnity to recover against any Assets of the Series Trust.

If the Trustee relies in good faith on an opinion, advice, information or statement given to it by experts (other than persons who are not independent of the Trustee), it is not liable for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of that expert.

An expert is regarded as independent notwithstanding that the expert acts or has acted as an adviser to the Manager or the Trustee or both of them so long as separate instructions are given to that expert by the Trustee.

(l) Disclosure of Information

In relation to information which the Trustee in its capacity as trustee of the Series Trust receives from any of the Manager, the Investors, the Seller or the Servicer in relation to the Series Trust, the Seller Trust or the trust established under the Master Security Trust Deed and the General Security Agreement (the "**Information**"), the Trustee is entitled to make available (to the extent permitted by law) such Information to:

- (i) any Related Body Corporate of the Trustee which acts as custodian or Security Trustee of the Assets of the Series Trust or the Seller Trust assets or which otherwise has responsibility for the management or administration of the Series Trust or the Seller Trust including their respective assets; and
- (ii) the Trustee acting in its capacity as Manager, custodian or Servicer (as applicable) of the Series Trust or the Seller Trust.

The Trustee will not have any liability for the use, non-use, communication or non-communication of the Information in the above manner, except to the extent to which the Trustee has an express contractual obligation to disclose or not disclose or to use or not use certain information received by it and fails to do so.

## 10.4 The Manager

### (a) Appointment and Duration of Duties and Obligations

The Manager is appointed as manager of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

The Manager's duties and obligations contained in the Master Trust Deed and the Transaction Documents in relation to the Series Trust continue until the earlier of the Termination Payment Date and the date of the Manager's retirement or removal as Manager in relation to the Series Trust in accordance with the Master Trust Deed.

Without limiting the Manager's liability with respect to any breach of its obligations under the Transaction Documents, the Manager has no liability to the Trustee with respect to a failure by a mortgagor, or any other person, to perform its obligations under any Mortgage Loan Documents.

Further, the Manager is only obliged to remit any Collections in respect of the Series Trust (not being amounts payable by the Manager from its own funds including amounts payable in respect of breaches by the Manager of its obligations under the Transaction Documents in relation to the Series Trust) to the Trustee to the extent that these have been received by the Manager (if any).

### (b) The Manager's Undertakings

The Manager undertakes amongst other things that it will:

- (i) manage the Assets of the Series Trust which are not serviced by the Servicer and in doing so will exercise at least the degree of skill, care and diligence that an appropriately qualified manager of such assets would reasonably be expected to exercise having regard to the interests of the Investors;
- (ii) use its best endeavours to carry on and conduct its business to which its obligations and functions under the Transaction Documents relate in a proper and efficient manner;
- (iii) do everything to ensure that it and the Trustee are able to exercise all their powers and remedies and perform all their obligations under the Master Trust Deed and any of the other Transaction Documents to which it is a party and all other related arrangements;
- (iv) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (v) exercise such prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed and the other Transaction Documents, having regard to the interests of the Investors; and
- (vi) notify the Trustee promptly if it becomes actually aware of any Manager Default under the Master Trust Deed.

(c) The Manager may Rely

If the Manager relies in good faith on an opinion, advice, information or statement given to it by experts (other than persons who are not independent of the Manager) it is not liable for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of that expert. An expert is regarded as independent notwithstanding that the expert acts or has acted as an adviser to the Manager so long as separate instructions are given to that expert by the Manager.

(d) Delegation by the Manager

The Manager is entitled to appoint any person to be attorney or agent of the Manager for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its duties and obligations. The Manager at all times remains liable for the acts or omissions of any such person to the extent that those acts or omissions constitute a breach by the Manager of its obligations in respect of the Series Trust.

(e) The Manager's Fees and Expenses

The Manager is entitled to a fee (the "**Management Fee**") for administering and managing the Series Trust for each Monthly Period calculated based upon the actual number of days in the Monthly Period divided by 365 and a percentage of the principal outstanding on the Mortgage Loans immediately prior to the commencement of the Monthly Period. The Manager may adjust the Management Fee from time to time (including as a result of changes in the goods and services tax) subject to the Manager giving prior written notice to the Rating Agencies. The Management Fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

The Manager will be indemnified out of the Assets of the Series Trust for all expenses incurred by the Manager in connection with the enforcement or preservation of its rights under or in respect of any Transaction Document or otherwise in respect of the Series Trust. The Manager will also be indemnified for costs in connection with court proceedings against the Manager alleging negligence, fraud or wilful default except where such allegation is found by the court to be correct.

(f) Manager Default and Removal of the Manager

A Manager Default occurs if:

- (i) the Manager does not instruct the Trustee to pay the required amounts to the Investors within the specified time periods and such failure is not remedied within 5 Business Days of notice from the Trustee;
- (ii) the Manager does not prepare and transmit to the Trustee any Settlement Statement or any other reports it is required to prepare under the Series Supplement and such failure is not remedied within 5 Business Days of notice from the Trustee (except when such failure is due in certain circumstances to a Servicer Default);
- (iii) an Insolvency Event occurs with respect to the Manager;
- (iv) the Manager breaches any other obligation under the Master Trust Deed or the Series Supplement and such action has had or, if continued will have, an Adverse Effect (as determined by the Trustee after the Trustee is actually aware of such breach) and either such breach is not remedied within 20 Business Days of notice from the Trustee, or the Manager has not, within 20 Business

Days of such notice, paid compensation to the Trustee for its loss from such breach; and

- (v) a representation or warranty made by the Manager in a Transaction Document proves incorrect in any material respect and, as a result, gives rise to an Adverse Effect (as determined by the Trustee after the Trustee is actually aware of such incorrect representation or warranty) and the Manager has not paid compensation for any loss suffered by the Trustee within 20 Business Days of notice from the Trustee.

The Trustee may agree to longer grace periods than those specified in paragraphs (i), (ii), (iv) and (v).

Whilst a Manager Default is subsisting, the Trustee may by notice to the Servicer, the Manager and the rating agencies for all then series trusts immediately terminate the appointment of the Manager and appoint another entity to act in its place. Pending appointment of a new Manager, the Trustee will act as Manager and will be entitled to receive the Management Fee.

- (g) Voluntary Retirement of the Manager

The Manager may only voluntarily retire if it gives the Trustee 3 months' notice in writing (or such lesser time as the Trustee agrees). Upon such retirement the Manager may appoint in writing any other corporation approved by the Trustee. If the Manager does not propose a replacement at least 1 month prior to its proposed retirement, the Trustee may appoint a replacement.

Pending appointment of a new Manager, the Trustee will act as Manager and will be entitled to receive the Management Fee.

- (h) Replacement Manager

The appointment of a replacement Manager will not be effective until the Trustee receives confirmation from the rating agencies for all then series trusts under the Master Trust Deed that the appointment of the replacement Manager will not result in a withdrawal or reduction of the credit ratings then assigned by them to the Notes (or notes issued by other series trusts) and the replacement Manager has executed a deed under which it assumes the obligations of the Manager under the Master Trust Deed and the other Transaction Documents.

- (i) Limitation on Liability of Manager

The Manager is relieved from personal liability in respect of the exercise or non-exercise of its discretions or for any other act or omission on its part, except to the extent that any such liability arises from fraud, negligence or wilful default on the part of the Manager or its officers, employees or agents or any other person whose acts or omissions the Manager is liable for under the Transaction Documents.

Suncorp-Metway, the Manager and the Trustee acknowledge and agree that the Manager has no liability to the Trustee with respect to a failure by a mortgagor or any other person to perform its obligations under any documents governing a Mortgage Loan. In addition, the Manager is only obliged to remit any Collections in respect of the Series Trust to the Trustee to the extent (if any) that these have been received by the Manager.

## 10.5 The Servicer

### (a) Undertakings of Servicer

In addition to its servicing role described in Section 6.8, the Servicer also undertakes, among other things, that it will:

- (i) subject to the provisions of the Privacy Act and any duty of confidentiality owed by the Servicer to its clients under the common law or otherwise, give the Manager, the Auditor and the Trustee such information as they require with respect to all matters in the possession of the Servicer in respect of the activities of the Servicer to which the Master Sale and Servicing Deed relates;
- (ii) not transfer, assign or otherwise grant an encumbrance over the whole or any part of its interest (if any) in any Mortgage Loan and its related securities;
- (iii) comply with its obligations under each Mortgage Insurance Policy;
- (iv) upon being directed to do so by the Trustee, following the occurrence of a Perfection of Title Event, promptly take all action as is required or permitted to assist the Trustee and the Manager to perfect the Trustee's legal title in the Mortgage Loans and related securities; and
- (v) pay to the Trustee on each Distribution Date an amount equal to the Waived Mortgagor Break Costs for the immediately preceding Monthly Period.

### (b) Appointment and Duration of Duties and Obligations

The Servicer is appointed as servicer of the Mortgage Loans on the terms set out in the Master Sale and Servicing Deed and the Series Supplement.

The Servicer's duties and obligations contained in the Master Sale and Servicing Deed and the Series Supplement in relation to the Series Trust continue until the earlier of the Termination Payment Date and the date of the Servicer's retirement or removal as Servicer in relation to the Series Trust in accordance with the Master Sale and Servicing Deed.

### (c) Delegation by the Servicer

The Servicer is entitled to appoint any person to be attorney or agent for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its powers, duties and obligations. The Servicer at all times remains liable for the acts or omissions of any such person to the extent that the acts or omissions constitute a breach by the Servicer of its obligations under the Master Sale and Servicing Deed.

### (d) The Servicer's Fees and Expenses

The Servicer is entitled to a fee for servicing the Mortgage Loans for each Monthly Period, calculated based upon the actual number of days in the Monthly Period divided by 365 and a percentage of the principal outstanding on the Mortgage Loans immediately prior to the commencement of the Monthly Period. The Manager and the Servicer may agree to adjust the Servicer's fee from time to time subject to the Manager giving prior written notice to the Rating Agencies. The fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.



The Servicer must pay from such fee all expenses incurred in connection with servicing the Mortgage Loans except for expenses in connection with the enforcement of any Mortgage Loan or its related securities, the recovery of any amounts owing under any Mortgage Loan or any amount repaid to a liquidator or trustee in bankruptcy pursuant to any applicable law, binding code, order or decision of any court, tribunal or the like or based on advice from the Servicer's legal advisors.

(e) Servicer Default and Removal of the Servicer

A Servicer Default occurs if:

- (i) the Servicer fails to remit amounts received in respect of the Mortgage Loans to the Trustee within the time periods specified in the Master Sale and Servicing Deed and such failure is not remedied within 5 Business Days of notice from the Manager or the Trustee;
- (ii) the Servicer fails to provide the Manager with the information necessary to enable it to prepare a Settlement Statement and such failure is not remedied within 5 Business Days of notice from the Manager or Trustee;
- (iii) an Insolvency Event occurs with respect to the Servicer;
- (iv) whilst the Seller is the Servicer and is acting as custodian of the Mortgage Loan Documents it fails to deliver all the Mortgage Loan Documents to the Trustee following the occurrence of a Document Transfer Event (see Section 11.2) and such failure is not remedied within 20 Business Days of notice from the Trustee specifying the Mortgage Loan Documents that remain outstanding;
- (v) if at any time the Basis Swap terminates prior to its scheduled termination date, the Servicer fails to adjust the variable rates on Mortgage Loans in accordance with the Series Supplement (as described in Section 9.1), and such failure is not remedied within 2 Business Days of notice from the Trustee or Manager; or
- (vi) the Servicer breaches its other obligations as Servicer under the Master Sale and Servicing Deed and such action has, or if continued will have, an Adverse Effect (as reasonably determined by the Trustee after it is actually aware of the breach) and either is not remedied so that it no longer has, or will have, an Adverse Effect within 20 Business Days of notice from the Manager or the Trustee, or the Servicer has not within this time paid compensation to the Trustee for its loss from such breach.

The Trustee may agree to longer grace periods than those specified in paragraphs (i), (ii), (iv), (v) and (vi).

While a Servicer Default is subsisting of which the Trustee is actually aware, the Trustee must by notice to the Servicer, the Manager and the Rating Agencies immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified organisation or bank to act in its place. Pending the appointment of a new Servicer, the Trustee will act as Servicer and is entitled to the Servicer's fee during the period that it so acts.

(f) Voluntary Retirement of the Servicer

The Servicer may only voluntarily retire if it gives the Trustee, the Manager and the Rating Agencies 3 months' notice in writing (or such lesser period as the Servicer, the Manager and each such Rating Agency agree). Upon retirement the Servicer may appoint in writing as its replacement any other corporation approved by Trustee. If the Servicer does not propose a

replacement by one month prior to its proposed retirement, the Trustee may appoint a replacement. Pending the appointment of a new Servicer, the Trustee will act as Servicer and will be entitled to the above fee.

(g) Replacement Servicer

The appointment of a replacement Servicer will not be effective until the Manager has given prior written notice to the Rating Agencies (with a copy to the Trustee) in relation to the appointment of the replacement Servicer and the replacement Servicer has executed a deed under which it assumes the obligations of the Servicer under the Master Trust Deed and the other Transaction Documents.

(h) Limitation on Servicer's Obligations

Suncorp-Metway, the Manager and the Trustee acknowledge and agree the Servicer's obligations as servicer of the Mortgage Loan Rights are limited to those set out in the Master Sale and Servicing Deed and the Series Supplement. The Servicer has no liability to the Trustee with respect to a failure by a mortgagor, or any other person, to perform its obligations under any documents governing the terms of a Mortgage Loan. In addition, the Servicer is only obliged to remit any Collections in respect of the Mortgage Loan Rights to the Trustee to the extent that these have been received by the Servicer.

## 10.6 Termination of the Series Trust

(a) Termination Events

The Series Trust terminates on the earliest to occur of:

- (i) the date appointed by the Manager as the date on which the Series Trust terminates (which, if the Notes have been issued by the Trustee, must not be a date earlier than:
  - (A) the date that the Notes have been paid in full; or
  - (B) if an event of default under the Master Security Trust Deed has occurred, the date of the final distribution by the Security Trustee under the Master Security Trust Deed and the General Security Agreement);
- (ii) the date which is 80 years after its constitution; and
- (iii) the date on which the Series Trust terminates under statute or general law,

(such date being the "**Termination Date**").

(b) Realisation of Assets of the Series Trust

Upon the termination of the Series Trust, the Trustee in consultation with the Manager must sell and realise the Assets of the Series Trust within 180 days of the termination event provided that during this period the Trustee is not entitled to sell the Mortgage Loans and related securities for less than their Fair Market Value.

The Trustee may perfect its legal title to the Mortgage Loans and related securities, if it is necessary to do so to sell them for a price at least equal to their Fair Market Value. However, in such a sale the Trustee must use reasonable endeavours to include as a condition of the sale that the purchaser of the Mortgage Loans will consent to the Seller obtaining securities subsequent to the securities assigned to the purchaser and will

enter into priority agreements such that the purchaser's security has first priority over the Seller's security only for the principal outstanding plus interest, fees and expenses on the relevant Mortgage Loan.

If the Trustee is unable to sell the Mortgage Loans and related securities for at least their Fair Market Value on the above terms during the 180 day period, the Trustee may sell them after the expiry of that period for a price less than their Fair Market Value.

(c) Offer to sell Mortgage Loans to Seller

On the Termination Date, the Trustee may offer to sell the Mortgage Loans and related securities forming part of the Assets of the Series Trust to the Seller for a price equal to the Fair Market Value of those Mortgage Loans. The Seller may not accept an offer to purchase the Mortgage Loans and related securities unless the aggregate principal outstanding on the Mortgage Loans is on the last day of a Monthly Period, expressed as a percentage of the aggregate principal outstanding on the Mortgage Loan at the Cut-Off Date, at or below 10%. However, if the Fair Market Value of the Mortgage Loans is insufficient to ensure that the Noteholders will receive the aggregate of the Stated Amounts of the Notes and Coupon payable on the Notes, the deemed offer will be conditional upon an Extraordinary Resolution of Noteholders approving the offer.

(d) Distributions

After deducting expenses, the Trustee must pay amounts standing to the credit of the Collections Account on the Termination Payment Date in accordance with the order of priority set out in the Master Security Trust Deed and the General Security Agreement (see Section 7). If there are insufficient funds to make payments to Noteholders in full, the amount distributed (if any) will be in final redemption of the Notes, the Income Unit and the Capital Units.

## 10.7 Audit and Accounts

The initial auditor for the Series Trust is expected to be KPMG (the "Auditor"). The Auditor's remuneration is to be determined by the Trustee and approved by the Manager and will be an expense of the Series Trust.

The Manager must ensure that the accounts of the Series Trust are audited as at the end of each financial year. Copies of the accounts and the auditor's report will only be provided to the Investors on request but will be available for inspection during business hours at the Trustee's offices. The Manager must administer and ensure the preparation and lodgement of the tax return for each trust and any other statutory returns.

## 10.8 Amendments to Master Trust Deed and Series Supplement

Subject to prior notice being given to the rating agencies in respect of the series trusts under the Master Trust Deed (and no rating agency having advised the Manager that the amendment, if implemented, would cause a withdrawal or reduction of the credit rating of the Notes or notes of other series trusts), the Trustee and the Manager may amend the Master Trust Deed and the Series Supplement if the amendment:

- (a) is necessary or expedient to comply with any regulatory requirements;
- (b) is to correct a manifest error or is of a formal, technical or administrative nature only;
- (c) is required by, consistent with or appropriate, expedient or desirable for any reason as a consequence of:

- (i) the introduction of, or any amendment to, any statute, regulation or governmental agency requirement; or
- (ii) a decision by any court, including, without limitation, one relating to the taxation of trusts;
- (d) in the case of the Master Trust Deed, relates only to a trust not yet constituted under its terms;
- (e) will enable the provisions of the Master Trust Deed or the Series Supplement to be more conveniently, advantageously, profitably or economically administered; or
- (f) in the opinion of the Trustee is otherwise desirable for any reason.

However, where an amendment referred to in paragraphs (e) and (f) above may be prejudicial to the interests of any class of Investors the amendment will only be made if an Extraordinary Resolution approving the amendment is passed by the relevant Class of Investors (being a resolution requiring not less than 75% of all votes cast or a written resolution signed by the Relevant Investors).

The Trustee may not amend, add to or revoke any provision of the Master Trust Deed or the Series Supplement if the consent of a party is required under a Transaction Document unless that consent has been obtained.

## 10.9 Meetings of Noteholders

### (a) Who Can Convene Meetings

The Manager or the Trustee may convene a meeting of the Investors, the Noteholders or a Class of the Noteholders, or the Unitholders or a Class of the Unitholders (the “**Relevant Investors**”).

### (b) Notice of Meetings

At least 7 days’ notice must be given to the Relevant Investors of a meeting unless 95% of the holders of the relevant then outstanding Notes or Units (as the case may be) agree on a shorter period of time. The notice must specify the day, time and place of the proposed meeting, the reason for the meeting and the agenda, the terms of any proposed resolution, that persons appointed to maintain the Register may not register any transfer of a Note or Unit in the period 2 Business Days prior to the meeting, that appointments of proxies must be lodged no later than 24 hours prior to the time fixed for the meeting and such additional information as the person giving the notice thinks fit. The accidental omission to give notice or the non-receipt of notice will not invalidate the proceedings at any meeting.

### (c) Quorum

The quorum for a meeting is 2 or more persons present in person being Relevant Investors or representatives holding in the aggregate not less than 67% of the Notes or Units corresponding to the meeting of Relevant Investors and then outstanding.

If the required quorum is not present within 15 minutes, the meeting will be adjourned for between 7 and 42 days as specified by the chairman. At any adjourned meeting, 2 or more persons present in person being Relevant Investors holding or representing in the aggregate not less than 50% of the Notes or Units corresponding to the meeting of the Relevant Investors and then outstanding will constitute a quorum. At least 5 days’ notice must be given of any meeting adjourned through lack of a quorum.

(d) Voting Procedure

Questions submitted to any meeting will be decided in the first instance by show of hands or, if demanded by the chairman, the Trustee, the Manager or one or more persons being Relevant Investors holding not less than 2% of the Notes or Units corresponding to the meeting of the Relevant Investors and then outstanding, by a poll. The chairman has a casting vote both on a show of hands and on a poll.

Every person being a Relevant Investor holding then outstanding Notes or Units will have 1 vote on a show of hands and 1 vote for each Note or Unit held by them on a poll.

(e) Powers of Meeting of Noteholders

The powers of a meeting of Noteholders are specified in the Master Trust Deed and can only be exercised by an Extraordinary Resolution. A meeting of Noteholders does not have the power to:

- (i) remove the Trustee, the Servicer or the Manager other than in accordance with the terms of the Master Trust Deed, the Master Sale and Servicing Deed and the Series Supplement;
- (ii) interfere with the management of the Series Trust;
- (iii) wind-up or terminate the Series Trust; or
- (iv) dispose of or deal with Mortgage Loans and related securities or eligible investments of the Series Trust.

(f) Binding Resolutions

An Extraordinary Resolution of all Relevant Investors which by its terms affects a particular Relevant Investor or Class of Relevant Investors only or in a manner different to the rights of the Relevant Investors generally, is only binding on the Relevant Investor or Class of Relevant Investors (as the case may be) if it or they agree to be bound by such Extraordinary Resolution.

(g) Written Resolutions

A resolution of Relevant Investors or a Class of Relevant Investors may be passed without any meeting or previous notice being required by an instrument in writing signed by all Relevant Investors or a Class of Relevant Investors (as the case may be).

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## 11 Document custody

### 11.1 Document custody

The Seller will hold all Mortgage Loan Documents relating to the Mortgage Loans from the Issue Date as custodian on behalf of the Trustee (see Section 11.2). The Seller may delegate its duties and obligations as custodian of the Mortgage Loan Documents to a delegate (the “**Custodial Delegate**”). The Seller remains liable, at all times, for the acts or omissions of the Custodial Delegate (where those acts or omissions constitute a breach by the Seller of its custodial obligations) and the payment of fees to the Custodial Delegate.

The Seller or its Custodial Delegate must hold the Mortgage Loan Documents in accordance with its standard safe-keeping practices and in the same manner and to the same extent as it holds its own documents until a Document Transfer Event occurs. The Seller must deliver to the Trustee, no later than 30 days from the Issue Date, an electronic listing of the Mortgage Loan Documents in its custody or that of

the Custodial Delegate and a letter containing the identification methodology for the Mortgage Loan Documents. The Seller's or its Custodial Delegate's role as custodian will be periodically reviewed by the Auditor who will deliver an audit report to the Trustee (with a copy to the Manager and the Seller) on an annual basis.

The Seller may retire as custodian of the Mortgage Loan Documents upon giving to the Trustee, the Manager and the Rating Agencies 3 months' notice in writing or such lesser time as the Seller and the Manager agree. The obligations that apply following the occurrence of a Document Transfer Event will also apply where the Seller retires as custodian.

## 11.2 Document Transfer Event

A Document Transfer Event will occur if an adverse document custody audit report is provided by the Auditor; the Auditor is then instructed by the Trustee to conduct a further document custody audit report no sooner than one month but no later than 2 months after the date of receipt by the Trustee of the adverse document custody audit report; and the Auditor provides a further adverse document custody audit report.

An adverse document custody audit report by the Auditor for the purposes of the preceding paragraph is one in which major deficiencies in internal controls are identified and the Auditor has concluded that it cannot rely on the integrity of the information in respect of the Mortgage Loans on the Seller's security register or the electronic listing referred to in Section 11.1.

The Trustee must notify the Seller immediately upon becoming actually aware of a Document Transfer Event. Upon receipt of such notice the Seller must transfer custody, or arrange for the transfer of custody of the Mortgage Loan Documents to the Trustee within 7 days (in respect of at least 90% of the Mortgage Loans), within 14 days (for any remaining Mortgage Loan Documents), and in respect of any Mortgage Insurance Policies or certificates of currency in relation to Mortgage Insurance Policies, within 90 days.

If following a Document Transfer Event:

- (a) the Trustee is satisfied, notwithstanding the occurrence of the Document Transfer Event, that the Seller is an appropriate person to act as custodian of the Mortgage Loan Documents; and
- (b) the Manager has given prior written notice to the Rating Agencies (with a copy to the Trustee) in relation to the appointment of the Seller to act as custodian of the Mortgage Loan Documents,

then the Trustee may by agreement with the Seller appoint the Seller to act as custodian of the Mortgage Loan Documents upon such terms as are agreed between the Trustee and the Seller and approved by the Manager.

If:

- (a) a Perfection of Title Event (other than a Servicer Default as described in Section 10.5(e)(v) is declared by the Trustee in accordance with the Series Supplement and the Trustee notifies the Seller of that fact; or
- (b) the Trustee considers in good faith that a Servicer Default as described in Section 10.5(e)(vi) has occurred and the Trustee has notified the Seller the reasons why the Trustee, in good faith, considers that the conditions in Section 10.5(e)(vi) have been satisfied and why, in the Trustee's reasonable opinion, an Adverse Effect has or may occur as a result,

the Seller must, immediately following notice from the Trustee, and subject to limited exceptions contained in the Master Sale and Servicing Deed for certain Mortgage Loan Documents, transfer custody of the Mortgage Loan Documents to the Trustee.

### **11.3 Custodian Fee**

The Seller is entitled to a fee for the provision of custodial services by it or its Custodial Delegate to the Trustee for each Monthly Period calculated based upon the actual number of days in the Monthly Period divided by 365 and a percentage of the principal outstanding on the Mortgage Loans immediately prior to the commencement of the Monthly Period. The Manager and the Seller may agree to adjust the Custodian Fee from time to time subject to the Manager giving prior written notice to the Rating Agencies. The fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

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## **12 Taxation considerations**

The following is a summary of the material Australian tax consequences under the Tax Act of the purchase, ownership and disposition of Notes by Noteholders who purchase the Notes on original issuance at the stated offering price and hold the Notes on capital account. This summary also describes the effect of FATCA and CRS on an investment in the Notes. This summary is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (including, dealers in securities, custodians or other third parties who hold Notes on behalf of any Noteholders). This summary represents relevant law as in effect on the date of this Information Memorandum which is subject to change, possibly with retroactive effect, and should be treated with appropriate caution. Each prospective investor should consult his or her own tax advisors concerning the tax consequences, in their particular circumstances, of the purchase, ownership and disposition of the Notes.

### **12.1 The Series Trust**

The Series Trust will be subject to Australian tax. The Trustee is entitled under current tax laws to deduct, against the Series Trust's income, all expenses incurred by it in deriving that income (including interest paid or accrued on account of the Notes). It is anticipated that there should not be any undistributed income of the Series Trust as at the end of each of the Series Trust's tax years in respect of which the Trustee could become liable for income tax (but, rather, the taxable income of the Series Trust is intended to be allocated to and taxed in the hands of, the Residual Income Unitholder).

### **12.2 Interest Withholding Tax**

An exemption from Australian interest withholding tax ("IWT") imposed under Division 11A of Part III of the Tax Act is available, in respect of the Notes issued by the Trustee, under section 128F of the Tax Act, if the following conditions are met:

- (a) the Trustee is a company as defined in section 128F(9) (which includes certain companies acting in their capacity as trustee) and a resident of Australia when it issues those Notes and when interest (as defined in section 128A(1AB) of the Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) those Notes are debt interests (as defined in Division 974 of the Tax Act) and are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Trustee is offering those Notes for issue. In summary, the five methods are:
  - (i) offers to 10 or more unrelated financiers, securities dealers or entities that carry on the business of investing in securities in the course of operating in financial markets;
  - (ii) offers to 100 or more investors of a certain type;
  - (iii) offers of listed Notes;

- (iv) offers via publicly available information sources; and
- (v) offers to a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods.

The issue of any of the Notes (whether in global form or otherwise) and the offering of interests in any of those Notes by one of these methods should satisfy the public offer test;

- (c) the Trustee does not know or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Trustee, except as permitted by section 128F(5) of the Tax Act; and
- (d) at the time of the payment of interest, the Trustee does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Trustee, except as permitted by section 128F(6) of the Tax Act.

### **Associates**

Since the Trustee is a trustee of a trust, the entities that are “associates” of the Trustee for the purposes of section 128F of the Tax Act include:

- (a) any entity that benefits, or is capable of benefiting, under the trust (“**Beneficiary**”), either directly or through any interposed entities; and
- (b) any entity that is an “associate” of a Beneficiary. If the Beneficiary is a company, an “associate” of that Beneficiary for these purposes includes:
  - (i) a person or entity that holds more than 50% of the voting shares in, or otherwise controls, the Beneficiary;
  - (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Beneficiary;
  - (iii) a trustee of a trust where the Beneficiary is capable of benefiting (whether directly or indirectly) under that trust; and
  - (iv) a person or entity that is an “associate” of another person or entity that is an “associate” of the Beneficiary under (i) above.

However, for the purposes of sections 128F(5) and (6) of the Tax Act (see paragraphs (c) and (d) above), the issue of the Notes to, and the payment of interest to, the following “associates” will not be subject to IWT:

- (A) onshore “associates” (ie Australian resident “associates” who do not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident “associates” who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- (B) offshore “associates” (ie Australian resident “associates” that hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident “associates” who do not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia) who are acting in the capacity of:
  - (aa) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes or a clearing house, custodian,



funds manager or responsible entity of a registered scheme; or

- (ab) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

### ***Compliance with section 128F of the Tax Act***

The Trustee intends to issue the Notes (i.e. the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes) in a manner which will satisfy the requirements of section 128F of the Tax Act.

### ***Tax Treaties***

The Australian Government has signed a number of new or amended double tax agreements ("**New Treaties**") with a number of countries ("**Specified Countries**") which contain certain exemptions from IWT.

In broad terms, the New Treaties effectively prevent IWT applying to interest derived by:

- (a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and
- (b) a "financial institution" which is a resident of a "Specified Country" and which is unrelated to and dealing wholly independently with the Trustee. The term "financial institution" refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.)

The Australian Federal Treasury maintains a listing of Australia's double tax agreements which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public at the Federal Treasury's Department's website at: <http://www.treasury.gov.au/>.

### ***No payment of additional amounts***

If the Trustee is at any time compelled or authorised by law to deduct or withhold an amount in respect of any IWT imposed or levied by the Commonwealth of Australia in respect of the Notes, the Trustee is not obliged to pay any additional amounts in respect of such deduction or withholding.

## **12.3 Other income tax matters**

Under Australian laws as presently in effect:

- (a) (**income tax - non-Australian Holders**) assuming the requirements of section 128F of the Tax Act are satisfied with respect to the Notes, payments of principal and interest (as defined in section 128A(1AB) of the Tax Act) to a Noteholder, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes; and
- (b) (**income tax - Australian Holders**) Australian residents or non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia ("**Australian Holders**"), will be assessable for Australian tax purposes on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax

status of the particular Noteholder and the terms and conditions of the Notes. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located; and

- (c) **(gains on disposal or redemption of Notes – non-Australian resident Holders)** A Noteholder, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on sale or redemption of the Notes, provided such gains do not have an Australian source. A gain arising on the sale of Notes by a non-Australian resident Noteholder to another non-Australian resident where the Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia should not be regarded as having an Australian source; and
- (d) **(gains on disposal of Notes – Australian resident Holders)** Australian resident Holders will be required to include any gain or loss on disposal of the Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located; and
- (e) **(death duties)** no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death; and
- (f) **(other withholding taxes on payments in respect of Notes)** Section 12-140 of Schedule 1 to the Taxation Administration Act imposes a type of withholding tax on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (“TFN”) or an Australian Business Number (“ABN”) (in certain circumstances) or provided proof of some other law exception (as appropriate). The rate of withholding tax under current law is 47% for the 2017-18 income year; and
- (g) **(supply withholding tax)** payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under Section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (h) **(debt/equity rules)** Division 974 of the Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. The Trustee intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 and returns paid on the Notes are to be “interest” for the purpose of Section 128F of the Tax Act. Accordingly, Division 974 is unlikely to adversely affect the Australian tax treatment of Noteholders; and
- (i) **(deemed interest)** there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for IWT purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia. If the Notes are not issued at a discount and do not have a maturity premium, these rules should not apply to the Notes; and
- (j) **(additional withholdings from certain payments to non-residents)** Section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from

certain payments to non-residents. However, Section 12-315 expressly provides that the regulations will not apply to interest and other payments which are treated as interest under the IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations that have so far been promulgated under Section 12-315 prior to the date of this Information Memorandum are not applicable to any payments in respect of the Notes. Any further regulations also should not apply to repayments of principal under the Notes, as in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored; and

- (k) **(taxation of foreign exchange gains and losses)** The Series Trust should not be subject to the rules in Divisions 230, 775 and 960 of the Tax Act that deal with the taxation consequences of foreign exchange transactions. As all payments under the Notes will be in Australian dollars, and provided that all the receivables and receipts of the Trustee are in Australian dollars, these new rules should not apply to the Trustee; and
- (l) **(taxation of financial arrangements)** Division 230 of the Tax Act contains tax-timing rules for certain taxpayers to bring to account gains and losses from "financial arrangements". The rules do not apply to certain taxpayers or in respect of certain short term "financial arrangements". They should not, for example, generally apply to Noteholders which are individuals and certain other entities (eg certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their "financial arrangements". Potential Noteholders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made. The rules in Division 230 do not alter the rules relating to the imposition of IWT. In particular, the rules do not override the IWT exemption available under section 128F of the Tax Act.

## 12.4 Consolidation

In general terms, a consolidated or consolidatable group for income tax purposes consists of a head company and all companies or trusts that are wholly-owned Australian subsidiaries of the head company.

One of the Capital Units in the Series Trust will be held by Solution Capital No. 3 Pty Limited ("**Solution Capital**"), while the other nine Capital Units will be held by Suncorp-Metway. Solution Capital is an entity which is unrelated to Suncorp-Metway. On that basis, the Series Trust will not be a member of an income tax consolidated group. The Series Trust will not constitute a head company itself as the Series Trust is not a company and should not be taxed as a company for tax purposes.

## 12.5 Goods and Services Tax

Goods and services tax ("**GST**") is payable by all entities that make taxable supplies in Australia. The GST legislation adopts a broad meaning of "entity", including within that term legal constructs such as partnerships and trusts. Accordingly, we would expect the Series Trust to be treated as a separate entity that makes supplies and acquisitions for GST purposes. Unless otherwise stated, a reference to the Trustee in this part is a reference to the Trustee in its capacity as trustee of the Series Trust.

If an entity, such as the Trustee, makes any taxable supply generally it will have to pay GST equal to 1/11<sup>th</sup> of the total GST inclusive value of the consideration it receives for that supply. However, in certain circumstances, the GST payable by an entity making a taxable supply, such as the Trustee, will equal 1/11<sup>th</sup> of the GST inclusive market value of that supply. This will occur when a taxable supply is made to an associate (as that term is defined in the GST legislation) for no consideration or for inadequate consideration.

A supply will only be taxable to the extent that it is not “GST-free” or “input taxed”. Based on current GST legislation, it is expected that the Trustee would not make taxable supplies. In particular, it is expected that supplies and acquisitions made by the Trustee, including:

- (a) the issue of Notes;
- (b) the payment of interest on the Notes; and
- (c) the redemption of the Notes and repayment of any principal on the Notes,

would generally be input taxed (although certain supplies to non-residents outside Australia could still be GST-free). Similarly, it is expected that the issue of the Call Option over the Notes, or any supply made pursuant to the exercise of the Call Option, would not give rise to a taxable supply by the Trustee or any Noteholders.

If a supply by the Trustee is:

- “GST free”, the Trustee does not have to pay GST on the supply and can obtain input tax credits for GST included in the consideration provided for acquisitions to the extent they relate to the making of this supply; or
- “input taxed”, which includes “financial supplies”, the Trustee does not have to pay GST on the supply, but will not be able to claim input tax credits for GST included in the consideration provided for acquisitions to the extent they relate to the making of the input taxed supply, unless one of the relevant exceptions applies to the acquisitions, for example acquisitions that are eligible for a reduced input tax credit.

Most of the services that the Trustee would acquire are expected to be taxable supplies for GST purposes. Where this is the case, it will generally be the service provider who is liable to pay GST in respect of that supply although, in certain circumstances, the Trustee may become liable to pay GST for an acquisition of certain services which are not connected with the indirect tax zone. Whether or not a service provider is able to recoup an additional amount from the Trustee on account of the service provider’s GST liability will depend on the terms of the contract with the service provider.

The acquisitions made by the Trustee from the Trustee (in its personal capacity), the Manager, the Servicer, the Security Trustee, and the custodian are expected to be acquisitions of taxable supplies. Under the Series Supplement, the Trustee (in its personal capacity), the Manager, the Servicer and the Seller (who amongst other things, may act as custodian) are each expressly precluded from claiming—in addition to its respective fee and from the Assets of the Series Trust—a reimbursement for, or additional payment in relation to, any GST liability it may have in relation to a taxable supply it makes under or in connection with the Series Trust.

The fee payable to the Trustee (in its personal capacity) may only be adjusted on account of GST where:

- there is a significant change in the GST legislation (including the abolition of GST or a change in the rate of GST); and
- the Trustee and the Manager agree or, failing agreement, an appropriate adjustment is determined by an expert; and
- the Manager notifies the Rating Agencies in writing in relation to the adjustment.

The Manager may adjust the Management Fee (including for reasons relating to GST), the Manager and the Servicer may agree to adjust the Servicing Fee (including for reasons relating to GST), and the Manager, the Seller, and the custodian may

agree to adjust the Custodian Fee at any time, provided in each case that the Manager has notified the Rating Agencies in writing in relation to that adjustment. .

The fees paid by the Trustee to any custodian that is not the Seller may be increased to include an additional amount on account of GST. Whether or not a custodian that is not the Seller is able to recoup an additional amount from the Trustee on account of custodian's GST liability will depend on the terms of the agreement that the custodian has with the Trustee.

If amounts payable by the Trustee are treated as the consideration for a taxable supply under the GST legislation and they are increased by reference to the relevant supplier's GST liability, the Trustee may be restricted in its ability to claim an input tax credit for that increase. Where this is the case, the expenses of the Series Trust could increase, resulting in a decrease in the funds available to the Trustee to pay Noteholders.

However, the Trustee may be entitled to a reduced input tax credit for some of the acquisitions the Trustee makes from service providers. Where available, the amount of the reduced input tax credit will generally be 75% of the GST payable by the service provider on the taxable supplies made to the Trustee. However, where the acquisitions made by the Trustee are for services made by trustees, the reduced input tax credit available to the Series Trust will be 55% of the GST payable by the service provider if the Series Trust is a "recognised trust scheme". Under the GST legislation, the Series Trust will not be a "recognised trust scheme" if it is a "securitisation entity" as that term is defined in the GST legislation. Assuming that the Series Trust is an insolvency-remote special purpose entity according to the criteria of an internationally recognised rating agency that is applicable to the Trust's circumstances, the Series Trust should be a "securitisation entity" for the purposes of the GST legislation. As such, the Series Trust should be entitled to input tax credits of 75% of the GST payable by a relevant service provider on taxable supplies made to the Trustee. The availability of reduced input tax credits will reduce the expenses of the Series Trust.

The incidence of GST may increase the cost of repairing or replacing damaged properties offered as security for Mortgage Loans. However, it is a condition of the Seller's loan contract and mortgage documentation that the borrower must maintain full replacement value property insurance at all times during the loan term.

The GST legislation, in certain circumstances, treats the Trustee as making a taxable supply if the Trustee enforces a security by selling the mortgaged property and applying the proceeds of sale to satisfy the Mortgage Loan. The Trustee will have to account for GST out of the sale proceeds, with the result that the remaining sale proceeds may be insufficient to cover the unpaid balance of the related loan. However, the general position is that a sale of existing residential property is an input taxed supply for GST purposes and so the enforced sale of property which secures the Mortgage Loans will generally not be treated as a taxable supply under these provisions. As an exception, the Trustee may still have to account for GST out of the proceeds of sale recovered when a Mortgage Loan is enforced where the borrower carries on an enterprise and is registered for GST purposes, uses the mortgaged property as an asset of its enterprise and any of the following are relevant:

- the property can no longer be used as a residence;
- the property is used as commercial residential premises such as a hostel or boarding house;
- the borrower is the first vendor of the property - the borrower built the property and the property was not used for residential accommodation before 2 December 1998 and has not been used for leasing or similar activities as residential premises for at least 5 years since being built;
- the borrower has undertaken substantial renovation of the property since 2 December 1998; or

- the mortgaged property is sold otherwise than to be used predominantly as a residence.

Any reduction as a result of GST in the amount recovered by the Trustee when enforcing the Mortgage Loans will decrease the funds available to the Trustee to pay Noteholders to the extent not covered by the Mortgage Insurance Policies. The extent to which the Trustee is able to recover an amount on account of the GST, if any, payable on the proceeds of sale in the circumstances described in this section, will depend on the terms of the related Mortgage Insurance Policy.

## 12.6 Stamp Duty

The Manager has received advice that neither the issue, the transfer nor the redemption of the Notes will currently attract stamp duty in any jurisdiction of Australia.

## 12.7 FATCA and CRS

### *FATCA withholding*

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”) establish a new due diligence, reporting and withholding regime. FATCA aims to detect U.S. taxpayers who use accounts with “foreign financial institutions” (“**FFIs**”) to conceal income and assets from the U.S. Internal Revenue Service (“**IRS**”).

Under FATCA, a 30% withholding may be imposed (i) in respect of certain payments of U.S. source income, (ii) from 1 January 2019 in respect of gross proceeds from the sale of assets that give rise to U.S. source interest or dividends and (iii) from 1 January 2019, at the earliest, in respect of “foreign passthru payments” (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements (“**FATCA Withholding**”).

The Trustee in its capacity as trustee of the Series Trust and other financial institutions through which payments on the Notes are made may be required to withhold on account of FATCA. A withholding may be required if (i) an investor does not provide information sufficient for the Trustee or the relevant financial institution to determine whether the investor is subject to FATCA Withholding or (ii) an FFI to or through which payments on the Notes are made is a “non participating FFI”.

FATCA Withholding is not expected to apply if the Notes are treated as debt for U.S. federal income tax purposes and the grandfathering provisions from withholding under FATCA are applicable. Generally, a grandfathered obligation is any obligation issued on or before the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

### *Australian IGA*

Australia and the United States signed an intergovernmental agreement (“**Australian IGA**”) in respect of FATCA on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the Australian IGA (“**Australian Amendments**”). Under the Australian Amendments, Australian FFIs that are Reporting Australian Financial Institutions may be required to provide the Australian Taxation Office with information on financial accounts (for example, the Notes) held by U.S. persons and recalcitrant account holders. The Australian Taxation Office is required to provide that information to the IRS. Consequently, Noteholders may be requested to provide certain information and certifications to the Trust, the Trustee and to any other financial institutions through which payments on the Notes are made in order for the Trust, the Trustee and such financial institutions to comply with their FATCA obligations.

A Reporting Australian Financial Institution (which may include the Trust) that complies with its obligations under the Australian IGA will not generally be subject to FATCA withholding on amounts it receives, and will not generally be required to deduct FATCA withholding from payments it makes with respect to the Notes, other than in certain prescribed circumstances.

*No additional amounts paid as a result of FATCA withholding*

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the terms and conditions of the Notes, no additional amounts will be paid by the Trustee as a result of the deduction or withholding. The Trustee (at the direction of the Manager) may determine that the Trust should or must comply with certain obligations as a result of the Australian IGA. As such, Noteholders will be required to provide any information or tax documentation that the Trustee (at the direction of the Manager) determines are necessary to comply with FATCA, the Australian IGA or the Australian Amendments. The Trustee's ability to satisfy such obligations will depend on each Noteholder providing, or causing to be provided, any information and tax documentation, including information concerning the direct or indirect owners of such Noteholder, that the Trustee (at the direction of the Manager) determines are necessary to satisfy such obligations.

FATCA is particularly complex legislation. Investors should consult their own tax advisers to determine how these rules may apply to them under the Notes.

*OECD Common Reporting Standard*

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

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## 13 Transaction Documents available for inspection

The following documents will be available for inspection by Noteholders and bona fide prospective Noteholders during business hours at the office of the Manager. However, any person wishing to inspect these documents must first enter into an agreement with the Manager, in a form acceptable to it, not to disclose the contents of these documents without its prior written consent:

<b>Master Trust Deed</b>	A Master Trust Deed dated 28 January 1999 between SME Management Pty Limited and Perpetual Trustee Company Limited, as amended from time to time.
<b>Notice of Creation of Trust</b>	A Notice of Creation of Trust dated on 4 April 2018 between SME Management Pty Limited and Perpetual Trustee Company Limited.
<b>Series Supplement</b>	A Series Supplement dated on or about April 2018 between Suncorp-Metway Limited, SME Management Pty Limited, P.T. Limited as trustee of the Security Trustee and Perpetual Trustee Company Limited as trustee of the Series Trust.

<b>Master Sale and Servicing Deed</b>	A Master Sale and Servicing Deed dated 8 February 2005 between Suncorp-Metway Ltd, SME Management Pty Limited and Perpetual Trustee Company Limited as trustee of the Series Trust, as amended by the Series Supplement.
<b>Master Security Trust Deed</b>	A Master Security Trust Deed dated 8 February 2005 between Perpetual Trustee Company Limited, P.T. Limited and SME Management Pty Limited, as amended.
<b>General Security Agreement</b>	A General Security Agreement dated on or about April 2018 between P.T. Limited as trustee of the Security Trust, SME Management Pty Limited and Perpetual Trustee Company Limited as trustee of the Series Trust.
<b>Liquidity Facility Agreement</b>	A Liquidity Facility Agreement dated on or about April 2018 between Suncorp-Metway Limited, Perpetual Trustee Company Limited as trustee of the Series Trust and SME Management Pty Limited.
<b>Hedge Agreement</b>	An ISDA Master Agreement dated on or about April 2018 between Suncorp-Metway Limited, Perpetual Trustee Company Limited as trustee of the Series Trust and SME Management Pty Limited.
<b>Redraw Facility Agreement</b>	A Redraw Facility Agreement dated on or about April 2018 between Suncorp-Metway Limited, Perpetual Trustee Company Limited as trustee of the Series Trust and SME Management Pty Limited.
<b>Liquidity Reserve Loan Agreement</b>	A Liquidity Reserve Loan Agreement dated on or about April 2018 between Suncorp-Metway Limited and Perpetual Trustee Company Limited as trustee of the Series Trust.

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## 14 Selling Restrictions

### 14.1 General

Each Joint Lead Manager represented and agreed that no action has been, or will be, taken by that Joint Lead Manager that would permit a public offering of any of the Notes or possession or distribution of this Information Memorandum, any other offering material, or any supplement to this Information Memorandum, in any country or jurisdiction where action for that purpose is required. Accordingly, each Joint Lead Manager agrees that it will not offer or sell, directly or indirectly, and neither the Information Memorandum nor any circular, prospectus, form of application, advertisement or other material, may be distributed by it in or from or published by it in any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws or regulation.

Persons in whose hands this Information Memorandum comes are required by the Trustee, the Manager and the Joint Lead Managers to comply with all applicable laws, regulations and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer, or deliver the Notes or have in their possession or distribute or publish this Information Memorandum or other offering material and to obtain any



consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under any applicable law, regulation or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and none of the Trustee, the Manager nor any Joint Lead Manager has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Trustee being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

These selling restrictions may be modified by the agreement of the Trustee and each Joint Lead Manager following a change in or clarification of a relevant law or directive or in its interpretation or administration by an authority or the introduction of a new law or directive. Any such change or modification will be set out in the relevant supplement to this Information Memorandum.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of the Notes in Australia, the United Kingdom, Hong Kong, Singapore, the European Economic Area, and the United States of America as set out below.

In these selling restrictions, “**directive**” includes a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply.

Each Joint Lead Manager has agreed that it will observe all applicable laws and regulations in any jurisdiction in which it offers, sells or delivers any of the Notes.

## 14.2 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Notes has been, or will be, lodged with ASIC. This Information Memorandum has not been prepared specifically for investors in Australia and is not required to, and does not contain all the information which would be required in such a prospectus or disclosure document. Accordingly, each Joint Lead Manager has agreed that it:

- (a) has not made or invited, and will not make or invite, directly or indirectly, an offer of the Notes (or an interest in them) for issue or sale in Australia (including an offer or invitation which is received by a person in Australia);
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive Information Memorandum or any other offering material, advertisement or any other document relating to any Notes (or an interest in them) in Australia,

unless:

- (i) either (x) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, and in either case, disregarding moneys lent by the offeror or its associates), (y) the offer is to a professional investor for the purposes of section 708 of the Corporations Act, or (z) the offer otherwise does not require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a “**retail client**” for the purposes of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws, regulations and directives in Australia (including, without limitation the financial services licensing requirements of the Corporations Act); and

- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

The Trustee has no responsibility to ensure compliance by a Joint Lead Manager with this clause.

### 14.3 The United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) in respect of Notes issued by the Trustee, in relation to any Notes which have a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold, and will not offer or sell, any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the Trustee; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Trustee.

### 14.4 Hong Kong

The Notes issued by the Trustee have not been authorised by the Hong Kong Securities and Futures Commission.

Each Joint Lead Manager has represented, warranted and agreed that it:

- (a) has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than:
  - (i) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong as amended (“**Securities and Futures Ordinance**”) and any rules made under that Ordinance; or
  - (ii) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, as amended, or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, (in each case, whether in Hong Kong or elsewhere) any advertisement, invitation, or other offering material or other document relating to the Notes, which is directed

at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” within the meaning given to that term by the Securities and Futures Ordinance and any rules made under that Ordinance.

## 14.5 Singapore

Each Joint Lead Manager has represented and agreed that this Information Memorandum has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that the Notes have not been offered, sold, delivered or transferred and will not be offered, sold, delivered or transferred or made the subject of an invitation for subscription or purchase, nor will this Information Memorandum or any relevant supplement, advertisement or other offering material in connection with the offer, sale, delivery or transfer, or an invitation for subscription or purchase of any Notes to the public or any member of the public be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor pursuant to section 274 of the Securities and Futures Act, Chapter 289 of Singapore as amended (the “SFA”);
- (b) to a relevant person pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA and in accordance with the conditions specified in section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance on an exemption under section 274 or 275 of the SFA, the Notes will not be sold within the period of 6 months from the date of the initial acquisition of the Notes, except to any of the following persons:

- (a) an institutional investor (as defined in section 4A of the SFA);
- (b) a relevant person (as defined in section 275(2) of the SFA); or
- (c) any person pursuant to an offer referred to in section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Where the Notes are subscribed or purchased under section 275 of the SFA by a person who is:

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

securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under section 275 of the SFA except:

- (i) to an institutional investor (for corporations, under section 274 of the SFA) or to a relevant person, or any person defined in section 275(2) of the SFA and in accordance with the conditions specified in section 275 of the SFA;
- (ii) (in the corporation) where the transfer arises from an offer referred to in section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in section 276(4)(i)(B) of the SFA;
- (iii) where no consideration is given for the transfer;
- (iv) where the transfer is by operation of law;
- (v) as specified in section 276(7) of the SFA; or
- (vi) as specified in regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore).

#### 14.6 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant EEA State**"), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum to the public in that Relevant EEA State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Trustee for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant EEA State by any measure implementing the Prospectus Directive in that Relevant EEA State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant EEA State.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any

Notes which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the European Economic Area. For the purposes of this provision:

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

Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The target market assessment in respect of the Notes by the distributor(s), solely for the purpose of its product governance determination under Article 10(1) of Delegated Directive (EU) 2017/593, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor subject to MiFID II subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the distributor(s)' target market assessment) and determining appropriate distribution channels.

## 14.7 The United States of America

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Trustee has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended ("**Investment Company Act**"). An interest in the Notes may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, a "U.S. person" (as defined in Regulation S under the Securities Act ("**Regulation S**")) at any time except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.
- (b) it has offered and sold the Notes, and will offer and sell the Notes:
  - (i) as part of its distribution at any time; and
  - (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date,

only in accordance with Rule 903 of Regulation S.

Accordingly, neither it, its affiliates nor any other persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and it and they have complied and will comply with the offering restriction requirements of Regulation S;

- (c) at or prior to confirmation of the sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*“The Securities covered hereby have not been registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulation authority of any state or other jurisdiction of the United States of America and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”*

Terms used in paragraphs (a), (b) and (c) have the meanings given to them by Regulation S;

- (d) it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes in contravention of this paragraph and paragraphs (a), (b) and (c) above, except with its affiliates or with the prior written consent of the Trustee and the Manager; and
- (e) (i) except to the extent permitted under US Treas. Reg. § 1.163-5(c)(2)(i)(D) (the “**D Rules**”):
- (A) it has not offered or sold, and until 40 days after the later of the commencement of the offering and the Issue Date (the “**restricted period**”) will not offer or sell, the Notes to a person who is within the United States or its possessions or to a United States person; and
  - (B) it has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (ii) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who directly engage in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (iii) if it is a United States person, it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of US Treas. Reg. § 1.163-5(c)(2)(i)(D)(6); and
- (iv) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, such Joint Lead Manager either:
- (A) repeats and confirms the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) above on behalf of such affiliate; or
  - (B) agrees that it will obtain from such affiliate for the Trustee’s benefit the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) above.

Terms used in this paragraph (e) have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

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## 15 Glossary of terms

<b>Accrued Interest Adjustment</b>	This is described in Sections 2.5 and 7.4(e).
<b>Adjusted Investor Revenues</b>	This is described in Section 7.4(b).
<b>Adverse Effect</b>	An event which materially and adversely affects the amount of any payment to be made to any Investor (to the extent that it affects any Investor other than the Seller or any related body corporate of the Seller) or materially and adversely affects the timing of such payment.
<b>Aggregate Initial Invested Amount</b>	This is described in Section 2.2.
<b>AML/CTF Act</b>	This has the meaning set out in Section 5.14.
<b>Applied Liquidity Amount</b>	This is described in Section 9.2(d).
<b>Approved Mortgage Insurer</b>	QBE LMI.
<b>Arranger</b>	NAB
<b>ASIC</b>	Means the Australian Securities and Investments Commission.
<b>Assets of the Series Trust</b>	All assets of the Series Trust from time to time including: <ul style="list-style-type: none"><li>(a) cash on hand or at a bank to the credit of the Trustee;</li><li>(b) investments referable to the Series Trust;</li><li>(c) amounts owing to the Trustee by debtors in respect of the Series Trust (excluding any bad or doubtful debts);</li><li>(d) income accrued from Mortgage Loans and from investments referable to the Series Trust to the extent not included above;</li><li>(e) any prepayment of expenditure in respect of the Series Trust;</li><li>(f) any Mortgage Loans, related securities and other rights assigned to the Trustee in its capacity as Trustee of the Series Trust (see Section 10.2(a)) on, and subject to, the terms of the Master Trust Deed and the Series Supplement;</li><li>(g) the interest of the Trustee in any Hedge Agreement and any credit enhancements relating to the Series Trust;</li><li>(h) the benefit of all representations, warranties and undertakings made by any party in favour of the Trustee under</li></ul>

the Transaction Documents; and

- (i) other property as agreed in writing between the Manager and the Trustee.

**Auditor**

This is described in Section 10.7.

**Australian Credit Licence**

Means an Australian Credit Licence as defined under the NCCP.

**Authorised Short-Term Investments**

Means:

- (a) bonds, debentures, stock or treasury bills issued by or notes or other securities issued by the Commonwealth of Australia or the government of any State or Territory of the Commonwealth of Australia;
- (b) deposits with, or certificates of deposit issued by, a bank;
- (c) bills of exchange which have been accepted, drawn on or endorsed by a bank and provide a right of recourse against that bank by a holder in due course who purchases them for value; or
- (d) debentures or stock of any public statutory body constituted under the laws of the Commonwealth of Australia or any State of the Commonwealth where the repayment of the principal secured and the interest payable on that principal is guaranteed by the Commonwealth or the State,

in each case:

- (e) held in the name of the Trustee or its nominee and denominated in Australian dollars;
- (f) which do not constitute a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS120 issued by the Australian Prudential Regulation Authority, including any amendment or replacement of that Prudential Standard);
- (g) in respect of:
  - (i) paragraphs (a), (b) and (d), at the time of acquisition have a tenor of not more than 365 days; and
  - (ii) paragraph (c), at the time of acquisition have a tenor of not more than 200 days;
- (h) which must mature on or before the next Distribution Date; and
- (i) having the following credit ratings:
  - (i) a short term credit rating of A-1 by



S&P and a short term credit rating of F1 by Fitch in relation to Authorised Short-Term Investments with a tenor of 30 days or less; and

- (ii) a short term credit rating of A-1+ by S&P and either a short term credit rating of (at least) F1+ and/or a long term credit rating of AA- by Fitch in relation to all other Authorised Short-Term Investments.

**Bank Bill Rate**

In respect of a Coupon Period or an interest period under the Liquidity or Redraw Facilities, the rate calculated by taking the rates quoted at approximately 10.00am Sydney time on the first day of the Coupon Period or the first occurring Distribution Date during the interest period (as the case may be) on the Reuters Screen page "BBSW" as being the average of the mean buying and selling rates for a one month bill of exchange and rounding the resultant figure upwards to 4 decimal places. If the initial Coupon Period is not equal to one month, fewer than 4 financial institutions are quoted on the Reuters Screen page "BBSW", or for any other reason the rate cannot be determined in accordance with the foregoing procedures, then the rate will be as specified by the Manager or the relevant facility provider (as the case may be) having regard to comparable indices then available.

**Basis Swap**

This is described in Section 9.1(b).

**Beneficiary**

This has the meaning set out in Section 12.2.

**Business Day**

A day on which banks are open for business in Sydney and Brisbane but does not include a Saturday, Sunday or a public holiday.

**Calculation Period**

Calculation Period as defined in the 2006 ISDA Definitions (published by the International Swaps and Derivatives Association, Inc.).

**Call Option**

This is described in Section 4.3(e).

**Call Option Date**

This is described in Section 4.3(e).

**Capital Unitholders**

The holders of the Capital Units.

**Capital Units**

These are described in Section 10.1(a).

**Cash Deposit**

This is described in Section 9.2(i).

**Cash Deposit Account**

This is described in Section 9.2(i).

**Charge**

This is described in Section 9.5(a).

**Charge-Offs**

These are described in Section 7.9.

**Class**

Notes or Units having amongst themselves the same rights and restrictions including, as to the amount and timing of payments of interest and principal and as to voting entitlements and in relation to the Noteholders or Unitholders of

	the Series Trust has the corresponding meaning.
<b>Class A1 Note</b>	These are described in Sections 2.2, 3 and 4.
<b>Class A1 Noteholder</b>	The registered holder of a Class A1 Note, including persons jointly registered.
<b>Class A1-R Issue Date</b>	The date on which the Class A1-R Notes are issued (being either the First Possible Class A1 Refinancing Date or a Subsequent Class A1 Refinancing Date) as described in Section 7.6(c).
<b>Class A1-R Note.</b>	The Class A1-R Notes, as described in Sections 2.2, 3 and 4, that are issued on the Class A1-R Issue Date as described in Sections 4.3(d) and 7.6.
<b>Class A1-R Noteholder</b>	The registered holder of a Class A1-R Note, including persons jointly registered.
<b>Class A2 Note</b>	These are described in Sections 2.2, 3 and 4.
<b>Class A2 Noteholder</b>	The registered holder of a Class A2 Note, including persons jointly registered.
<b>Class AB Note</b>	These are described in Sections 2.2, 3 and 4.
<b>Class AB Noteholder</b>	The registered holder of a Class AB Note, including persons jointly registered.
<b>Class B Note</b>	These are described in Sections 2.2, 3 and 4.
<b>Class B Noteholder</b>	The registered holder of a Class B Note, including persons jointly registered.
<b>Class C Note</b>	These are described in Sections 2.2, 3 and 4.
<b>Class C Noteholder</b>	The registered holder of a Class C Note, including persons jointly registered.
<b>Class D Note</b>	These are described in Sections 2.2, 3 and 4.
<b>Class D Noteholder</b>	The registered holder of a Class D Note, including persons jointly registered.
<b>Class E Note</b>	These are described in Sections 2.2, 3 and 4.
<b>Class E Noteholder</b>	The registered holder of a Class E Note, including persons jointly registered.
<b>Clean-Up Settlement Date</b>	This is described in Section 10.2(j).
<b>Clean-Up Settlement Price</b>	This is described in Section 10.2(j).
<b>Collateral</b>	The Assets of the Series Trust and the benefit of all covenants, agreements, undertakings, representations, warranties and other choses in action in favour of the Trustee under the Transaction Documents.
<b>Collections</b>	This is described in Section 7.3(a).
<b>Collections Account</b>	This is described in Section 2.6.
<b>Consumer Credit Legislation</b>	Means, as applicable:  (a) the NCCP;

- (b) the National Consumer Credit Protection (Fees) Act 2009 (Cwth);
- (c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cwth);
- (d) any acts or other legislation enacted in connection with any of the acts set out in paragraphs (a) to (c) above and any regulations made under any of the acts set out in paragraphs (a) to (c) above; and
- (e) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001 (Cwth), so far as it relates to the obligations of the Servicer, the Seller or the Trustee as the holder of an Australian Credit Licence or “credit activities” (as defined in the NCCP) engaged in by the Manager, the Servicer, the Seller or the Trustee.

<b>Corporations Act</b>	The Corporations Act 2001 (Cwth).
<b>Coupon</b>	This is described in Section 4.2.
<b>Coupon Period</b>	This is described in Section 4.2(b).
<b>Coupon Rate</b>	This is described in Section 4.2(c).
<b>CRR</b>	Means the Regulation (EU) No 575/2013 of the European Parliament and Council (as implemented by the Member States of the European Economic Area).
<b>CRS</b>	This has the meaning given to it in Section 12.7.
<b>Current Balance</b>	The principal outstanding on a Mortgage Loan at a particular time.
<b>Custodial Delegate</b>	A delegate appointed by the Seller to perform its duties and obligations as custodian of the Mortgage Loan Documents under the Series Supplement.
<b>Custodian Fee</b>	This is described in Section 11.3.
<b>Cut-Off Date</b>	This is described in Section 2.2.
<b>Dealer Agreement</b>	Means the APOLLO Series 2018-1 Trust Dealer Agreement dated on or about April 2018 between, among others, the Trustee and the Joint Lead Managers.
<b>Defaulted Amount</b>	In relation to a Monthly Period means the aggregate principal amount of any Mortgage Loans which have been written off by the Servicer as uncollectible during that Monthly Period in accordance with the Servicing Standards.
<b>Defaulted Amount Insufficiency</b>	This is described in Section 7.9(b).

<b>Determination Date</b>	The date which is 3 Business Days before each Distribution Date.
<b>Distribution Date</b>	The 13th day of each calendar month (or if such day is not a Business Day, the next Business Day). The first Distribution Date will be 14 May 2018.
<b>Document Transfer Event</b>	This is described in Section 11.2.
<b>Eligibility Criteria</b>	These are described in Section 6.2.
<b>Eligible Depository</b>	This means a financial institution which has a short term credit rating by S&P equal to or higher than A-2 and a long term credit rating by S&P equal to or higher than BBB and either a long term issuer default rating by Fitch of at least A or a short term issuer default rating by Fitch of at least F1.
<b>EPIA</b>	This is described in Section 6.4(b).
<b>Excess Investor Revenues</b>	This is described in Section 2.6.
<b>Excess Revenue Reserve</b>	This is described in Section 7.8.
<b>Excess Revenue Reserve Income Draw</b>	This is described in Section 7.4(b).
<b>Excess Revenue Reserve Trigger Event</b>	This is described in Section 7.8.
<b>Extraordinary Expense Shortfall</b>	This is described in Section 7.7.
<b>Extraordinary Expenses</b>	This is described in Section 7.7.
<b>Extraordinary Resolution</b>	Means, in relation to Voting Secured Creditors: <ul style="list-style-type: none"> <li>(a) a resolution which is passed at a meeting of Voting Secured Creditors (duly convened and held in accordance with the provisions of the Master Security Trust Deed (including Schedule 2)) by a majority consisting of not less than 75% of the votes (determined in accordance with clause 8(d)(ii) of Schedule 2 of the Master Security Trust Deed) of the persons present and voting at the meeting who are Voting Secured Creditors, or representing Voting Secured Creditors or if a poll is demanded then by Voting Secured Creditors holding or representing between them voting entitlements comprising in aggregate a number of votes which is not less than 75% of the aggregate number of votes comprised in the voting entitlements held or represented by all the persons present at the meeting voting on such poll; or</li> <li>(b) a resolution in writing signed by all the Voting Secured Creditors pursuant to the Master Security Trust Deed; and</li> </ul> Means, in relation to Investors, Noteholders, a class of Noteholders, Unitholders or a class of

Unitholders:

- (c) a resolution passed at a meeting of the Investors, the Noteholders, the class of Noteholders, the Unitholders, the class of Unitholders (as the case may be) convened and held in accordance with the provisions of the Master Trust Deed by a majority consisting of not less than three quarters of the votes cast; or
- (d) a resolution passed in writing in accordance with the provisions of the Master Trust Deed signed by all the Investors, the Noteholders, the class of Noteholders, the Unitholders or the Class of Unitholders (as the case may be).

**Fair Market Value**

In respect of a Mortgage Loan, means the fair market price for the purchase of that Mortgage Loan agreed between the Trustee (acting on expert advice if necessary) and the Seller (or, in the absence of agreement, determined by the Seller's external auditors) and which price reflects the performance status, underlying nature and franchise value of the Mortgage Loan. If the offered price is at least equal to the principal outstanding plus accrued interest for a Mortgage Loan, the Trustee is entitled to assume that this price is the Fair Market Value.

**FATCA**

This has the meaning given to it in Section 12.7.

**Finance Charges**

These are described in Section 7.3(b).

**First Possible Class A1 Refinancing Date**

This is described in Section 2.2.

**Fitch**

Fitch Australia Pty Ltd ABN 93 081 339 184.

**Fitch Criteria**

Means:

- (a) as at the date of the Hedge Agreement, the most recent criteria published by Fitch entitled "Counterparty Criteria for Structured Finance Transactions: Derivative Addendum"; and
- (b) subsequently, such other criteria which are published by Fitch and stated to be in effect at that time as an update to, supplement to or replacement of the then current Fitch Criteria but only if the Hedge Provider notifies the Trustee and the Manager of the Hedge Provider's agreement to its inclusion and the Manager agrees to its inclusion, subject to the Manager confirming to the Trustee in writing that this will not cause a downgrade or withdrawal of any credit rating assigned by the Rating Agencies to the Notes.

**Fixed Finance Charges**

These are described in Section 9.1(c).

<b>Fixed Rate Swap</b>	This is described in Section 9.1(c).
<b>Further Advance</b>	This is described in Section 10.2(h).
<b>General Security Agreement</b>	The General Security Agreement described in Section 13.
<b>Gross Liquidity Shortfall</b>	This is described in Section 7.4(b).
<b>GST Act</b>	The A New Tax System (Goods and Services Tax) Act 1999 (Cwth).
<b>GST legislation</b>	The “GST law” as defined in the GST Act.
<b>Hedge Agreement</b>	This is described in Section 13, and includes any ISDA Master Agreement to which the Trustee and the Manager are a party where such agreement is in substitution (in whole or in part) for the Hedge Agreement described in Section 13.
<b>Hedge Provider</b>	Any entity described in Section 9.1(a) as a Hedge Provider and includes any other party to a Hedge Agreement other than the Trustee and the Manager.
<b>HSBC</b>	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch (ABN 65 117 925 970)
<b>Income Unit</b>	This is described in Section 10.1(a).
<b>Income Unitholder</b>	The holder of the Income Unit.
<b>Initial Invested Amount</b>	In relation to: <ul style="list-style-type: none"> <li>(a) a Note, means the aggregate initial principal amount of the Note upon the issue of the Note; and</li> <li>(b) a Class of Notes, means the aggregate initial principal amount of all Notes in the Class upon the issue of those Notes.</li> </ul>
<b>Insolvency Event</b>	In relation to a body corporate (other than the Trustee), the happening of any of the following: <ul style="list-style-type: none"> <li>(a) a winding up order is made in respect of the body corporate;</li> <li>(b) a liquidator, provisional liquidator, controller (as defined in the Corporations Act) or administrator is appointed in respect of the body corporate or a substantial portion of its assets;</li> <li>(c) except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation by the Security Trustee, reasonably approved by the Manager), the body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;</li> </ul>

- (d) the body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate on terms reasonably approved by the Trustee or in the case of the Trustee, by the Manager or is otherwise wound up or dissolved;
- (e) the body corporate is or states that it is insolvent;
- (f) as a result of the operation of Section 459(1) of the Corporations Act, the body corporate is taken to have failed to comply with a statutory demand;
- (g) the body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (h) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 21 days; or
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

In relation to the Trustee, each of the following:

- (a) an application is made to the court (which application is not dismissed or stayed on appeal within 30 days) for an order or an order is made that the Trustee be wound up or dissolved;
- (b) an application is made to a court for an order appointing a liquidator, a provisional liquidator, a receiver or a receiver and a manager in respect of the Trustee (which application is not dismissed or stayed on appeal within 30 days), or one of them is appointed, whether or not under an order;
- (c) except on terms approved by the Security Trustee, the Trustee enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (d) the Trustee resolves to wind itself up, or otherwise dissolve itself, or gives intention of notice to do so, except to reconstruct or amalgamate while solvent on terms approved by the Security

	Trustee or is otherwise wound up or dissolved;
	(e) the Trustee is or states that it is unable to pay its debts when they fall due;
	(f) as a result of the operation of section 459F(1) of the Corporations Act, the Trustee is taken to have failed to comply with a statutory demand;
	(g) The Trustee is or makes a statement from which it may be reasonably deduced by the Security Trustee that the Trustee is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act;
	(h) the Trustee takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to the Trustee or the board of directors of the Trustee propose to appoint an administrator to the Trustee or the Trustee becomes aware that a person who is entitled to enforce a charge on the whole or substantially the whole of the Trustee's property proposes to appoint an administrator to the Trustee; and
	(i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.
<b>Interest Off-Set Account</b>	A deposit account maintained by a mortgagor with the Seller under which interest that would otherwise be earned in respect of the account is off-set (to the extent thereof) against interest that would otherwise be payable on a Mortgage Loan.
<b>Invested Amount</b>	In relation to a Note, means the Initial Invested Amount of that Note less the aggregate amounts of payments previously made on account of principal in relation to that Note.
<b>Investor Revenues</b>	This has the meaning given to it in Section 7.4(a).
<b>Investors</b>	The Noteholders and Unitholders of the Series Trust or, where relevant, the noteholders and beneficiaries of the other trusts constituted under the Master Trust Deed.
<b>Issue Date</b>	Subject to the satisfaction of certain conditions precedent, on or about 26 April 2018.
<b>Joint Lead Managers</b>	NAB, HSBC, Macquarie Bank and Westpac.
<b>Linked Account</b>	Any Interest Off-Set Account or any other deposit account with the Seller, the establishment of which was a condition precedent to the provision by the Seller of a



	Mortgage Loan.
<b>Liquidity Facility</b>	The liquidity facility described in Section 9.2.
<b>Liquidity Facility Agreement</b>	This is described in Section 13.
<b>Liquidity Facility Interest</b>	In relation to a Distribution Date means the fees and interest (other than capitalised interest) due on that Distribution Date pursuant to the terms of the Liquidity Facility Agreement.
<b>Liquidity Facility Limit</b>	This is described in Section 9.2(c).
<b>Liquidity Facility Principal</b>	In relation to a Determination Date and the immediately following Distribution Date means the aggregate of all Applied Liquidity Amounts outstanding under the Liquidity Facility Agreement on that Determination Date which have not previously been repaid plus any capitalised interest which has not been paid.
<b>Liquidity Facility Provider</b>	Suncorp-Metway.
<b>Liquidity Reserve</b>	This is described in Section 7.7.
<b>Liquidity Reserve Account</b>	This is described in Section 7.7.
<b>Liquidity Reserve Loan Agreement</b>	The Liquidity Reserve Loan Agreement described in Section 13.
<b>Liquidity Reserve Loan Provider</b>	Suncorp-Metway.
<b>Liquidity Reserve Target Balance</b>	This is described in Section 7.7.
<b>Liquidity Reserve Target Shortfall</b>	This is described in Section 7.7.
<b>LVR</b>	In relation to a Mortgage Loan, the loan-to-value ratio of that Mortgage Loan.
<b>Macquarie Bank</b>	Macquarie Bank Limited ABN 46 008 583 542.
<b>Management Fee</b>	This is described in Section 10.4(e).
<b>Manager</b>	The initial Manager of the Series Trust is SME Management Pty Limited. If SME Management Pty Limited is removed or retires as Manager, this expression includes any substitute Manager appointed in its place and the Trustee whilst it is acting as Manager.
<b>Manager Default</b>	This is described in Section 10.4(f).
<b>Margin</b>	The applicable margins over the Bank Bill Rate determined for each class of Notes as described in Section 4.2(c).
<b>Master Sale and Servicing Deed</b>	The Master Sale and Servicing Deed described in Section 13.
<b>Master Security Trust Deed</b>	The Master Security Trust Deed described in Section 13.
<b>Master Trust Deed</b>	The Master Trust Deed described in Section 13.
<b>Maturity Date</b>	This is described in Section 2.2.
<b>Maximum Excess Revenue</b>	This is described in Section 7.8(c).

<b>Reserve Amount</b>	
<b>Monthly Period</b>	A period of approximately one calendar month. The first Monthly Period commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of the calendar month in which the Cut-Off Date occurs. Each subsequent Monthly Period commences on (and includes) the first day of the calendar month and ends on (and includes) the last day of the calendar month. The final Monthly Period is the Monthly Period ending immediately before the Termination Payment Date.
<b>Monthly Period Redraw Reimbursement</b>	These are described in Section 7.5(c)
<b>Mortgage Insurance Policies</b>	These are described in Section 8.
<b>Mortgage Loan Documents</b>	These are described in Section 10.2(a).
<b>Mortgage Loan Rights</b>	These are described in Section 10.2(a).
<b>Mortgage Loans</b>	The Mortgage loans forming part of the Mortgage Pool assigned, or to be assigned, to the Trustee.
<b>Mortgage Pool</b>	The pool of Mortgage Loans to be assigned to the Trustee with effect from the Cut-Off Date. This is described in Section 6.1.
<b>Mortgagor Break Costs</b>	Any costs payable by a mortgagor solely in respect of the early termination of a given fixed interest rate relating to all or part of a Mortgage Loan prior to the scheduled termination of that fixed interest rate.
<b>NAB</b>	National Australia Bank Limited ABN 12 004 044 937.
<b>NCCP</b>	Means the National Consumer Credit Protection Act 2009 (Cwth) and the National Credit Code contained in Schedule 1 of that Act.
<b>Net Collections</b>	The Net Collections for a Monthly Period are the Collections for that Monthly Period less the Principal Draw (if any) for that Monthly Period and any Monthly Period Redraw Reimbursement for that Monthly Period.
<b>Net Liquidity Shortfall</b>	This is described in Section 7.4(c).
<b>New Treaties</b>	This has the meaning set out in Section 12.2.
<b>Note</b>	This is described in Sections 2.2, 3 and 4.
<b>Note Certificate</b>	This is described in Section 4.7.
<b>Note Factor</b>	At any time and in relation to any class of Notes, the Stated Amount of that class of Notes on the last day of the just ended Monthly Period expressed as a percentage of the Stated Amount of that class of Notes at the Issue Date or, in respect of the Class A1-R Notes, the Class A1-R Issue Date.

<b>Noteholder</b>	This is described in Sections 2, 3 and 4.
<b>Note Interest Amount</b>	Means, in relation to a Class of Notes, a Distribution Date and a Coupon Period in relation to that Class of Notes ending on that Distribution Date, the aggregate interest accrued on that Class of Notes during that Coupon Period, as described in Section 4.2(d) and 4.2(e).
<b>Note Transfer</b>	A transfer and acceptance form for the transfer of a Note in an approved form.
<b>Note Unpaid Interest</b>	Means, in relation to a Distribution Date and a Class of Notes, any Note Interest Amounts in relation to that Class of Notes remaining unpaid from prior Distribution Dates pursuant to Section 7.4(f).
<b>Notice of Creation of Trust</b>	This is described in Section 13.
<b>Offshore Associate</b>	Means an associate (as defined in section 128F(9) of the Tax Act) of the Trustee or Suncorp-Metway, that is either: <ul style="list-style-type: none"> <li>(a) a non-resident of Australia that does not acquire the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes or an interest in the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or</li> <li>(b) a resident of Australia that acquires the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes or an interest in the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.</li> </ul>
<b>Other Loans</b>	All loans, credit and financial accommodation (other than a Mortgage Loan) secured by a mortgage or other collateral security which also secures a Mortgage Loan.
<b>Outstanding Prepayment Amount</b>	The amount standing to the credit of the Collections Account which Amount represents prepayments of Collections by the Servicer.
<b>Penalty Payments</b>	Any:

- (a) civil or criminal penalty incurred by the Trustee under the Consumer Credit Legislation or section 56C of the Real Property Act 1900 (NSW) or section 11B of the Land Title Act 1994 (QLD) in respect of its duties or exercising its powers under, or in respect of, the Transaction Documents;
- (b) money ordered to be paid by the Trustee in relation to any claim against the Trustee under the Consumer Credit Legislation or section 56C of the Real Property Act 1900 (NSW) or section 11B of the Land Title Act 1994 (QLD) whether ordered by a court or dispute resolution scheme; or
- (c) payment by the Trustee, with the consent of the Servicer, in settlement of a liability or alleged liability under the Consumer Credit Legislation or section 56C of the Real Property Act 1900 (NSW) or section 11B of the Land Title Act 1994 (QLD),

and includes any legal costs and expenses incurred by the Trustee or which the Trustee is ordered to pay (in each case charged at the usual commercial rates of the relevant legal services provider) in connection with (a) to (c) above.

**Perfection of Title Event**

This is described in Section 10.2(l).

**Performing Loans**

This means a Mortgage Loan which has no Arrears Days or has less than 90 Arrears Days, or if it has Arrears Days of 90 or more days, was mortgage insured under a Mortgage Insurance Policy at the Issue Date (Arrears Days being determined in accordance with the Series Supplement).

**PPSA**

The Personal Property Securities Act 2009 (Cwth).

**Preparation Date**

This is described in Section 1.4.

**Prescribed Period**

In relation to a Mortgage Loan acquired from the Seller, the period of 120 days (including the last day of the period) commencing on the Issue Date or such longer period as may be agreed between the Seller and the Australian Prudential Regulation Authority.

**Principal Collections**

This is described in Section 7.5(a).

**Principal Draw**

This is described in Section 7.4(c).

**Privacy Act**

The Privacy Act 1988 (Cwth).

**QBE LMI**

This is described in Section 8.1.

**Rating Agencies**

S&P and Fitch.

<b>RBA</b>	Reserve Bank of Australia.
<b>Record Date</b>	This is described in Section 2.2.
<b>Recoveries</b>	Amounts recovered in respect of the principal of a Mortgage Loan that was part (or the whole) of a Defaulted Amount.
<b>Redraw</b>	A Further Advance made by the Seller in respect of a Mortgage Loan which does not result in the Scheduled Balance of that Mortgage Loan being exceeded by more than 1 scheduled monthly instalment.
<b>Redraw Advance</b>	Means a principal advance by the Redraw Facility Provider under the Redraw Facility and in relation to a Distribution Date means the amount drawn down by the Trustee under the Redraw Facility on that Distribution Date.
<b>Redraw Facility</b>	This is described in Section 9.3.
<b>Redraw Facility Agreement</b>	This is described in Section 13.
<b>Redraw Facility Interest</b>	Means, in relation to a Distribution Date, the fees payable in accordance with clause 9 ("Fees") of the Redraw Facility Agreement and interest due on that Distribution Date pursuant to the terms of the Redraw Facility Agreement.
<b>Redraw Facility Limit</b>	This is described in Section 9.3(c).
<b>Redraw Facility Provider</b>	Suncorp-Metway.
<b>Redraw Interest</b>	<p>Means the interest to be paid by the Trustee to the Seller on the daily balance of any Redraw or portion of a Redraw (in each case, to which Section 7.5(c)(ii) applies) at a rate an aggregate of:</p> <ul style="list-style-type: none"> <li>(a) BBSW; and</li> <li>(b) 0.25% per annum.</li> </ul> <p>Interest accrues daily and is calculated on actual days elapsed and a 365 day year. Interest is payable on arrears on each Payment Date.</p>
<b>Redraw Principal Outstanding</b>	The aggregate of all advances made under the Redraw Facility less repayments of principal in respect of the Redraw Facility previously made to the Redraw Facility Provider on account of principal.
<b>Redraw Shortfall</b>	This is described in Section 7.5(a).
<b>Register</b>	The register to be kept by the Trustee of the Notes and Units in respect of the Series Trust. The requirements in respect of the Register are described in Section 4.6.
<b>Related Body Corporate</b>	A related body corporate as defined in Section 9 of the Corporations Act.
<b>Relevant Investors</b>	This is described in Section 10.9(a).

<b>Remaining Net Liquidity Shortfall</b>	This is described in Section 7.4(d).
<b>Residential Property</b>	Property that is zoned for residential use by the relevant local council.
<b>Retail Client</b>	Has the meaning given to the term “retail client” in section 761G of the Corporations Act.
<b>Retention Rules</b>	This is described in Section 5.26.
<b>S&amp;P</b>	S&P Global Ratings Australia Pty Ltd ABN 62 007 324 852.
<b>Scheduled Balance</b>	In respect of a Mortgage Loan, means the amount that would be owing on the Mortgage Loan at the date of determination if the Mortgagor had made prior to that date the minimum payments required on that Mortgage Loan.
<b>Secured Creditors</b>	These are described in Section 9.5(a).
<b>Secured Moneys</b>	All moneys the payment or repayment of which from time to time form part of the obligations under the General Security Agreement.
<b>Security Interest</b>	Means any: <ul style="list-style-type: none"> <li>(a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or (2) of the PPSA;</li> <li>(b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off;</li> <li>(c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or</li> <li>(d) third party right or interest or any right arising as a consequence of the enforcement of a judgment.</li> </ul>
<b>Security Trust</b>	The trust created by the Master Security Trust Deed and the General Security Agreement.
<b>Security Trustee</b>	P.T. Limited in its capacity as trustee of the Security Trust.
<b>Selection Mortgage Pool</b>	This is described in Section 6.1.
<b>Seller</b>	Suncorp-Metway.
<b>Seller Collateral Securities</b>	This is described in Section 10.1(b).
<b>Seller Trust</b>	This is described in Section 10.1(b).

<b>Series Supplement</b>	This is described in Section 13.
<b>Series Trust</b>	The trust known as the APOLLO Series 2018-1 Trust constituted in accordance with the Master Trust Deed and the Notice of Creation of Trust.
<b>Series Trust Expenses</b>	This is described in Section 7.4(h).
<b>Servicer</b>	The initial Servicer is Suncorp-Metway. If Suncorp-Metway is removed or retires as Servicer, this expression includes any substitute Servicer appointed in its place and the Trustee whilst it is acting as Servicer.
<b>Servicer Default</b>	This is described in Section 10.5(e).
<b>Servicing Fee</b>	This is described in Section 10.5(d).
<b>Servicing Guidelines</b>	The written guidelines, policies and procedures established by the Seller for servicing Mortgage Loans.
<b>Servicing Standards</b>	The standards and practices set out in the Servicing Guidelines, or where a servicing function is not covered by the Servicing Guidelines, the standards of practice of a prudent lender in the business of making residential home loans.
<b>Settlement Statement</b>	The statement prepared on each Determination Date by the Manager in the form agreed between the Manager and the Trustee.
<b>Shared Security Mortgage Loan</b>	This is described in Section 5.3(c)(v).
<b>Specified Country</b>	This has the meaning set out in Section 12.2.
<b>Stated Amount</b>	The initial face value of a Note or a class of Notes less the sum of: <ul style="list-style-type: none"> <li>(a) the aggregate payments previously made on account of principal to the Noteholder or Noteholders (as the case may be) of that Note or class of Note; and</li> <li>(b) the aggregate amount of unreimbursed Charge-Offs against that Note or class of Note.</li> </ul>
<b>Step-up Margin</b>	This is described in Section 4.2(c).
<b>Subordinated Termination Payment</b>	Any termination payment due from the Trustee under a Hedge Agreement following an Event of Default (as defined in the Hedge Agreement) and where the Hedge Provider is the Defaulting Party (as defined in the Hedge Agreement) or the occurrence of an Additional Termination Event (as defined in the Hedge Agreement) as a result of the Hedge Provider failing to comply with its collateralisation obligations.
<b>Subordination Conditions</b>	This is described in Section 4.3(g).
<b>Suncorp-Metway</b>	Suncorp-Metway Limited ABN 66 010 831 722.

<b>Suncorp-Metway Group</b>	This is described on page 2 under the section titled "No Guarantee by Suncorp-Metway Group".
<b>Support Facility</b>	Any Hedge Agreement, the Liquidity Facility and the Redraw Facility.
<b>Subsequent Class A1 Refinancing Date</b>	This is described in Section 2.2.
<b>Tax Act</b>	This means the Income Tax Assessment Act 1936 (Cwth) or the Income Tax Assessment Act 1997 (Cwth), as appropriate.
<b>Taxation Administration Act</b>	This means the Taxation Administration Act 1953 (Cwth).
<b>Termination Date</b>	This is described in Section 10.6(a).
<b>Termination Payment Date</b>	The Distribution Date declared by the Trustee to be the Termination Payment Date of the Series Trust.
<b>Threshold Mortgage Rate</b>	This is described in Section 2.6.
<b>Total Expenses</b>	This is described in Section 7.4(g).
<b>Total Investor Revenues</b>	This is described in Section 7.4(f).
<b>Total Principal Collections</b>	These are described in Section 7.5(a).
<b>Total Stated Amount</b>	The aggregate at any given time of the Stated Amounts of the Notes.
<b>Transaction Documents</b>	The documents described in Section 13 and any other document agreed by the Manager and the Trustee to be a Transaction Document or specified in the Series Supplement as a Transaction Document.
<b>Trustee</b>	The initial Trustee is Perpetual Trustee Company Limited in its capacity as trustee of the Series Trust. If Perpetual Trustee Company Limited is removed or retires as Trustee, the expression includes any substitute Trustee appointed in its place and the Manager whilst acting as Trustee.
<b>Trustee Default</b>	Means the occurrence of any event specified in Section 10.3(g).
<b>Trustee Fee</b>	The monthly fee payable to the Trustee for its trustee services. This is described in Section 10.3(f).
<b>Unit</b>	The Capital Units or the Income Unit in the Series Trust.
<b>Unitholder</b>	A holder of a Unit in the Series Trust.
<b>Unreimbursed Principal Draw</b>	In relation to a Determination Date, the aggregate amount of all Principal Draws in relation to prior Determination Dates less the aggregate of all amounts allocated to Total Principal Collections under Section 7.4(f)(xvii) on prior Distribution Dates.



**Variable Finance Charges**

These are described in Section 9.1(b).

**Voting Secured Creditors**

Means:

- (a) if any Class A1 Notes or Class A1-R Notes are outstanding:
  - (i) the Class A1 Noteholders or Class A1-R Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class A1 Noteholders or Class A1-R Noteholders (as determined in accordance with the order of priority set out in Section 9.5(d));
  
- (b) if Class A2 Notes, but no Class A1 Notes or Class A1-R Notes remain outstanding:
  - (i) the Class A2 Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class A2 Noteholders (as determined in accordance with the order of priority set out in Section 9.5(d));
  
- (c) if Class AB Notes, but no Class A1 Notes, Class A1-R Notes or Class A2 Notes remain outstanding:
  - (i) the Class AB Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class AB Noteholders (as determined in accordance with the order of priority set out in Section 9.5(d));
  
- (d) if Class B Notes, but no Class A1 Notes, Class A1-R Notes, Class A2 Notes or Class AB Notes, remain outstanding:
  - (i) the Class B Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class B Noteholders (as determined in accordance with the order of priority set out in Section 9.5(d));
  
- (e) if Class C Notes, but no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes or Class B Notes remain outstanding:

- (i) the Class C Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class C Noteholders (as determined in accordance with the order of priority set out in Section 9.5(d));
- (f) if Class D Notes, but no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes or Class C Notes remain outstanding:
- (i) the Class D Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class D Noteholders (as determined in accordance with the order of priority set out in Section 9.5(d));
- (g) if Class E Notes, but no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes or Class D Notes remain outstanding:
- (i) the Class E Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class E Noteholders (as determined in accordance with the order of priority set out in Section 9.5(d)); and
- (h) if no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes remain outstanding, the remaining Secured Creditors.

**Waived Mortgagor Break Costs**

The Mortgagor Break Costs that the Servicer is or was entitled to charge in respect of the Mortgage Loans but has not charged.

**Westpac**

Westpac Banking Corporation ABN 33 007 457 141.

# Annexure 1 Selection Mortgage Pool Details

The following tables summarise the Selection Mortgage Pool as at the Cut-Off Date (using data as at close of business on 18 April 2018, the day immediately prior to the Cut-Off Date). Further information regarding the Mortgage Loans and Suncorp-Metway's Mortgage loan business is contained in Section 6.

## **Summary Information**

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Total Current Balance:	\$1,249,983,124.93
Total Number of Loans:	4,400
Average Current Balance:	\$284,087.07
Highest Current Balance:	\$971,971.62
Scheduled Monthly Payments:	\$6,682,824.34
Scheduled Balance: Average LVR:	61.23%
Weighted Average LVR:	64.67%
Current Balance: Average LVR:	56.84%
Weighted Average LVR:	61.77%
Average Seasoning (Months):	50
Weighted Average Seasoning (Months):	41
Average Remaining Term (Months):	289
Weighted Average Remaining Term:	304
Maximum Remaining Term (Months):	345
Weighted Average Variable Rate:	4.3142%
Weighted Average Fixed Rate:	4.0656%
Weighted Average Rate on All Loans:	4.2847%
Percentage (by value) of "Owner Occupied" Loans:	78.65%
Percentage (by value) of Metropolitan Securities:	72.05%
Percentage (by value) of Mortgage Insured:	20.09%
Percentage (by value) of Variable Rate Loans:	88.11%
Percentage (by value) of Interest Only Loans:	14.53%

**Table 1 - Mortgage Pool by Scheduled Balance to Valuation Ratio**

Scheduled Balance-to-Valuation-Ratio	Number of Loans		Scheduled Balance		Av. Sched. Balance
	#	%	A\$	%	
<= 25%	199	4.52%	\$ 25,893,061.52	1.93%	\$ 130,115.89
> 25% and <= 30%	115	2.61%	\$ 21,344,180.61	1.59%	\$ 185,601.57
> 30% and <= 35%	165	3.75%	\$ 36,702,808.80	2.74%	\$ 222,441.27
> 35% and <= 40%	186	4.23%	\$ 43,478,188.11	3.24%	\$ 233,753.70
> 40% and <= 45%	225	5.11%	\$ 56,327,846.89	4.20%	\$ 250,345.99
> 45% and <= 50%	264	6.00%	\$ 75,711,097.77	5.65%	\$ 286,784.46
> 50% and <= 55%	292	6.64%	\$ 88,243,453.66	6.58%	\$ 302,203.61
> 55% and <= 60%	359	8.16%	\$ 110,903,805.98	8.27%	\$ 308,924.25
> 60% and <= 65%	454	10.32%	\$ 152,733,636.64	11.39%	\$ 336,417.70
> 65% and <= 70%	511	11.61%	\$ 169,967,479.32	12.67%	\$ 332,617.38
> 70% and <= 75%	593	13.48%	\$ 199,624,164.55	14.88%	\$ 336,634.34
> 75% and <= 80%	540	12.27%	\$ 191,410,109.75	14.27%	\$ 354,463.17
> 80% and <= 85%	273	6.20%	\$ 90,672,989.69	6.76%	\$ 332,135.49
> 85% and <= 90%	185	4.20%	\$ 62,815,262.83	4.68%	\$ 339,541.96
> 90% and <= 95%	39	0.89%	\$ 15,289,964.63	1.14%	\$ 392,050.38
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,341,118,050.75</b>	<b>100.00%</b>	<b>\$ 304,799.56</b>

**Table 2 - Mortgage Pool by Current Loan-to-Valuation Ratio**

Current Loan-to-Valuation Ratio	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
<= 25%	376	8.55%	\$ 38,091,516.07	3.05%	\$ 101,307.22
> 25% and <= 30%	162	3.68%	\$ 30,753,147.76	2.46%	\$ 189,834.25
> 30% and <= 35%	202	4.59%	\$ 39,610,509.73	3.17%	\$ 196,091.63
> 35% and <= 40%	220	5.00%	\$ 48,917,547.23	3.91%	\$ 222,352.49
> 40% and <= 45%	244	5.55%	\$ 58,188,563.49	4.66%	\$ 238,477.72
> 45% and <= 50%	292	6.64%	\$ 81,629,440.91	6.53%	\$ 279,552.88
> 50% and <= 55%	330	7.50%	\$ 92,880,611.68	7.43%	\$ 281,456.40
> 55% and <= 60%	369	8.39%	\$ 117,714,105.45	9.42%	\$ 319,008.42
> 60% and <= 65%	449	10.20%	\$ 145,978,200.38	11.68%	\$ 325,118.49
> 65% and <= 70%	500	11.36%	\$ 165,670,928.48	13.25%	\$ 331,341.86
> 70% and <= 75%	471	10.70%	\$ 159,031,910.70	12.72%	\$ 337,647.37
> 75% and <= 80%	398	9.05%	\$ 137,667,186.79	11.01%	\$ 345,897.45
> 80% and <= 85%	224	5.09%	\$ 75,939,750.32	6.08%	\$ 339,016.74
> 85% and <= 90%	134	3.05%	\$ 47,082,150.94	3.77%	\$ 351,359.34
> 90% and <= 95%	29	0.66%	\$ 10,827,555.00	0.87%	\$ 373,363.97
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

**Table 3 - Mortgage Pool by Current Loan Balances Plus Available Redraw**

Current Loan Balance Plus Available Redraw	Number of Loans		Current Balance + Redraw		Average Balance
	#	%	A\$	%	
<= \$50,000	55	1.25%	\$ 1,913,913.54	0.14%	\$ 34,798.43
> \$50,000 and <= \$100,000	148	3.36%	\$ 11,652,850.66	0.87%	\$ 78,735.48
> \$100,000 and <= \$200,000	854	19.41%	\$ 136,871,517.52	10.20%	\$ 160,271.10
> \$200,000 and <= \$300,000	1,372	31.18%	\$ 345,806,720.76	25.78%	\$ 252,045.71
> \$300,000 and <= \$400,000	1,044	23.73%	\$ 360,893,444.22	26.91%	\$ 345,683.38
> \$400,000 and <= \$500,000	504	11.45%	\$ 223,753,633.42	16.68%	\$ 443,955.62
> \$500,000 and <= \$600,000	256	5.82%	\$ 138,832,709.70	10.35%	\$ 542,315.27
> \$600,000 and <= \$700,000	84	1.91%	\$ 54,099,720.34	4.03%	\$ 644,044.29
> \$700,000 and <= \$750,000	26	0.59%	\$ 18,834,488.32	1.40%	\$ 724,403.40
> \$750,000	57	1.30%	\$ 48,575,090.97	3.62%	\$ 852,194.58
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,341,234,089.45</b>	<b>100.00%</b>	<b>\$ 304,825.93</b>

Table 4 - Mortgage Pool by Remaining Fixed Rate Term

Remaining Fixed Rate Term	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
<= 12 months	161	34.77%	\$ 50,771,700.55	34.15%	\$ 315,352.18
> 12 months and <= 24 months	265	57.24%	\$ 85,995,164.39	57.85%	\$ 324,510.05
> 24 months and <= 36 months	31	6.70%	\$ 10,033,979.28	6.75%	\$ 323,676.75
> 36 months and <= 48 months	1	0.22%	\$ 578,250.52	0.39%	\$ 578,250.52
> 48 months	5	1.08%	\$ 1,273,668.62	0.86%	\$ 254,733.72
<b>Total</b>	<b>463</b>	<b>100.00%</b>	<b>\$ 148,652,763.36</b>	<b>100.00%</b>	<b>\$ 321,064.28</b>

Table 5 - Mortgage Pool by Seasoning

Seasoning	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
> 12 months and <= 18 months	532	12.09%	\$ 167,564,764.09	13.41%	\$ 314,971.36
> 18 months and <= 24 months	757	17.20%	\$ 247,547,143.70	19.80%	\$ 327,010.76
> 24 months and <= 30 months	536	12.18%	\$ 171,651,349.19	13.73%	\$ 320,245.05
> 30 months and <= 36 months	800	18.18%	\$ 237,946,096.71	19.04%	\$ 297,432.62
> 36 months and <= 48 months	687	15.61%	\$ 201,597,049.38	16.13%	\$ 293,445.49
> 48 months and <= 60 months	160	3.64%	\$ 46,092,735.15	3.69%	\$ 288,079.59
> 60 months	928	21.09%	\$ 177,583,986.71	14.21%	\$ 191,362.05
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 6 - Mortgage Pool by Original Loan Term

Original Loan Term	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
<= 5 years	2	0.05%	\$ 48,543.92	0.00%	\$ 24,271.96
> 5 years and <= 10 years	36	0.82%	\$ 3,707,118.60	0.30%	\$ 102,975.52
> 10 years and <= 15 years	95	2.16%	\$ 15,388,718.22	1.23%	\$ 161,986.51
> 15 years and <= 20 years	245	5.57%	\$ 50,998,703.58	4.08%	\$ 208,157.97
> 20 years and <= 25 years	521	11.84%	\$ 124,048,617.51	9.92%	\$ 238,097.15
> 25 years and <= 30 years	3,463	78.70%	\$ 1,048,656,348.92	83.89%	\$ 302,817.31
> 30 years	38	0.86%	\$ 7,135,074.18	0.57%	\$ 187,765.11
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 7 - Mortgage Pool by Remaining Loan Term

Remaining Loan Term	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
<= 5 years	17	0.39%	\$ 761,824.04	0.06%	\$ 44,813.18
> 5 years and <= 10 years	90	2.05%	\$ 8,142,213.30	0.65%	\$ 90,469.04
> 10 years and <= 15 years	256	5.82%	\$ 37,479,759.61	3.00%	\$ 146,405.31
> 15 years and <= 20 years	635	14.43%	\$ 126,738,595.05	10.14%	\$ 199,588.34
> 20 years and <= 25 years	658	14.95%	\$ 181,541,294.46	14.52%	\$ 275,898.62
> 25 years and <= 30 years	2,744	62.36%	\$ 895,319,438.47	71.63%	\$ 326,282.59
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 8 - Mortgage Pool by Product Codes

Product Codes	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
Fixed Rate	463	10.52%	\$ 148,652,763.36	11.89%	\$ 321,064.28
Variable Rate	3,937	89.48%	\$ 1,101,330,361.57	88.11%	\$ 279,738.47
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 9 - Mortgage Pool by Uniform Consumer Credit Code Regulation

Regulated by Credit Code	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
Regulated Loans	4,285	97.39%	\$ 1,230,768,085.42	98.46%	\$ 287,227.09
Non-Regulated Loans	115	2.61%	\$ 19,215,039.51	1.54%	\$ 167,087.30
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 10 - Mortgage Pool by Loan Purpose

Loan Purpose	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
Home Improvement	22	0.50%	\$ 4,063,122.46	0.33%	\$ 184,687.38
Other - Refinance	127	2.89%	\$ 24,008,166.20	1.92%	\$ 189,040.68
Residential - Detached House	3,343	75.98%	\$ 967,011,284.19	77.36%	\$ 289,264.52
Residential - Established Apartment/Unit/Flat	816	18.55%	\$ 225,680,832.52	18.05%	\$ 276,569.65
Residential - New Apartment/Unit/Flat	92	2.09%	\$ 29,219,719.56	2.34%	\$ 317,605.65
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 11 - Mortgage Pool by Mortgage Insurer

Mortgage Insurer	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
No LMI	3,406	77.41%	\$ 998,836,949.53	79.91%	\$ 293,258.06
QBELMI	994	22.59%	\$ 251,146,175.40	20.09%	\$ 252,662.15
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 12 - Mortgage Pool by Geographic Distribution

Location of Security Properties	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
QLD - Brisbane Metropolitan	974	22.14%	\$ 266,344,362.04	21.31%	\$ 273,454.17
QLD - Gold Coast	263	5.98%	\$ 72,649,699.45	5.81%	\$ 276,234.60
QLD - Sunshine Coast	164	3.73%	\$ 43,302,204.65	3.46%	\$ 264,037.83
QLD - Non-metropolitan	611	13.89%	\$ 121,303,611.15	9.70%	\$ 198,532.92
NSW - Sydney Metropolitan	733	16.66%	\$ 284,114,197.76	22.73%	\$ 387,604.64
NSW - Non-metropolitan	292	6.64%	\$ 72,786,505.53	5.82%	\$ 249,268.85
ACT - Metropolitan	83	1.89%	\$ 23,688,098.88	1.90%	\$ 285,398.78
VIC - Melbourne Metropolitan	583	13.25%	\$ 175,414,833.51	14.03%	\$ 300,883.08
VIC - Non-metropolitan	114	2.59%	\$ 23,757,902.67	1.90%	\$ 208,402.66
WA - Perth Metropolitan	352	8.00%	\$ 109,110,970.52	8.73%	\$ 309,974.35
WA - Non-metropolitan	28	0.64%	\$ 7,887,928.16	0.63%	\$ 281,711.72
SA - Adelaide Metropolitan	127	2.89%	\$ 31,872,062.89	2.55%	\$ 250,961.13
SA - Non-metropolitan	21	0.48%	\$ 5,078,977.15	0.41%	\$ 241,856.05
NT - Darwin Metropolitan	9	0.20%	\$ 3,260,545.27	0.26%	\$ 362,282.81
NT - Non-metropolitan	6	0.14%	\$ 1,511,166.43	0.12%	\$ 251,861.07
TAS - Hobart Metropolitan	34	0.77%	\$ 6,765,322.91	0.54%	\$ 198,980.09
TAS - Non-metropolitan	6	0.14%	\$ 1,134,735.96	0.09%	\$ 189,122.66
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 284,087.07</b>

Table 13 - Mortgage Pool by Post Code Concentration

Post Code Concentration	Number of Loans		Current Balance		Average Balance
	#	%	A\$	%	
4053	26	0.59%	\$ 8,838,189.78	0.71%	\$ 339,930.38
4551	31	0.70%	\$ 8,452,458.81	0.68%	\$ 272,659.96
4220	26	0.59%	\$ 8,329,668.58	0.67%	\$ 320,371.87
4207	35	0.80%	\$ 8,222,699.08	0.66%	\$ 234,934.26
2170	25	0.57%	\$ 7,746,263.89	0.62%	\$ 309,850.56
4122	27	0.61%	\$ 7,368,067.46	0.59%	\$ 272,891.39
4305	36	0.82%	\$ 7,134,755.15	0.57%	\$ 198,187.64
4350	33	0.75%	\$ 7,119,565.95	0.57%	\$ 215,744.42
4017	26	0.59%	\$ 6,897,065.57	0.55%	\$ 265,271.75
4211	27	0.61%	\$ 6,725,706.94	0.54%	\$ 249,100.26
<b>Total</b>	<b>292</b>	<b>6.64%</b>	<b>\$ 76,834,441.21</b>	<b>6.15%</b>	<b>\$ 263,131.65</b>

Table 14 - Mortgage Pool by Current Loan Balances

Current Loan Balance	Number of Loans		Current Balance + Redraw		Average LVR
	#	%	A\$	%	
<= \$50,000	137	3.11%	\$ 4,630,080.49	0.37%	19.07%
> \$50,000 and <= \$100,000	225	5.11%	\$ 17,449,968.34	1.40%	31.51%
> \$100,000 and <= \$200,000	967	21.98%	\$ 151,395,782.67	12.11%	47.75%
> \$200,000 and <= \$300,000	1,331	30.25%	\$ 334,375,794.52	26.75%	60.25%
> \$300,000 and <= \$400,000	923	20.98%	\$ 319,334,414.70	25.55%	65.93%
> \$400,000 and <= \$500,000	451	10.25%	\$ 199,749,978.19	15.98%	66.90%
> \$500,000 and <= \$600,000	225	5.11%	\$ 121,637,595.03	9.73%	66.89%
> \$600,000 and <= \$700,000	73	1.66%	\$ 47,098,765.90	3.77%	64.30%
> \$700,000 and <= \$750,000	24	0.55%	\$ 17,410,754.25	1.39%	66.64%
> \$750,000	44	1.00%	\$ 36,899,990.84	2.95%	66.68%
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>61.77%</b>

Table 15 - Mortgage Pool by Multiple Loans and Multiple Securities

Multiple Loans and Multiple Securities	Number of Loans		Current Balance + Redraw		Average LVR
	#	%	A\$	%	
One Loan - One Security	4,222	95.95%	\$ 1,220,276,298.93	97.62%	61.89%
One Loan - Two Securities	18	0.41%	\$ 3,622,943.39	0.29%	39.63%
One Loan - More than two Securities	7	0.16%	\$ 1,465,956.98	0.12%	30.85%
Two Loans - One Security	102	2.32%	\$ 15,633,333.57	1.25%	63.80%
More than two Loans - One Security	7	0.16%	\$ 660,663.21	0.05%	54.30%
Other (ie ""Many to Many"")	44	1.00%	\$ 8,323,928.85	0.67%	56.52%
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>61.77%</b>

Table 16 - Mortgage Pool by Arrears Analysis

Number of Days in Arrears	Number of Loans		Current Balance		Instalment Amount	% of Balance
	#	%	A\$	%		
0 days	4,391	99.80%	\$ 1,247,230,455.90	99.78%	\$ 6,668,316.90	0.533%
> 0 days and <= 30 days	9	0.20%	\$ 2,752,669.03	0.22%	\$ 14,507.43	0.001%
<b>Total</b>	<b>4,400</b>	<b>100.00%</b>	<b>\$ 1,249,983,124.93</b>	<b>100.00%</b>	<b>\$ 6,682,824.33</b>	<b>0.535%</b>

# DIRECTORY

## **Suncorp-Metway**

Suncorp-Metway Limited  
Level 28  
Brisbane Square  
266 George Street  
Brisbane QLD 4000

## **Manager**

SME Management Pty Limited  
Level 28  
Brisbane Square  
266 George Street  
Brisbane QLD 4000

## **Trustee**

Perpetual Trustee Company Limited  
Level 18, 123 Pitt Street  
Sydney NSW 2000

## **Security Trustee**

P.T. Limited  
Level 18, 123 Pitt Street  
Sydney NSW 2000

## **Arranger and Joint Lead Manager**

National Australia Bank Limited  
Level 25, 255 George Street  
Sydney NSW 2000

## **Joint Lead Manager**

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch  
Level 36, Tower 1, International Towers Sydney  
100 Barangaroo Avenue  
Sydney NSW 2000

## **Joint Lead Manager**

Macquarie Bank Limited  
50 Martin Place  
Sydney NSW 2000

## **Joint Lead Manager**

Westpac Banking Corporation  
Level 2, 275 Kent Street  
Sydney NSW 2000

## **Solicitors to Suncorp-Metway and the Manager**

King & Wood Mallesons  
Level 33, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia  
T +61 7 3244 8000  
F +61 7 3244 8999  
DX 311 Brisbane  
[www.kwm.com](http://www.kwm.com)