

## IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE NOTES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR THE BENEFIT OF, INVESTORS THAT ARE U.S. PERSONS (WITHIN THE MEANING OF (A) REGULATIONS UNDER THE SECURITIES ACT AND (B) THE RISK RETENTION REGULATIONS IMPLEMENTED BY THE SEC PURSUANT TO SECTION 15G OF THE EXCHANGE ACT (THE **U.S. RISK RETENTION RULES**)) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, THE U.S. RISK RETENTION RULES AND APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE FOLLOWING INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY INVESTORS THAT ARE U.S. PERSONS (WITHIN THE MEANING OF (A) REGULATIONS UNDER THE SECURITIES ACT AND (B) THE U.S. RISK RETENTION RULES) OR TO ANY INVESTORS THAT ARE PERSONS IN THE UNITED STATES OR ADDRESS OF ANY INVESTORS THAT ARE IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT, THE U.S. RISK RETENTION RULES OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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Perpetual Corporate Trust Limited ABN 99 000 341 533  
in its capacity as trustee of the

## SMHL SECURITISATION TRUST 2020-1

Class	Initial Outstanding Principal Balance	Initial interest rate	Expected Rating (S&P / Fitch)
A	A\$920,000,000	1M BBSW + 0.70%	AAA(sf) / AAAsf
AB	A\$35,500,000	1M BBSW + 1.35%	AAA(sf) / NR
B	A\$17,000,000	1M BBSW + 1.75%	AA(sf) / NR
C	A\$12,500,000	1M BBSW + 2.15%	A(sf) / NR
D	A\$7,000,000	1M BBSW + 3.40%	BBB(sf) / NR
E	A\$3,500,000	1M BBSW + 5.35%	BB(sf) / NR
F	A\$4,500,000	1M BBSW + 7.00%	NR / NR

### Members Equity Bank Limited

ABN 56 070 887 679

#### Arranger

Australia and New Zealand Banking Group Limited  
ABN 11 005 357 522

#### Joint Lead Managers

Australia and New Zealand Banking  
Group Limited  
ABN 11 005 357 522

Commonwealth Bank of Australia  
ABN 48 123 123 124

MUFG Securities Americas Inc.  
ARBN 612 562 008

National Australia Bank Limited  
ABN 12 004 044 937



## INFORMATION MEMORANDUM residential mortgage-backed securities 15 December 2020

## DISCLAIMERS

### Notes are not guaranteed and are not deposits

The Notes do not represent deposits, protected accounts or other liabilities of ME, Perpetual Corporate Trust Limited (whether in its personal capacity or as Trustee), P.T. Limited (whether in its personal capacity or as Security Trustee), the Derivative Counterparties, the Arranger, the Joint Lead Managers, or any of their respective Related Entities or Associates.

None of ME, Perpetual Corporate Trust Limited (whether in its personal capacity or as Trustee), P.T. Limited (whether in its personal capacity or as Security Trustee), the Derivative Counterparties, the Arranger, the Joint Lead Managers, or any of their respective Related Entities or Associates in any way guarantees or stands behind the capital value and/or the performance of the Notes or the assets of SMHL Securitisation Trust 2020-1.

ME does not guarantee or stand behind the performance of any obligations of any other party.

The Notes will be the obligations solely of Perpetual Corporate Trust Limited in its capacity as trustee of the Trust and do not represent obligations of or interest in, and are guaranteed in any way by ME or any affiliate of ME, Perpetual Corporate Trust Limited (in its individual capacity or as trustee of any other trust), P.T. Limited (in its individual capacity or as Security Trustee) or any affiliate of Perpetual Corporate Trust Limited or P.T. Limited.

None of ME, Perpetual Corporate Trust Limited (whether in its personal capacity or as Trustee) (except to the limited extent provided in the transaction documents), P.T. Limited (whether in its personal capacity or as Security Trustee), the Derivative Counterparties, the Arranger, the Joint Lead Managers, or any of their respective Related Entities or Associates guarantees or stands behind the payment of interest or the repayment of principal due on the Notes or the performance of the assets of SMHL Securitisation Trust 2020-1.

The holding of the Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Investors should carefully consider the risk factors set out in Section 4 ("Risk factors").

This Information Memorandum is not intended as an offer, invitation, solicitation or recommendation with respect to any business opportunity or to provide the basis of any credit or other evaluation and should not be considered as a recommendation by Perpetual Corporate Trust Limited (whether in its personal capacity or as Trustee) nor any associate of Perpetual Corporate Trust Limited, P.T. Limited (whether in its personal capacity or as Security Trustee) nor any associate of P.T. Limited, ME nor any associate of ME, any of the Arranger nor any Joint Lead Manager (collectively, the **Note Manager Parties**) nor any associate of the Note Manager Parties, the Derivative Counterparties nor any associate of the Derivative Counterparties in relation to the Notes.

### Disclosure of interests

Each of the Arranger, the Derivative Counterparties, the Joint Lead Managers and ME discloses that, in addition to the arrangements and interests (the **Transaction Document Interests**) it will or may have with respect to any party to a Transaction Document or any other person described in this Information Memorandum or as contemplated in the Transaction Documents (each a **Transaction Party**), it, its Related Entities and its respective officers, directors, agents and employees (each a **Relevant Entity**):

- (a) may from time to time be a Noteholder or have pecuniary or 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) will receive or may pay fees, brokerage and commissions or other benefits, and act as principal with respect to any dealing with respect to any Notes,

together, the **Note Interests**.

Each purchaser and potential purchaser of Notes acknowledges these disclosures and further acknowledges and agrees that:

- (a) each 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 Transaction Party or any other person, both on the Relevant Entity's own account and for the account of other persons (the **Other Transaction Interests**);
- (b) each Relevant Entity may even purchase the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any offering, sale or resale of the Notes to which this document relates;
- (c) 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;
- (d) to the maximum extent permitted by applicable laws, the duties or liabilities of each of the Relevant Entities in respect of any Transaction Party and the Notes are limited to the contractual obligations of the Relevant Entities to the Transaction Parties as set out in the Transaction Documents and, in particular, no advisory or fiduciary duty is owed to any person;
- (e) subject to Section 1.2 ("Date and accuracy of this Information Memorandum") in relation to the Manager, a Relevant Entity may have or come into possession of information not contained in this Information Memorandum regarding any member of a Transaction Party 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**);
- (f) subject to Section 1.2 ("Date and accuracy of this Information Memorandum") in relation to the Manager, to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to any Transaction Party 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
- (g) 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 Relevant Entity arising from the Transaction Document Interests (e.g. by a dealer, a joint lead manager, an arranger, an interest rate swap provider or a liquidity facility provider) or from an Other Transaction may affect the ability of a Relevant Entity 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 (e.g. as a Noteholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of a Relevant Entity or a Noteholder, and a Relevant Entity 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 Relevant Entities, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

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## 1 Important Notices

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### 1.1 Interpretation

References in this information memorandum (this **Information Memorandum**) to various parties and documents are explained in Sections 5 (“Introduction to the SMHL Programme and Programme Participants”) and 11 (“Summary of Transaction Documents”) respectively.

Unless defined elsewhere in this Information Memorandum, all other terms are defined in the Glossary of terms in Section 14 (“Glossary”).

### 1.2 Date and currency of this Information Memorandum

This Information Memorandum has been prepared based on information available and facts and circumstances known to the Manager as at 15 December 2020 (**Preparation Date**).

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

- there has been no change since the Preparation Date in the affairs or financial condition of the Trust, the Trustee, the Security Trustee, the Manager, the Servicer or any other party referred to in this Information Memorandum; or
- the information contained in this Information Memorandum remains accurate, timely and complete at any time after the Preparation Date.

No one undertakes to review the financial condition or affairs of the Trustee or the Trust at any time or to keep a recipient of this Information Memorandum or a Noteholder 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 nor any other person accepts any responsibility to purchasers of the Notes or intending purchasers of the Notes to update this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

It should not be assumed that the information contained in this Information Memorandum is necessarily accurate or complete in the context of any offer to subscribe for or an invitation to subscribe for or buy any of the Notes at any time after the Preparation Date, even if this Information Memorandum is circulated in conjunction with the offer or invitation.

### 1.3 Function of this Information Memorandum

This Information Memorandum relates solely to a proposed issue of Notes by the Trustee in its capacity as trustee of the Trust. The Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes are offered pursuant to this Information Memorandum. The Class E Notes and the Class F Notes (together, the **Privately Issued Notes**) are not being offered by this Information Memorandum and are described in this Information Memorandum solely for the information of investors in the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes.

This Information Memorandum does not relate to, and is not relevant for, any other purpose other than to assist each recipient of it to decide whether it will undertake its own further independent investigation of the Notes. This Information Memorandum is only a summary of the terms and conditions of the Notes and does not purport to contain all the information a person considering subscribing for or purchasing the Notes may require. Intending subscribers or purchasers of the Notes should review the Transaction Documents which contain the definitive terms relating to SMHL Securitisation Trust 2020-1 and connected transactions, and each intending subscriber

should seek its own tax, accounting and legal advice as to the consequence of investing in any of the Notes. If there is any inconsistency between this Information Memorandum and the Transaction Documents, the Transaction Documents are to be regarded as containing the definitive information and shall prevail to the extent of any such inconsistency.

A copy of the Transaction Documents may be inspected by bona fide intending subscribers or purchasers of the Notes at the office of the Manager referred to in the Directory in Section 16 ("Directory") or by requesting an electronic copy via the following email address: ME.InvestorReporting@mebank.com.au.

This Information Memorandum is not intended to provide the sole basis of any credit or other evaluation and it does not constitute a recommendation, offer or invitation to purchase the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes by any person. It should not be relied upon by intending purchasers of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes.

This Information Memorandum is not intended to be used, and should not be used or relied upon, by intending purchasers of the Privately Issued Notes for any purpose.

#### **1.4 Responsibility for Information Memorandum and the Transaction Documents**

The Manager has requested and authorised the distribution of this Information Memorandum to intending purchasers of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes and has sole responsibility for this Information Memorandum and for its accuracy. To the best of the knowledge and belief of the Manager, which has taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Servicer, the Seller, the Trustee (in its personal capacity and in its capacity as trustee of any other trust), the Security Trustee (in its personal capacity and in its capacity as trustee of any other trust), the Designated Rating Agencies, the Derivative Counterparties, the Mortgage Insurers, the Arranger or the Joint Lead Managers, nor any of their respective external advisers, 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 any previous, accompanying or subsequent material or presentation.

None of the Servicer, the Seller, the Trustee (in its personal capacity and in its capacity as trustee of any other trust), the Security Trustee (in its personal capacity and in its capacity as trustee of any other trust), the Designated Rating Agencies, the Derivative Counterparties, the Mortgage Insurers, the Arranger or the Joint Lead Managers have authorised, been involved in the preparation of, caused the issue of, or have any responsibility for, any part of this Information Memorandum. Accordingly, none of the Derivative Counterparties, the Arranger or the Joint Lead Managers nor any of their respective Related Entities, Associates, directors, officers or employees make any representation, express or implied, as to, or accept any responsibility for, the accuracy or completeness of the information contained in 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, in the case of the Trustee and Security Trustee, Sections 5.2(c) ("Programme Participants – Trustee") and 5.2(d) ("Programme Participants – Security Trustee") respectively).

None of the Derivative Counterparties, the Arranger or the Joint Lead Managers nor any of their respective Related Entities, Associates, directors, officers or employees have any responsibility to or liability for and do not owe any duty to any party or other person who purchases or intends to purchase Notes in respect of this transaction, including without limitation in respect of (a) the admission to listing and/or trading of any of the Notes; (b) the accuracy or completeness of any information contained in this Information Memorandum and has not separately verified the information contained in this Information Memorandum and makes no representation, warranty or undertaking, express or implied, as to the accuracy or completeness of, or any errors or omissions in, any information contained in this Information Memorandum or any other information



supplied in connection with the Notes; and (c) the preparation and due execution of the Transaction Documents and the power, capacity or due authorisation of any party to enter into or execute the Transaction Documents or the enforceability of any of the obligations set out in the Transaction Documents (other than their own individual obligations under the Dealer Agreement or a Derivative Contract, as applicable).

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.

ME has no responsibility to, or liability for and does not owe any duty to any party or other person in respect of the preparation and due execution of the Transaction Documents or the enforceability of any of the obligations set out in the Transaction Documents (other than for its own individual obligations under the relevant Transaction Documents).

### **1.5 No other material authorised**

No person is authorised to give any information, or to make any representation, which is not expressly contained in or consistent with 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 the Manager or any other person referred to in this Information Memorandum.

The information in this Information Memorandum supersedes any information contained in any prior similar materials relating to the Notes.

### **1.6 The Notes may not be a suitable investment for all investors**

The information contained in this Information Memorandum is not intended to be, and does not constitute, a recommendation by the Manager, the Trustee, the Security Trustee, the Servicer, the Liquidity Facility Provider, the Derivative Counterparties, the Arranger, the Joint Lead Managers, the Mortgage Insurers or the Auditor (the **Parties**) that any person subscribe for or purchase any of the Notes.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor must:

- (a) make their own independent investigation of the terms of the Notes, including reviewing the Transaction Documents, and the financial condition, affairs and creditworthiness of the Trust and the Parties 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.

None of the Parties or their respective Related Entities or Associates guarantees the payment or repayment of any moneys owing to Noteholders or any interest or principal in respect of the Notes, nor do they make any statement (including, without limitation, any representation) with respect to income tax or other taxation consequences of any investment in or holding of Notes.

The information contained in this Information Memorandum is not intended to be, and does not constitute, advice in respect of any legal, tax, financial or investment consequences in respect of any investment in or holding of Notes. Each investor contemplating purchasing any of the Notes should seek their own legal, tax, financial or investment advice as to the consequences of investing in or holding of any of the Notes.

## 1.7 Distribution

The distribution of this Information Memorandum and the offering or invitation to subscribe for or buy the Notes in certain jurisdictions may be restricted by law. The Parties do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any application, registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

In particular, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Information Memorandum in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the whole or any part of this Information Memorandum comes are required by the Manager, the Trustee, the Arranger, each Joint Lead Manager and their respective Related Entities to inform themselves about and to observe such restrictions.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer and sale of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes in Australia, the European Economic Area, the United Kingdom, the United States of America, Hong Kong, Singapore, Japan and New Zealand. Please see Section 13 ("Selling restrictions on the Notes") for more information.

## 1.8 Limited recovery

The Trustee's liability in respect of the Notes is limited to the amount that it is entitled to recover through its right of indemnity from the Trust Assets and which are available to the Trustee in accordance with the Master Trust Deed and the other Transaction Documents to meet that liability.

In addition, no rights may be enforced against the personal assets of the Trustee by any person and no proceedings may be brought against the Trustee except to the extent of the Trustee's right of indemnity and reimbursement out of the Trust Assets, except to the extent that any liability would arise from the Trustee's own fraud, negligence or Wilful Default. Other than this exception, the personal assets of the Trustee are not available to meet payments of interest or principal on the Notes.

Please see Section 11.2 ("Master Trust Deed") for more information.

## 1.9 Reference to credit ratings

There are various references in this Information Memorandum to the credit ratings of Notes and of particular parties. It is a condition to the issuance of the Class A Notes that they be rated AAA(sf) by S&P and AAAsf by Fitch and the Class A Notes, on issuance, are expected to be assigned a rating of AAA(sf) from S&P and AAAsf by Fitch. It is a condition to the issuance of the Class AB Notes that they be rated AAA(sf) by S&P and the Class AB Notes, on issuance, are expected to be assigned a rating of AAA(sf) from S&P. It is a condition to the issuance of the Class B Notes that they be rated AA(sf) by S&P and the Class B Notes on issuance, are expected to be assigned a rating of AA(sf) from S&P. It is a condition to the issuance of the Class C Notes that they be rated A(sf) by S&P and the Class C Notes on issuance, are expected to be assigned a rating of A(sf) from S&P. It is a condition to the issuance of the Class D Notes that they be rated BBB(sf) by S&P and the Class D Notes, on issuance, are expected to be assigned a rating of BBB(sf) from S&P. It is a condition to the issuance of the Class E Notes that they be rated BB(sf) by S&P and the Class E Notes, on issuance, are expected to be assigned a rating of BB(sf) from S&P. The Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are unrated by Fitch. The Class F Notes are not rated.

A credit rating of the Notes is not a recommendation to buy, sell, make or hold the Notes or any other securities and may be subject to revision, suspension, qualification or withdrawal at any time by the Designated Rating Agencies.

The Designated Rating Agencies have conducted their analysis on the basis of the Classes of Notes to which they are expected to assign a rating.

The credit ratings of the Notes will be based primarily on: (a) the creditworthiness of the Pool of Mortgage Loans; (b) the subordination provided by the relevant classes of Notes; (c) the availability of excess Income Collections after payment of interest on the Notes and the Trusts' expenses; (d) other than in respect of the Class A Notes, the Mortgage Insurance Policies; (e) the availability of the Liquidity Facility; (f) the creditworthiness of the Derivative Counterparties and (g) other than in respect of the Class A Notes, the Mortgage Insurers.

Ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.

The Designated Rating Agencies have not been involved in the preparation of this Information Memorandum (or any Supplementary Information Memorandum).

#### 1.10 No disclosure under Corporations Act

This Information Memorandum is not a "prospectus" for the purposes of Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**) or a "Product Disclosure Statement" for the purposes of Chapter 7 of the Corporations Act and is not required to be lodged with the Australian Securities and Investments Commission (**ASIC**) under the Corporations Act. 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 subscription or purchase or issue, invitations to subscribe for or buy or sell the Notes, or distribute this Information Memorandum where such offer, invitation, issue 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 A\$500,000 (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001);
  - (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;
- (b) the offer or invitation does not constitute an offer to a 'retail client' under Chapter 7 of the Corporations Act;
- (c) the offer or invitation complies with all other applicable laws, regulations and directives 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.

### 1.11 No registration under the U.S. Securities Act

The Notes have not been and will not be registered under the Securities Act or any state securities laws, and unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, investors that are U.S. persons (within the meaning of (a) Regulation S under the Securities Act and (b) the U.S. Risk Retention Rules) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, the U.S. Risk Retention Rules and applicable state securities laws. Accordingly, the Notes are being offered and sold in offshore transactions only to persons (other than investors that are U.S. persons) outside the United States pursuant to Regulation S under the Securities Act.

For a description of certain restrictions on resales or transfers of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes, see Section 13 (“Selling restrictions on the Notes”).

### 1.12 Notice to residents of the United Kingdom

This Information Memorandum may only be communicated or caused to be communicated to persons in the United Kingdom in circumstances where the provisions of section 21(1) of the Financial Services and Markets Act 2000, as amended (**FSMA**) do not apply or to investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**) or to high net worth entities, and other persons to whom it may lawfully be communicated, falling within article 49(2)(a) to (d) of the Order.

Neither the Notes nor this Information Memorandum are available to other categories of persons in the United Kingdom and no-one falling outside such categories is entitled to rely on, and they must not act on, any information in this Information Memorandum. The communication of this Information Memorandum to any person in the United Kingdom other than the categories stated above, or any other person to whom it is otherwise lawful to communicate this Information Memorandum, is unauthorised and may contravene the FSMA.

### 1.13 Notice to residents of Hong Kong

In Hong Kong, this Information Memorandum is only being distributed to and is directed only (1) to “Professional Investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**Securities and Futures Ordinance**) and any rules made under the Securities and Futures Ordinance or (2) in other circumstances which do not result in the document being a “Prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (**Companies (Winding Up and Miscellaneous Provisions) Ordinance**) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### 1.14 Notification to investors in the European Economic Area

This Information Memorandum does not constitute a “Prospectus” for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This Information Memorandum has been prepared on the basis that any offer of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes in any member state of the European Economic Area which has implemented the Prospectus Regulation (each, a **Relevant Member State**) will be made only to a person or legal entity qualifying as a qualified investor (as defined in the Prospectus Regulation). Accordingly, any person making or intending to make an offer in that Relevant Member State of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes which are the subject of the offering contemplated in this Information Memorandum may only do so to one or more qualified investors (as defined in the Prospectus Regulation). None of ME, the Trustee, the Arranger or any of the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes in any

Relevant Member State other than to one or more qualified investors (as defined in the Prospectus Regulation).

In relation to each person that is, or is deemed to be, a MiFID firm manufacturer for the purposes of MiFID II (within the meaning of Directive 2014/65/EU (as amended MiFID II)) (each a **Manufacturer**), the target market assessment in respect of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes, solely for the purpose of each Manufacturer's product approval process, has led to the conclusion that: (i) the target market for the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes (a distributor) should take into consideration each Manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels.

### **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (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 Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIPs Regulation.

#### **1.15 Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)**

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), the Notes are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in Monetary Authority of Singapore (**MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **1.16 Notice to investors in Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (**Financial Instruments and Exchange Act**). Accordingly, the Notes will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person, except pursuant to an exemption from the registration requirements of and otherwise in compliance with,

the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

For the purposes of this paragraph, "Japanese Person" means any person resident in Japan or a juridical person having its main office in Japan as defined in Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), including any corporation having its principal office in or other entity organised under the laws, regulations and ministerial guidelines of Japan. Any branch or office in Japan of a non-resident will be deemed to be a resident for the purpose whether such branch or office has the power to represent such non-resident.

### 1.17 Notice to investors in New Zealand

In New Zealand, the Notes may not be offered directly or indirectly, and may not be sold or transferred, and this Information Memorandum and any other information or other material that may constitute an advertisement in relation to the Notes is not being and may not be distributed, published, delivered or disseminated, other than (a) to persons who are 'wholesale investors' as that term is defined in clause 3(2)(a), (c) and (d) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand ("**FMCA**"), being a person who is (i) an "investment business", (ii) "large", or (iii) a "government agency", in each case as defined in Schedule 1 to the FMCA or in other circumstances where there is no contravention of the FMCA, provided that (without limiting item (a) above, the offered notes are not being and may not be offered or transferred to any "eligible investors" (as defined in the FMCA) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMCA.

### 1.18 European risk retention requirements

On the Closing Date and thereafter for so long as any Notes remain outstanding, ME will, with reference to Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (as amended, the "**EU Securitisation Regulation**") and certain related regulatory technical standards, implementing technical standards and official guidance (together, the "**EU Due Diligence and Retention Rules**"), each as in effect on the Closing Date, as an originator (as such term is defined for the purposes of the EU Securitisation Regulation), agree to retain a material net economic interest of not less than 5% in this securitisation transaction in accordance with the text of Article 6(1) of the EU Securitisation Regulation (the "**EU Retention**").

ME will retain a material net economic interest in this securitisation transaction in accordance with the text of Article 6(1) of the EU Securitisation Regulation (which does not take into account any corresponding national measures). As at the Closing Date, such interest will be comprised of certain randomly selected exposures held on the balance sheet of the Seller (the **Retained Pool**). As at the Closing Date, the Retained Pool will comprise of more than 100 randomly selected exposures and bear similar characteristics to the securitised exposures in accordance with Article 6(3)(c) of the EU Securitisation Regulation. ME confirms that the material net economic interest will not be subject to credit-risk hedging. ME has provided a corresponding undertaking with respect to the interest to be retained by it to the Joint Lead Managers in the Dealer Agreement. The EU Due Diligence and Retention Rules provide that an entity shall not be considered an "originator" (as defined for purposes of the EU Securitisation Regulation) if it has been established or operates for the sole purpose of securitising exposures. See Sections 5.2 ("Programme participants") and 10 ("Mortgage origination and servicing") in this Information Memorandum for information regarding ME, its business and activities.

Prospective investors should be aware that the EU Due Diligence and Retention Rules include, amongst other things, requirements as to the verification, due diligence and monitoring to be conducted in respect of securitisation transactions by institutional investors (as defined for purposes of the EU Securitisation Regulation).

Prospective investors should make their own independent investigation and seek their own independent advice: (a) as to the requirements of the EU Due Diligence and Retention Rules (and any implementing rules in relation to a relevant jurisdiction); (b) as to whether ME's holding of randomly selected exposures (as described above) satisfies the EU Due Diligence and

Retention Rules; and (c) as to the sufficiency of the information described in this Information Memorandum, and which may otherwise be made available to investors, for the purposes of complying with the EU Due Diligence and Retention Rules. None of ME, the Arranger, the Joint Lead Managers, the Derivative Counterparties or any other party to the Transaction Documents: (i) makes any representation that the EU Retention commitment and the information described in this Information Memorandum, or any other information which may be made available to investors, are sufficient in all circumstances for such purposes; (ii) has any liability to any prospective investor or any other person for any insufficiency of such information or any failure of the transactions contemplated in this Information Memorandum to comply with or otherwise satisfy the requirements of the EU Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements; or (iii) has any obligation to provide any further information or take any other steps that may be required by any investor to enable compliance by that investor with the requirements of the EU Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements.

None of the Derivative Counterparties the Arranger or any Joint Lead Manager has any responsibility to maintain or enforce compliance of the EU Retention or with any other aspect of the EU Due Diligence and Retention Rules.

Prospective investors are themselves responsible for monitoring and assessing changes to the EU Due Diligence and Retention Rules and their regulatory capital requirements. Each investor who may be subject to the EU Due Diligence and Retention Rules should consult with their own legal and regulatory advisors to determine whether, and to what extent, the information described is sufficient for compliance by that investor with any applicable EU Due Diligence and Retention Rules. In the event that a regulator determines that the transaction did not comply or is no longer in compliance with the EU Due Diligence and Retention Rules or an investor has insufficient information to satisfy its due diligence and/or ongoing monitoring requirements under the EU Due Diligence and 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.

See further Section 4.40 (“EU Securitisation Due Diligence and Retention Rules”).

#### **1.19 U.S. risk retention requirements**

The Notes sold on the Closing Date may not be purchased by, or for the account or benefit of, investors that are "U.S. persons" as defined in Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Risk Retention Rules**) (such persons, **Risk Retention U.S. Persons**) and each purchaser of Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed, and, in certain circumstances, will be required to represent and agree that it: (1) is not a U.S. person for the purposes of the U.S. Risk Retention Rules; (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note; and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

See further Section 4.41 (“U.S. Risk Retention Rules”).

#### **1.20 Japanese risk retention requirements**

As part of its regulatory capital regulation of certain categories of Japanese investors investing in securitisation transactions, the Japanese Financial Services Agency (**JFSA**) has introduced amendments to Article 248 “Criteria for Judging Whether a Financial Institution’s Own Capital is Sufficient in Light of Assets Held etc. under the Provisions of Article 14-2 of the Banking Act” (Notification No.19 of 2006, the Financial Services Agency) (the **Japanese Retention Rules**), which took effect from 31 March 2019.

ME makes no statement or representation in relation to the application of the Japanese Retention Rules to any transaction or to compliance with the Japanese Retention Rules and in particular

but without limitation the regulatory capital consequences under the Japanese Retention Rules for any person who invests in or holds any interest in the Notes.

Prospective investors who are subject to the Japanese Retention Rules should make their own independent investigation and seek their own independent advice (a) as to the scope and applicability of the Japanese Retention Rules; (b) as to whether the EU Retention is sufficiently equivalent for the purposes of the Japanese Retention Rules; (c) as to the sufficiency of the information described in this Information Memorandum; and (d) as to their compliance with the Japanese Retention Rules in respect of the transactions contemplated by this Information Memorandum.

None of the Derivative Counterparties the Arranger or any Joint Lead Manager has any responsibility to maintain or enforce compliance of the Japanese Retention Rules or with any other aspect of the Japanese Retention Rules.

See also Section 4.42 (“Japanese risk retention requirements”).

### **1.21 No admission to Official List**

At the date of this document, the Manager does not intend to make an application for the Notes to be listed or admitted for trading on the ASX or any other stock exchange, however the Manager may determine after the date of this document that one or more Classes of Notes is to be listed or admitted to trading on the ASX or any other stock exchange, and if it makes that determination, may make such applications as required to effect such listing or admission to trading.

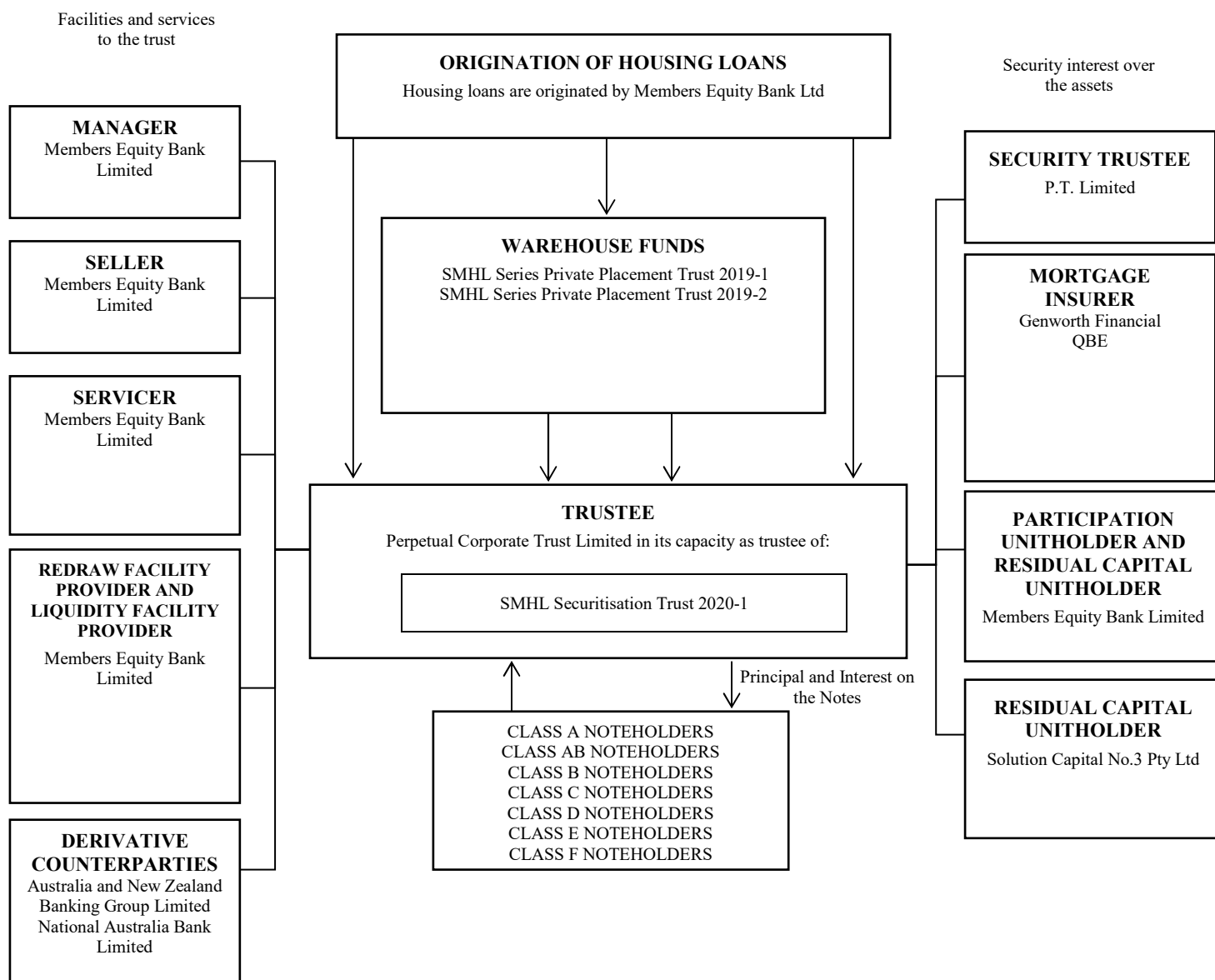


## 2 Structure Diagrams

*The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Information Memorandum and the Transaction Documents.*

*You should read the entire Information Memorandum and the Transaction Documents carefully, especially the risks of investing in the Notes discussed in Section 4 (“Risk factors”).*

### 2.1 Overview of the transaction



### 3 Summary

*The following information summarises certain key terms and conditions of the Notes and certain aspects of the SMHL Programme. It should be read in conjunction with and is qualified in its entirety by reference to the detailed information presented elsewhere in this Information Memorandum and the Transaction Documents.*

#### 3.1 Transaction Parties

<b>Trust</b>	SMHL Securitisation Trust 2020-1
<b>Trustee</b>	Perpetual Corporate Trust Limited (ABN 99 000 341 533) in its capacity as trustee of the Trust
<b>Security Trust</b>	SMHL Securitisation Security Trust 2020-1
<b>Security Trustee</b>	P.T. Limited (ABN 67 004 454 666) in its capacity as trustee of the Security Trust
<b>Manager</b>	Members Equity Bank Limited (ABN 56 070 887 679)
<b>Seller</b>	Members Equity Bank Limited (ABN 56 070 887 679)
<b>Disposing Trustees</b>	Perpetual Limited (ABN 86 000 431 827) in its capacity as trustee of the SMHL Series Private Placement Trust 2019-1  Perpetual Limited (ABN 86 000 431 827) in its capacity as trustee of the SMHL Series Private Placement Trust 2019-2
<b>Servicer</b>	Members Equity Bank Limited (ABN 56 070 887 679)
<b>Registrar</b>	Perpetual Corporate Trust Limited (ABN 99 000 341 533) in its capacity as trustee of the Trust
<b>Mortgage Insurers</b>	Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305)  QBE Lenders' Mortgage Insurance Limited (ABN 70 000 511 071)
<b>Arranger</b>	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
<b>Joint Lead Managers</b>	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)  Commonwealth Bank of Australia (ABN 48 123 123 124) MUFG Securities Americas Inc. (ARBN 612 562 008) National Australia Bank Limited (ABN 12 004 044 937)
<b>Auditor</b>	Deloitte Touche Tohmatsu (ABN 74 490 121 060) or such other auditor appointed by the Trustee
<b>Derivative Counterparties</b>	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)  National Australia Bank Limited (ABN 12 004 044 937)
<b>Participation Unitholder</b>	Members Equity Bank Limited (ABN 56 070 887 679)
<b>Residual Unitholders</b>	Members Equity Bank Limited (ABN 56 070 887 679)  Solution Capital No. 3 Pty Ltd (ACN 169 448 864)
<b>Designated Rating Agencies</b>	S&P Global Ratings Australia Pty Ltd (ABN 62 007 324 852)  Fitch Australia Pty Ltd (ABN 93 081 339 184)

### 3.2 Summary information on the Notes

	Class A Notes	Class AB Notes	Class B Notes
Denomination	AUD	AUD	AUD
Issue Amount	AUD 920,000,000	AUD 35,500,000	AUD 17,000,000
Initial Invested Amount per Note	AUD 1,000 but subject to a minimum consideration of AUD 500,000	AUD 1,000 but subject to a minimum consideration of AUD 500,000	AUD 1,000 but subject to a minimum consideration of AUD 500,000
Issue price	100%	100%	100%
Interest frequency	Monthly	Monthly	Monthly
Payment Dates	The 23 <sup>rd</sup> day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.	The 23 <sup>rd</sup> day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.	The 23 <sup>rd</sup> day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.
Interest Rate	BBSW (1 month) + Class Margin + (from the first Call Option Date) the Step-Up Margin	BBSW (1 month) + Class Margin + (from the first Call Option Date) the Step-Up Margin	BBSW (1 month) + Class Margin
Class Margin	0.70%	1.35%	1.75%
Step-Up Margin	0.25%	0.25%	Not applicable
Day count fraction	Actual/365 (fixed)	Actual/365 (fixed)	Actual/365 (fixed)
Business Day Convention	Following	Following	Following
Maturity Date	The Payment Date in December 2052	The Payment Date in December 2052	The Payment Date in December 2052
Expected Ratings			
• S&P	AAA(sf)	AAA(sf)	AA(sf)
• Fitch	AAAsf	Unrated	Unrated
Governing law	New South Wales	New South Wales	New South Wales
Form of Notes	Registered	Registered	Registered
Listing	Not applicable	Not applicable	Not applicable
Clearance	Austraclear	Austraclear	Austraclear
ISIN / Common Code	AU3FN0056990 / 226556109	AU3SG0002355 / 226556117	AU3FN0057006 / 226556125

	Class C Notes	Class D Notes	Class E Notes	Class F Notes
Denomination	AUD	AUD	AUD	AUD
Issue Amount	AUD 12,500,000	AUD 7,000,000	AUD 3,500,000	AUD 4,500,000
Initial Invested Amount per Note	AUD 1,000 but subject to a minimum consideration of AUD 500,000	AUD 1,000 but subject to a minimum consideration of AUD 500,000	AUD 1,000 but subject to a minimum consideration of AUD 500,000	AUD 1,000 but subject to a minimum consideration of AUD 500,000
Issue price	100%	100%	100%	100%
Interest frequency	Monthly	Monthly	Monthly	Monthly
Payment Dates	The 23 <sup>rd</sup> day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.	The 23 <sup>rd</sup> day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.	The 23 <sup>rd</sup> day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.	The 23 <sup>rd</sup> day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.
Interest Rate	BBSW (1 month) + Class Margin	BBSW (1 month) + Class Margin	BBSW (1 month) + Class Margin	BBSW (1 month) + Class Margin
Class Margin	2.15%	3.40%	5.35%	7.00%
Step-Up Margin	Not applicable	Not applicable	Not applicable	Not applicable
Day count fraction	Actual/365 (fixed)	Actual/365 (fixed)	Actual/365 (fixed)	Actual/365 (fixed)
Business Day Convention	Following	Following	Following	Following
Maturity Date	The Payment Date in December 2052	The Payment Date in December 2052	The Payment Date in December 2052	The Payment Date in December 2052
Expected Ratings				
• S&P	A(sf)	BBB(sf)	BB(sf)	Unrated
• Fitch	Unrated	Unrated	Unrated	Unrated
Governing law	New South Wales	New South Wales	New South Wales	New South Wales
Form of Notes	Registered	Registered	Registered	Registered
Listing	Not applicable	Not applicable	Not applicable	Not applicable
Clearance	Austraclear	Austraclear	Austraclear	Austraclear
ISIN / Common Code	AU3FN0057030 / 226556133	AU3FN0057014 / 226556141	AU3FN0057022 / 226556150	AU3FN0057139 / 226556168

*The Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes are offered pursuant to this Information Memorandum. The Class E Notes and the Class F Notes are not being offered by this Information Memorandum and are described in this Information Memorandum solely*

for the information of investors in the Class A Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes.

<b>Principal Repayments</b>	See Sections 8.3 (“Total Available Principal”) and 8.10 (“Application of Total Available Principal”).
<b>Interest Payments</b>	See Sections 8.4 (“Available Income”), 8.8 (“Total Available Income”) and 8.9 (“Application of Total Available Income”).
<b>Allocation of Principal Charge-Offs</b>	See Section 8.11 (“Allocation of Principal Charge-Offs”).
<b>Call Option</b>	<p>If directed to do so by the Manager, the Trustee must offer, by written notice to ME, to extinguish in favour of ME all of the Trustee’s right, title and interest in and to the Trust Receivables and their related rights on any Payment Date when the aggregate Outstanding Principal Balance of the Notes at that time is equal to or less than 10% of the aggregate Outstanding Principal Balance of the Notes as at the Closing Date.</p> <p>The Manager must not give a direction to the Trustee unless the Manager is satisfied that there will be sufficient monies available on that Payment Date to meet all amounts payable to the Class A Noteholders, the Class AB Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders.</p> <p>For further details, see Section 8.16 (“Call Option”).</p>
<b>Redemption of Notes for taxation events</b>	<p>If a law requires the Trustee to withhold or deduct an amount in respect of Taxes from a payment in respect of a Note, then the Manager may (at its option) direct the Trustee to redeem all (but not some only) of the Notes by paying to the Noteholders the Redemption Amount for the Notes.</p> <p>The Trustee must notify the proposed redemption to the Registrar and the Noteholders and any stock exchange on which the Notes are listed at least 5 Business Days before the proposed redemption date.</p> <p>For further details, see Condition 8.3 (“Redemption for taxation reasons”) in the Conditions.</p>
<b>Repo-eligibility</b>	<p>Application will be made by the Manager to the Reserve Bank of Australia (<b>RBA</b>) for the Class A Notes to be “eligible securities” (or “repo eligible”) for the purposes of repurchase agreements with the RBA. There can be no assurance that any application by the Manager for repo-eligibility in respect of the Class A Notes will be successful or that, if such application is successful, the Class A Notes will continue to be repo-eligible in the future. The issuance and settlement of the Class A Notes on the Closing Date is not conditional on the repo-eligibility of those Notes.</p> <p>See more at Section 4.11 (“Repo-eligibility may not be granted or may be withdrawn”).</p>
<b>Transfer</b>	<p>Notes may only be transferred in accordance with the Conditions.</p> <p>Interests in any Notes held in the Austraclear System may only be transferred in accordance with the rules and regulations of the Austraclear System.</p> <p>For a description of further restrictions on offers and sales of the Notes, see Section 13 (“Selling restrictions on the Notes”).</p> <p>For further details, see condition 5 (“Transfer of Notes”) in the Conditions.</p>

**Listing**

At the date of this document, the Manager does not intend to make an application for the Notes to be listed or admitted for trading on the ASX or any other stock exchange, however the Manager may determine after the date of this document that one or more Classes of Notes is to be listed or admitted to trading on the ASX or any other stock exchange, and if it makes that determination, may make such applications as required to effect such listing or admission to trading.

**3.3 Summary information on the transaction**

<b>Closing Date</b>	17 December 2020
<b>Cut-Off Date</b>	30 September 2020
<b>Eligibility Criteria</b>	See Section 9.5 (“Eligibility Criteria”).
<b>Payment Dates</b>	The 23rd day of each month, subject to the Business Day Convention. The first Payment Date occurs on 25 January 2021.
<b>Determination Date</b>	5:00pm on the day which is 3 Business Days prior to each Payment Date.
<b>Call Option Date</b>	Any Payment Date when the aggregate Outstanding Principal Balance of all Notes at that time is equal to or less than 10% of the Outstanding Principal Balance of all Notes as at the Closing Date.
<b>Redraw Facility arrangement</b>	<p>The Trustee will enter in a facility with ME (the <b>Redraw Facility</b>) for the purpose of funding applications for Redraws which have not otherwise been funded through Principal Collections.</p> <p>For further details, see Section 11.8 (“Redraw Facility Agreement”).</p>
<b>Liquidity Facility arrangement</b>	<p>The Trustee will enter in a facility with ME (the <b>Liquidity Facility</b>) for the purpose of providing liquidity to meet expenses and interest payments if on any Payment Date there is a delay or shortfall in Income Collections.</p> <p>On any Payment Date, the “<b>Liquidity Limit</b>” under the Liquidity Facility is the lesser of:</p> <ul style="list-style-type: none"> <li>(a) the amount equal to the greater of: <ul style="list-style-type: none"> <li>(i) 0.1% of the aggregate Outstanding Principal Balance of the Performing Receivables as at the Closing Date; and</li> <li>(ii) 1.0% of the aggregate Outstanding Principal Balance of all Performing Receivables (calculated as of the Determination Date for that Payment Date); and</li> </ul> </li> <li>(b) the amount (if any) to which the Liquidity Limit has been reduced at that time in accordance with the Liquidity Facility Agreement.</li> </ul> <p>For further details, see Section 11.7 (“Liquidity Facility Agreement”).</p>
<b>Use of the Proceeds of the Issue</b>	<p>The Trustee will use the proceeds of the Notes issued on the Closing Date to fund the acquisition of Trust Receivables from the Disposing Trusts in accordance with the Inter-Trust Sale Deed on the Closing Date.</p> <p>If there are any surplus proceeds of issue of such Notes over the amount required to fund such acquisition of Trust Receivables, such surplus must be applied as Total Available Principal on the first Payment Date following the Closing Date.</p>

No Trust Receivables will be directly acquired from the Seller under the Sale Deed on the Closing Date.

The estimated fees and expenses of the issue of the Notes (including, without limitation, the fees and expenses of the Arranger and Joint Lead Managers) will not be deducted from the proceeds of issue of the Notes. These amounts will be paid separately to the relevant parties by ME.

**Threshold Rate**

The Manager undertakes that the interest rate charged on the Mortgage Loans will be maintained at a level which is sufficient to ensure that, assuming that all relevant parties to all of the Transaction Documents and all issuers of Authorised Investments from time to time included in the Trust Assets, and all other relevant parties, have complied and will at all times comply in full with their respective obligations under those Transaction Documents, Authorised Investments and Trust Receivables, the Trustee will have sufficient available Income Collections to enable it to make the Required Payments for the next Payment Date, plus 0.25%.

**Security Trust Structure**

All moneys which the Trustee is or may become liable to pay to or for the account of the Noteholders will be secured by a security interest over the assets and undertakings of the Trust in favour of the Security Trustee.

**Governing Law**

The Transaction Documents and the Notes are governed by the laws of New South Wales, Australia.

**Stamp Duty**

Neither the issue, nor the transfer, of the Notes will attract stamp duty in any jurisdiction of Australia.

**Clearance/  
Settlement**

The Trustee has applied to Austraclear for approval for the Notes to be traded on the Austraclear System. Such approval by Austraclear is not a recommendation or endorsement by Austraclear of the Notes.

Where Notes are lodged into the Austraclear System conducted by Austraclear, Austraclear will become the registered holder of those Notes inscribed in the Register. While those Notes remain in the Austraclear System, all payments and notices required of the Trustee and the Manager in relation to those Notes will be directed to Austraclear, and all dealings and payments in relation to those Notes within the Austraclear System will be governed by Austraclear's regulations.

Once the Notes are lodged in Austraclear, interests in the Notes may be held through Euroclear or Clearstream, Luxembourg, in which case, the rights of a holder of interests in Notes so held will also be subject, *inter alia*, to the respective rules and regulations for accountholders of Euroclear and Clearstream.

**3.4 Summary on the Mortgage Loans**

**The Pool of  
Mortgage Loans**

The Pool of Mortgage Loans is comprised of 100% income verified, first ranking Mortgage Loans, secured over residential property and approved under the origination criteria noted in Sections 10.1 ("Mortgage origination policy") and 9.4 ("Seller representations and warranties regarding the Mortgage Loans") of which 15.39% of the aggregate Outstanding Principal Balance of the Pool of Mortgage Loans will have the benefit of a Mortgage Insurance Policy.

Qualifying Obligors may apply for a Loan Redraw Facility under their Mortgage Loan.

A description of the Pool of Mortgage Loans relating to the issue of the Notes is set out in Section 15 ("The Pool of Mortgage Loans").

**Mortgage Insurance Policies**

15.39% of the aggregate Outstanding Principal Balance of the Pool of Mortgage Loans in the Trust is covered by one of two separate master Mortgage Insurance Policies issued by Genworth Financial or QBE.

For further details of the Mortgage Insurance Policies, see Section 10.2 (“The Mortgage Insurers and the Mortgage Insurance Policies”).



## 4 Risk factors

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***The Notes are complex securities. The purchase and holding of the Notes is not free from risk. This section describes some of the principal risks associated with the Notes. It is only a summary of some of the material risks. The inability of the Trustee to make a payment on the Notes may occur for other reasons and the Manager does not in any way represent that the description of the risks outlined below is exhaustive. There can be no assurance that the structural protection available to Noteholders will be sufficient to ensure that a payment or distribution of a payment is made on a timely or full basis. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum, review the Transaction Documents and make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.***

### **Risks relating to the Notes**

#### **4.1 Limited Recourse**

The Notes represent debt obligations of the Trustee only in its capacity as trustee of the Trust and in no other capacity. The Notes do not represent an interest in or obligation of any of the other parties to the transaction. The Trustee will be entitled to be indemnified out of the Trust Assets for all payments of interest and principal in respect of the Notes. A Noteholder's recourse against the Trustee with respect to the Notes is limited to the amount by which the Trustee is indemnified from the Trust Assets. Except in the case of, and to the extent that a liability is not satisfied because the Trustee's right of indemnification out of the Trust Assets is reduced as a result of, fraud, negligence or Wilful Default of the Trustee, no rights may be enforced against the Trustee by any person and no proceedings may be brought against the Trustee except to the extent of the Trustee's right of indemnity and reimbursement out of the Trust Assets. Except in those limited circumstances, the assets of the Trustee in its personal capacity are not available to meet payments of interest or principal in respect of the Notes.

The Trustee's obligation to pay interest on and to repay the Notes in full is limited by reference to receipts under or in respect of the Pool of Mortgage Loans (see "Limitation of Trustee's liability" under Section 11.2 ("Master Trust Deed")).

#### **4.2 Secondary market risk / investors may not be able to sell the Notes**

There is currently only a limited secondary market for the Notes to be issued. There is no assurance that any limited secondary market which exists will develop or, if it does develop, that it will provide sufficient liquidity of investment, or will continue for the life of the Notes, or that if Noteholders sell in the secondary market they will receive on sale the Outstanding Principal Balance owing under the Notes. The market value of the Notes is likely to fluctuate, which could result in significant losses to Noteholders.

Over the past several years, major disruptions in the global financial markets have caused a significant reduction in liquidity in the secondary market for asset-backed securities. While there has been some improvement in conditions in the global financial markets and the secondary markets, there can be no assurance that future events will not occur that could have an adverse effect on secondary market liquidity for asset-backed securities. If illiquidity of investment increases for any reason, including as described above, it could adversely affect the market value of the Notes and/or limit the ability to resell the Notes. The market value of the Notes also may be affected by many other factors, including the then prevailing interest rates and market perceptions of risks associated with residential mortgage lending in Australia or elsewhere, and no representation is made by any person or entity as to what the market value of any of the Notes will be at any time.

### 4.3 Repayment and prepayment considerations

Whilst the Trustee is obliged to repay the Notes by the Maturity Date, principal on the Notes may be passed through to Noteholders on each Payment Date from the Principal Collections and such amount will reduce the principal balance of such Notes. However, there is no guarantee as to the rate at which principal will be passed through to Noteholders. Accordingly, the actual date by which Notes are repaid cannot be precisely determined.

For example, Principal Collections will be used:

- to fund payment delinquencies (in the form of Principal Draws, if any); and
- to fund Redraws and to repay any amounts due under the Redraw Facility.

The utilisation of Principal Collections for these purposes will slow the rate at which principal will be passed through to Noteholders.

The timing and amount of principal which will be passed through to Noteholders of Notes will be affected by the rate at which the Trust Receivables repay or prepay principal, which may be influenced by a range of economic, social and other factors including:

- the level of interest rates applicable to the Trust Receivables relative to prevailing interest rates in the market;
- the delinquencies and default rate of Obligors under the Trust Receivables;
- demographic and social factors such as unemployment, death, divorce and changes in employment of Obligors;
- the rate at which Obligors sell or refinance their properties;
- the degree of seasoning of the Trust Receivables;
- the loan-to-valuation ratio of the Obligors' properties at the time of origination of the relevant Trust Receivables; and
- the effectiveness of the servicing of the Trust Receivables.

The Noteholders may receive repayments of principal on the Notes earlier or later than would otherwise have been the case or may not receive repayments of principal at all.

Other factors which could result in early repayment of principal to Noteholders of Notes include:

- receipt by the Trustee of enforcement proceeds due to an Obligor having defaulted on its Trust Receivable;
- the Seller electing to repurchase a Trust Receivable due to the making of a Further Advance by the Seller in respect of that Trust Receivable;
- exercise of the Call Option on a Call Option Date;
- receipt of proceeds of enforcement of the General Security Deed prior to the Maturity Date of the Notes; or
- Obligors' use of Loan Redraw Facilities and certain lending products which may alter the profile of payments received under the Trust Receivables.

### 4.4 Redraw drawings will be paid before the Notes

If permitted under the terms of a Mortgage Loan, an Obligor may, at the discretion of the Servicer, Redraw certain amounts of previously prepaid principal. The Trustee may fund Redraws advanced to Obligors from Principal Collections or using the Redraw Facility.

The use of Principal Collections to fund Redraws to Obligors or to repay the Redraw Facility will mean that the Trustee will have less funds available to pay, or allocate, principal to the Noteholders on the immediately following Payment Dates but will have a corresponding greater amount of assets with which to make future payments. The amount that may be advanced to an Obligor by way of a Redraw in respect of a particular Mortgage Loan from time to time is limited

to approximately the amount of principal that has been prepaid on that Mortgage Loan at that time.

Unreimbursed Redraws will rank ahead of repayment of the Notes with respect to payment of principal both prior to and after the occurrence of an Event of Default and enforcement of the General Security Deed which may mean that a Noteholder may not receive full repayment of principal on their Notes.

#### **4.5 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 Trust Receivables and produce less returns of principal when market interest rates rise above the interest rates on the Trust Receivables. If Obligors refinance their Trust Receivables as a result of lower interest rates, Noteholders may receive an unanticipated payment of principal. As a result, 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 payments on the Notes will prevent them from attaining the desired yield.

#### **4.6 Manager's Call Option**

The Manager has the right under the Issue Supplement to direct the Trustee to sell all (but not some only) of the Trust Receivables to the Seller in order to raise funds to redeem the Notes on a Call Option Date. The price payable for the sale must be sufficient to redeem the Notes at their Aggregate Invested Amount (plus accrued but unpaid interest in respect of such Notes) unless the Noteholders of a Class of Notes have, by Extraordinary Resolution, approved the redemption of the Notes of that Class on that Call Option Date for their Aggregate Stated Amount (plus accrued but unpaid interest in respect of such Notes) instead of their Aggregate Invested Amount. Such an Extraordinary Resolution will bind all Noteholders of that Class.

There is no assurance that the Trust Assets will be sufficient to redeem the Notes on a Call Option Date or that the Manager will exercise its discretion and direct the Trustee to redeem the Notes on a Call Option Date.

In addition, such early redemption will shorten the average lives of the Notes and potentially lower the yield on the Notes. As a result, the Noteholders may not fully recover their investment.

#### **4.7 Independent evaluation of ratings**

The credit ratings of any Notes should be evaluated independently from similar ratings on other types of bonds or securities. A credit rating by a Designated Rating Agency is not a recommendation or suggestion, directly or indirectly, to any investor or any other person, to buy, sell, make or hold securities or to undertake any investment strategy with respect to any investment for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the taxation consequences in respect of any Note. The Designated Rating Agencies are not advisers, and nor do the Designated Rating Agencies provide investors or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The credit ratings of the Notes may be subject to revision, suspension, qualification or withdrawal at any time by a Designated Rating Agency. A revision, suspension, qualification or withdrawal

of the rating of any Notes may adversely affect the price of those Notes. In addition, the credit ratings of any of the Notes do not address the expected timing of principal repayments under those Notes, only that principal will be received no later than the Maturity Date.

Prospective investors in the Notes should make their own evaluation of an investment in the Notes and not rely solely on the ratings of the Notes.

No party will have any obligation to cause any rating of any of the Notes to be maintained. Changes affecting the Trust Assets, the parties to the Transaction Documents or other persons may have an adverse effect on the ratings of the Notes and their market value.

None of the Designated Rating Agencies have been involved in the preparation of this Information Memorandum.

#### **4.8 Limits on available liquidity**

If the Income Collections during a relevant Collection Period are insufficient to cover fees, expenses and interest payments due on the Notes on the next relevant Payment Date, Principal Collections collected during the relevant Collection Period may be used to cover these amounts as described in Section 8.10 ("Application of Total Available Principal"). If Principal Collections are not sufficient to cover the shortfall, the Trustee will, to the extent available, draw funds from the Liquidity Facility, Excess Income Reserve or the Collateral Account. Noteholders should be aware that in the event that there is not enough money available under the Liquidity Facility, Excess Income Reserve or the Collateral Account, as the case may be, they may not receive a payment of interest on the relevant Payment Date, which will reduce the yield on the Notes.

#### **4.9 Use of Principal Collections may lead to principal losses**

On each relevant Payment Date, Principal Collections may be applied to cover shortfalls in Income Collections as described in Section 8.10 ("Application of Total Available Principal"). To the extent that there are insufficient Income Collections in succeeding Collection Periods to reimburse these principal draws, full repayment of principal on the Notes may not be received by Noteholders.

#### **4.10 Subordination provides only limited protection against losses**

The amount of credit enhancement provided through the subordination (determined by reference to and subject to the order of priority of allocation of Principal Charge-Offs described in Section 8.11 ("Allocation of Principal Charge-Offs")) of:

- (a) the Class F Notes to the Class E Notes is limited and could be depleted prior to the payment in full of the Class E Notes;
- (b) the Class F Notes and the Class E Notes to the Class D Notes is limited and could be depleted prior to the payment in full of the Class D Notes;
- (c) the Class F Notes, the Class E Notes and the Class D Notes to the Class C Notes is limited and could be depleted prior to the payment in full of the Class C Notes;
- (d) the Class F Notes, the Class E Notes, the Class D Notes and the Class C Notes to the Class B Notes is limited and could be depleted prior to the payment in full of the Class B Notes;
- (e) the subordination of the Class F Notes, the Class E Notes, the Class D Notes, the Class C Notes and the Class B Notes to the Class AB Notes is limited and could be depleted prior to the payment in full of the Class AB Notes; and

- (f) the subordination of the Class F Notes, the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes to the Class A Notes is limited and could be depleted prior to the payment in full of the Class A Notes.

To the extent that the aggregate amount of Principal Losses for a Collection Period exceeds the funds available on the Payment Date related to such Collection Period to reimburse such Principal Losses under the Income Collections waterfall referred to in Section 8.9 (“Application of Total Available Income”), the aggregate principal amount of the Notes will be reduced to zero, starting with the most subordinate Class of Notes. This will reduce the loss protection provided by the more subordinate Classes of Notes to the more senior Classes of Notes and will increase the likelihood that the yields on the more senior Classes of Notes will be reduced and that such Classes will not receive all of their expected principal payments.

#### 4.11 Repo-eligibility may not be granted or may be withdrawn

Application will be made by the Manager to the RBA for the Class A Notes to be “eligible securities” (or **repo eligible**) for the purposes of repurchase agreements with the RBA.

No assurance can be given that any application by the Manager for repo-eligibility in respect of the Class A Notes will be successful, or that the Class A Notes will continue to be repo-eligible at all times even if they are eligible in relation to their initial issue. For example, the RBA has discretion to change its criteria for repo-eligibility at any time and accordingly any changes by the RBA to its criteria could affect whether the Class A Notes continue to be repo-eligible. The RBA may withdraw repo-eligibility status if the conditions for repo-eligibility are not complied with (whether due to a change to the RBA criteria or failure to continue to satisfy the requirements under the current criteria).

None of the Seller, the Servicer, the Manager, the Trust or any other party to a Transaction Document is required to take any action to ensure that the conditions for repo-eligibility will be met in relation to the Class A Notes either initially or on an ongoing basis. The issuance and settlement of the Class A Notes is not conditional upon the repo-eligibility of those Notes.

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 A Notes in order for the Class A Notes to be (and to continue to be) repo-eligible. If the Class A 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 the Class A 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).

In the event that the Class A Notes are not accepted by the RBA as repo-eligible, or subsequently cease to be repo-eligible (for example, because the conditions for repo-eligibility cease to be satisfied in relation to the Class A Notes or the RBA changes the conditions for repo-eligibility in relation to the Class A Notes such that the Class A Notes no longer satisfy those conditions), this may adversely affect the price of those Notes.

#### 4.12 Electronic registration of Notes

A Noteholder’s interests in the Notes will be registered electronically through Austraclear. Noteholders will not receive physical notes. A lack of physical certificates in relation to, or direct registered holding of, Notes could:

- cause delays in receiving payments on the Notes because distributions on the Notes will be to Austraclear instead of directly to the Noteholder;
- limit or prevent Noteholders from using Notes as collateral; and
- hinder a Noteholder’s ability to resell the Notes or reduce the price when reselling the Notes.

**Risks relating to the Trust Receivables and other Trust Assets****4.13 Risks of equitable assignment**

The Trust Receivables will initially be assigned by the Disposing Trustees to the Trustee in equity. If a Title Perfection Event has occurred:

- (a) the Trustee or the Manager may require the Seller to take certain steps reasonably required to protect or perfect the Trustee's interest in and title to the Trust Receivables, including giving notice of the Trustee's interest in and title to the Trust Receivables to the Obligors; and
- (b) the Trustee may take any step to perfect the Trustee's interest in, and title to, the Trust Receivables (including, without limitation, using a Title Perfection Power of Attorney to execute transfers in respect of Related Securities).

Until such time as a Title Perfection Event has occurred, the Trustee must not take any steps to perfect legal title and, in particular, it will not notify any Obligor of its interest in the Trust Receivables.

The initial equitable assignment of the Trust Receivables and associated delay in the notification to an Obligor of the Trustee's interest in the Trust Receivables may have the following consequences:

- (a) the Obligor will be entitled to make payments and obtain a good discharge from the holder of the legal title rather than directly to, and from, the Trustee. As the Trustee will not have the right to give notice of assignment to the Obligor until a Title Perfection Event has occurred, there is, therefore, a risk that an Obligor may make payments to the Seller after the Seller has become insolvent, but before the Obligor receives notice of assignment of the relevant Trust Receivables. These payments may not be able to be recovered by the Trustee. Upon the giving of notice of the assignment to the Obligor, however, subject to section 80(7) of the PPSA (described below), the Obligor will only be entitled to make payments and obtain a good discharge from the Trustee. One mitigating factor is that the Seller is appointed as the initial Servicer of the Trust Receivables and is obliged to deal with all moneys received from the Obligors in accordance with the Issue Supplement and to service those Trust Receivables in accordance with the Master Servicing Deed, however this may be of limited benefit if the Seller is insolvent;
- (b) rights of set-off or counterclaim may accrue in favour of the Obligor against its obligations under the Trust Receivables which may result in the Trustee receiving less money than expected from the Trust Receivables. However, under the Trust Receivable documents, Obligors agree to waive rights of set-off or counterclaim that they may have against ME;
- (c) the Trustee's rights to any Trust Receivable are subject to:
  - (i) the terms of the Trust Receivable between the relevant Obligor and the Seller, and any equity, defence, remedy or claim arising in relation to the Trust Receivable (including a defence by way of a right of set-off); and
  - (ii) any other equity, defence, remedy or claim of the relevant Obligor against the Seller (including a defence by way of a right of set-off) that arises from claims which are sufficiently closely connected to the Trust Receivable, and otherwise, which accrue before the first time when payment by the relevant Obligor to the Seller no longer discharges the obligation of the relevant Obligor under subsection 80(8) of the PPSA to the extent of the relevant payment;
- (d) the Trustee may have to join the Seller as a party to any legal action which the Trustee may wish to take against any related Obligor;

- (e) the Trustee's interest in the Trust Receivable may become subject to the interests of third parties created after the creation of the Issuer's equitable interest but prior to it acquiring a legal interest; and
- (f) to effect a legal assignment of the Trust Receivables will require:
  - (i) 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) in relation to each Related Security which is a mortgage, the execution and registration of instruments of transfer under the applicable real property legislation in the Australian jurisdictions; and
  - (iii) depending on the situs of the Trust Receivable and Related Security, the payment of stamp duty on the transfer of the Trust Receivable and Related Security.

Further, unless the relevant Obligor has otherwise agreed, a modification of, or substitution for, the Trust Receivable between an Obligor and the Seller is effective against the Trustee if:

- (a) the relevant Obligor and the holder of the legal title have acted honestly in modifying or substituting the relevant Trust Receivable;
- (b) the manner in which the modification or the substitution is made is commercially reasonable; and
- (c) the modification or substitution does not have a material adverse effect on:
  - (i) the Trustee's rights under the relevant Trust Receivable; or
  - (ii) the ability of the Seller to perform the relevant Trust Receivable.

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 holder of the legal title 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 Trust Receivable to the Issuer, if the Issuer fails to comply with these requirements.

We also note that, in respect of the Trust Receivables or Related Securities which are regulated by the National Credit Code (NCCP Schedule 1), section 188(1) of the National Credit Code provides that the National Credit Code applies to any assignee of a credit contract, mortgage or guarantee and section 188(2) provides that the relevant debtor, mortgagor or guarantor has and may exercise the same rights under the credit contract, mortgage or guarantee against the assignee as it has against the assignor. Section 188(3) of the National Credit Code provides that section 188(1) does not apply for so long as the assignor continues to receive payments from the debtor. Therefore, after a Title Perfection Event (or at any other time), if an Obligor no longer makes payments to the Servicer, the Trustee's interest in the Trust Receivables or Related Securities will be subject to any rights which the Obligors may have against the Servicer and certain orders may be granted to the Obligor under the National Credit Code. Similarly, section 10 of the NCCP, as amended by Regulation 25L of the National Consumer Credit Protection Regulations 2010 (Cwlth), provides that the NCCP applies to any assignee in an equivalent manner as under the National Credit Code. Therefore, after a Title Perfection Event (or at any other time), if an Obligor no longer makes payments to the Servicer in accordance with the NCCP, the licensing and conduct obligations of the parties under the NCCP may change as a result of a Title Perfection Event.

#### **4.14 The Servicer's ability to set the interest rate on variable rate Mortgage Loans may lead to increased delinquencies or prepayments**

The Servicer may from time to time set interest rates on the variable rate Mortgage Loans in accordance with the Credit Policies and Procedures, and the Manager must also from time to time direct the Servicer to reset or cause to be reset the interest rates on one or more Mortgage Loans so that the weighted average interest rate on the Mortgage Loans is not less than the Threshold Rate for each Payment Date.

This Threshold Rate should be set at a level which is sufficient to ensure that, assuming that all relevant parties to all of the Transaction Documents and all issuers of Authorised Investments from time to time included in the Trust Assets, and all other relevant parties, have complied and will at all times comply in full with their respective obligations under those Transaction Documents, Authorised Investments and Trust Receivables, the Trustee will have sufficient available Income Collections to enable it to make the Required Payments for the next Payment Date.

If the Manager increases the interest rates on the variable rate Trust Receivables, Obligors may be unable to make their required payments under the Trust Receivables, and accordingly, may become delinquent or may default on their payments. In addition, if the interest rates are raised above market interest rates, Obligors may refinance their Mortgage Loans with another lender to obtain a lower interest rate. This could cause higher rates of principal prepayment than expected and affect the yield on the Notes.

See further details on the Threshold Rate at Section 7.4 ("Threshold Rate").

#### **4.15 Hardship cases may result in Noteholders not receiving their full interest payments**

In respect of Trust Receivables where a customer is in financial difficulty (including, but not limited to, in connection with the economic impact of COVID-19), the Servicer may permit or require modification of loan contracts to, among other things, allow capitalisation of arrears, conversion to interest only, reduce interest margins and/or extend the loan term, subject to applicable law, the Credit Policies and Procedures and the Transaction Documents. If this affects a significant number of Obligors at the same time, the Trustee may not have sufficient funds to pay Noteholders the full amount of interest on the Notes on the next Payment Date and the rate of repayment of principal may also be affected.

#### **4.16 Changes to features of the Mortgage Loans may affect the payment on the Notes**

The features of the Mortgage Loans, including their interest rates, may be changed by ME, either on its own initiative or, where they are offered, at an Obligor's request. Some of these changes may include the addition of newly developed features which are not described in this Information Memorandum or features that have been previously offered may cease to be offered by ME or made available to particular Obligors and any fees or other conditions applicable to such features may be added, removed or varied by ME. As a result of these changes and Obligors' payments of principal, the concentration of Mortgage Loans with specific characteristics may change over time, which may affect the timing and amount of payments you receive under investors' Notes.

If ME changes the features of the Mortgage Loans or fails to offer desirable features offered by its competitors, Obligors might elect to refinance their loan with another lender to obtain more favourable features. Mortgage Loans may also be refinanced by the Obligor with ME. In addition, if ME agrees to grant an Obligor a Further Advance, the Seller may in some circumstances elect to repurchase that Mortgage Loan from the Trust, as discussed further in Section 9.6 ("Disposal of Trust Receivables – Further Advances"). The refinancing or repurchase of Mortgage Loans could cause investors to experience higher rates of principal prepayment than expected, which could affect the yield on investors' Notes.



#### **4.17 The expiration of fixed rate interest periods may result in significant repayment increases and hence increased Obligor defaults**

If Trust Receivables are or become subject to a fixed rate of interest, the fixed rates for those Trust Receivables will be set for a shorter time period (generally not more than 10 years) than the life of the loan (generally up to 30 years). Once the fixed rate period expires, the applicable variable rate may be higher than the previous fixed rate, which in turn may lead to increased defaults and/or principal prepayments by Obligor.

#### **4.18 Delinquency and default risk**

If Obligor fails to make payments of interest and principal under the Trust Receivables when due and the enhancement described in Section 7 ("Credit enhancements and protections") is not sufficient to protect a Noteholder's Notes from the Obligor's failure to pay, the Trustee may not have enough funds to make full payments of interest and principal due on those Notes. Consequently, the yield on the Notes could be lower than expected and losses could be suffered by the Noteholder on the Notes.

The Trustee's obligation to pay interest and to repay principal in respect of the Notes is limited to:

- (a) the Collections in respect of the Trust Receivables and Related Securities;
- (b) receipts from any Authorised Investments; and
- (c) in the case of interest payments to the Noteholders only (excluding Class F Noteholders following the Call Option Date), the amount available under the Liquidity Facility.

There can be no assurance that delinquency and default rates affecting the Trust Receivables will remain in the future at levels corresponding to historic rates for assets similar to the Trust Receivables.

A wide variety of local or international developments of legal, social, economic, political or other nature could conceivably affect the performance of Obligor under the Trust Receivables. In particular, a downturn in the Australian economy, an increase in unemployment, a fall in real property values, an increase in interest rates or any combination of these factors, may increase delinquencies or losses on the Trust Receivables which might cause losses on the Notes.

If Obligor defaults on payments under the Trust Receivables and the Servicer, on behalf of the Trustee, enforces the Trust Receivable and takes possession of the relevant Property, many factors may affect the price at which the Property is sold and the length of time taken to complete that sale. Any delay or loss incurred in this process may affect the ability of the Trustee to make payments, and the timing of those payments, in respect of the Notes, notwithstanding any amounts that may be claimed under the mortgage insurance policies or be available under the Liquidity Facility.

Potential increases in defaults and foreclosures in residential properties or other conditions may depress the overall economy. A housing downturn may lead to declines in the value of residential real estate. Additionally, a lack of credit liquidity, higher mortgage rates and decreases in the property values may occur and potentially prevent payments by Obligor under the Mortgage Loans which may increase the likelihood of default.

In particular, as has been widely reported, there has been an outbreak of the coronavirus disease known as COVID-19 throughout the world including Australia, the United States, the United Kingdom and member states of the European Union. The outbreak has been declared to be a pandemic by the World Health Organization. This outbreak (and any future outbreaks) of COVID-19 has led (and is likely to continue to lead) to severe disruptions in the economies of nations where the coronavirus disease has arisen and may in the future arise, and has resulted in adverse impacts on the global supply chain, capital markets and economy in general. In particular, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and has impacted economic activity worldwide. A number of governments have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged

global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally.

Governments worldwide have implemented measures to contain the spread of the virus including travel bans, quarantines, social distancing and restrictions on public gatherings and commercial activity. In Australia this has limited economic activity and may result in a significant economic contraction. These circumstances could also lead to job losses or wage reductions which may adversely affect the ability of Obligors to make timely payments on their Trust Receivables.

These economic conditions may also adversely affect the amount of liquidation proceeds the Trust would realise in the event of foreclosure. Moreover, even if the Notes are performing as anticipated, the value of the Notes in the secondary market may nevertheless fall as a result of deterioration in general market conditions for residential mortgage-backed securities or other structured products. The market value of the Notes is likely to fluctuate, which could result in a significant loss to the Noteholder.

As at the Cut-Off Date, there are no Trust Receivables that are the subject of COVID-19 financial hardship arrangements.

#### **4.19 A limited number of Mortgage Loans are insured under Mortgage Insurance Policies, and those mortgage insurance policies may not be available to cover losses on the related Mortgage Loans**

The Mortgage Insurance Policies are subject to some exclusions from coverage, limitations on coverage and rights of termination which are described in Section 10.2 (“The Mortgage Insurers and the Mortgage Insurance Policies”). Furthermore, only a limited number of the Mortgage Loans are the subject of Mortgage Insurance Policies — Genworth Financial and QBE are acting as Mortgage Insurer with respect to 6.1% and 9.3%, respectively, of the aggregate Outstanding Principal Balance of the Pool of Mortgage Loans. The availability of funds under a Mortgage Insurance Policy will ultimately be dependent on the financial strength of Genworth Financial and QBE (as applicable). Additionally, cover under a Mortgage Insurance Policy may be terminated, refused or reduced in certain circumstances, including in the event of a misrepresentation or a breach of any duty of disclosure by the Seller or any other relevant party. Therefore, an Obligor’s payments that are expected to be covered by the Mortgage Insurance Policies may not be covered because of these exclusions and limitations, if cover is terminated, refused or reduced, or because of financial difficulties impeding the relevant Mortgage Insurer’s ability to perform its obligations.

There is no guarantee that a Mortgage Insurer will promptly make payment under any Mortgage Insurance Policy or that the relevant Mortgage Insurer will have the necessary financial capacity to make any such payment at the relevant time. Further, enforcement expenses such as legal fees, real estate taxes and maintenance and preservation expenses (to the extent not covered by the Mortgage Insurance Policy) will reduce the net amounts recoverable by the Trustee in connection with the enforcement of a Mortgage Loan and related security. If such circumstances arise, the Trustee may not have enough money to make timely and full payments of principal and interest on the Notes.

Furthermore, the rating of the Notes may be adversely affected in the event that a Mortgage Insurer is downgraded by a Designated Rating Agency.

In addition, if a Mortgage Loan is not insured under a related Mortgage Insurance Policy, payments that may otherwise be covered if the Mortgage Loan was the subject of mortgage insurance will not be covered. If such circumstances arise the Trustee may not have enough money to make timely and full payments of principal and interest on the Notes.

#### **4.20 Representations and warranties in connection with Mortgage Loans**

All of the Trust Receivables will be transferred from the Disposing Trustees to the Trustee on the Closing Date in accordance with the Inter-Trust Sale Deed.

The Seller has previously given to the Disposing Trustees certain representations and warranties in respect of the Trust Receivables in connection with the initial sale of those Receivables to the Disposing Trustees. Under the Inter-Trust Sale Deed, the Disposing Trustees will also transfer to the Trustee the benefit of the representations and warranties previously given by the Seller to the Disposing Trustees in respect of the Trust Receivables. See Section 9.4 ("Seller representations and warranties regarding the Mortgage Loans") for a description of the representations and warranties previously given by the Seller to the Disposing Trustees in respect of the Trust Receivables which will be transferred to the Trustee.

The Seller will not repeat for the benefit of the Trustee any of the representations and warranties in respect of the Trust Receivables previously given to the Disposing Trustees. In respect of any Trust Receivables where the representations and warranties originally given by the Seller to the Disposing Trustees were incorrect, the Trustee's sole remedy for a breach of representation or warranty originally given will be such claim against the Seller in respect of that breach as remains permitted under the rights transferred to the Trustee under the Inter-Trust Sale Deed in connection with the benefit of those representations and warranties. There is no right to require the Seller to repurchase a Trust Receivable as a result of a breach of any representations and warranties originally given by the Seller to the Disposing Trustees in respect of such Trust Receivable.

The Manager will certify to the Trustee on the Closing Date that (to the best of its knowledge and belief) each Trust Receivable is an Eligible Receivable on the Closing Date. In providing this certification the Manager is not required to investigate whether any Trust Receivable satisfies the Eligibility Criteria. Therefore, if at the time the Manager made the certification it did not then have knowledge of any circumstance that would cause such certification to be incorrect, there will not be any remedies available against the Manager in respect of such incorrect certification.

The Trustee has not investigated or made any enquiries regarding the accuracy of the Seller's representations and warranties previously given to the Disposing Trustees, or the Manager's certifications in respect of the Trust Receivables.

The Trustee will not have an indemnity against the Manager in respect of the certification that each Trust Receivable is an Eligible Receivable on the Closing Date being incorrect. The Trustee would be able to sue for damages for breach. The costs of any such suit will be Trust Expenses and paid in priority to payments of interest on the Notes.

The Servicer has agreed under the Servicing Deed to comply with various obligations with respect its servicing of the Trust Receivables as described in Section 11.5 ("Master Servicing Deed"). These include (among others) obligations to:

- (a) service the Trust Receivables in accordance with all applicable laws (including the National Credit Legislation as it applies to the Trust Receivables) and the Credit Policies and Procedures; and
- (b) take all reasonable action to protect or enforce the terms of the Trust Receivables (including taking all reasonable action to enforce any rights against the relevant Obligor in respect of a Trust Receivable to the extent permitted by the terms of that Trust Receivable and to the extent that it is consistent with the Credit Policies and Procedures).

Subject to the exceptions described in Section 11.5 ("Master Servicing Deed"), the Servicer has agreed under the Master Servicing Deed to indemnify the Trustee against any Loss which the Trustee incurs or suffers directly as a result of a failure by the Servicer to comply with its obligations under any Transaction Document of the Trust to which it is a party.

The Manager has also agreed under the Management Deed to comply with various obligations with respect the management of the Trust as described in Section 11.3 ("Master Management Deed"). These include (among others) obligations to direct the Trustee in relation to how to carry on the Trust Business and to carry on the day-to-day administration, supervision and management of the Trust Business of the Trust in accordance with the Transaction Documents for the Trust. Subject to the exceptions described in Section 11.3 ("Master Management Deed"), the Manager has agreed under the Management Deed to indemnify the Trustee against any Loss which the Trustee incurs or suffers directly as a result of a failure by the Manager to comply with its obligations under any Transaction Document of the Trust to which it is a party.

The ability of the Seller, the Servicer or the Manager to remedy a breach of representation and warranty or an obligation described above may depend (among other things) on the creditworthiness of the relevant party. If such a breach occurs and the Trustee is not fully compensated by the relevant party for losses suffered by the Trustee as a result of that breach, this may result in the Trustee having insufficient funds available to it to make full payments of interest and principal to the Noteholders.

#### **4.21 Enforcement of the Mortgage Loans**

Substantial delays could be encountered in connection with the liquidation of a Mortgage Loan and its related rights, which may lead to shortfalls in payments to Noteholders to the extent those shortfalls are not covered by a Mortgage Insurance Policy. If the proceeds of the sale of a mortgaged property, net of preservation and liquidation expenses, are less than the amount due under the related Mortgage Loan, the Trustee may not have enough funds to make full payments of interest and principal due, notwithstanding any amounts covered under a Mortgage Insurance Policy, available under the Liquidity Facility or recovered pursuant to Section 8.1 ("Collections").

#### **4.22 Geographic concentration of Mortgage Loans**

Details in respect of the geographic concentration of the Pool of Mortgage Loans are set out in Section 15 ("The Pool of Mortgage Loans") of this Information Memorandum. If the 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 loss 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. These events may in turn have a disproportionate impact on funds available to the Trust, which could cause losses to be suffered by Noteholders.

To the extent that any such region experiences any such deterioration, natural disaster or other relevant conditions in the future, this may increase the likelihood of obligors in respect of the Trust Receivables in that region missing scheduled instalments or defaulting on those Trust Receivables. In such circumstances, the values of properties in that region may also fall, leading to the possibility of a loss in the event of enforcement.

None of the Trustee, the Manager, the Seller, the Servicer or any other person can quantify whether there has been a decline in the value of properties since the settlement of the Trust Receivables or the extent to which there may be a decline in the value of properties in the future.

#### **4.23 Set-off risk**

The Trust Receivables can only be sold free of set-off to the Trustee to the extent permitted by law. The consequence of this is that if an Obligor in connection with the Trust Receivable has funds standing to the credit of an account with ME or amounts are otherwise payable to such a person by ME, that person may have a right on the enforcement of the Trust Receivable or on the insolvency of ME to set-off ME's liability to that person in reduction of the amount owing by that person in connection with the Trust Receivable.

If ME becomes insolvent, it can be expected that Obligor will exercise their set-off rights to a significant degree.

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

#### **4.24 The Seller's ability to amend or revise the Credit Policies and Procedures may lead to a delay or reduction in payments received**

The Servicer and the Manager may amend or revise the Credit Policies and Procedures in the manner described in Section 11.5 ("Master Servicing Deed"). Subject to the restrictions described in Section 11.5 ("Master Servicing Deed"), this could lead to a delay or reduction in the payments received by the Noteholders and may adversely affect the ability of the Trustee to meet its obligations.

#### **Risks relating to the transaction parties**

#### **4.25 Derivative Counterparty performance**

ANZ and NAB are Derivative Counterparties. If any of ANZ or NAB fails to perform its obligations under any relevant swap transaction, Noteholders will be exposed to the risk that the Trustee will not have sufficient funds to pay amounts due on the Notes in full and on time. To that extent, payments on the Notes are dependent on the creditworthiness and liquidity position of each of ANZ and NAB and their willingness to perform their respective obligations. Investors should note however, that in setting the Threshold Rate, the Manager is entitled to assume that all parties to the Transaction Documents comply in full with their obligations. See Section 7.4 ("Threshold Rate").

If the rating for a Derivative Counterparty falls below a certain level prescribed by a Designated Rating Agency, that Derivative Counterparty may be required to either post collateral on terms acceptable to the Designated Rating Agencies, novate all its rights and obligations under swap transactions entered into to a replacement counterparty which holds a credit rating at the required level or otherwise ensure that its obligations are guaranteed by a third party whose credit rating is at the required level or do anything else required by the relevant Designated Rating Agency at the time. Failure by the Derivative Counterparty to take such action following its downgrade may result in the termination of the relevant swap transactions. See Section 4.26 ("Termination of the swaps").

#### **4.26 Termination of the swaps**

The Trustee will enter into swap transactions with Derivative Counterparties under which under which the Trustee will exchange certain fixed rate payments in respect of the Trust Receivables for variable rate payments based on BBSW.

If any such swap transactions (or any replacement swap transaction) are terminated or the Derivative Counterparty fails to perform its obligations, Noteholders will be exposed to the risk that the floating rate of interest payable with respect to the Notes will be greater than the fixed rate payable by Obligor in respect of the Trust Receivables having a fixed rate of interest. Noteholders will also be exposed to the risk that the Trustee will not be able to enter into a replacement swap transaction and will not receive sufficient funds to pay interest on the Notes when due.

If a swap transaction terminates before its scheduled termination date, a termination payment by either the Trustee or the Derivative Counterparty may be payable. A termination payment could be substantial and in certain circumstances will be required to be paid in priority to amounts payable to Noteholders. If a Derivative Counterparty is required to make a termination payment to the Trustee upon the termination of a swap, then the Trust will be exposed to credit risk in relation to the capacity of the relevant Derivative Counterparty to make that termination payment.

In relation to Fixed Rate Mortgage Loans, the use of a Derivative Contract will expose the Trust to the risk of under or over hedging. Over hedging may occur for example if repayment rates of Obligor are higher than expected, potentially creating a differential between the principal amount of the Derivative Contract and the principal amount of the Mortgage Loans. In some cases, this could necessitate the unwinding of the Derivative Contract at a cost to the Trust. In addition, as the Trustee will only be required to hedge Fixed Rate Mortgage Loans on the terms and within

the parameters set out in Section 7.3 (“Derivative Contracts”), the Trust will be exposed to potential under and over hedging of the Fixed Rate Mortgage Loans within those boundaries.

See further details at Section 8 (“Cashflow Allocation Methodology”).

#### **4.27 Termination of appointment of the Manager or the Servicer may affect the collection of the Trust Receivables**

The Manager will be appointed as the manager of the Trust pursuant to the Master Management Deed. For a description of the activities of the Manager as manager of the Trust see Section 11.3 (“Master Management Deed”). The Servicer will be appointed as the servicer for all of the Mortgage Loans relating to the Trust. For a description of the activities of the Servicer as servicer for the funds see Section 11.5 (“Master Servicing Deed”).

The appointment of each of the Manager and the Servicer may be terminated in certain circumstances. If the appointment of one of them is terminated, a substitute will need to be found to perform the relevant role for the Trust.

The retirement or removal of the Manager or the Servicer will only take effect once a substitute has been appointed and has agreed to be bound by the Transaction Documents. There is no guarantee that such a substitute will be found or that the substitute will be able to perform its duties with the same level of skill and competence as any previous Manager or Servicer (as the case may be).

The failure to timely appoint a suitable successor manager or servicer, may result in delayed or reduced payments of interest on or payments or allocations of principal of the Notes.

To reduce the risk of finding a suitable substitute servicer, the Trustee, the Manager, the Servicer and the Standby Servicer have entered into the Standby Servicer Deed whereby the Standby Servicer has agreed to act as the standby servicer in accordance with the terms of the Standby Servicer Deed.

#### **4.28 The Servicer may commingle collections on the Trust Receivables with its assets**

Before the Servicer remits Collections to the Collection Account, the Collections may be commingled with the assets of the Servicer. If the Servicer becomes insolvent, the Trustee may only be able to claim those Collections as an unsecured creditor of the insolvent company. This could lead to a failure to receive the Collections on the Trust Receivables, delays in receiving the Collections, or losses on the Notes.

#### **4.29 The availability of support facilities and other payments will ultimately be dependent on the financial condition of ME**

ME is acting as Liquidity Facility Provider and Redraw Facility Provider. Accordingly, the availability of these support facilities will ultimately be dependent on the financial strength of ME (or any replacement in the event that ME resigns or is removed from acting in any such capacities and a replacement is appointed).

There are provisions in the Liquidity Facility Agreement that provide for the replacement of ME in its capacity as Liquidity Facility Provider or the posting of collateral or taking of other action by ME, in the event that the ratings of ME are reduced below certain levels provided for in the Liquidity Facility Agreement. In the case of S&P ratings, ME is currently at the ratings levels below which these requirements would be triggered. In the case of Fitch ratings, as ME is not currently rated by Fitch, ME will post the collateral required under the Liquidity Facility Agreement on or before the Closing Date to address these requirements.

There are also provisions in the Issue Supplement that require ME acting as Seller to pay to the Trustee an amount representing the interest off-set benefits (if any) that were available to Obligor in respect of the Trust Receivables under the terms of any Interest Offset Accounts during the immediately preceding Collection Period net of certain amounts. If the long term S&P

rating of ME is reduced below its certain level (and only for so long as ME continues to be rated below that level), the Seller is also required to pay certain advance amounts to the Trustee in respect of interest off-set benefits.

There is no assurance that:

- (a) ME would be able to find a replacement for ME in its capacity as Liquidity Facility Provider or take other required action in respect of that ratings downgrade within the timeframes prescribed in the Liquidity Facility Agreement;
- (b) ME will post any other collateral required under the terms of the Liquidity Facility Agreement; or
- (c) ME will pay the full amounts required under the terms of the Issue Supplement in connection with interest off-set benefits when required to do so.

If ME (or any replacement facility provider) encounters financial difficulties which impede or prohibit the performance of its obligations under the Liquidity Facility Agreement, under the Redraw Facility Agreement or in connection with Interest Offset Accounts, the Trustee may not have sufficient funds to pay on time the full amount of principal and interest due on the Notes.

#### **4.30 ME and its affiliates will be subject to conflicts of interest**

ME is acting in various capacities as Seller, Servicer, Manager, Participation Unitholder, Residual Unitholder, Liquidity Facility Provider and Redraw Facility Provider.

ME and its affiliates may participate in transactions in which it 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 Notes.

#### **Risks relating to security**

#### **4.31 Proceeds from enforcement**

If an Event of Default occurs while any Notes are outstanding, the Security Trustee may and, if directed to do so by an Extraordinary Resolution of Voting Secured Creditors, must, declare all amounts outstanding under the Notes immediately due and payable and enforce the General Security Deed in accordance with its terms and the Security Trust Deed. That enforcement may include the sale of the Trust Assets.

If the Security Trustee enforces the Security granted in respect of the Trust Assets, there is no assurance that the market value of the Trust Assets will be equal to or greater than the outstanding principal and interest due on the offered Notes, or that the Security Trustee will be able to sell, or realise the full value of, the Trust Assets. The Trustee, the Manager, the Servicer, the Standby Servicer, the Security Trustee, the Derivative Counterparties and other service providers will generally be entitled to receive the proceeds of any sale of the Trust Assets, to the extent they are owed fees and expenses, before Noteholders. Consequently, the proceeds from the sale of the Trust Assets after an Event of Default under the Security Trust Deed may be insufficient to pay principal and interest in full to Noteholders.

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 Secured Creditors and this may have an impact upon the Trustee's ability to repay all amounts outstanding in relation to the Notes.

Neither the Security Trustee nor the Trustee will have any liability to the Secured Creditors in respect of any such deficiency (except in the limited circumstances described in the Master Trust Deed, the Security Trust Deed and the General Security Deed).

#### 4.32 Personal Property Securities Act

A personal properties securities regime commenced operating in Australia on 30 January 2012. The Personal Property Securities Act 2009 (Cth) (the **PPSA**) established a single national system for registration of security interests in personal property, and introduced 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. However, security interests under the PPSA also include:

- transactions that in substance, secure payment or performance of an obligation but may not have previously been legally classified as securities (or may not have been registrable); and
- certain transactions which are deemed by the PPSA to be security interests, even if those transactions do not secure payment or performance of an obligation – these deemed security interests include assignments of certain monetary obligations and certain leases of goods.

A person who holds a security interest under the PPSA will need to register (or otherwise perfect) the security interest 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 a security interest is not perfected, the consequences include the following:

- another security interest may take priority;
- another person may acquire an interest in the assets which are subject to the security interest free of the security interest; and
- 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 General Security Deed and the assignment of Receivables by the Seller to the Trustee are security interests under the PPSA. The Transaction Documents may also contain other security interests. The agreements under which the Trust Receivable arise may also constitute security interests for purposes of the PPSA. The Issuer and the Security Trustee have agreed to comply with directions from the Manager in relation to the registration of security interests under the Transaction Documents.

There is uncertainty on aspects of the PPSA regime because the PPSA significantly alters the law relating to secured transactions. There are issues and ambiguities in respect of which a market view or practice will evolve over time.

Under the Security Trust Deed, the Trustee grants the Security, being a security interest over all the Collateral in favour of the Security Trustee to secure the payment of moneys owing to the Secured Creditors (including, among others, the Noteholders). The Security will need to be perfected under the PPSA.

Under the General Security Deed, the Trustee has agreed to not do anything to create any encumbrances over the Trust Assets other than in accordance with the Transaction Documents.

However, under Australian law:

- dealings by the Trustee with the Trust Receivables in breach of such undertaking may nevertheless have the consequence that a third party acquires title to the relevant Trust Receivables free of the security interest created under the General Security Deed or another security interest over such Trust Receivables has priority over that security interest; and
- contractual prohibitions upon dealing with the Trust Receivables (such as those contained in the General Security Deed) will not of themselves prevent a third party from obtaining priority or taking such Trust Receivables free of the security interest created under the General Security Deed (although the Security Trustee would be entitled to exercise remedies against the Issuer in respect of any such breach by the Trustee).



Whether this would be the case, depends upon matters including the nature of the dealing by the Trustee, the particular Trust Receivable concerned and the agreement under which it arises and the actions of the relevant third party.

#### **4.33 Voting Secured Creditors must act to effect enforcement of the General Security Deed**

If an Event of Default occurs and is continuing, the Security Trustee must convene a meeting of the Secured Creditors to obtain directions as to what actions the Security Trustee is to take under the General Security Deed and the Security Trust Deed. Any meeting of Secured Creditors will be held in accordance with the terms of the Security Trust Deed. However, only the Voting Secured Creditors are entitled to vote at a meeting of Secured Creditors or to otherwise direct or give instructions or approvals to the Security Trustee in accordance with the Transaction Documents.

Accordingly, if the Voting Secured Creditors have not directed the Security Trustee to do so, enforcement of the General Security Deed will not occur, other than where in the opinion of the Security Trustee, the delay required to obtain instructions from the Voting Secured Creditors would be materially prejudicial to the interests of those Voting Secured Creditors and the Security Trustee has determined to take action (which may include enforcement) without instructions from them.

If at any time there is a conflict between a duty the Security Trustee owes to a Secured Creditor, or a class of Secured Creditor, of the Trust and a duty the Security Trustee owes to another Secured Creditor, or class of Secured Creditor, of the Trust, the Security Trustee must give priority to the duties owing to the Voting Secured Creditors.

#### **Risks relating to legal, regulatory and other matters**

#### **4.34 National Credit Code**

The NCCP commenced operation from 1 July 2010. Schedule 1 of the NCCP contains the National Credit Code (the **National Credit Code**). ASIC is responsible for administering the NCCP.

The National Credit Legislation (which includes the National Credit Code) applies (with some limited exceptions) to the Trust Receivables that had previously been regulated under the old uniform Consumer Credit Code which formerly applied as a uniform law of the Australian States and Territories (the **Consumer Credit Code**) and also to all new consumer loans made after 1 July 2010.

The National 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 person.

The National 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 National Credit Legislation.

The responsible lending obligations under the National Credit Legislation are broadly expressed. In recent years, there has been a number of Australian 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 National Credit Legislation may mean that court action is brought by the obligor or by ASIC to:

- (a) grant an injunction preventing a regulated Trust Receivable from being enforced (or any other action in relation to the Trust Receivable) if to do so would breach the National 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 National Credit Legislation;
- (c) if a credit activity has been engaged in without a licence and no relevant exemption applies, 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) vary the terms of the Trust Receivable on the grounds of hardship;
- (e) vary the terms of the Trust Receivable, or a change to such documents, that are unjust, and reopen the transaction that gave rise to the Receivable or the change;
- (f) reduce or annul any interest rate payable on the Trust Receivable which is unconscionable;
- (g) declare that certain provisions of the Trust Receivable or any related security which are in breach of the legislation are void or unenforceable from the time it was entered or at any time on and after a specified day before the order is made;
- (h) obtain restitution or compensation from the credit provider in relation to any breach of the National Credit Legislation in relation to the Purchased Receivable or any related security; or
- (i) seek various remedies for other breaches of the National Credit Legislation.

Applications may also be made to the Australian Financial Complaints Authority (**AFCA**), which has the power to resolve disputes with respect to a credit facility, where the amount claimed by someone other than a Small Business or Primary Producer (as defined in the Australian Financial Complaints Authority Rules) does not exceed A\$1 million. The scope to challenge an adverse determination by AFCA is limited, and a decision is not subject to judicial review.

Any such order (by a court or AFCA) may affect the timing or amount of interest, fees or charges, or principal payments repayments under the relevant Trust Receivable (which might in turn affect the timing or amount of interest or principal payments under the Notes).

Where a systemic contravention affects multiple Trust Receivable, there is a risk of a representative or class action under which orders could be made in respect of all affected Trust Receivable contracts.

Under the National Credit Legislation, ASIC will have standing to represent the public interest and be able to make an application to vary the terms of a contract or class of contracts on grounds, including hardship or unjust terms, if this is in the public interest. Breaches of the National 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 Trust Receivables and the related security. If the Trustee acquires legal title, it will then become primarily responsible for compliance with the National Credit Legislation. The amount of any civil penalty payable by the Seller may be set off against any amount payable by the obligor under the Trust Receivables.

The Trustee will be indemnified out of the Trust Assets for liabilities it incurs under the National Credit Legislation. Where the Trustee is held liable for breaches of the National 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 be indemnified against any Trust Assets. However, there is no guarantee that the Manager or the Servicer (as applicable) will have the financial capability to pay any civil or criminal penalties which arise from Consumer

Credit Legislation violations and in certain circumstances there may be legal impediments to enforcement of the indemnities.

The Seller will give certain representations and warranties that the Trust Receivables and any related security complied in all material respects with all applicable laws when those mortgages were entered into. The Servicer has also undertaken to comply with the National 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 National Credit Legislation which is caused by a breach of the relevant representation or undertaking made or given by the Seller in the Master Sale Deed or the Servicer in the Master Servicing Deed (as applicable).

#### **4.35 Unfair contract terms regime**

In certain circumstances, where the terms of the Purchased Receivable 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 (Cth) (**National Unfair Terms Regime**) for being unfair.

Under the National Unfair Terms Regime, a term of a standard-form consumer contract or a small business 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 financial or non-financial detriment to a party if it was relied on. A consumer contract is one with a natural person, whose use of what is provided under the contract is predominantly for personal, domestic or household use or consumption. A small business contract is one where at the time the contract is entered into, at least one party to the contract is a business that employs fewer than 20 persons and either:

- (a) the upfront price payable under the contract is \$300,000 or less; or
- (b) the contract has a duration of more than 12 months and the upfront price payable under the contract does not exceed \$1,000,000.

A term that is unfair will be void, however, in such a case, the contract will continue if it is capable of operating without the unfair term.

The National Unfair Terms Regime commenced on 1 July 2010. The National Unfair Terms Regime may apply to Trust Receivables, depending on when the Trust Receivables were entered into. Any finding that a term of a Trust Receivables is unfair and, as a consequence, void may, depending on the relevant term, affect the timing or amount of principal repayments under the relevant Trust Receivables which may in turn affect the timing or amount of interest and principal repayments under the Notes.

On the 9 November 2020, Treasury released 'Enhancements to Unfair Contract Term Protections - Regulation Impact Statement for Decision' following a consultation into the National Unfair Terms Regime. Proposed changes include making unfair contract terms unlawful and giving courts the power to impose a civil penalty. As draft legislation has not been released it is unclear what form these changes will take and what affect the reforms may have on asset-backed securities such as the Notes.

#### **4.36 Anti-Money Laundering and Counter Terrorism Financing**

The Anti-Money Laundering and Counter-Terrorism Financing Act ("**AML/CTF Act**") regulates the anti-money laundering and counter-terrorism financing obligations on financial services providers. The Trustee and other parties to the Transaction Documents may be subject to certain obligations under the AML/CTF Act.

Under the AML/CTF Act, if an entity has not met its obligations under the AML/CTF Act, that entity will be prohibited from providing a designated service which includes:

- (a) opening or providing an account, allowing any transaction in relation to an account or receiving instructions to transfer money in and out of the account;
- (b) making loans to an Obligor or allowing a transaction to occur in respect of that loan;
- (c) providing a custodial or depository service;
- (d) issuing, dealing, acquiring, disposing of, cancelling or redeeming a security; and
- (e) exchanging one currency for another.

These obligations will include, among other things, registering with the Australian Transaction Reports and Analysis Centre, lodging an annual compliance certificate, implementing an Anti-Money Laundering and Counter-Terrorism Financing Program that complies with the requirements set out in the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No 1) (Cth) (these requirements include a requirement to implement a training program, undertake employee due diligence, apply customer identification procedures, and conduct a regular review of the program, and monitor and report certain transactions including suspicious transactions over \$10,000 and international funds transfer instructions).

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

Australia also implements sanctions laws under the *Autonomous Sanctions Act 2011* (Cth) and *Charter of the United Nations Act 1945* (Cth) that prohibit a person from entering into certain transactions (e.g. making a loan or making payments) to persons and entities that have been listed on the Australian sanctions listed maintained by the Australian Sanctions Office, with the delegated authority of the Australian Minister for Foreign Affairs, or that are controlled, owned or acting at the direction of someone on this list. Australian sanctions laws also prohibit the provision of certain services (including financial services) to sanctioned jurisdictions.

The Trustee and other parties to the Transaction Documents may be subject to Australian sanctions laws. Compliance could affect the services of an entity or the funds it provides and ultimately may result in a delay in the amounts received by a Noteholder.

#### **4.37 Imposition of a withholding tax**

If a withholding tax is imposed on payments of interest on the Notes, Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax. Thus, Noteholders will receive less interest than is scheduled to be paid on the Notes.

If the option to redeem the Notes affected by a withholding tax is exercised, the Noteholders may not be able to reinvest the redemption payments at a comparable interest rate.

For further information, see Section 12 ("Tax Considerations").

#### **4.38 Economic conditions**

If the Australian economy were to experience a significant downturn, a substantial increase in interest rates, a sharp fall in property values or any combination of these factors, delinquencies or losses on the Mortgage Loans may increase, which may cause losses on the Notes. In this respect see further Section 4.18 ("Delinquency and default risk").

#### **4.39 Australian or global financial regulatory reforms may have a negative impact on the Notes or a significant impact on the Trust or ME**

Changes in the global financial or taxation regulation or regulatory treatment of asset-backed securities may negatively impact the regulatory position of affected investors and have an

adverse impact on the value and liquidity of asset-backed securities such as the Notes. You should consult with your own legal, regulatory, tax, business, financial, accounting and investment advisors regarding the potential impact on you and the related compliance issues. Depending on their nature, regulatory reforms could have a significant impact on the regulation of the Trust or ME.

#### 4.40 EU Securitisation Due Diligence and Retention Rules

The EU Due Diligence and Retention Rules imposes certain restrictions and obligations with regard to securitisations (as such term is defined for purposes of the EU Securitisation Regulation). The EU Due Diligence and Retention Rules are in force throughout the EU (and are expected also to be implemented in the non-EU member states of the European Economic Area) in respect of securitisations the securities of which were issued (or the securitisation positions of which were created) on or after 1 January 2019.

##### ***EU Transaction Requirements***

The EU Due Diligence and Retention Rules impose certain requirements (**EU Transaction Requirements**) with respect to originators, original lenders, sponsors and securitisation special purpose entities (**SSPEs**) (as each such term is defined for purposes of the EU Securitisation Regulation). Although not expressly stated in the EU Due Diligence and Retention Rules (such that there is no certainty on this point), certain market participants take the view that the EU Transaction Requirements apply only to entities which are: (i) supervised in the EU pursuant to specified EU financial services legislation; or (ii) established in the EU (**EU Obligated Entity**). Neither ME nor the Issuer is an EU Obligated Entity.

The EU Transaction Requirements include provision with regard to, amongst other things: (a) a requirement under Article 6(1) of the EU Securitisation Regulation that the originator, the original lender or the sponsor of a securitisation commits to retain, on an ongoing basis, a material net economic interest in the relevant securitisation of not less than 5% in respect of certain specified credit risk tranches or asset exposures (the **EU Retention Requirement**); (b) a requirement under Article 7 of the EU Securitisation Regulation that the originator, sponsor and SSPE of a securitisation make available to holders of a securitisation position, EU competent authorities and (upon request) potential investors certain prescribed information (the **EU Transparency Requirements**); and (c) a requirement under Article 9 of the EU Securitisation Regulation that originators, sponsors and original lenders of a securitisation apply to exposures to be securitised the same sound and well-defined criteria for credit-granting which they apply to non-securitised exposures, and have effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting its obligations under the credit agreement (the **EU Credit-Granting Requirements**).

Failure by any person to which the EU Securitisation Regulation applies to comply with any EU Transaction Requirement applicable to it may result in a regulatory sanction and remedial measures being imposed on such person.

##### ***EU Investor Requirements***

In addition, investors should be aware that Article 5 of the EU Securitisation Regulation, places certain conditions (the **EU Investor Requirements**) on investments in securitisations (regardless of whether there is an EU Obligated Entity that is party to the securitisation transaction) by "institutional investors" (as such term is defined for the purposes of the EU Securitisation Regulation), being persons of the following types which are supervised in the EU in respect of the relevant activities (each an **EU Institutional Investor**): (a) a credit institution or an investment firm as defined in and for purposes of Regulation (EU) No 575/2013, as amended, known as the Capital Requirements Regulation (the **CRR**) (or a consolidated affiliate thereof, as provided by Article 14 of the CRR), (b) an insurance undertaking or a reinsurance undertaking as defined in Directive 2009/138/EC, as amended, known as Solvency II, (c) an alternative investment fund manager as defined in Directive 2011/61/EU that manages or markets alternative investment funds in the EU, (d) an undertaking for collective investment in transferable securities (**UCITS**) management company, as defined in Directive 2009/65/EC, as amended, known as the "UCITS Directive", or an internally managed UCITS, which is an investment company that is authorised in

accordance with that Directive and has not designated such a management company for its management, and I with certain exceptions, an institution for occupational retirement provision (**IORP**) falling within the scope of Directive (EU) 2016/2341, or an investment manager or an authorised entity appointed by such an institution for occupational retirement provision as provided in that Directive.

The EU Investor Requirements apply to investments by EU Institutional Investors regardless of whether any party to the relevant securitisation is subject to any EU Transaction Requirement.

The EU Investor Requirements provide that, prior to investing in (or otherwise holding an exposure to) a securitisation, an EU Institutional Investor, other than the originator, sponsor or original lender must, among other things: (a) verify that the originator or the original lender of the underlying exposures of the securitisation is in compliance with the EU Credit-Granting Requirements, or, where the originator or original lender is established in a third country (that is, not within the EU or the EEA), the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness, (b) verify that the originator, the original lender or the sponsor in respect of the relevant securitisation is in compliance with the EU Retention Requirement, or, if established in a third country, the originator, sponsor or original lender retains on an ongoing basis a material net economic interest which, in any event, shall not be less than 5%, determined in accordance with Article 6(1) of the EU Securitisation Regulation, and discloses the risk retention to institutional investors, (c) verify that the originator, sponsor or SSPE has, where applicable, made available the information required by Article 7 of the EU Securitisation Regulation (which sets out transparency requirements for originators, sponsors and SSPEs) in accordance with the frequency and modalities provided for in Article 7, and (d) carry out a due-diligence assessment in accordance with the EU Due Diligence and Retention Rules which enables the EU Institutional Investor to assess the risks involved, considering at least (i) the risk characteristics of the securitisation position and the underlying exposures, and (ii) all the structural features of the securitisation that can materially impact the performance of the securitisation position.

In addition, the EU Investor Requirements oblige each EU Institutional Investor to (a) establish appropriate written procedures in order to monitor, on an ongoing basis, compliance with the certain aspects of the EU Securitisation Regulation and the performance of the securitisation position and of the underlying exposures, (b) regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures, (c) ensure internal reporting to its management body to enable adequate management of material risks, and (d) be able to demonstrate to its regulatory authorities that it has a comprehensive and thorough understanding of the securitisation position and its underlying exposures and has implemented written policies and procedures for managing risks of the securitisation position and maintaining records of the foregoing verifications and due diligence and other relevant information.

If any EU Institutional Investor fails to comply with the EU Investor Requirements, it may be subject (where applicable) to an additional regulatory capital charge with respect to any securitisation position acquired by it or on its behalf, and it may be subject to other regulatory sanctions.

Certain aspects of the EU Transaction Requirements and the EU Investor Requirements are to be further specified in regulatory technical standards to be adopted by the European Commission as delegated regulations. Such regulatory technical standards have not yet been adopted by the European Commission or published in final form. It remains unclear, in certain respects, what will be required for EU Institutional Investors to demonstrate compliance with the EU Investor Requirements.

ME will, as an originator, retain a material net economic interest in this securitisation transaction in accordance with the text of Article 6(1) of the EU Securitisation Regulation. As at the Closing Date, such interest will be comprised of certain randomly selected exposures held on the balance sheet of the Seller (the **Retained Pool**). As at the Closing Date, the Retained Pool will comprise of more than 100 randomly selected exposures and bear similar characteristics to the securitised exposures in accordance with Article 6(3)(c) of the EU Securitisation Regulation. ME confirms that the material net economic interest will not be subject to credit-risk hedging.

The EU Due Diligence and Retention Rules provide that an entity shall not be considered an “originator” (as defined for purposes of the EU Securitisation Regulation) if it has been established or operates for the sole purpose of securitising exposures. See Sections 5.2 (“Programme participants”) and 10 (“Mortgage origination and servicing”) in this Information Memorandum for information regarding ME, its business and activities.

***Investors to make their own investigations and seek independent advice***

Except as described above, no party to the securitisation transaction described in this Information Memorandum is required, or intends, to take any action with regard to such transaction in a manner prescribed or contemplated by the EU Due Diligence and Retention Rules, or to take any action for purposes of, or in connection with, compliance by any EU Institutional Investor with any applicable EU Investor Requirement.

Any failure to comply with the EU Due Diligence and Retention Rules may, amongst other things, have a negative impact on the value and liquidity of the Notes, and otherwise affect the secondary market for the Notes.

Prospective investors should make their own independent investigation and seek their own independent advice (i) as to the scope and applicability of the EU Due Diligence and Retention Rules (and any implementing rules in relation to a relevant jurisdiction); (ii) as to the potential implications of any financing entered into in respect of the Retention Notes (as described above); (iii) as to the sufficiency of the information described in this Information Memorandum, and which may otherwise be made available to investors and (iv) as to their compliance with any applicable EU Investor Requirements. None of ME, the Arranger, the Joint Lead Managers, the Derivative Counterparties, or any other party to the Transaction Documents (i) makes any representation that the performance of the undertakings described above, the making of the representations and warranties described above, and the information described in this Information Memorandum, or any other information which may be made available to investors, are or will be sufficient for the purposes of any EU Institutional Investor’s compliance with any EU Investor Requirement, (ii) has any liability to any prospective investor or any other person for any insufficiency of such information or any non-compliance by any such person with the EU Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements, or (iii) has any obligation to provide any further information or take any other steps that may be required by any EU Institutional Investor to enable compliance by such person with the requirements of any EU Investor Requirement or any other applicable legal, regulatory or other requirements.

Prospective investors are themselves responsible for monitoring and assessing changes to the EU Due Diligence and Retention Rules and their regulatory capital requirements. Each investor who may be subject to the EU Due Diligence and Retention Rules should consult with their own legal and regulatory advisors to determine whether, and to what extent, the information described is sufficient for compliance by that investor with any applicable EU Due Diligence and Retention Rules. In the event that a regulator determines that the transaction did not comply or is no longer in compliance with the EU Due Diligence and Retention Rules or an investor has insufficient information to satisfy its due diligence and/or ongoing monitoring requirements under the EU Due Diligence and 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.

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 EU Due Diligence and Retention Rules or other regulatory or accounting changes.

#### **4.41 U.S. Risk Retention Rules**

The U.S. Risk Retention Rules came into effect on 24 December 2016 and generally require the “securitizer” of a “securitization transaction” to retain at least 5 per cent. Of the “credit risk” of “securitized assets”, as such terms are defined for purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transactions described in this Information Memorandum will not involve risk retention by the Seller (or any other person) for the purposes of the U.S. Risk Retention Rules and the issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules.

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h)(ii) below, which are different than the comparable provisions in Regulation S. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and Risk Retention U.S. Person as used in this Information Memorandum) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

No assurance can be given as to whether the absence of retention by the Seller for the purposes of the U.S. Risk Retention Rules may give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and the absence of retention by the Seller for the purposes of the U.S. Risk Retention Rules could therefore materially and adversely affect the market value and secondary market liquidity of the Notes.

Each investor purchasing Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed to have made, and in certain circumstances will be required to make, certain representations and agreements, including that it: (1) is not a Risk Retention U.S. Person; (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note; and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

None of the Arranger, the Joint Lead Managers, the Derivative Counterparties, the Trustee, ME nor the Manager or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Information Memorandum



comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future and as to the regulatory capital treatment of their investment in the Notes at any time.

Failure of the Transaction to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action which may adversely affect the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by a transaction to comply with the risk retention requirements of the U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Notes and may be experienced immediately, due to the effects of the U.S. Risk Retention Rules on market expectations or uncertainty, the relative appeal of alternative investments not impacted by the U.S. Risk Retention Rules or other factors. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### **4.42 Japanese risk retention requirements**

On 15 March 2019 the JFSA published its final rule in relation to regulatory capital requirements with respect to the investment by certain Japanese financial institutions in securitisations. The Japanese Retention Rules became applicable to such Japanese financial institutions from 31 March 2019.

ME makes no statement or representation in relation to the application of the Japanese Retention Rules to any transaction or to compliance with the Japanese Retention Rules and in particular but without limitation the regulatory capital consequences under the Japanese Retention Rules for any person who invests in or holds any interest in the Notes.

Under its guidelines accompanying the Japanese Retention Rules, JFSA provides an example of retention of the credit risk in satisfaction of the Appropriate Origination Requirement in another manner if the amount retained is equivalent to or more than the required credit risk. Prospective investors should make their own independent assessment of whether ME's retention of the Retained Pool complies with the Japanese Due Diligence and Retention Rules.

None of ME, the Manager, the Trustee, the Security Trustee, the Arranger or the Joint Lead Managers or any other person:

- (a) makes any statement or representation that the information described in this Information Memorandum, or any other information which may be made available to investors, are or will be sufficient for the purposes of compliance with the Japanese Retention Rules;
- (b) has any liability to any prospective investor or any other person for any insufficiency of such information or any non-compliance with the Japanese Retention Rules or any other applicable legal, regulatory or other requirements;
- (c) has any obligation to provide any further information or take any other steps that may be required by to enable compliance with the requirements of any compliance with the Japanese Retention Rules or any other applicable legal, regulatory or other requirements; or
- (d) intends to take any additional action to ensure any transaction contemplated by this Information Memorandum complies with or otherwise satisfies the Japanese Retention Rules.

Prospective investors should make their own independent investigation and seek their own independent advice (i) as to the scope and applicability of the Japanese Retention Rules; (ii) as to the sufficiency of the information described in this Information Memorandum and (iii) as to the compliance with the Japanese Retention Rules in respect of any transactions contemplated by this Information Memorandum.

#### 4.43 Insolvency proceedings and subordination provisions

In addition the ipso facto reform discussed below, there is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called **flip clauses**). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of termination payments under the Derivative Contracts where the relevant Derivative Counterparty is the "defaulting party" (as that term is defined in that Derivative Contract) ("**Subordinated Termination Payment**").

The Supreme Court of the United Kingdom has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The U.S. decision has been the subject of further actions and results and the outcome is that U.S. law is unsettled.

If a creditor of the Trustee (such as the Derivative Counterparty or any replacement Derivative Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction which may not recognise the enforceability of such flip clauses (including, but not limited to, the United States), and it is owed a payment by the Trustee, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the New South Wales law governed Transaction Documents (such as a provision of the priority of payments which refers to the ranking of the Derivative Counterparty's payment rights in respect of Subordinated Termination Payments). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as the Derivative Counterparty, including U.S. established entities and certain non-U.S. established entities with assets and/or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction and any relevant foreign judgment or order was recognised by the courts of New South Wales, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Trustee to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Subordinated Termination Payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

#### 4.44 Ipso facto moratorium

On 18 September 2017, the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 (Cth) (**TLA Act**) received Royal Assent.

The TLA Act enacted reform (known as "**ipso facto reform**") which varies the enforceability of certain contractual rights against Australian companies which are subject to one of the following insolvency-related procedures (**Applicable Procedures**):

- (a) a scheme of arrangement for the purpose of avoiding being wound up in insolvency;

- (b) the appointment of a managing controller (that is, a receiver or other controller with management functions or powers); or
- (c) the appointment of an administrator.

The ipso facto reform deems contractual rights unenforceable if they arise for specified reasons. In effect, the reform imposes a stay or moratorium on the enforcement of contractual rights while the company is subject to the Applicable Procedure (the “**stay**”). The length of the stay depends on the Applicable Procedure and the type of stay concerned.

In summary, the following rights will be subject to the stay:

- (a) **Appointment Trigger:** Any rights which are triggered for the reason of the appointment of administrators, receivers or the announcement or commencement of a scheme of arrangement to avoid being wound up in insolvency will not be enforceable;
- (b) **Financial Position Protection:** Any rights which arise for the reason of the financial position of a company which is in administration, has receivers appointed or has announced or is subject to a scheme to avoid being wound up in insolvency will not be enforceable. That is, the company has protection from a counterparty exercising its contractual rights which result from adverse changes in the company’s financial position during the Applicable Procedure. Once the Applicable Procedure has ended, the financial position protection also ends (except in limited circumstances where the company is wound up following administration, in which case the financial position protection continues).
- (c) **Anti-Avoidance:** The Corporations Act (as amended by the TLA Act) contains very broad anti-avoidance provisions. For example:
  - (i) The TLA Act deems that any contractual provision which is “in substance contrary to” the other stays will also be unenforceable; and
  - (ii) Any self-executing provision which is expressed to automatically trigger rights otherwise subject to the stay is unenforceable.

The ipso facto reform applies to contracts, agreements or arrangements entered into after 1 July 2018. Contracts, agreements or arrangements entered into before 1 July 2023 that are a result of novations, assignments or variations of a contract, agreement or arrangement entered into before 1 July 2018 will not be subject to the stay.

The Corporations Act (as amended by the TLA Act) provides that certain contracts, agreements or arrangements prescribed in regulations (**Regulations**) are not subject to the stay. The Regulations prescribe that a right contained in a kind of contract, agreement or arrangement that involves a special purpose vehicle, and that provides for securitisation, is not subject to the stay.

The Corporations Act (as amended by the TLA Act) also provides that certain rights specified in the ministerial declaration (**Declaration**) in any type of contract are not subject to the stay. The Declaration prescribes that rights which are not subject to the stay include rights of indemnity, rights of set-off, acceleration rights to support rights of set-off, and rights to net balances or other amounts.

If it is satisfied that it is in the interests of justice, a court may:

- (d) on an application by the company subject to the Applicable Procedure, order that the stay applies to a right that would not otherwise be stayed; or
- (e) on an application by a counterparty, lift the stay.

There are still issues and ambiguities in relation to the stay, in respect of which a market view or practice will evolve over time. The scope of the ipso facto reform and its potential effect on the Transaction Documents and Notes remains uncertain.

#### 4.45 The regulation and reform of BBSW may adversely affect the value or liquidity of the Notes

Interest rate benchmarks (such as the Australian Bank Bill Swap Rate (**BBSW**) and other interbank offered rates) have been and continue to be the subject of national and international regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

In Australia, examples of reforms that are already effective include the replacement of the Australian Financial Markets Association as BBSW administrator with ASX, changes to the methodology for calculation of BBSW, and amendments to the Corporations Act made by the *Treasury Laws Amendment (2017 Measures No. 5) Act 2018* (Cth) which, among other things, enable ASIC to make rules relating to the generation and administration of financial benchmarks. On 6 June 2018, ASIC designated BBSW as a “significant financial benchmark” and made the ASIC Financial Benchmark (Administration) Rules 2018 and the ASIC Financial Benchmarks (Compelled) Rules 2018.

Although many of the Australian reforms were designed to support the reliability and robustness of BBSW, it is not possible to predict with certainty whether, and to what extent, BBSW will continue to be supported or the extent to which related regulations, rules, practices or methodologies may be amended going forward. This may cause BBSW to perform differently than it has in the past, and may have other consequences which cannot be predicted. For example, it is possible that these changes could cause BBSW to cease to exist, to become commercially or practically unworkable, or to become more or less volatile or liquid. Any such changes could have a material adverse effect on the Notes. Investors should be aware that the RBA has recently expressed a view that calculations of BBSW using 1-month tenors are not as robust as calculations using tenors of 3-months or 6-months, and that users of 1-month tenors such as the securitisation markets should be preparing to use alternative benchmarks such as the RBA cash rate or 3-month BBSW. If one of these alternative methods of calculating the benchmark reference rate for Australian securitisation transactions becomes standard and does not apply to the Notes (which currently reference 1-month BBSW), this could have a material adverse effect on the value and/or liquidity of the Notes.

For the purposes of determining payments of interest on the Notes, investors should be aware that the terms and conditions of the Notes provide for certain fall back arrangements in the event that BBSW ceases to exist or be published or another BBSW Disruption Event occurs. These fall back arrangements include the possibility that the Interest Rate could be determined by reference to a BBSW Successor Rate and that adjustments and successor inputs may be applied to such BBSW Successor Rate to reduce or eliminate any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of BBSW with the BBSW Successor Rate as further described in the terms and conditions of the Notes. Investors should also be aware that although the terms and conditions of the Notes require the Calculation Agent to act in good faith and in a commercially reasonable manner, the Calculation Agent retains discretion in connection with the determination of the BBSW Successor Rate and related adjustments and successor inputs.

In addition, investors should be aware that, in addition to being used for interest calculations, a rate based on BBSW is also used to determine other payment obligations such as floating amounts payable to the Derivative Counterparties under the Derivative Contracts, interest amounts payable to the Liquidity Facility Provider under the Liquidity Facility Agreement and interest amounts payable to the Redraw Facility Provider under the Redraw Facility Agreement and that the fall back rates for these payments may not be the same as the fall back rate for payments of interest on the Notes. Any such mismatch may lead to shortfalls in cash flows necessary to support payments on Notes.

Any such fall back rates may also, at the relevant time, be difficult to calculate, be more volatile than originally anticipated or not reflect the funding cost or return anticipated by investors.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by BBSW reforms and the potential for BBSW to be discontinued in making any investment decision with respect to any Notes.

#### 4.46 Other regulatory developments in the Australian banking and financial services sector

There is currently heightened political and regulatory scrutiny of the Australian banking and financial services sector.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was established on 14 December 2017 by the Governor-General of the Commonwealth of Australia and was authorised to inquire into, and report on, whether any conduct of financial service entities might have amounted to misconduct or conduct falling below community standards and expectations. The Royal Commission was also tasked with considering the causes of that conduct, in particular the role of culture, governance, remuneration and risk management practices, the effectiveness of regulators and making policy recommendations in response. A Royal Commission is a formal public inquiry that can only be instigated by the executive branch of the Australian Government and is directed by terms of reference.

The final report was issued on 4 February 2019 ("**The Royal Commission Final Report**"). The final report included 76 policy recommendations to the Australian Government and findings in relation to the case studies investigated during the hearings, with a number of referrals being made to regulators for misconduct by financial institutions, which has resulted in heightened levels of enforcement action across the industry including key regulators investigating all matters raised by the Royal Commission.

The Government has commenced implementation of several recommendations (including through consultations, changed regulatory posture and amendments to the law) and has plans to implement further recommendations over the next year. As this will, in some instances, involve putting further legislation before parliament, it is uncertain how all those reforms will be implemented into law or carried into practice, and the effects that these measures, if implemented, and the general heightened scrutiny of the Australian financial services industry, will have on asset-backed securities such as the Notes. However, it is possible that such developments could have an adverse impact on the value and liquidity of the Notes or the ability of the transaction parties to perform their obligations in relation to the Trust.

On 25 September 2020 the Treasurer Mr Josh Frydenberg announced significant reforms to the responsible lending obligations in the NCCP. The purpose of the reforms is to remove barriers to the provision of credit as the Australian economy starts to recover from the COVID-19 pandemic. On 4 November 2020, draft legislation was released for consultation. The draft legislation proposes that the current responsible lending obligations in the NCCP will only apply to small amount credit contracts (SACCs), SACC equivalent loans and consumer leases. The draft legislation also proposes that non-ADI credit providers will need to comply with new lending standards modelled on current APRA standards. As the legislation will be subject to the consultation and parliamentary process, it is unclear what form it will take if passed, and what affect these reforms may have on asset-backed securities such as the Notes.

## 5 Introduction to the SMHL Programme and Programme Participants

### 5.1 Background

In July 1994, the Superannuation Members' Home Loans programme (the **SMHL Programme**) was established. The main objectives of the SMHL Programme were to make home loan finance available on commercial terms and at competitive rates to qualifying Obligor while at the same time providing competitive returns to investors in the funds created under the SMHL Programme.

The SMHL Programme has been re-documented in 2020.

The issue to which this Information Memorandum relates is confined solely to the Trust. Noteholders have no recourse to the assets of any other trust established at any time under the SMHL Programme.

### 5.2 Programme participants

(a) **Members Equity Bank Limited (ABN 56 070 887 679)**

ME is the Seller, the Servicer, the Liquidity Facility Provider, the Manager, the Redraw Facility Provider, the Participation Unitholder and a Residual Unitholder.

#### **About ME**

ME is an unlisted public company owned by a number of industry superannuation funds, including some of the biggest in Australia. It is headquartered in Melbourne.

ME was established to help everyday Australians reach their dream of owning their own home. ME obtained its banking licence in 2001 and continues to be regulated by APRA and ASIC. It holds an Australian Financial Services Licence (AFSL Number 229500) and an Australian Credit Licence (Australian Credit Licence Number 229500).

ME's purpose is to help everyday Australians get ahead. ME's customer focus is on not only creating pathways to home ownership, but also on designing frictionless banking experiences that deliver on ME's customer promises. ME also leverages the power of the industry superannuation fund and affiliated union network for mutual benefit.

As at the date of this Information Memorandum, ME's counterparty credit ratings are "BBB" long-term and "A-2" short-term with a Stable Outlook from S&P and "Baa1" long term with a negative outlook from Moody's Investors Service Pty Ltd.

#### **ME's products and services**

ME's focus is on providing retail banking products to help Australians transact, save and borrow. ME is committed to providing products that enable people to meet their financial goals, including achieving their dream of owning a home. These products and services include:

##### Personal banking products:

- Home and investment property loans
- Credit cards
- Personal loans
- Transaction accounts
- Online savings accounts
- Term deposits

##### Business products:

- Term deposits

- Business online savings accounts

Wholesale products:

- 11am accounts
- Cash notice accounts
- Electronic certificates of deposit
- Medium-term notes
- Residential Mortgage Backed Securities
- Subordinated debt
- Additional Tier 1 Capital Securities
- Super Cash Management Accounts

Servicing customers:

- Australian-based national customer contact centre
- Internet banking
- Mobile app
- Mobile banking managers
- Direct (over the phone) sales team
- Broker network

ME distributes these products through a variety of channels designed to meet the needs of customers and investors. Retail customers can apply for products online, over the phone and face-to-face (with mobile bankers). ME's mobile banking managers are located in every state and specialise in home loans and visit customers at a time and place convenient to the customer. ME also distributes its home loans through a national network of mortgage brokers and aggregators. In addition, ME has established a "Member Benefits Program", a distribution channel offered exclusively to participating industry superannuation funds and unions, which allows ME to access a wide range of potential customers.

**ME's organisation**

ME is intent on building an employer brand that attracts and retains great talent. Our culture places customers at the heart of everything we do. Our people own their part and constantly challenge the status quo to help deliver our core purpose of helping all Australians get ahead.

ME has one wholly-owned subsidiary, ME Portfolio Management Limited (see Section 5.2(b)).

Details of the Bank's Board members and executive team are available on the ME website [www.mebank.com.au](http://www.mebank.com.au).

ME's registered office is located at Level 28, 360 Elizabeth Street, Melbourne, VIC 3000, Australia, and the phone number of its registered office is +61 3 9708 3000.

**Financial performance**

A summary of the key aspects of ME's financial performance is contained in the Annual Review, published on the ME website [www.mebank.com.au](http://www.mebank.com.au). This information is not incorporated by reference into this Information Memorandum.

(b) ***ME Portfolio Management Limited ABN 79 005 964 134***

ME Portfolio Management Limited is a wholly-owned subsidiary of ME. ME Portfolio Management Limited holds an Australian Financial Services Licence under Part 7.6 of the Corporations Act (Australian Financial Services Licence No. 292301).

ME Portfolio Management Limited's registered office is located at Level 28, 360 Elizabeth Street, Melbourne, VIC 3000, Australia, and the phone number of its registered office is +61 3 9708 3000.

ME Portfolio Management Limited does not act as a service provider in connection with the Trust.

(c) **Trustee**

Perpetual Corporate Trust Limited was incorporated in New South Wales on 27 October 1960 as T.E.A. Nominees (N.S.W.) Pty Limited under the Companies Act 1936 of New South Wales as a proprietary company. The name was changed to Perpetual Corporate Trust Limited on 18 October 2006 and Perpetual Corporate Trust Limited now operates as a limited liability public company under the Corporations Act. Perpetual Corporate Trust Limited is registered in New South Wales and its registered office is at Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000, Australia. The telephone number of Perpetual Corporate Trust Limited's principal office is +61 2 9229 9000.

Perpetual Corporate Trust Limited is a wholly owned subsidiary of Perpetual Limited, a publicly listed company on the ASX.

The principal activities of Perpetual Corporate Trust Limited are the provision of trustee and other commercial services. Perpetual Corporate Trust Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act (Australian Financial Services Licence No. 392673). Perpetual Corporate Trust Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets sectors and has prior experience serving as a trustee for asset-backed securities transactions involving residential mortgage loans.

(d) **Security Trustee**

P.T. Limited, of Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000 is appointed as the Security Trustee for the Trust on the terms set out in the Security Trust Deed. See Section 11.4 ("The Security Trust Deed and the General Security Deed") for a summary of certain of the Security Trustee's rights and obligations under the Transaction Documents. The Australian Business Number of P.T. Limited is 67 004 454 666.

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

(e) **Mortgage Insurers**

The Mortgage Insurers in respect of the relevant Mortgage Loans are Genworth Financial and QBE.

The principal place of business of Genworth Financial is Level 26, 101 Miller Street, North Sydney, New South Wales, Australia.

The principal place of business of QBE is Level 5, 2 Park Street, Sydney, New South Wales, Australia.

Details of the Mortgage Insurers and a summary of the general provisions of the Mortgage Insurance Policies are provided in Section 10.2 ("The Mortgage Insurers and the Mortgage Insurance Policies").

(f) **Derivative Counterparties**

The Derivative Counterparties are Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (**ANZ**) and National Australia Bank Limited (ABN 12 004 044 937) (**NAB**).

As at 7 October 2020, ANZ has short-term credit ratings of A-1+ from S&P, F1 from Fitch and P-1 from Moody's and long-term credit ratings of AA- (negative) from S&P, A+ (negative) from Fitch and Aa3 (stable) from Moody's. A summary of the general provisions of the Derivative Contracts is provided in Section 11.10 ("Derivative Contracts").



As at 20 October 2020, NAB has short-term credit ratings of A-1+ from S&P, F1 from Fitch and P-1 from Moody's and long-term credit ratings of AA- (negative) from S&P, A+ (negative) from Fitch and Aa3 (stable) from Moody's.

(g) ***Disposing Trustees***

There are two Disposing Trustees in connection with the Trust:

- Perpetual Limited (ABN 86 000 431 827) in its capacity as trustee of the SMHL Series Private Placement Trust 2019-1; and
- Perpetual Limited (ABN 86 000 431 827) in its capacity as trustee of the SMHL Series Private Placement Trust 2019-2.

## **6 Terms and Conditions of the Notes**

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*The following is a summary of the terms and conditions of the Notes. The complete terms and conditions of the Notes are set out in the Note Deed Poll and in the event of a conflict the terms and conditions set out in the Note Deed Poll will prevail.*

### **1 INTERPRETATION**

#### **1.1 Definitions**

*In these conditions these meanings apply unless the contrary intention appears. Terms used in these conditions which are defined in Section 14 ("Glossary") but which are not otherwise defined below have the meaning given to them in Section 14 ("Glossary").*

***Note** means a debt obligation issued or to be issued by the Trustee which is constituted by, and owing under, the Note Deed Poll, and the details of which are recorded in, and evidenced by entry in, the Note Register.*

#### **1.2 References to time**

*Unless the contrary intention appears, in these conditions a reference to a time of day is a reference to Sydney time.*

#### **1.3 Business Day Convention**

*Unless the contrary intention appears, in these conditions a reference to a particular date is a reference to that date adjusted in accordance with the applicable Business Day Convention.*

### **2 GENERAL**

#### **2.1 Issue Supplement**

*Notes are issued on the terms set out in these conditions and the Issue Supplement. If there is any inconsistency between these conditions and the Issue Supplement, the Issue Supplement prevails.*

*Notes are, or may be, issued in Classes as follows:*

- (a) Class A Notes;*
- (b) Class AB Notes;*
- (c) Class B Notes;*
- (d) Class C Notes;*
- (e) Class D Notes;*
- (f) Class E Notes; and*
- (g) Class F Notes.*

#### **2.2 Currency and denomination**

*Notes are denominated in Australian dollars.*

*Each Note will have an Invested Amount on its Issue Date equal to A\$1,000.*

## **2.3 Clearing Systems**

*Notes may be held in a Clearing System. If Notes are held in a Clearing System, the rights of each Noteholder and any other person holding an interest in those Notes are subject to the rules and regulations of the Clearing System. The Trustee is not responsible for anything the Clearing System does or omits to do.*

## **3 FORM**

### **3.1 Constitution**

*Notes are debt obligations of the Trustee constituted by, and owing under, the Note Deed Poll and the Issue Supplement.*

### **3.2 Registered form**

*Notes are issued in registered form by entry in the Note Register. No certificates will be issued in respect of any Notes unless the Manager determines that certificates should be issued or they are required by law.*

### **3.3 Effect of entries in Note Register**

*Each entry in the Note Register in respect of a Note constitutes:*

- (a) an irrevocable undertaking by the Trustee to the Noteholder to:
  - (i) pay principal, any interest and any other amounts payable in respect of the Note in accordance with these conditions; and*
  - (ii) comply with the other conditions of the Note; and**
- (b) an entitlement to the other benefits given to the Noteholder in respect of the Note under these conditions.*

### **3.4 Note Register conclusive as to ownership**

*Entries in the Note Register in relation to a Note are conclusive evidence of the things to which they relate (including that the person entered as the Noteholder is the owner of the Note or, if two or more persons are entered as joint Noteholders, that they are the joint owners of the Note) subject to correction for fraud, error or omission.*

### **3.5 Non-recognition of interests**

*Except as ordered by a court of competent jurisdiction or required by law, the Trustee must treat the person whose name is entered as the Noteholder of a Note in the Note Register as the owner of that Note.*

*No notice of any trust or other interest in, or claim to, any Note will be entered in the Note Register. The Trustee need not take notice of any trust or other interest in, or claim to, any Note, except as ordered by a court of competent jurisdiction or required by law.*

*This condition applies whether or not a Note is overdue.*

### **3.6 Joint Noteholders**

*If two or more persons are entered in the Note Register as joint Noteholders of a Note, they are taken to hold the Note as joint tenants with rights of survivorship. However, the Trustee is not bound to register more than four persons as joint Noteholders of a Note.*

**3.7 Inspection of Note Register**

*On providing reasonable notice to the Registrar, a Noteholder will be permitted, during business hours, to inspect the Note Register. A Noteholder is entitled to inspect the Note Register only in respect of information relating to that Noteholder.*

*The Registrar must make that information available to a Noteholder upon request by that Noteholder within one Business Day of receipt of the request.*

**3.8 Notes not invalid if improperly issued**

*No Note is invalid or unenforceable on the ground that it was issued in breach of the Note Deed Poll or any other Transaction Document.*

**3.9 Location of the Notes**

*The property in the Notes for all purposes is situated where the Note Register is located.*

**4 STATUS****4.1 Status**

*Notes are direct, secured, limited recourse obligations of the Trustee.*

**4.2 Security**

*The Trustee's obligations in respect of the Notes are secured by the General Security Deed.*

**4.3 Ranking**

*The Notes of each class rank equally amongst themselves.*

*The classes of Notes rank against each other in the order set out in the Issue Supplement.*

**5 TRANSFER OF NOTES****5.1 Transfer**

*Noteholders may only transfer Notes in accordance with the Master Trust Deed and these conditions.*

**5.2 Title**

*Title to Notes passes when details of the transfer are entered in the Note Register.*

**5.3 Transfers in whole**

*Notes may only be transferred in whole.*

**5.4 Compliance with laws**

(a) *Notes may only be transferred if:*

(i) *the offer or invitation giving rise to the transfer is not:*

(A) *an offer or invitation which requires disclosure to investors under Part 6D.2 of the Corporations Act; or*

(B) *an offer to a retail client under Chapter 7 of the Corporations Act; and*

(ii) *the transfer complies with any applicable law or directive of the jurisdiction where the transfer takes place.*

(b) *Without limiting this condition 5.4 (“Compliance with laws”), each Noteholder acknowledges and agrees that the Notes have not been and will not be registered under the Securities Act, and may not be offered, issued, sold or re sold within the United States or to, or for the account of, investors that are U.S. persons (within the meaning of Regulation S of the Securities Act or the U.S. Risk Retention Rules).*

## **5.5 No transfers to unincorporated associations**

*Noteholders may not transfer Notes to an unincorporated association.*

## **5.6 Transfer procedures**

*Interests in Notes held in a Clearing System may only be transferred in accordance with the rules and regulations of that Clearing System.*

*Notes not held in a Clearing System may be transferred by sending a transfer form to the Specified Office of the Registrar.*

*To be valid, a transfer form must be:*

- (a) *in the form set out in Schedule 2 of the Note Deed Poll;*
- (b) *duly completed and signed by, or on behalf of, the transferor and the transferee; and*
- (c) *accompanied by any evidence the Registrar may require to establish that the transfer form has been duly signed.*

*No fee is payable to register a transfer of Notes so long as all applicable Taxes in connection with the transfer have been paid.*

## **5.7 Transfers of unidentified Notes**

*If a Noteholder transfers some but not all of the Notes it holds and the transfer form does not identify the specific Notes transferred, the Registrar may choose which Notes registered in the name of Noteholder have been transferred. However, the aggregate Invested Amount of the Notes registered as transferred must equal the aggregate Invested Amount of the Notes expressed to be transferred in the transfer form.*

# **6 INTEREST**

## **6.1 Interest on Notes**

(a) *Each Note bears interest at the Interest Rate:*

- (i) *(subject to sub-paragraph (ii) below) on its Invested Amount; or*
- (ii) *on its Stated Amount, if on the first day of the relevant Interest Period the Stated Amount of that Note is zero,*

*from (and including) its Issue Date to (but excluding) the date that it is redeemed in accordance with condition 8.7 (“Final Redemption”);*

(b) *Interest for a Note and each Interest Period:*

- (i) *accrues daily from and including the first day of an Interest Period to and including the last day of the Interest Period; and*

- (ii) *is calculated on actual days elapsed and a year of 365 days; and*
- (iii) *is payable in arrears on each Payment Date.*

## **6.2 Interest Rate determination**

*The Calculation Agent must determine the Interest Rate for the Notes for an Interest Period in accordance with these conditions and the Issue Supplement.*

*The Interest Rate must be expressed as a percentage rate per annum.*

## **6.3 Interest Rate**

- (a) *The Interest Rate for a Note (other than a Class A Note or a Class AB Note) for each Interest Period is the sum of:*
  - (i) *BBSW for that Note and that Interest Period; and*
  - (ii) *the relevant Class Margin for that Note.*
- (b) *The Interest Rate for a Class A Note for each Interest Period:*
  - (i) *commencing prior to the first Call Option Date is the sum of:*
    - (A) *BBSW for that Class A Note and that Interest Period; and*
    - (B) *the Class Margin for that Class A Note; and*
  - (ii) *commencing on or after the first Call Option Date is the sum of:*
    - (A) *BBSW for that Class A Note and that Interest Period;*
    - (B) *the Class Margin for that Class A Note; and*
    - (C) *the Step-Up Margin.*
- (c) *The Interest Rate for a Class AB Note for each Interest Period:*
  - (i) *commencing prior to the first Call Option Date is the sum of:*
    - (A) *BBSW for that Class AB Note and that Interest Period; and*
    - (B) *the Class Margin for that Class AB Note; and*
  - (ii) *commencing on or after the first Call Option Date is the sum of:*
    - (A) *BBSW for that Class AB Note and that Interest Period;*
    - (B) *the Class Margin for that Class AB Note; and*
    - (C) *the Step-Up Margin.*

## **6.4 Calculation of interest payable on Notes**

*As soon as practicable after determining the Interest Rate for any Note for an Interest Period, the Calculation Agent must calculate the amount of interest payable on that Note for the Interest Period.*

*The amount of interest payable is calculated by multiplying the Interest Rate for the Interest Period, the Invested Amount or the Stated Amount (as applicable) of the Note and the Day Count Fraction.*

#### **6.5 Notification of certain changes**

*If any Interest Period or calculation period changes, the Calculation Agent may amend its determination or calculation of any rate, amount, date or other thing. If the Calculation Agent amends any determination or calculation, it must notify the Trustee, the Manager and the Noteholders. The Calculation Agent must give notice as soon as practicable after amending its determination or calculation.*

#### **6.6 Determination and calculation final**

*Except where there is an obvious error, any determination or calculation the Calculation Agent makes in accordance with these conditions is final and binds the Trustee and each Noteholder.*

#### **6.7 Rounding**

*For any determination or calculation required under these conditions:*

- (a) all percentages resulting from the determination or calculation must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.);*
- (b) all amounts that are due and payable resulting from the determination or calculation must be rounded (with halves being rounded up) to:
  - (a) in the case of Australian dollars, one cent; and*
  - (b) in the case of any other currency, the lowest amount of that currency available as legal tender in the country of that currency; and**
- (c) all other figures resulting from the determination or calculation must be rounded to five decimal places (with halves being rounded up).*

#### **6.8 Default interest**

*If the Trustee does not pay an amount under this condition 6 ("Interest") on the due date, then the Trustee agrees to pay interest on the unpaid amount at the last applicable Interest Rate.*

*Interest payable under this condition accrues daily from (and including) the due date to (but excluding) the date the Trustee pays such amount in full and is calculated using the Day Count Fraction.*

#### **6.9 Interpolation**

*In respect of the first Interest Period (but only if the actual number of days in that Interest Period is more than 30), the Calculation Agent must determine the Interest Rate for that Interest Period using straight line interpolation by reference to two BBSW rates.*

*The first rate must be determined on the first day of that Interest Period in accordance with the definition of BBSW in Section 14 ("Glossary").*

*The second rate must be determined on the first day of that Interest Period as if each reference to "one month" in the definition of BBSW in Section 14 ("Glossary") were a reference to "two months".*

#### **6.10 BBSW discontinuation**

*Notwithstanding the method of determining BBSW as set out in the definition thereof, if the Calculation Agent determines that BBSW has been or will be affected by a BBSW Disruption Event, then the following provisions will apply:*

- (a) *the Calculation Agent:*
- (i) *must determine the BBSW Successor Rate;*
  - (ii) *may, if it determines it to be appropriate, also determine an adjustment factor or an adjustment methodology to make such BBSW Successor Rate comparable to BBSW;*
  - (iii) *may, if it determines it to be appropriate, also determine successors to one or more of the inputs used for calculating the BBSW Successor Rate (such as but not limited to the BBSW determination date, the BBSW Screen Page or the definition of Business Day); and*
  - (iv) *must give a Rating Notification in respect of its determination of the BBSW Successor Rate and any such other adjustments and successor inputs,*  
  
*and such successor rate together, if applicable, with such other adjustments and successor inputs shall, from the date determined by the Calculation Agent to be appropriate, be used to determine "BBSW" (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this condition 6.10 ("BBSW discontinuation")), provided that no successors or adjustments shall take effect unless a Rating Notification has been given in respect of such successors or adjustments.*
- (b) *If, in respect of any date on which BBSW is to be determined, the Calculation Agent is unable to determine a BBSW Successor Rate in accordance with the procedure described in condition 6.10(a) ("BBSW discontinuation"), BBSW in respect of:*
- (i) *that Interest Period shall be BBSW determined for the last preceding Interest Period; and*
  - (ii) *any subsequent Interest Period shall be determined as described in condition 6.10(a) ("BBSW discontinuation") and, if necessary, this condition 6.10(b) ("BBSW discontinuation").*
- (c) *In making its determinations as set out in this condition 6.10 ("BBSW discontinuation"), the Calculation Agent:*
- (i) *must act in good faith and in a commercially reasonable manner; and*
  - (ii) *may appoint an independent financial institution or other independent adviser or consult with such other sources of market practice as it considers appropriate, but otherwise may make such determinations in its discretion.*
- (d) *Condition 6.5 ("Notification of certain changes") applies in respect of any determination made in accordance with this condition 6.10 ("BBSW discontinuation").*

## **7 ALLOCATION OF PRINCIPAL CHARGE-OFFS**

*The Issue Supplement contains provisions for:*

- (a) *allocating Principal Charge-Offs to the Notes and reducing the Stated Amount of the Notes; and*
- (b) *reinstating reductions in the Stated Amount of the Notes.*



## **8 REDEMPTION**

### **8.1 Redemption of Notes – Final Maturity**

*The Trustee agrees to redeem each Note on its Maturity Date by paying to the Noteholder the Invested Amount for the Note plus all accrued and unpaid interest on the Note up to its Maturity Date and any other amount payable but unpaid with respect to the Note. However, the Trustee is not required to redeem a Note on its Maturity Date if the Trustee redeems, or purchases and cancels, the Note before its Maturity Date.*

### **8.2 Redemption of Notes – Call Option**

- (a) *The Manager may (at its option) direct the Trustee to redeem all (but not some only) of the Notes before the Maturity Date of the Notes and upon receipt of such direction the Trustee must redeem the Notes by paying to the Noteholders the Redemption Amount for the Notes.*
- (b) *However, the Manager may only direct the Trustee to redeem the Notes under this condition 8.2 (“Redemption of Notes – Call Option”) if:*
  - (i) *at least 5 Business Days before the proposed redemption date, the Trustee, at the direction of the Manager, notifies the proposed redemption to the Registrar and the Noteholders and any stock exchange on which the Notes are listed; and*
  - (ii) *the proposed redemption date is a Call Option Date.*

### **8.3 Redemption for taxation reasons**

- (a) *If the Trustee is required under condition 10.2 (“Withholding tax”) to deduct or withhold an amount in respect of Taxes from a payment in respect of a Note the Manager may (at its option) direct the Trustee to redeem all (but not some only) of the Notes and upon receipt of such direction the Trustee must redeem the Notes by paying to the Noteholders the Redemption Amount for the Notes.*
- (b) *The Trustee, at the direction of the Manager, must notify the proposed redemption to the Registrar and the Noteholders and any stock exchange on which the Notes are listed at least 5 Business Days before the proposed redemption date.*
- (c) *For any redemption of Notes under this condition 8.3 (“Redemption for taxation reasons”), the proposed redemption date must be a Payment Date.*

### **8.4 Payment of principal in accordance with Issue Supplement**

*Payments of principal on each Note will be made in accordance with the Issue Supplement.*

### **8.5 Late payments**

*If the Trustee does not pay an amount under this condition 8 (“Redemption”) on the due date, then the Trustee agrees to pay interest on the unpaid amount at the last applicable Interest Rate.*

*Interest payable under this condition accrues daily from (and including) the due date to (but excluding) the date the Trustee pays such amount in full and is calculated using the Day Count Fraction.*

### **8.6 Trustee may purchase Notes**

*The Trustee may purchase Notes in the open market or otherwise at any time and at any price.*

*If the Trustee purchases Notes under this condition 8.6 ("Trustee may purchase Notes"), the Trustee may hold, resell or cancel the Notes at its discretion.*

### **8.7 Final redemption**

*A Note will be finally redeemed, and the obligations of the Trustee with respect to payment of the Invested Amount of that Note will be finally discharged, on the date upon which the Invested Amount of that Note is reduced to zero.*

## **9 PAYMENTS**

### **9.1 Payments to Noteholders**

*The Trustee agrees to pay:*

- (a) interest and amounts of principal (other than a payment due on the Maturity Date for the relevant Note, to the person who is the Noteholder at the close of business in the place where the Note Register is maintained on the Record Date; and*
- (b) amounts due on the Maturity Date for the relevant Note to the person who is the Noteholder at 4.00pm in the place where the Note Register is maintained on the due date.*

### **9.2 Payments to accounts**

*The Trustee agrees to make payments in respect of a Note:*

- (a) if the Note is held in a Clearing System, by crediting on the Payment Date, the amount due to the account previously notified by the Clearing System to the Trustee and the Registrar in accordance with the Clearing System's rules and regulations in the country of the currency in which the Note is denominated; and*
- (b) if the Note is not held in a Clearing System, subject to condition 9.3 ("Payments by cheque"), by crediting on the Payment Date the amount due to an account previously notified by the Noteholder to the Trustee and the Registrar in the country of the currency in which the Note is denominated.*

### **9.3 Payments by cheque**

*If a Noteholder has not notified the Trustee of an account to which payments to it must be made by close of business in the place where the Note Register is maintained on the Record Date, the Trustee may make payments in respect of the Notes held by that Noteholder by cheque.*

*If the Trustee makes a payment in respect of a Note by cheque, the Trustee agrees to send the cheque by prepaid ordinary post on the Business Day immediately before the due date to the Noteholder (or, if two or more persons are entered in the Note Register as joint Noteholders of the Note, to the first named joint Noteholder) at its address appearing in the Note Register at close of business in the place where the Note Register is maintained on the Record Date.*

*Cheques sent to a Noteholder are sent at the Noteholder's risk and are taken to be received by the Noteholder on the due date for payment. If the Trustee makes a payment in respect of a Note by cheque, the Trustee is not required to pay any additional amount (including under condition 8.5 ("Late payments")) as a result of the Noteholder not receiving payment on the due date.*

### **9.4 Payments subject to law**

*All payments are subject to applicable law. However, this does not limit condition 10 ("Taxation").*

## **10 TAXATION**

### **10.1 No set-off, counterclaim or deductions**

*The Trustee agrees to make all payments in respect of a Note in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless required by law or made for or on account of FATCA.*

### **10.2 Withholding tax**

*If a law requires the Trustee to withhold or deduct an amount in respect of Taxes or for or on account of FATCA from a payment in respect of a Note, then (at the direction of the Manager):*

- (a) the Trustee agrees to withhold or deduct the amount; and*
- (b) the Trustee agrees to pay an amount equal to the amount withheld or deducted to the relevant authority in accordance with applicable law.*

*The Trustee is not liable to pay any additional amount to the Noteholder in respect of any such withholding or deduction (including, without limitation, for or on account of any withholding or deduction arising under or in connection with FATCA).*

## **11 TIME LIMIT FOR CLAIMS**

*A claim against the Trustee for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.*

## **12 GENERAL**

### **12.1 Role of Calculation Agent**

*In performing calculations under these conditions, the Calculation Agent is not an agent or trustee for the benefit of, and has no fiduciary duty to or other fiduciary relationship with, any Noteholder.*

### **12.2 Meetings of Secured Creditors**

*The Security Trust Deed contains provisions for convening meetings of the Secured Creditors to consider any matter affecting their interests, including any variation of these conditions.*

## **13 NOTICES**

### **13.1 Notices to Noteholders**

*All notices and other communications to Noteholders must be in writing and must be:*

- (a) sent by regular post (airmail, if appropriate) to the address of the Noteholder (as shown in the Note Register at close of business in the place where the Note Register is maintained on the day which is 3 Business Days before the date of the notice or communication);*
- (b) given by an advertisement published in the Australian Financial Review or The Australian;*
- (c) posted on an electronic source approved by the Manager and generally accepted for notices of that type (such as Bloomberg or Reuters); or*
- (d) distributed through the Clearing System in which the relevant Notes are held.*

**13.2 When effective**

*Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them.*

**13.3 When taken to be received**

*Communications are taken to be received:*

- (a) if published in a newspaper, on the first date published in all the required newspapers;*
- (b) if sent by post, six Business Days after posting (or ten days after posting if sent from one country to another); or*
- (c) if distributed through a Clearing System, on the date of such distribution.*

**14 GOVERNING LAW****14.1 Governing law and jurisdiction**

*These conditions are governed by the law in force in New South Wales. The Trustee and each Noteholder submit to the non-exclusive jurisdiction of the courts of that place.*

**14.2 Serving documents**

*Without preventing any other method of service, any document in any court action in connection with any Notes may be served on the Trustee by being delivered to or left at the Trustee's address for service of notices in accordance with clause 22 ("Notices and other communications") of the Security Trust Deed or on a Noteholder by being delivered to or left at the Noteholder's address for service of notices in accordance with condition 13 ("Notices").*

**15 LIMITATION OF LIABILITY**

*The Trustee's liability to the Noteholders (and any person claiming through or under a Noteholder) in connection with the Note Deed Poll and the other Transaction Documents is limited in accordance with clause 18 ("Indemnity and limitation of liability") of the Master Trust Deed.*

## **7 Credit enhancements and protections**

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### **7.1 General**

The transaction has been structured to provide certain protections to Noteholders including:

- (a) 15.39% of the Trust Receivables (by value) will have the benefit of a Mortgage Insurance Policy; the allocation of any excess cash flow which may be generated by the Mortgage Loans on a monthly basis towards, among other things, reducing any Principal Losses and reimbursing previous applications of Income Collections and/or Principal Collections;
- (b) subordination, in certain circumstances, of the lower ranking classes of Notes which is intended to provide a certain degree of protection to holders of senior classes of Notes;
- (c) the availability of the Excess Income Reserve, Liquidity Draws under the Liquidity Facility Arrangement and Principal Draws to ensure the timely payment of interest to Noteholders; and
- (d) the setting of minimum interest rates on the Mortgage Loans which aims to ensure there are sufficient funds available to the Trustee to meet its payment obligations in respect of the Trust.

These protections are discussed in further detail in Sections 7.2 (“Mortgage Insurance Policies”) to 7.4 (“Threshold Rate”) and Section 8 (“Cashflow Allocation Methodology”) below.

### **7.2 Mortgage Insurance Policies**

15.39% of the Trust Receivables (by value) are covered by one of two separate master Mortgage Insurance Policies issued by Genworth Financial or QBE.

Subject to the terms of the Mortgage Insurance Policies, each Mortgage Insurance Policy covers all principal and/or interest losses incurred in respect of the relevant Mortgage Loan. For further details on the Mortgage Insurers and the Mortgage Insurance Policies, see Section 10.2 (“The Mortgage Insurers and the Mortgage Insurance Policies”).

### **7.3 Derivative Contracts**

In relation to Fixed Rate Mortgage Loans in the Pool of Mortgage Loans, the Manager will direct the Trustee to enter into Derivative Contracts, including futures contracts, option agreements, hedges, swaps, caps, collars, forward rate agreements or other similar arrangements in relation to interest rates. These Derivative Contracts will be entered into for the purpose of hedging interest rate risk and not with the intention of leveraging the Trust or speculation.

Part of the Pool of Mortgage Loans consists of Fixed Rate Mortgage Loans. Derivative Contracts will be entered into to hedge interest rate risk in respect of the fixed rate Trust Receivables. The Manager must take all reasonable steps to direct the Trustee to take such actions with respect to Fixed Rate Swaps as is necessary to ensure that the Trustee maintains Fixed Rate Swaps with an aggregate notional value which satisfies either paragraph (a) or paragraph (b) below:

- (a) between 90% to 105% (inclusive); or
- (b) between \$10 million less than or more than (inclusive),

in each case, of the aggregate Outstanding Principal Balance of the Fixed Rate Mortgage Loans from time to time (or such other range as agreed between the Manager and the Trustee, provided a Rating Notification has been given).

The initial providers of these Derivative Contracts are ANZ and NAB. The current ratings assigned to these entities are set out in Section 5.2 (“Programme participants”).

#### 7.4 Threshold Rate

The “**Threshold Rate**” is the minimum weighted average rate of interest that must be set on all Trust Receivables where permitted under the terms of the Mortgage Loans which will be sufficient (assuming that all relevant parties comply with their obligations at all times in accordance with paragraph (a) below and having regard to the matters set out in paragraph (b) below) to ensure that the Trustee will have available to it at all times sufficient Income Collections to enable it to make the Required Payments for the next Payment Date, plus 0.25%.

In exercising its powers and performing its obligations under the Master Trust Deed, the Manager must at all times ensure that, to the extent that the Trustee is entitled to do so under the terms of the Mortgage Loans, the rate of interest payable on or in respect of the Trust Receivables is changed from time to time so that:

- (a) on the assumption that all relevant parties to all of the Transaction Documents and all issuers of Authorised Investments from time to time included in the Trust Assets, and all other relevant parties, have complied and will at all times comply in full with their respective obligations under those Transaction Documents, Authorised Investments and Trust Receivables; and
- (b) having regard to:
  - (i) the terms of the Transaction Documents;
  - (ii) the terms of the Trust Receivables;
  - (iii) the anticipated Expenses of the Trust;
  - (iv) all other information available to the Manager;
  - (v) BBSW from time to time; and
  - (vi) any mismatch between the time at which BBSW is determined and the time at which the rate of interest payable on or in respect of the Trust Receivables may be reset,

the Trustee will have available to it at all times sufficient Income Collections to enable it to make the Required Payments for the next Payment Date.

Without limiting the operation of the above, the interest rate applicable to each fixed interest period of Fixed Rate Mortgage Loans comprised in the Trust Assets must be equal to or greater than:

- (a) for so long as the Outstanding Principal Balance of all such Fixed Rate Mortgage Loans is equal to or less than 50% of the Outstanding Principal Balance of all Trust Receivables, the rate, expressed as a percentage, determined by the Manager to be the fixed-floating swap rate for the period most closely approximating the term of the fixed interest period of such Fixed Rate Mortgage Loans plus “a margin”; and
- (b) for so long as the Outstanding Principal Balance of all such Fixed Rate Mortgage Loans is greater than 50% of the Outstanding Principal Balance of all Trust Receivables, such rate as determined from time to time by the Manager which must not be lower than the rate referred to in the bullet point above, provided that the Manager has given each Rating Agency at least 5 Business Days prior notice of the proposed new rate.

## 8 Cashflow Allocation Methodology

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### 8.1 Collections

The Servicer is obliged to collect all Collections on behalf of the Issuer during each Collection Period.

If the Servicer is the Seller and the Servicer has the Servicer Required Credit Rating, the Servicer is permitted to retain any Collections in respect of a Collection Period until 10:00am (Melbourne time) on the Payment Date following the end of the relevant Collection Period, on or before which time it must deposit such Collections into the Collection Account. In all other cases, the Servicer must remit all Collections it receives to the Collection Account within 2 Business Days of receipt of such Collections.

**“Collections”** means, in respect of a Collection Period, all amounts received by, or on behalf of, the Trustee in respect of the Trust Receivables, including, without limitation:

- (a) all principal, interest and fees;
- (b) the proceeds received under any Mortgage Insurance Policy;
- (c) any proceeds recovered from any enforcement action in respect of a Trust Receivable;
- (d) any proceeds received on any sale or Reallocation of any Trust Receivable;
- (e) any amount received as damages in respect of a breach of any representation, warranty or covenant in connection with any Trust Receivable;
- (f) any amounts paid by the Seller in accordance with Section 9.10 (“Interest Offset Accounts”); and
- (g) in respect of the first Collection Period only, without double-counting, any Principal Adjustment paid by the Seller or the Disposing Trustees to the Trustee.

### 8.2 Principal Collections

On each Determination Date in respect of the immediately preceding Collection Period, the Manager will determine the Principal Collections for that Collection Period.

**“Principal Collections”** means, in relation to the Trust Receivables and a Collection Period, the aggregate of (without double counting):

- (a) all Collections in respect of that Collection Period which are in the nature of principal (as determined by the Servicer) including all such Collections which constitute a repayment in respect of the Outstanding Principal Balance of any Trust Receivable; plus
- (b) any other Collections that the Manager determines are of a similar nature and should be included as Principal Collections,

but excludes any amount included as Income Collections in respect of that Collection Period.

### 8.3 Total Available Principal

On each Determination Date, the Manager will determine the **“Total Available Principal”** which will be equal to the aggregate of the following:

- (a) the Principal Collections in respect of the immediately preceding Collection Period; plus
- (b) the amount (if any) to be applied from Total Available Income on the immediately following Payment Date under Section 8.9(o) (“Application of Total Available Income”) towards repayment of any Principal Draw outstanding from any previous Payment Date; plus
- (c) the amount (if any) to be applied from Total Available Income on the immediately following Payment Date under Section 8.9(p) (“Application of Total Available Income”) in respect of any Principal Losses for the immediately preceding Collection Period; plus
- (d) the amount (if any) to be applied from Total Available Income on the immediately following Payment Date under Section 8.9(q) (“Application of Total Available Income”) in respect of Carryover Principal Charge Offs; plus
- (e) in respect of the first Determination Date only, any Principal Adjustment received by the Trustee from the Disposing Trustees; plus
- (f) in respect of the first Determination Date only, any surplus proceeds of the issue of Notes to be applied as Total Available Principal (as described in Section 3.3 (“Summary information on the transaction”)); less
- (g) the aggregate of all Principal Collections (if any) in respect of the immediately preceding Collection Period which have been applied by the Trustee towards reimbursing the Seller in respect of Redraws in accordance with Section 9.8 (“Redraws”).

#### 8.4 Available Income

On each Determination Date, the Manager will determine the **Available Income** which will be equal to the aggregate of (without double counting):

- (a) the Income Collections in respect of the immediately preceding Collection Period; plus
- (b) the Other Income in respect of the immediately preceding Collection Period; plus
- (c) any net payments due to be received by the Trustee under a Derivative Contract on the immediately following Payment Date.

#### 8.5 Excess Income Reserve Draw

If, on any Determination Date, there is a Liquidity Shortfall (First), the Manager must direct the Trustee to withdraw an amount from the Excess Income Reserve on the immediately following Payment Date equal to the lesser of:

- (a) that Liquidity Shortfall (First); and
- (b) the balance of the Excess Income Reserve on that Determination Date,

(an “**Excess Income Reserve Draw**”).

#### 8.6 Principal Draw

If, on any Determination Date, there is a Liquidity Shortfall (Second), the Manager must direct the Trustee to allocate an amount of Total Available Principal (in accordance with Section 8.10 (“Application of Total Available Principal”)) on the immediately following Payment Date equal to the lesser of:



- (a) that Liquidity Shortfall (Second); and
  - (b) the amount of Total Available Principal available for application for that purpose on that Payment Date in accordance with Section 8.10 ("Application of Total Available Principal"),
- (a "Principal Draw").

### 8.7 Liquidity Draw

If, on any Determination Date, there is a Liquidity Shortfall (Third), the Manager must direct the Trustee to request a drawing under the Liquidity Facility Agreement on the immediately following Payment Date equal to the lesser of:

- (a) that Liquidity Shortfall (Third); and
  - (b) the Available Liquidity Amount on that Determination Date,
- (a "Liquidity Draw").

### 8.8 Total Available Income

On each Determination Date, the Manager will determine the "Total Available Income" which will be equal to the aggregate of:

- (a) the Available Income in respect of that Determination Date; plus
- (b) any Excess Income Reserve Draw in respect of that Determination Date; plus
- (c) any Principal Draw in respect of that Determination Date; plus
- (d) any Liquidity Draw in respect of that Determination Date; plus
- (e) any amount to be applied in accordance with clause 10.1(b)(ii) ("Excess Income Reserve") of the Issue Supplement.

### 8.9 Application of Total Available Income

On each Determination Date prior to the occurrence of an Event of Default and enforcement of the General Security Deed, the Manager must direct the Trustee to pay (and the Trustee must pay) on the following Payment Date the following items out of the Total Available Income in respect of that Payment Date (in the following order of priority):

- (a) first, A\$100 to the holder of the Participation Unit as a distribution of the Net Trust Income of the Trust;
- (b) next, pari passu and rateably, in payment of any Accrued Interest Adjustment due to the Seller or the Disposing Trustees;
- (c) next, any Taxes payable in relation to the Trust (after the application of the balance of the Tax Account towards payment of such Taxes);
- (d) next, pari passu and rateably:
  - (i) the Trustee's fee payable on that Payment Date together with any other amounts which are due and payable on that Payment Date to it for its own account in

- connection with its role as trustee of the Trust (including any such amounts payable on any prior Payment Date which remain unpaid); and
- (ii) the Security Trustee's fee payable on that Payment Date together with any other amounts which are due and payable on that Payment Date to it for its own account in connection with its role as security trustee in relation to the Trust (including any such amounts payable on any prior Payment Date which remain unpaid);
- (e) next, the Trust Expenses incurred during the immediately preceding Collection Period (or any other preceding Collection Period) which remain unreimbursed at that Payment Date;
- (f) next, pari passu and rateably:
- (i) the Servicer's fee payable on that Payment Date together with any other amounts which are due and payable on that Payment Date to it for its own account in connection with its role as servicer in relation to the Trust (including any such amounts payable on any prior Payment Date which remain unpaid);
  - (ii) the Standby Servicer's fee payable on that Payment Date together with any other amounts which are due and payable on that Payment Date to it for its own account in connection with its role as standby servicer in relation to the Trust (including any such amounts payable on any prior Payment Date which remain unpaid); and
  - (iii) the Manager's fee payable on that Payment Date together with any other amounts which are due and payable on that Payment Date to it for its own account in connection with its role as manager in relation to the Trust (including any such amounts payable on any prior Payment Date which remain unpaid);
- (g) next, pari passu and rateably:
- (i) to each Derivative Counterparty, towards payment pari passu and rateably of the net amount (if any) due on that Payment Date under each Derivative Contract, excluding:
    - (A) any amount which constitutes a payment owing by the Trustee under section 6(e) of a Derivative Contract to the extent that the Derivative Counterparty is the Defaulting Party or sole Affected Party (other than due to 'Illegality', 'a Force Majeure Event' or 'Tax Event', each as defined in that Derivative Contract); and
    - (B) any break costs in respect of a voluntary termination of the Derivative Contract agreed among the parties thereto (and not arising as a result of an Event of Default or Termination Event thereunder), to the extent that the Trustee has not received corresponding Prepayment Costs from Obligors;
  - (ii) to the Liquidity Facility Provider:
    - (A) towards payment of any interest and fees payable on or prior to that Payment Date under the Liquidity Facility Agreement;
    - (B) towards repayment of all outstanding Liquidity Advances made prior to that Payment Date;
  - (iii) to the Redraw Facility Provider, towards payment of any interest and fees payable on or prior to that Payment Date under the Redraw Facility Agreement;
- (h) next, pari passu and rateably, towards payment of the Interest on the Class A Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class A Notes in respect of previous Interest Periods;

- (i) next, pari passu and rateably, towards payment of the Interest on the Class AB Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class AB Notes in respect of previous Interest Periods;
- (j) next, pari passu and rateably, towards payment of the Interest on the Class B Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class B Notes in respect of previous Interest Periods;
- (k) next, pari passu and rateably, towards payment of the Interest on the Class C Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class C Notes in respect of previous Interest Periods;
- (l) next, pari passu and rateably, towards payment of the Interest on the Class D Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class D Notes in respect of previous Interest Periods;
- (m) next, pari passu and rateably, towards payment of the Interest on the Class E Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class E Notes in respect of previous Interest Periods;
- (n) next, pari passu and rateably, towards payment of the Interest on the Class F Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class F Notes in respect of previous Interest Periods;
- (o) next, to be applied towards Total Available Principal, up to an amount equal to any Principal Draw unreimbursed from any previous Payment Date;
- (p) next, to be applied towards Total Available Principal, up to an amount equal to any Principal Losses in respect of the immediately preceding Collection Period;
- (q) next, to be applied towards Total Available Principal, up to an amount equal to any Carryover Principal Charge-Off unreimbursed from any previous Payment Date;
- (r) next, if that Payment Date is on or after the first Call Option Date, an amount equal to the Excess Income Reserve Amount in respect of that Payment Date to be deposited to the Excess Income Reserve;
- (s) next, in or toward payment of any break costs in respect of a voluntary termination of any Derivative Contract agreed among the parties thereto (and not arising as a result of an Event of Default or Termination Event thereunder), to the extent that the Trustee has not received corresponding Prepayment Costs from Obligor;
- (t) next, pari passu and rateably:
  - (i) to each Derivative Counterparty, towards payment, pari passu and rateably, of any amount due on that Payment Date under each Derivative Contract to the extent not paid under or because of the operation of Sections 8.9(g)(i) or 8.9(s);
  - (ii) to the Liquidity Facility Provider, towards payment of any amount due on that Payment Date under the Liquidity Facility Agreement to the extent not paid under Section 8.9(g)(ii); and
  - (iii) to the Redraw Facility Provider, towards payment of any amount due on that Payment Date under the Redraw Facility Agreement to the extent not paid under Section 8.9(g)(iii) (excluding any amount payable under Section 8.10 ("Application of Total Available Principal"));
- (u) next, to retain in the Tax Account an amount equal to the Tax Shortfall (if any) in respect of that Payment Date;

- (v) next, to retain in the Tax Account an amount equal to the Tax Amount (if any) in respect of that Payment Date; and
- (w) next, the surplus (if any) to the Participation Unitholder as a distribution of the Net Trust Income of the Trust.

For the avoidance of doubt, this Section 8.9 (“Application of Total Available Income”) is the cashflow allocation methodology clause for available income distributions for the Trust, for the purposes of the determination of the Net Trust Income of the Trust pursuant to clause 20.1(c) (“Net Trust Income”) of the Master Trust Deed, and an amount will be taken to be paid by the Trustee at the direction of the Manager to the Participation Unitholder during a Financial Year under this clause to the extent that the Participation Unitholder becomes entitled to an amount during the Financial Year under this clause.

#### **8.10 Application of Total Available Principal**

On each Determination Date prior to the occurrence of an Event of Default and enforcement of the General Security Deed, the Manager must direct the Trustee to pay (and the Trustee must pay) on the following Payment Date the following items out of the Total Available Principal in respect of that Payment Date (in the following order of priority):

- (a) first, to fund any Principal Draw required in accordance with Section 8.6 (“Principal Draw”);
- (b) next, to the Seller, towards reimbursement of all Redraws funded by the Seller during or prior to the immediately preceding Collection Period and which have not previously been reimbursed to the Seller;
- (c) next, to the Redraw Facility Provider, towards repayment of all outstanding Redraw Advances made prior to that Determination Date;
- (d) next, if the Subordination Conditions are not satisfied on that Payment Date, in the following order of priority:
  - (i) first, pari passu and rateably, to the Class A Noteholders towards repayment of the Class A Notes until the Invested Amount of the Class A Notes has been reduced to zero;
  - (ii) next, pari passu and rateably, to the Class AB Noteholders towards repayment of the Class AB Notes until the Invested Amount of the Class AB Notes has been reduced to zero; and
  - (iii) next, pari passu and rateably, to the Class B Noteholders towards repayment of the Class B Notes until the Invested Amount of the Class B Notes has been reduced to zero;
  - (iv) next, pari passu and rateably, to the Class C Noteholders towards repayment of the Class C Notes until the Invested Amount of the Class C Notes has been reduced to zero;
  - (v) next, pari passu and rateably, to the Class D Noteholders towards repayment of the Class D Notes until the Invested Amount of the Class D Notes has been reduced to zero;
  - (vi) next, pari passu and rateably, to the Class E Noteholders towards repayment of the Class E Notes until the Invested Amount of the Class E Notes has been reduced to zero; and
  - (vii) next, pari passu and rateably, to the Class F Noteholders towards repayment of the Class F Notes until the Invested Amount of the Class F Notes has been reduced to zero;

- (e) next, if the Subordination Conditions are satisfied on that Payment Date, *pari passu* and rateably:
  - (i) to the Class A Noteholders towards repayment of the Class A Notes until the Invested Amount of the Class A Notes has been reduced to zero;
  - (ii) to the Class AB Noteholders towards repayment of the Class AB Notes until the Invested Amount of the Class AB Notes has been reduced to zero;
  - (iii) to the Class B Noteholders towards repayment of the Class B Notes until the Invested Amount of the Class B Notes has been reduced to zero;
  - (iv) to the Class C Noteholders towards repayment of the Class C Notes until the Invested Amount of the Class C Notes has been reduced to zero;
  - (v) to the Class D Noteholders towards repayment of the Class D Notes until the Invested Amount of the Class D Notes has been reduced to zero;
  - (vi) to the Class E Noteholders towards repayment of the Class E Notes until the Invested Amount of the Class E Notes has been reduced to zero; and
  - (vii) to the Class F Noteholders towards repayment of the Class F Notes until the Invested Amount of the Class F Notes has been reduced to zero; and
- (f) next, the surplus (if any), to the Participation Unitholder.

#### 8.11 Allocation of Principal Charge-Offs

On each Determination Date the Manager must determine if there is a Principal Charge-Off in respect of that Determination Date and must allocate any such Principal Charge-Off on the immediately following Payment Date in the following order:

- (a) first, *pari passu* and rateably, to reduce the Aggregate Stated Amount of the Class F Notes until the Stated Amount of the Class F Notes reaches zero;
  - (b) next, *pari passu* and rateably, to reduce the Aggregate Stated Amount of the Class E Notes until the Aggregate Stated Amount of the Class E Notes reaches zero;
  - (c) next, *pari passu* and rateably, to reduce the Aggregate Stated Amount of the Class D Notes until the Aggregate Stated Amount of the Class D Notes reaches zero;
  - (d) next, *pari passu* and rateably, to reduce the Aggregate Stated Amount of the Class C Notes until the Aggregate Stated Amount of the Class C Notes reaches zero;
  - (e) next, *pari passu* and rateably, to reduce the Aggregate Stated Amount of the Class B Notes until the Aggregate Stated Amount of the Class B Notes reaches zero;
  - (f) next, *pari passu* and rateably, to reduce the Aggregate Stated Amount of the Class AB Notes until the Aggregate Stated Amount of the Class AB Notes reaches zero; and
  - (g) next, *pari passu* and rateably, to reduce the Aggregate Stated Amount of the Class A Notes until the Aggregate Stated Amount of the Class A Notes reaches zero,
- (each a “**Carryover Principal Charge-Off**”).

#### 8.12 Re-instatement of Carryover Principal Charge-Offs

To the extent that on any Payment Date amounts are available for allocation under Section 8.9(q) (“Application of Total Available Income”) then an amount equal to these amounts shall be applied on that Payment Date:

- (a) first, pari passu and rateably, to increase the Aggregate Stated Amount of the Class A Notes until it reaches the Aggregate Invested Amount of the Class A Notes;
- (b) next, pari passu and rateably, to increase the Aggregate Stated Amount of the Class AB Notes until it reaches the Aggregate Invested Amount of the Class AB Notes;
- (c) next, pari passu and rateably, the Aggregate Stated Amount of the Class B Notes until it reaches the Aggregate Invested Amount of the Class B Notes;
- (d) next, pari passu and rateably, the Aggregate Stated Amount of the Class C Notes until it reaches the Aggregate Invested Amount of the Class C Notes;
- (e) next, pari passu and rateably, the Aggregate Stated Amount of the Class D Notes until it reaches the Aggregate Invested Amount of the Class D Notes;
- (f) next, pari passu and rateably, the Aggregate Stated Amount of the Class E Notes until it reaches the Aggregate Invested Amount of the Class E Notes; and
- (g) next, pari passu and rateably, the Aggregate Stated Amount of the Class F Notes until it reaches the Aggregate Invested Amount of the Class F Notes.

### 8.13 Application of proceeds following an Event of Default

Following the occurrence of an Event of Default and enforcement of the General Security Deed, the Security Trustee must apply all moneys received by it in respect of the Collateral in the following order of priority:

- (a) first, to any person with a prior ranking claim (of which the Security Trustee has knowledge) over the Collateral to the extent of that claim;
- (b) next, pari passu and rateably:
  - (i) to pay to any Receiver appointed in accordance with the Security Trust Deed, for its Costs, fees and remuneration in connection with it acting as receiver in accordance with the Transaction Documents;
  - (ii) next, to pay to the Security Trustee for its Costs and other amounts (including all Secured Moneys) due to it for its own account in connection with its role as security trustee in relation to the Trust; and
  - (iii) next, to pay the Trustee for its Costs and other amounts (including all Secured Moneys) due to it for its own account in connection with its role as trustee of the Trust);
- (c) next, to pay pari passu and rateably:
  - (i) all Secured Moneys owing to the Seller;
  - (ii) all Secured Moneys owing to the Manager;
  - (iii) all Secured Moneys owing to the Servicer; and
  - (iv) all Secured Moneys owing to the Standby Servicer;
- (d) next, to pay pari passu and rateably:
  - (i) all Secured Moneys owing to each Derivative Counterparty pari passu and rateably (excluding any amount which constitutes a payment owing by the Trustee under section 6(e) of a Derivative Contract to the extent that the Derivative Counterparty is the Defaulting Party or sole Affected Party (other than due to 'Illegality', 'a Force Majeure Event' or 'Tax Event', each as defined in that Derivative Contract));

- (ii) all Secured Moneys owing to the Liquidity Facility Provider in respect of any interest, fees and outstanding Liquidity Advances; and
  - (iii) all Secured Moneys owing to the Redraw Facility Provider in respect of any interest, fees and outstanding Redraw Advances;
- (e) next, to pay all Secured Moneys owing to the Class A Noteholders in relation to the Class A Notes. This will be applied in the following order of priority:
  - (i) first, pari passu and rateably, to the Class A Noteholders towards payment of all unpaid Interest on the Class A Notes; and
  - (ii) next, pari passu and rateably, to the Class A Noteholders towards repayment of the Class A Notes until the Invested Amount of the Class A Notes has been reduced to zero;
- (f) next, to pay all Secured Moneys owing to the Class AB Noteholders in relation to the Class AB Notes. This will be applied in the following order of priority:
  - (i) first, pari passu and rateably, to the Class AB Noteholders towards payment of all unpaid Interest on the Class AB Notes; and
  - (ii) next, pari passu and rateably, to the Class AB Noteholders towards repayment of the Class AB Notes until the Invested Amount of the Class AB Notes has been reduced to zero;
- (g) next, to pay all Secured Moneys owing to the Class B Noteholders in relation to the Class B Notes. This will be applied in the following order of priority:
  - (i) first, pari passu and rateably, to the Class B Noteholders towards payment of all unpaid Interest on the Class B Notes; and
  - (ii) next, pari passu and rateably, to the Class B Noteholders towards repayment of the Class B Notes until the Invested Amount of the Class B Notes has been reduced to zero;
- (h) next, to pay all Secured Moneys owing to the Class C Noteholders in relation to the Class C Notes. This will be applied in the following order of priority:
  - (i) first, pari passu and rateably, to the Class C Noteholders towards payment of all unpaid Interest on the Class C Notes; and
  - (ii) next, pari passu and rateably, to the Class C Noteholders towards repayment of the Class C Notes until the Invested Amount of the Class C Notes has been reduced to zero;
- (i) next, to pay all Secured Moneys owing to the Class D Noteholders in relation to the Class D Notes. This will be applied in the following order of priority:
  - (i) first, pari passu and rateably, to the Class D Noteholders towards payment of all unpaid Interest on the Class D Notes; and
  - (ii) next, pari passu and rateably, to the Class D Noteholders towards repayment of the Class D Notes until the Invested Amount of the Class D Notes has been reduced to zero;
- (j) next, to pay all Secured Moneys owing to the Class E Noteholders in relation to the Class E Notes. This will be applied in the following order of priority:
  - (i) first, pari passu and rateably, to the Class E Noteholders towards payment of all unpaid Interest on the Class E Notes; and
  - (ii) next, pari passu and rateably, to the Class E Noteholders towards repayment of the Class E Notes until the Invested Amount of the Class E Notes has been reduced to zero;

- (k) next, to pay all Secured Moneys owing to the Class F Noteholders in relation to the Class F Notes. This will be applied in the following order of priority:
  - (i) first, pari passu and rateably, to the Class F Noteholders towards payment of all unpaid Interest on the Class F Notes; and
  - (ii) next, pari passu and rateably, to the Class F Noteholders towards repayment of the Class F Notes until the Invested Amount of the Class F Notes has been reduced to zero;
- (l) next, to pay pari passu and rateably, all Secured Moneys owing to:
  - (i) each Derivative Counterparty pari passu and rateably;
  - (ii) the Liquidity Facility Provider; and
  - (iii) the Redraw Facility Provider,to the extent not paid under the preceding paragraphs;
- (m) next, to pay pari passu and rateably all Secured Money owing to the Secured Creditors to the extent not paid under or because of the operation of the preceding paragraphs;
- (n) next, to any person with a subsequent ranking claim (of which the Security Trustee has knowledge) over the Collateral to the extent of that claim; and
- (o) next, to pay any surplus to the Trustee to be distributed in accordance with the terms of the Master Trust Deed.

#### 8.14 Collateral Support

The proceeds of any Collateral Support will not be treated as Collateral available for distribution in accordance with Section 8.13 ("Application of proceeds following an Event of Default").

Following an Event of Default and enforcement of the General Security Deed, any such Collateral Support shall:

- (a) in the case of Collateral Support under a Derivative Contract, (subject to the operation of any netting provisions in the relevant Derivative Contract) be returned to the relevant Derivative Counterparty except to the extent that the relevant Derivative Contract requires it to be applied to satisfy any obligation owed to the Trustee in connection with such Derivative Contract; and
- (b) in the case of Collateral Support under the Liquidity Facility Agreement, be returned to the Liquidity Facility Provider except to the extent that the Liquidity Facility Agreement requires it to be applied to satisfy any obligation owed to the Trustee by the Liquidity Facility Provider.

#### 8.15 Subordination Conditions

The "**Subordination Conditions**" are satisfied on a Payment Date if:

- (a) that Payment Date falls:
  - (i) on or after the Determination Date that falls on or after the second anniversary of the Closing Date; and
  - (ii) prior to the first Call Option Date; and
- (b) on the Determination Date immediately prior to that Payment Date:



- (i) the Aggregate Invested Amount of the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and Class F Notes on that Determination Date is equal to or greater than 16% of the Aggregate Invested Amount of all Notes on that Determination Date;
- (ii) there are no Carryover Principal Charge-Offs; and
- (iii) the Average Arrears Ratio in respect of that Determination Date does not exceed 4.0%.

#### 8.16 Call Option

At least 5 Business Days before any Call Option Date the Manager may direct in writing that the Trustee, and the Trustee upon receipt of such direction must, offer (“**Call Option Offer**”) to sell its right, title and interest in all (but not some only) of the Trust Receivables in favour of the Seller (or the Seller’s nominee) on that Call Option Date for an amount (“**Call Option Offer Amount**”) equal to (as at that Call Option Date) the Repurchase Price for such Trust Receivables.

If the Call Option Offer is accepted, the Trustee must apply the Call Option Offer Amount received by it in accordance with this Section 8 (“Cashflow Allocation Methodology”) on the relevant Call Option Date on which the Call Option Offer is accepted.

If prior to directing the Trustee to give a Call Option Offer the Manager determines, in respect of a Call Option Date, that:

- (a) a Class of Notes have been issued and have not been redeemed in full on or before that Call Option Date; and
- (b) the Call Option Offer Amount (together with all other Total Available Principal available to be applied towards redeeming the relevant Class of Notes on that Call Option Date) is less than the amount which is sufficient to ensure that the Trustee can redeem the Aggregate Invested Amount (as at the Determination Date immediately preceding the Call Option Date) of that Class of Notes (plus all accrued but unpaid interest in respect of such Class of Notes) in full,

the Manager may direct the Trustee to seek the consent of the Noteholders of that Class of Notes (to be provided by way of an Extraordinary Resolution) to give the relevant Call Option Offer. The Manager must not direct the Trustee to give that Call Option Offer unless such consent is provided.

#### 8.17 Excess Income Reserve

- (a) The Manager will maintain the “**Excess Income Reserve**” as a ledger account of the Collection Account by recording:
  - (i) all deposits to the Excess Income Reserve, as a credit to the ledger; and
  - (ii) all withdrawals from Excess Income Reserve, as a debit to the ledger.
- (b) The balance of the Excess Income Reserve must be applied by the Trustee at the direction of the Manager as follows:
  - (i) on a Payment Date for the purpose of making an Excess Income Reserve Draw in accordance with Section 8.5 (“Excess Income Reserve Draw”); and
  - (ii) on the Payment Date on which all Notes are to be redeemed in full and after any Excess Income Reserve Draw has been made on that Payment Date in accordance with Section 8.5 (“Excess Income Reserve Draw”), by applying the balance of the Excess Income Reserve as Total Available Income on that Payment Date.

- (c) The balance of the Excess Income Reserve will be treated as Collateral available for distribution in accordance with Section 8.13 (“Application of proceeds following an Event of Default”).
- (d) The balance of the Excess Income Reserve may only be applied in accordance with this Section 8.17 (“Excess Income Reserve”).
- (e) In the Transaction Documents, a reference to a deposit or withdrawal from the Excess Income Reserve shall be interpreted to mean a deposit or withdrawal (as applicable) from the Collection Account with a corresponding record being made to the Excess Income Reserve in accordance with Section 8.17(a).

## 9 The Trust and its Trust Assets

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### 9.1 The Trust and the Unitholders of the Trust

#### (a) *Constitution of the Trust*

The Trust is a trust fund duly constituted as such under the Master Trust Deed. It was established in New South Wales and was created on 28 September 2020 pursuant to the Notice of Creation executed by the Trustee.

The terms of the Trust are primarily governed by the Master Trust Deed, the Security Trust Deed and the Issue Supplement. An unlimited number of trusts may be established under the Master Trust Deed. The Trust is separate and distinct from any other trust established under the Master Trust Deed.

The Trustee has been appointed as trustee of the Trust. The Trustee will issue Notes in its capacity as trustee of the Trust.

The Trust will terminate on the earlier of:

- the day before the eightieth anniversary of the date it was established; and
- the date which the Manager notifies the Trustee that it is satisfied that the Secured Money of the Trust has been unconditionally and irrevocably repaid in full.

#### (b) *Capital*

The Unitholders of the Trust are:

- ME as to 1 income unit (as holder of such income units, the **Participation Unitholder**) and 9 residual capital units (as holder of such Residual Capital Units, a **Residual Capital Unitholder**); and
- Solution Capital No. 3 Pty Ltd as to 1 residual capital unit (a **Residual Capital Unitholder**).

#### (c) *Purpose of the Trust*

The Trust has been established for the purposes of the Trustee:

- acquiring and dealing with Trust Receivables in accordance with the Transaction Documents;
- issuing the Notes (and incurring other liabilities in accordance with the Transaction Documents);
- entering into, performing its obligations and exercising its rights under the Transaction Documents; and
- acquiring, dealing with and disposing of Authorised Investments in accordance with the Transaction Documents.

As at the Closing Date, and prior to the issue of the Notes, the Trust has not commenced operations (except in respect of the entry into the Transaction Documents, the offer of Notes in accordance with the Transaction Documents) and activities ancillary to those acts and the Trust will, following the Closing Date, undertake no activity other than that contemplated by the Transaction Documents. No financial accounts in respect of the Trust have been prepared prior to the date of this Information Memorandum.

#### (d) *Master Trust Deed*

The Master Trust Deed contains provisions which limit the rights of the Unitholders of the Trust to take certain actions in respect of the Trust including, without limitation, restrictions on their ability to (i) exercise any rights, powers or privileges in respect of any Asset of the Trust; (ii) require

Trust Assets to be transferred to it; (iii) terminate the Trust; or (iv) interfere with the management of the Trust.

For further details see Section 11.2 (“Master Trust Deed”).

## 9.2 Trust Asset features

### (a) **Background**

The Pool of Mortgage Loans to be acquired by the Trustee has been originated by the Seller.

The Pool of Mortgage Loans is comprised of Mortgage Loans which are governed by the laws of the Commonwealth of Australia and each Australian State and Territory.

The Pool of Mortgage Loans is comprised of Mortgage Loans which are fully amortising, principal and interest obligations of Obligor, each of which has been approved pursuant to the origination criteria noted in Section 10 (“Mortgage origination and servicing”).

The process of assessment of applications for Mortgage Loans is described in Section 10 (“Mortgage origination and servicing”).

### (b) **Mortgage Loan Types and Characteristics**

The Pool of Mortgage Loans includes the following Mortgage Loan products:

- Basic Home Loan; and
- Flexible Home Loan.

The Pool of Mortgage Loans consists of Mortgage Loan product with the following characteristics:

#### **Type of Mortgage Loan**

#### **Characteristics of Mortgage Loan Types**

##### **Variable Rate Mortgage Loan**

The Pool of Mortgage Loans also includes Mortgage Loans that offers a variable rate of interest which may be adjusted at the discretion of the Servicer, either upward or downward. Adjustments of the variable rate may be made from time to time. The Servicer considers the Reserve Bank of Australia’s official overnight cash rate and other traditional indices for interest on debt when setting the variable interest rate. Variable Rate Mortgage Loans are convertible to a Fixed Rate Mortgage Loan product at the Obligor’s request.

##### **Fixed Rate Mortgage Loan**

The Pool of Mortgage Loans also includes Mortgage Loans that bear a fixed rate of interest for up to a maximum period of five years. At the end of that fixed rate period, unless the interest rate is re-fixed at a rate and for a term agreed between the Obligor and the Servicer, these Mortgage Loans will automatically convert to the variable rate of interest plus a discount or margin, as agreed with the Obligor. An Obligor may be permitted to prepay up to a maximum aggregate amount of \$30,000 during a fixed rate period. An Obligor is also permitted to terminate a fixed rate loan before the fixed rate period ends, but may incur economic break costs for such termination.

##### **Interest Only Mortgage Loan**

Owner occupiers may select an interest only period of up to five years. Investors may select an initial interest only period of up to five years, following which

they may request an extension for another period of up to five years. Any such extension is subject to approval by the Approved Servicer.

After the interest only period, the Mortgage Loan reverts to a principal and interest repayment basis for the balance of the Mortgage Loan term.

Customers may request a further interest only period extension, provided that the total interest only period over the life of the Mortgage Loan cannot extend 5 years for owner occupiers 10 years for investors.

The interest rates applicable for an Interest Only Mortgage Loan will be a variable or fixed rate of interest which may be adjusted at the discretion of the Servicer, either upward or downward. Adjustments of the variable rate may be made from time to time by the Servicer. The Servicer considers the Reserve Bank of Australia's official overnight cash rate and other traditional indices for interest on debt when setting the interest rate. The interest rate may differ from the rate of interest applicable to the Variable Rate Mortgage Loan.

(c) ***Additional Mortgage Loan features***

Other features which may be included as part of ME's Mortgage Loan product types include:

**Additional Features**

***Redraws***

**Mortgage Loan Types to which Additional Features may apply**

ME's Mortgage Loans permit Obligors to redraw principal repayments made in excess of scheduled repayments during the period in which the relevant Mortgage Loan is charged a variable rate of interest. A Redraw is secured by the same mortgage that originally secured the Mortgage Loan and becomes part of the Mortgage Loan initially drawn by the Obligor.

The Trustee and the Manager may only permit a Redraw on a Mortgage Loan comprised in the Trust Assets where the Redraw would not result in an Adverse Rating Effect.

ME does not normally permit Redraws on Fixed Rate Mortgage Loans.

A Redraw will not result in the related Mortgage Loan being removed from the Trust.

See Section 9.8 ("Redraws").

***Interest Offset Accounts***

Interest Offset Accounts are facilities that can be linked to the Mortgage Loan at the Obligor's request for certain Mortgage Loan Products offered by ME.

An Obligor may elect to have amounts in an offset account which acts to reduce the interest of the linked Mortgage Loan.

ME will be required to make certain payments to the Trustee in connection with interest offset benefits (if

**Combination or “split”  
Mortgage Loans**

any). See Section 9.10 (“Interest Offset Accounts”).

ME provides the ability for an Obligor to elect to split his/her loan into separate funding portions which may, among other things, be subject to different types of interest rates. Each part of the Mortgage Loan is effectively a separate loan, even though all the separate loans are all secured by the same Mortgage and are part of a single loan contract.

**Further Advances**

Obligors can request a Further Advance in respect of their Mortgage Loan at any time. The request is subject to approval by the Seller in accordance with the Credit Policy and Procedures, has a minimum additional amount of \$20,000, and the LVR in respect of the Mortgage Loan including any Further Advance cannot exceed:

- 95% (for owner occupier Home Loans on a principal and interest repayment basis);
- 80% (for owner occupier Interest Only Home Loans); and
- 90% (for investors).

If a request for a Further Advance is granted, the Manager must direct the Trustee to issue to the Seller an Offer to Sell Back in respect of the Trust Receivable in respect of which the Further Advance was made and ME (as Seller) may repurchase that Trust Receivable.

See Section 9.6 (“Disposal of Trust Receivables – Further Advances”)

**Loan purposes**

As approved Obligors are able to access the equity within their property, funds may be used for, but are not limited to, the following purposes:

- purchase of an owner-occupied or investment residential property, refinance/consolidation of existing debts or construction/renovation of a residential property; and
- purchase of a holiday home, vacant land, shares, investments, consumer goods and cars.

Any funds made available are secured by a registered mortgage over a property.

**Switching interest rates**

The Servicer will consider requests from Obligors to change from a Fixed Rate Mortgage Loan product to a variable interest rate loan product, or vice versa. Economic break costs may apply for Fixed Rate Mortgage Loans that are prepaid or changed before the end of the fixed interest rate period.

**Substitution of security**

An Obligor may apply to the Servicer to substitute a different real property in place of the existing real property securing a Mortgage Loan.

If each of the following conditions is satisfied, the substitution may be made, the Mortgage securing the existing Mortgage Loan will be discharged and the existing Mortgage Loan will remain in the Pool of

## Mortgage Loans secured by the new Mortgage:

- the new real property subject to a Mortgage must comply with the representations and warranties regarding the Mortgage Loans described in Section 9.4 (“Seller representations and warranties regarding the Mortgage Loans”);
- ME’s credit approval policies regarding the substitution of real property as security for a Mortgage Loan, as described under Section 10 (“Mortgage origination and servicing”), must be satisfied;
- the original Obligor(s) must remain liable under the related Mortgage Loan;
- the principal outstanding under the Mortgage Loan must not increase;
- the purchase of the new real property by the Obligor and the grant of a new Mortgage over the new real property must occur simultaneously with the discharge of the original Mortgage; and
- if applicable, the new real property must be acceptable to the relevant Mortgage Insurer.

An Obligor will not be permitted to change the existing Mortgage Loan arrangements if:

- the new real property does not comply with the representations and warranties regarding the Mortgage Loans described under Section 9.4 (“Seller representations and warranties regarding the Mortgage Loans”);
- ME’s credit approval policies regarding the substitution of real property as security for a Mortgage Loan, as described under Section 10 (“Mortgage origination and servicing”), are not satisfied;
- the principal outstanding under the Mortgage Loan will increase; or
- settlement will not, or does not, occur simultaneously with the discharge of the original Mortgage.

**Member Package**

ME’s Member Package is an optional package offered to Obligors in respect of Flexible Home Loans. Eligible Obligors receive certain benefits under the Member Package such as a lower variable interest rate and the waiver of certain fees.

(d) **Other**

Noteholders should also note that the Servicer may from time to time offer or make available, on a commercial basis, new mortgage loan products or features to existing and potential Obligors.

### 9.3 Acquisition of Mortgage Loans by Trustee

The Trust Assets will primarily consist of the Trust Receivables to be acquired by the Trustee on the Closing Date from the Disposing Trustees pursuant to the Inter-Trust Sale Notices issued under the Inter-Trust Sale Deed. These Trust Receivables were originated by the Seller. See Section 10 ("Mortgage origination and servicing") for more detail regarding the mortgage lending business of the Seller and the origination and servicing of the Trust Receivables by the Servicer.

No further Trust Receivables will be acquired by the Trustee in respect of the Trust after the Closing Date.

### 9.4 Seller representations and warranties regarding the Mortgage Loans

The Seller has previously given to the Disposing Trustees certain representations and warranties in respect of the Trust Receivables in connection with the initial sale of those Trust Receivables to the relevant Disposing Trustee. Under the Inter-Trust Sale Deed, the Disposing Trustees will assign to the Trustee the benefit of the representations and warranties previously given by the Seller to the Disposing Trustees in respect of the Trust Receivables.

Those representations and warranties include the following:

- (a) the Principal Approved Seller had legal title to each Trust Receivable and related rights and it or another Seller had beneficial title to each such Trust Receivable and related rights at all times up until acceptance by the Trustee of the offer by the Principal Approved Seller to the Trustee contained in the Sale Notice;
- (b) the Principal Approved Seller is entitled under each Trust Receivable and related security to assign its right, title and interest in and to each such Trust Receivable and related security;
- (c) the Principal Approved Seller will be the owner of the legal title (subject to the Transaction Documents), and the Trustee will be the owner of the equitable title, to those Trust Receivables and related rights upon the procedures contained in the Master Trust Deed and the Sale Notice for the transfer of those Loans and related rights from the Principal Approved Seller or the other Sellers to the Trustee being fully followed and completed;
- (d) the Principal Approved Seller instructed a solicitor or lending officer in relation to each Trust Receivable and its related Mortgage prior to the time of settlement of each such Trust Receivable;
- (e) before or at the time of settlement of each Trust Receivable, the solicitor instructed or lending officer in relation to each such Trust Receivable and related security gave a certificate which complied with the credit policies and procedures;
- (f) each loan document relating to a Trust Receivable is and will at all times be, in all material respects, in the form required by the credit policies and procedures;
- (g) the related property is insured in accordance with the requirements of the Trust Receivable and its related Mortgage;
- (h) the mortgagor is the beneficial owner of the related property and is or is entitled to be registered as the proprietor or is the legal owner of the related property;
- (i) each loan document constitutes valid, binding and enforceable obligations of the Principal Approved Seller, the mortgagor and the other parties to it;
- (j) each loan document has been, or will be, within any applicable statutory time limit, fully stamped in accordance with all applicable laws, and (if required or able to be registered)



- has been registered or is in registrable form, and there are no impediments to its registration or continued registration;
- (k) the related Mortgage is or will be upon registration, a registered mortgage with first priority for all money stated to be secured by it;
  - (l) the mortgagor's application for loan was substantially in the form required by the credit policies and procedures, was fully investigated by the Principal Approved Seller in accordance with the credit policies and procedures, and the Principal Approved Seller is satisfied that all statements and information contained in it are correct in all material respects;
  - (m) in respect of each loan security entered into in any State or Territory of the Commonwealth of Australia:
    - (i) the documentation of that loan security; and
    - (ii) the performance by the Principal Approved Seller of its obligations under the credit policies and procedures (including, without limitation, in relation to the entry into, variation, discharge, release, administration, servicing and enforcement of that loan security),

have complied in all material respects with all applicable requirements of the Code legislation in that State or Territory, except that non-compliance with the Code in any State or Territory of the Commonwealth of Australia will not be material where non-compliance:

      - (A) does not impair the collectability or enforceability of that loan security; and
      - (B) would not result in the imposition of any civil or criminal penalty in respect of that loan security;
  - (n) the Principal Approved Seller is not aware of any circumstances relating to its related Mortgage, the related property, the Mortgagor or any guarantor which could reasonably be expected to cause a prudent investor to:
    - (i) regard the Mortgage as an unacceptable investment;
    - (ii) expect the mortgagor to default under the Mortgage; or
    - (iii) diminish the value of marketability of the related property from that stated in the valuation report obtained at the time the Trust Receivable and its related Mortgage were originated by the Principal Approved Seller;
  - (o) the credit policies and procedures have been fully complied with in relation to the Trust Receivable and its related loan security;
  - (p) to the best of the Principal Approved Seller's knowledge, all representations and warranties made by the mortgagor and any other obligor in the loan documents are true and correct at the time that they were given;
  - (q) the Principal Approved Seller is not actually aware of any material breach of a Mortgage Insurance Policy (if any) by the Principal Approved Seller which would allow the Mortgage Insurer under that Mortgage Insurance Policy to reduce or avoid a claim under the terms of that Mortgage Insurance Policy;
  - (r) the Trust Receivable is not in arrears, or if it is in arrears, it will not be more than 30 consecutive days in arrears as at the Closing Date;
  - (s) the related Mortgage and, if necessary any related security, have been stamped, or have been lodged for stamping accompanied by a bank cheque, for the full amount secured thereby;

- (t) the related Mortgage has been duly registered by, or is in registrable form and will be lodged for registration forthwith upon its stamping with, the land titles office or registry in the State or Territory in which the related property is situated and, if necessary, any related security has been registered or is in registrable form and will be lodged for registration forthwith upon its stamping;
- (u) the performance by the Principal Approved Seller of its obligations in respect of the Trust Receivable and loan security (including any variations, discharge, release administration, servicing and enforcement) up to and including the Closing Date complied in all material respects with all applicable laws including, where applicable, the Code where failure to do so would:
  - (i) adversely affect the amounts recoverable from an obligor or the benefit of the security provided by the Mortgage or its coverage under the relevant Mortgage Insurance Policy (if any) or would allow the Mortgage Insurer under the relevant Mortgage Insurance Policy to reduce or avoid a claim under the terms of the Mortgage Insurance Policy (if any) or at law; or
  - (ii) result in any continuing liability under the Consumer Credit Code Legislation;
- (v) the Trust Receivable and loan security are denominated in and payable in Australian dollars;
- (w) except where the Mortgage Insurer under the relevant Mortgage Insurance Policy (if any) otherwise agreed, the principal outstanding at the time the Mortgage was entered into did not exceed the maximum principal amount at that time which may be lent without the approval of the relevant Mortgage Insurer under the applicable Mortgage Insurance Policy;
- (x) the Trust Receivable is repayable on fully amortising terms within 30 years of the date of the bond issue direction for the Trust;
- (y) subject to the terms of the relevant Mortgage Insurance Policy (if any), where a Trust Receivable and its related loan security is covered by a Mortgage Insurance Policy, it is covered for an amount not less than 100% of the amounts outstanding under the Trust Receivable and its related loan security, which policy may also include, but only if applicable to that policy, timely payment cover in respect of all instalments payable under the Trust Receivable;
- (z) each Trust Receivable contains provisions which do not allow any obligor to set off amounts which may be owing between the Principal Approved Seller and such obligor (other than in respect of Interest Offset Accounts);
- (aa) the Trust Receivable has been or is fully drawn;
- (bb) the current ratio that the principal amount of the Trust Receivable bears to the value of the related property at the time the Trust Receivable was made was equal to or less than 95%;
- (cc) the Trust Receivable does not represent a direct or indirect obligation of an employee of the Principal Approved Seller who has influence in the setting of interest rates for housing loans by the Principal Approved Seller;
- (dd) the Trust Receivable is not secured by residential properties under construction;
- (ee) all components of any Trust Receivable being a split loan will be acquired by the Trustee as trustee of the Trust pursuant to the Sale Notice;
- (ff) each Trust Receivable is an Eligible Loan; and

- (gg) where any Trust Receivable is not a fixed interest rate term loan, there is no limitation under such Trust Receivables to effect a change in the rate of interest payable on such Trust Receivable.

Capitalised terms used in sub-paragraphs (a) to (gg) above have the meaning given to such terms (including by incorporation) in the Disposing Trustees' Master Trust Deed.

## 9.5 Eligibility Criteria

The Seller will not repeat for the benefit of the Trustee any of the representations and warranties in respect of the Trust Receivables previously given to the Disposing Trustees nor will the Seller provide any new representations and warranties in respect of the Trust Receivables to the Trustee. However, the Manager will certify to the Trustee on the Closing Date that (to the best of its knowledge and belief) each Trust Receivable is an Eligible Receivable on the Closing Date. In providing this certification the Manager is not required to investigate whether any Trust Receivable satisfies the Eligibility Criteria.

For the purposes of the Trust, the Eligibility Criteria for each Trust Receivable are as follows:

- (a) the Trust Receivable is legal, valid and enforceable according to its underlying documentation;
- (b) the Trust Receivable is secured by a valid and enforceable Mortgage over the Obligor's residential property or properties which has erected on it a residential dwelling;
- (c) the Mortgage in respect of the Trust Receivable is a first ranking registered Mortgage, or if there are two Mortgages over the Land securing the Trust Receivable, and the Trustee is the mortgagee under the first ranking Mortgage, it is a second ranking registered Mortgage provided that the Trustee holds all rights under the first ranking Mortgage and those rights have not been assigned to any third party including without limitation to another securitisation vehicle;
- (d) the Trust Receivable has a total Outstanding Principal Balance of no more than A\$1,500,000 as at the Cut-Off Date;
- (e) the Trust Receivable has an LVR of less than or equal to 95%;
- (f) the income of the Obligor(s) in respect of the Trust Receivable is fully verified by the Servicer of the Trust Receivable in accordance with the Credit Policies and Procedures;
- (g) the Trust Receivable is not classified as a Low Doc Loan;
- (h) the relevant Obligor is required to repay the loan within 30 years of the Closing Date;
- (i) the fixed rate period of the Trust Receivable (plus any extensions to the fixed rate period of the Trust Receivable) does not end after the Fixed Rate Loan Term End Date;
- (j) the Trust Receivable is repaid fortnightly (or at least monthly) in amounts such that principal amortises over the term of the Trust Receivable and all interest is paid on the Trust Receivable after an initial interest-only period of not more than 5 years (where applicable). The initial interest-only period may be extended by only one other interest-only period of not more than 5 years;
- (k) the terms of the Trust Receivable and the Related Securities have not been altered or waived except in writing provided that there is sufficient evidence of such alteration or waiver and the current terms of the Trust Receivable and the Related Securities are capable of identification from the Trust Receivable files and/or the Seller's computer system;

- (l) the Obligor is required to repay the loan at least 18 months before the Maturity Date;
- (m) where the Trust Receivable is a fixed interest rate term loan, it does not have a fixed interest rate period of more than 5 years;
- (n) where the Trust Receivable is not a fixed interest rate term loan, there is no limitation under the Trust Receivable to effect a change in the rate of interest payable on the Trust Receivable;
- (o) in respect of a Trust Receivable, if its LVR at the time of origination was greater than 80%, the Trust Receivable must be covered by a Mortgage Insurance Policy providing 100% cover of principal and interest losses in respect of that Trust Receivable from a Mortgage Insurer;
- (p) the Land the subject of the Related Security is located in any of Queensland, New South Wales, Victoria, South Australia, Northern Territory, Western Australia, Tasmania or the Australian Capital Territory;
- (q) the Trust Receivable was advanced and is repayable in Australian dollars in Australia;
- (r) where the Trust Receivable is in favour of a member of the present staff of the Seller, the Trust Receivable is on no more favourable terms than if it were in favour of any other Obligor;
- (s) where the Trust Receivable is a construction loan, the Trust Receivable is fully funded and the construction is complete;
- (t) the Trust Receivable and its Related Securities are assignable without the consent of the related Obligor and free of all higher ranking security interests and, to the best of the Seller's knowledge, free of adverse claims and other third party rights and interests;
- (u) at the time the Seller entered into the Trust Receivable, the Trust Receivable complied in all material respects with all applicable laws, including the National Credit Legislation where applicable;
- (v) the Trust Receivable was originated in good faith in the ordinary course of the Seller's business and in accordance with the Seller's Credit Policies and Procedures;
- (w) each of the Title Documents in relation to the Trust Receivable which are required to be stamped with stamp duty have been or will be duly stamped within the time period prescribed in the relevant legislation;
- (x) the property the subject of the Trust Receivable was insured under a general insurance policy as at the relevant date the Trust Receivable was originated;
- (y) the Obligor in respect of the Trust Receivable is either an Australian resident or an Australian citizen;
- (z) the Trust Receivable is fully drawn (other than to the extent to which Redraws are available to the Obligor under such Trust Receivable) as at the Cut-Off Date;
- (aa) the Outstanding Principal Balance of the Trust Receivable as at the Cut-Off Date corresponds to the amount shown for the Trust Receivable on the detailed list provided by the Servicer to the Trustee prior to the relevant closing/settlement;
- (bb) the Trust Receivable is not in arrears by more than 30 days as at the Cut-Off Date;
- (cc) all components of any Trust Receivable which is secured by a Mortgage or Related Security that also secures Other Secured Liabilities will be acquired by the Trust; and

- (dd) the Trust Receivable and its Related Securities are not subject to set-off, counter-claim or similar defence.

## 9.6 Disposal of Trust Receivables – Further Advances

If an Obligor applies for a Further Advance, ME (as Seller and, if applicable at the relevant time, the Servicer) has an absolute right to agree to or refuse to grant (on behalf of the Trustee) such Further Advance or to make an offer to an Obligor for a Further Advance.

If ME makes a Further Advance in respect of a Trust Receivable, ME (as Seller) may repurchase that Trust Receivable in the manner described in the following paragraphs unless another method is agreed between the Trustee, the Manager and the Seller.

The Manager must direct the Trustee to issue to the Seller an Offer to Sell Back in respect of the Trust Receivable in respect of which the Further Advance was made. The Offer to Sell Back must:

- (a) be for that Trust Receivable (and any other Trust Receivables also secured by the relevant Trust Related Security) (“**Affected Receivables**”);
- (b) have a Settlement Amount that includes the Repurchase Price of the Affected Receivables; and
- (c) specify as the Settlement Date a date that is no later than the Payment Date immediately following the last day of the Collection Period in which the Offer to Sell Back is given, or such later date as agreed between the Manager and the Seller (and notified by the Manager to the Trustee) and in respect of which a Rating Notification has been given.

The Seller:

- (a) may accept the Offer to Sell Back by paying the Settlement Amount for the Affected Receivables to the Trustee on the relevant Settlement Date; and
- (b) if it does so, must also pay an amount equal to the Accrued Interest Adjustment for the Affected Receivables.

## 9.7 Disposal of Trust Receivables – Ineligible Rate Change

If an Obligor initiates a request for an Ineligible Rate Change, ME (as the Seller and, if applicable at the relevant time, the Servicer) has an absolute right to agree to or to refuse to agree to that Ineligible Rate Change.

If ME (as the Seller and, if applicable at the relevant time, the Servicer) agrees to an Ineligible Rate Change in respect of a Trust Receivable:

- (a) the Seller must notify the Manager; and
- (b) the Seller may in its discretion request the Manager to direct the Trustee (in which case the Manager must direct the Trustee) to issue an Offer to Sell Back in the manner described in the following paragraphs unless another method is agreed between the Trustee, the Manager and the Seller.

The Offer to Sell Back in respect of which the Seller has requested must:

- (a) be for that Trust Receivable (and any other Trust Receivables also secured by the relevant Trust Related Security) (“**Affected Receivables**”);

- (b) have a Settlement Amount that includes the Repurchase Price of the Affected Receivables; and
- (c) specify as the Settlement Date a date that is no later than the Payment Date immediately following the last day of the Collection Period in which the Offer to Sell Back is given, or such later date as agreed between the Manager and the Seller (and notified by the Manager to the Trustee) and in respect of which a Rating Notification has been given.

The Seller:

- (a) may accept the Offer to Sell Back by paying the Settlement Amount for the Affected Receivables to the Trustee on the relevant Settlement Date; and
- (b) if it does so, must also pay an amount equal to the Accrued Interest Adjustment for the Affected Receivables.

## 9.8 Redraws

- (a) If an Obligor applies for a Redraw, ME (as the Seller and, if applicable at the relevant time, as the Servicer) has an absolute right to agree to or to refuse to grant (on behalf of the Trustee) such Redraw or to make an offer to an Obligor for a Redraw.
- (b) If:
  - (i) the Seller makes Redraw in respect of a Trust Receivable; and
  - (ii) at that time the Seller is the Servicer and the Servicer is permitted to retain Collections in accordance with Section 9.9 ("Depositing Collections"),
 then with effect from the making of that Redraw, the amount of Collections (that would otherwise constitute part of the Principal Collections) required to be deposited by the Servicer into the Collections Account, in accordance with Section 9.9(a) ("Depositing Collections"), on the Payment Date immediately following the end of the Collection Period in which that Redraw was made will be reduced by an amount equal to the lesser of:
  - (A) the amount of that Redraw; and
  - (B) the amount specified by the Manager to the Seller, such that the Manager is satisfied there will be sufficient Total Available Principal to fund any required Principal Draw under Section 8.6 ("Principal Draw") on that Payment Date.

Such reduction shall constitute a reimbursement (to the extent of that reduction) by the Trustee to the Seller of that Redraw.

- (c) If:
  - (i) the Seller makes a Redraw in respect of a Trust Receivable; and
  - (ii) at that time:
    - (A) the Seller is not the Servicer; or
    - (B) the Servicer is not permitted to retain Collections in accordance with Section 9.9(a) ("Depositing Collections"),

then the Seller must notify the Manager of the amount of that Redraw.

- (d) On receipt of a notice from the Seller under Section 9.8(c) in respect of a Redraw made during a Collection Period, the Manager may direct the Trustee to apply Principal Collections received during that Collection Period towards reimbursing the Seller in respect of that Redraw.

- (e) The Manager must not direct the Trustee to apply Principal Collections received during a Collection Period in accordance with Section 9.8(d):
- (i) if the aggregate of such payments during that Collection Period would exceed the aggregate of Principal Collections received up to that day during that Collection Period; and
  - (ii) unless the Manager is satisfied that there will be sufficient Total Available Principal on the Payment Date immediately following the end of that Collection Period to fund any required Principal Draw under Section 8.6 (“Principal Draw”) on that Payment Date.
- (f) If:
- (i) the Seller makes a Redraw in respect of a Trust Receivable; and
  - (ii) in respect of that Redraw and the aggregate of:
    - (A) the reimbursement (if any) in accordance with Section 9.8(b); plus
    - (B) the reimbursement (if any) in accordance with Section 9.8(d),is less than the amount of that Redraw (such shortfall being a “**Redraw Shortfall (Initial)**”), the Manager must, subject to Section 9.8(g), direct the Trustee to make a drawing under the Redraw Facility Agreement in an amount equal to the lesser of:
    - (C) that Redraw Shortfall (Initial); and
    - (D) the Available Redraw Amount,and the Manager must direct the Trustee to apply the proceeds of such drawing to reimburse the Seller in respect of that Redraw Shortfall (Initial).
- (g) The Manager must not direct the Trustee to make a drawing under the Redraw Facility Agreement to fund a Redraw unless the Trust Receivable to which the Redraw relates is a Performing Receivable at the time the direction is given or unless the Redraw is required to be made under the terms of the Trust Receivable, applicable laws or the Credit Policies and Procedures.
- (h) If:
- (i) the Seller makes a Redraw in respect of a Trust Receivable; and
  - (ii) in respect of that Redraw and the aggregate of:
    - (A) the reimbursement (if any) in accordance with Section 9.8(b); plus
    - (B) the reimbursement (if any) in accordance with Section 9.8(d); plus
    - (C) the reimbursement (if any) in accordance with Section 9.8(f); plusis less than the amount of that Redraw (such shortfall being a “**Redraw Shortfall (Further)**”), then:
    - (D) that Redraw Shortfall (Further) will be reimbursable by the Trustee to the Seller on the Payment Date immediately following the end of the Collection Period in which that Redraw was made to the extent there are funds available for that purpose in accordance with the Cashflow Allocation Methodology and
    - (E) the Trustee agrees to pay to the Seller interest on the daily balance of that un-reimbursed Redraw Shortfall (Further).

If, on any Payment Date, all amounts due in accordance with this Section 9.8(g) are not paid in full, on each following Payment Date the Trustee must pay so much of the amounts as are available for that purpose in accordance with the Cashflow Allocation Methodology until such amounts are paid in full.

## 9.9 Depositing Collections

- (a) If the Servicer is the Seller and the Servicer has the Servicer Required Credit Rating, it is permitted to retain any Collections in respect of a Collection Period until 10.00 am (Melbourne time) on the Payment Date immediately following the end of the relevant Collection Period, on or before which time it must deposit such Collections into the Collections Account (subject to Section 9.8 ("Redraws")).
- (b) Subject to the paragraph above, the Servicer must remit all Collections it receives to the Collections Account within 2 Business Days of receipt of such Collections.
- (c) If at any time:
  - (i) the Servicer does not have the Servicer Required Credit Rating from S&P; and
  - (ii) the distribution of monies which the Servicer is scheduled to receive under or in connection with the Trust Receivables during a Collection Period is, having regard to the scheduled timing of such payments during such Collection Period, significantly disproportionately concentrated, the Manager undertakes to give written notice to S&P detailing the measures the Manager proposes to put in place to mitigate any adverse effect on the credit ratings assigned by S&P.

## 9.10 Interest Offset Accounts

Two Business Days prior to each Payment Date:

- (a) the Seller must pay to the Trustee an amount representing interest offset benefits (if any) that were available to Obligors in respect of the Trust Receivables under the terms of any Interest Offset Accounts during the immediately preceding Collection Period net of any amounts paid or prepaid in respect of such Collection Period in accordance with paragraph (b) below; and
- (b) if the Seller ceases to be rated at least BBB by S&P (the "**Downgrade Event**") and only for so long as the Seller continues to be rated less than BBB by S&P, the Seller must:
  - (i) within seven Business Days of the occurrence of the Downgrade Event, pay to the Trustee an amount representing interest offset benefits (if any) available to Obligors in respect of the Trust Receivables under the terms of any Interest Offset Accounts during the Collection Period in which that Downgrade Event occurs; and
  - (ii) on the Payment Date immediately following the occurrence of the Downgrade Event and on each Payment Date thereafter for so long as the Seller continues to be rated less than BBB by S&P, pay the amount representing interest offset benefits (if any) that is estimated by the Seller to be available to Obligors in respect of the Trust Receivables under the terms of any Interest Offset Accounts for the Collection Period immediately following that Payment Date.



## 10 Mortgage origination and servicing

### 10.1 Mortgage origination policy

Mortgage Loans originated by ME are administered in accordance with business processes that have been established and that seek to address the requirements of the National Credit Code as it is in force in Australia as at the date of this Information Memorandum. These business processes and policies are discussed below.

ME has internal policies, practice and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies, practice and procedures of ME in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits;
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which the Pool of Mortgage Loans will be serviced in line with ME's usual servicing procedures;
- (c) adequate diversification of credit portfolios given ME's target market and overall credit strategy, as to which, in relation to the Pool of Mortgage Loans, please see Section 15 ("The Pool of Mortgage Loans") of this Information Memorandum; and
- (d) policies and procedures in relation to risk mitigation techniques.

#### **Assessment Policy – General**

ME processes Mortgage Loans applications in accordance with its residential lending credit policy criteria.

The credit policy framework is driven from traditional mortgage lending principles, being:

- capacity / serviceability – this involves ascertaining and confirming a customer's ability to meet their financial obligations;
- character – this involves ascertaining and confirming a customer's willingness to meet their financial obligations; and
- collateral / security – credit accommodations backed by mortgage secured residential type properties.

These policies are monitored and are subject to continuous review by ME to ensure that they are maintained in line with the Australian lending environment. Accordingly, prospective Noteholders should note that ME's approval policies are guidelines only and may change from time to time, including in the future. ME in providing residential Mortgage Loans to Obligor does not divide Obligor into groups of differing credit quality for the purpose of setting standard interest rates for its residential Mortgage Loans.

ME's approval policies set out the underwriting criteria that are used in assessing the Mortgage Loan applications, determining the suitability of the loan applicants, and evaluating the value and adequacy of the property being used as security for the Mortgage Loan. The underwriting criteria include the following:

- the individual applicant must be a minimum of 18 years of age;
- an analysis of the legal capacity of the applicant entering into the loan contract;

- an analysis of the applicant's employment history/eligible income sources;
- satisfactory credit checks;
- satisfactory savings history/loan repayment history;
- assessment that the home loan product is not unsuitable; and
- financial capacity to repay the Mortgage Loan.

Credit decisions are made by employees of ME who hold varying levels of delegated lending authorities. These delegated lending authorities represent approval limits that are set and monitored by management, and are based upon the level of experience of credit staff. Decisions to recommend and approve loan applications are made within these delegated lending authorities.

Mortgage Loan applications are initially received by ME and then allocated to staff for assessment and approval based upon their approved delegated lending authorities. To the extent that an application is received and is outside the approval authority of a credit officer, then a final decision for approval of the loan is made by credit staff with a higher delegated lending authority.

Mortgage Loans outside ME agreed delegated underwriting authority are referred to the applicable mortgage insurer for approval.

**Assessment Policy –  
Capacity and Serviceability**

In order to ascertain a customer's capacity to service, ME verifies income and other pertinent criteria on loan applications by reviewing required documentation.

For all customers ME verifies serviceability by reviewing documentation which includes but is not limited to the following:

- tax returns or Australian Tax Office payment summary (formerly group certificate);
- income confirmation, pay slip or letter of employment; and
- for self-employed customers, up to two years of certified annual financial statements and both personal and company tax returns.

**Assessment Policy –  
Character**

ME verifies a customer's willingness to pay by verifying the customers' background, character and credit history through the following:

- savings history and / or loan repayment history; and
- credit reference reporting.

**Assessment Policy –  
Collateral**

All residential Mortgage Loans are secured by either owner-occupied residential, or non-commercial investment properties.

For successful applications, the maximum allowable LVR must be less than or equal to 95% for purchases and construction lending. For equity releases the maximum allowable LVR is 90%, however restrictions may apply. It is noted that the Trust does not include loans with an original LVR of more than 95%.

The maximum LVR for external refinances is 95%. For certain security property types this LVR must be lower than 95%. The determining factor is the assessed risk attached to the property to be secured (for example, a one bedroom apartment between 30 – 40 m<sup>2</sup> is allocated a maximum LVR of 50%). The LVR requirements adopted from time to time by ME are approved by the relevant mortgage insurer.

The property to be secured is required to be valued by an approved licensed valuer, except in the circumstances described below under the

heading “New Loans / New Customers”.

The value of the property for the purposes of determining the LVR is either the:

- signed contract of sale (or relevant state contract);
- full valuation (new or existing);
- automated valuation model (**AVM**); or
- Desktop Valuations (**EVR**).

The value may include fixed chattels which are defined as carpets, blinds, curtains and light fittings.

#### *New Loans / New Customers*

- *Purchases*

A Valuation from a valuer of a property to be secured is not required when certain criteria apply. Such criteria include but are not limited to purchase loans in all states where the LVR is less than or equal to 80% and the total aggregated loan amount is less than or equal to A\$1,500,000. For any application where the LVR is greater than 80%, a full valuation is required.

In a purchase situation, the above exemptions will not apply (and a Valuation from a valuer must be obtained) if:

- the purchase is not conducted through a licensed real estate agent and is not at arm’s length;
- the contract of sale is greater than three months old;
- the LVR is greater than 80% and for an existing security, where the existing valuation is greater than 90 days old; or
- the security property is not located within policy specified locations (High Risk, High Density or not listed) in each state.
- *Refinances / Debt Consolidation / Any Other Purpose*

For new Loans involving new applicants and / or new securities for any other purpose than purchases, a valuation from a valuer is required in all cases where the LVR exceeds 80%.

#### **Settlement process**

Once ME has approved an application and a formal loan offer has been accepted by an applicant, one of ME’s residential credit areas arranges for documentation to be completed by a solicitor in the relevant state for all new Loans.

The solicitor prepares the loan security documentation and dispatches the documents to the applicant for execution. Upon return of the executed documents from the applicant, the solicitor certifies that the Mortgage Loan security documentation meets ME’s security requirements, enabling ME to complete the funding arrangements for settlement.

Upon settlement, the Mortgage is registered and the documents stored in custody. A condition of the Mortgage is that the mortgagor establish and maintain full replacement property insurance on the related property.

#### **Collections and Enforcement**

A Mortgage Loan is considered to be in arrears when a payment, or portion of a payment, due on any regular instalment due date remains unpaid as of the close of business on that due date (or if the due date is not a Business Day, on the Business Day immediately following that due date). The determination as to whether a loan falls into this

category is made pursuant to the internal policies of ME, as of the close of business on the due date (or if the due date is not a Business Day, on the immediately following Business Day). Grace periods and partial payments do not affect these determinations.

An Obligor may make payments in excess of the regular repayments required under the Mortgage Loan agreement. The difference between the amount paid by the Obligor and the minimum amount that the Obligor is required to pay under the Mortgage Loan to date is referred to as the "loan advance or redraw balance". If an Obligor fails to make a minimum payment by an instalment due date but has a redraw balance that is equal to or greater than the amount due, an amount equal to the payment due will be deducted from the redraw balance and applied to the mortgage loan against the minimum scheduled repayment amount. If the Obligor continues to not make payments, the redraw balance will be reduced by an amount equal to the minimum scheduled repayment value until the redraw balance is insufficient to cover a minimum scheduled repayment. When the redraw balance is insufficient to cover any amount due, the loan will be determined to be delinquent at the close of business on the due date.

From time to time, ME will modify a Mortgage Loan, recalculating periodic payments for delinquent Obligors who have experienced financial difficulties. Generally, such Obligors make payments under the modified terms up to a 6 month period, before the modifications become final. During this period, delinquencies are reported based on the Mortgage Loan's original payment terms. The 6 month period is designed to evaluate an Obligor's capacity to meet repayment obligations which may involve a higher monthly repayment obligation.

Genworth Financial has issued ME with a Delegated Hardship Authority that allows ME to approve hardship arrangements for insured Mortgage Loans without insurer's prior written approval. Under this arrangement the following criteria must be met:

- current arrears must be less than 270 days; and
- the maximum assistance is for 270 days (9 months).

Any failure to meet any of the above criteria will require the Mortgage Insurer to approve such hardship applications.

Mortgage Loans insured by QBE does not require ME to obtain prior written approval to approve hardship arrangements.

Once the modifications become final, delinquencies are reported based on the modified terms. Generally, if an Obligor fails to make payments during the 6 month period mentioned above, the mortgage loan goes into normal collection processes, which may lead to foreclosure.

As the final stage of ME's collections and enforcement process in respect of a delinquent Mortgage Loan, ME forecloses on the mortgaged property and arranges for the property to be sold, with any costs associated with the sale of the mortgaged property recovered through the sale proceeds. If the proceeds realised upon sale of the mortgaged property are less than the Outstanding Principal Balance (including capitalised costs) of the relevant Mortgage Loan, ME claims the shortfall from the relevant mortgage insurer (if any). Where the shortfall is fully recovered under the mortgage insurance policy, no loss is recorded with respect to the relevant Mortgage Loan.

If, however, ME's mortgage insurance claim is declined or reduced by the mortgage insurer such that the shortfall cannot be fully recovered under the relevant mortgage insurance policy, or there is no relevant mortgage insurance policy, ME will evaluate the cost of applying further

internal or external resources towards collection of the shortfall amount. Where ME determines that further debt collection is unlikely or will prove to not be cost effective, ME will write-off the shortfall in the final recovery in respect of the relevant Mortgage Loan. A write-off in respect of a mortgage loan will be taken only when ME has determined that it has received all payments, cash recoveries and insurance proceeds that ME reasonably and in good faith expects to be finally recoverable with respect to the Mortgage Loan, and that, accordingly, there remains an uncollectible account. A Principal Loss in the amount of the write-off will arise in respect of the mortgage loan and will be applied in accordance with the priorities described under Section 8.11 ("Allocation of Principal Charge-Offs").

For a further discussion regarding delinquencies and losses, including the effect of prepayments or partial payments, see Sections 4.3 ("Repayment and prepayment considerations") and 4.18 ("Delinquency and default risk").

## 10.2 The Mortgage Insurers and the Mortgage Insurance Policies

### Mortgage Insurers

#### (a) *Genworth Financial– Background*

Genworth Financial Mortgage Insurance Pty Limited (ACN 106 974 305) (**Genworth Financial**) is a proprietary company registered in Victoria and limited by shares. Genworth Financial's principal activity is the provision of lenders mortgage insurance which it, and its predecessors, have provided in Australia since 1965.

Genworth Financial's ultimate Australian parent company is Genworth Mortgage Insurance Australia Limited (ACN 154 890 730), which is a public company listed on the Australian Securities Exchange and registered in Victoria.

The rating for Genworth Financial as at 28 November 2020 is A by S&P.

The business address of Genworth Financial is Level 26, 101 Miller Street, North Sydney, NSW, 2060, Australia.

#### (b) *QBE – Background*

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 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 Standard & Poor's of A- (outlook stable).

QBE currently has an issuer financial strength rating by Standard & Poor's of A+ (outlook stable) and Fitch Ratings of A+ (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 and its ability to pay claims on its policies of insurance. Each insurer financial strength rating of QBE 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.

As of 31 December 2019, the audited financial statements of QBE had total assets of A\$1,791 million and shareholder's equity of A\$915 million.

The business address of QBE is Level 5, 2 Park Street, Sydney, New South Wales, Australia, 2000.

<b>Mortgage Insurance Policy</b>	15.39% of the Trust Receivables held by the Trust are insured under a master Mortgage Insurance Policy (each as supplemented and updated from time to time).
<b>General description of cover</b>	<p>The Mortgage Insurance Policies provided by a Mortgage Insurer are governed by a master Mortgage Insurance Policy. Different master Mortgage Insurance Policies apply in respect of each Mortgage Insurer. In addition, different master Mortgage Insurance Policies with a Mortgage Insurer have been issued over the years. The terms of the master Mortgage Insurance Policies are not identical.</p> <p>The Trustee has the benefit of the Mortgage Insurance Policies in respect of each Mortgage Loan insured under a master Mortgage Insurance Policy.</p> <p>If the relevant Mortgage Loan is enforced following a default of an Obligor, and there is a shortfall, the Mortgage Insurer will pay the shortfall to the Trustee subject to the terms of the master Mortgage Insurance Policy.</p> <p>Exclusions from cover apply and the Mortgage Insurer may make reductions from the amount payable. In certain limited circumstances, the Mortgage Insurer may refuse the claim.</p> <p>Exclusions and reductions apply, without limitation, where the terms of the relevant policy where breached or where the Mortgage Loan was not enforceable, not in compliance with applicable laws, or has been varied without consent of the Mortgage Insurer.</p>
<b>Exclusivity Agreement</b>	On 1 September 2016, ME entered into an Exclusivity Agreement with QBE whereby ME agreed to effect all LMI business on new ME funded loans with QBE for a 3 year period. The agreement was renewed in 2019 for another period of two years, and can be further extended.
<b>Shared Loans Agreement</b>	<p>Until May 2017, ME was permitted and continued to insure with Genworth Financial any (i) top ups and (ii) new cross collateralised loans where the underlying security was already mortgage insured by Genworth.</p> <p>In May 2017, ME, QBE and Genworth Financial entered into a Shared Loans Agreement following which (i) top ups and (ii) subsequent loans with cross collateralisation are insured by QBE while the existing loan continues to be insured by Genworth Financial.</p>

### 10.3 Appointment and Obligations of the Servicer under the Master Servicing Deed

The Trustee and the Manager have appointed the Servicer to service, manage and administer the Trust Receivables on the terms set out in the Master Servicing Deed and as described in this Information Memorandum.

Servicing procedures include responding to customer inquiries, managing and servicing the features and facilities available under the Trust Receivables and the management of delinquent Trust Receivables.

The Servicer is contractually obliged to administer the Trust Receivables:

- (a) in accordance with all applicable laws;
- (b) according to the Master Servicing Deed;
- (c) with the same degree of diligence and care expected of an appropriately qualified and prudent servicer of similar receivables; and
- (d) subject to the preceding bullet points, according to the Servicer's procedures and policies for servicing the Trust Receivables, which are under regular review and may change from time to time as a result of business changes, or legislative and regulatory changes.

The operation of the Master Servicing Deed, including the undertakings, remuneration and removal or resignation of the Servicer, is described in greater detail in Section 11.5 ("Master Servicing Deed").

## 11 Summary of Transaction Documents

### 11.1 Transaction Documents

The “**Transaction Documents**” for the Trust (some of which are Programme wide) and relevant to the issue of the Notes include:

- the Master Definitions Schedule;
- the Master Trust Deed;
- the Security Trust Deed;
- the Master Management Deed;
- the Master Sale Deed;
- the Inter-Trust Sale Deed;
- the Master Servicing Deed;
- the Standby Servicing Deed;
- the Notice of Creation of Trust;
- the Notice of Creation of Security Trust;
- the Note Deed Poll and the Conditions;
- the Issue Supplement;
- the Dealer Agreement;
- each Derivative Contract applicable in respect of the Trust;
- the Liquidity Facility Agreement applicable in respect of the Trust;
- the Redraw Facility Agreement applicable in respect of the Trust;
- each Swap Novation Agreement; and
- any other document which the Trustee and the Manager agree is a “Transaction Document” for the purposes of the Trust and in respect of which a Rating Notification has been given.

Set out below is a summary of some of the provisions of some (but not all) of the Transaction Documents. As any summary is by its nature incomplete, readers must refer to the Transaction Documents themselves to obtain a full and proper understanding of their content and effect.

From the date of this Information Memorandum and for so long as the Class A Notes are outstanding, physical copies of the Transaction Documents may be inspected at the registered office of the Manager set out in the directory during usual business hours on any weekday (public holidays excepted).

### 11.2 Master Trust Deed

<b>Parties</b>	The Master Trust Deed applicable to the Trust is made between Perpetual Corporate Trust Limited and ME.
<b>Trusts</b>	The Master Trust Deed provides for the creation of an unlimited number of trusts known under the Master Trust Deed as “Trusts”. Each trust created under the Master Trust Deed is a separate and distinct trust.
<b>Trustee</b>	Perpetual Corporate Trust Limited has been appointed under the Master



	Trust Deed to act as trustee of each trust on its creation under the Master Trust Deed. Perpetual Corporate Trust Limited is the Trustee of the Trust.
<b>Entitlement of holders of the Residual Units and holders of the Participation Units</b>	The beneficial interest in the assets of the Trust is vested in the Residual Unitholders and the Participation Unitholder in accordance with the terms of the Master Trust Deed and the Issue Supplement.
<b>Entitlement to payments</b>	<p>The Residual Unitholders and the Participation Unitholder have the right to receive distributions only if and to the extent that funds are available for distribution to them in accordance with the Issue Supplement.</p> <p>Subject to this, the Residual Unitholders and the Participation Unitholder have no right to receive distributions other than a right to receive on the termination of the Trust the amount of the initial investment it made in respect of the Trust and any other surplus Trust Assets on its termination in accordance with the terms of the Issue Supplement.</p>
<b>Transfer</b>	The Residual Units and the Participation Units may be transferred in accordance with the Master Trust Deed. The Residual Units and the Participation Units may only be transferred if the Trustee agrees.
<b>Ranking</b>	The rights of the Secured Creditors under the Transaction Documents rank in priority to the interests of the Residual Unitholders and the Participation Unitholder.
<b>Restricted rights</b>	<p>The Residual Unitholders and the Participation Unitholder are not entitled to:</p> <ul style="list-style-type: none"> <li>(a) exercise a right or power in respect of, lodge a caveat or other notice affecting, or otherwise claim any interest in, any Trust Asset;</li> <li>(b) require the Trustee or any other person to transfer a Trust Asset to it;</li> <li>(c) interfere with any powers of the Manager or the Trustee under the Transaction Documents;</li> <li>(d) take any step to remove the Manager or the Trustee;</li> <li>(e) take any step to end the Trust; or</li> <li>(f) interfere in any way with any other Trust.</li> </ul> <p>Each Unitholder is bound by anything properly done or not done by the Trustee in accordance with the Transaction Documents whether or not the Unitholder approved of the thing done or not done.</p>
<b>Trustee's Duties</b>	<p>Pursuant to the Transaction Documents the Trustee in its capacity as trustee of the Trust undertakes to (among other things):</p> <ul style="list-style-type: none"> <li>(a) act as trustee of the Trust and to exercise its rights and comply with its obligations under the Transaction Documents;</li> <li>(b) if the Security Trustee asks, to give the Security Trustee any document or other information relating to the Trust in the Trustee's possession or control that the Security Trustee reasonably requires to exercise its rights or comply with its</li> </ul>

- obligations under the Transaction Documents;
- (c) carry on the Trust Business at the direction of the Manager and as contemplated by the Transaction Documents;
  - (d) not to do anything which is not part of the Trust Business without the Security Trustee's consent;
  - (e) obtain, renew on time and comply with the terms of each authorisation necessary for it to enter into the Transaction Documents to which it is a party, comply with its obligations under them and allow them to be enforced;
  - (f) to pay, at the direction of the Manager, all amounts for which the Trustee is liable in connection with the Trust Business, including rates and Taxes;
  - (g) comply with all laws and requirements of authorities affecting it or the Trust Business and to comply with its other obligations in connection with the Trust Business;
  - (h) at the direction of the Manager, take action that a prudent, diligent and reasonable person would take to ensure that:
    - (i) each Counterparty complies with its obligations in connection with the Transaction Documents; and
    - (ii) each Counterparty which does not comply with any of its obligations in connection with the Transaction Documents pays (subject to the terms of such Transaction Documents) to the Trustee or the Security Trustee an amount equal to any liability, loss or Costs suffered or incurred by either the Trustee or the Security Trustee which is caused by that non-compliance;
  - (i) if it becomes aware that any Counterparty has not complied with any of its obligations in connection with a Transaction Document of the Trust, to notify the Security Trustee giving full details of the non-compliance and the steps taken to remedy it, unless the Manager of the Trust has already notified the Security Trustee;
  - (j) if it becomes aware that an Event of Default or Potential Event of Default has occurred, to notify the Security Trustee, giving full details of the event and any steps taken or proposed to remedy it, unless the Manager has already notified the Security Trustee;
  - (k) not do anything to create any Encumbrances (other than a Permitted Encumbrance) over the Collateral;
  - (l) (at the direction of the Manager) to open and operate the Collection Account in accordance with the Transaction Documents;
  - (m) not to open or operate any bank account other than those which it is required to open and maintain in connection with the Trust Business and the Transaction Documents;
  - (n) not commingle the Collateral of the Trust with any of its other assets (including the Collateral of any other trust) or the assets of any other person;

- (o) to conduct the Trust Business in the name of the Trust, to hold itself out as a separate entity and to correct any misunderstanding of which it is aware regarding its separate identity; and
- (p) without the Security Trustee's consent, not to amend any Transaction Document of the Trust.

**Trustee's Powers** The Trustee has all the powers of a natural person and corporation in connection with the exercise of its rights and compliance with its obligations in connection with the Trust Business of the Trust.

**Delegation by the Trustee** Subject to the below paragraphs, the Trustee may delegate any of its rights or obligations to an agent or delegate without notifying any other person of the delegation.

The Trustee is not responsible or liable to any Unitholder or Secured Creditor for the acts or omissions of any agent or delegate provided that:

- (a) the Trustee appoints the delegate in good faith and using reasonable care, and the delegate is not an officer or employee of the Trustee and the appointment is permitted under paragraph (c) below; or
- (b) the Trustee is obliged to appoint the delegate pursuant to an express provision of a Transaction Document or pursuant to an instruction given to the Trustee in accordance with a Transaction Document;
- (c) the delegate is a clearing system; or
- (d) the Manager consents to the delegation in accordance with paragraph (c).

The Trustee agrees that it will not delegate a material right or obligation or a material part of its rights or obligations under the Master Trust Deed or appoint any Related Entity of it as its delegate, unless it has received the prior written consent of the Manager and with notice of such consent to each Designated Rating Agency.

**Trustee's voluntary retirement** The Trustee may retire as trustee of the Trust by giving the Manager at least 60 days' notice of its intention to do so. The retirement of the Trustee takes effect when:

- (a) a successor trustee is appointed for the Trust;
- (b) the successor trustee obtains title to, or obtains the benefit of, the Master Trust and each other Transaction Document of the Trust to which the Trustee is a party as trustee of the Trust.

**Trustee's mandatory retirement** The Trustee must retire as trustee of the Trust if:

- (a) the Trustee becomes Insolvent;
- (b) it is required to do so by law;
- (c) the Trustee ceases to carry on business as a professional trustee; or
- (d) the Trustee merges or consolidates with another entity, unless

that entity assumes the obligations of the Trustee under the Transaction Documents to which the Trustee is a party as trustee of the Trust and each Designated Rating Agency has been notified of the proposed retirement.

In addition, the Manager may request the Trustee to and the Trustee must (if so requested) retire as trustee of the Trust if the Trustee does not comply with a material obligation under the Transaction Documents unless:

- (a) the non-compliance has been waived by an Extraordinary Resolution of the Voting Secured Creditors, provided that a Rating Notification has been also provided in respect of such waiver; or
- (b) if the non-compliance can be remedied, the Trustee remedies the non-compliance within 30 days of being requested to do so by the Manager.

**Appointment of successor trustee**

If the Trustee retires as trustee of the Trust, the Manager must use its best endeavours to ensure that a successor trustee is appointed for the Trust as soon as possible, and in any event within 90 days. If no successor trustee is appointed within 30 days after notice of retirement or removal is given, the Trustee may appoint a successor trustee or apply to the court for a successor trustee to be appointed.

**Trustee's fees**

The Trustee is entitled to a fee (as agreed between the Manager and the Trustee from time to time) for performing its obligations under the Master Trust Deed in respect of the Trust. Any increase to that fee must not be agreed unless a Rating Notification has been provided in respect of the increase.

**Indemnity**

The Trustee is indemnified out of the Trust Assets against any liability or loss arising from, and any Costs properly incurred in connection with, complying with its obligations or exercising its rights under the Transaction Documents and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to any Transaction Document. The Trustee is not indemnified against any such liability, loss or Costs out of the trust assets of any other trust established under the Master Trust Deed. However if any liabilities, losses or Costs referred above relate to more than one trust established under the Master Trust Deed, the Trustee may, in its absolute discretion, apportion them between those trusts.

To the extent permitted by law, this indemnity applies despite any reduction in value of, or other loss in connection with, the Trust Assets as a result of any unrelated act or omission by the Trustee or any person acting on its behalf.

The indemnity does not extend to any liabilities, losses or costs to the extent that they are due to the Trustee's fraud, negligence or Wilful Default.

The Costs referred to above include all legal costs in accordance with any written agreement as to legal costs or, if no agreement, on whichever is the higher of a full indemnity basis or solicitor and own client basis.

These legal costs include any legal costs which the Trustee incurs in connection with proceedings brought against it alleging fraud, negligence or Wilful Default on its part in relation to the Trust. However, the Trustee must repay any amount paid to it in respect of those legal costs under the above paragraph if and to the extent that a court determines that the Trustee was fraudulent, negligent or in Wilful Default in relation to the

**Limitation of Trustee's liability**

Trust or the Trustee admits it.

The Trustee enters into the Transaction Documents of the Trust (other than the Notice of Creation of Trust) only in its capacity as trustee of the Trust and in no other capacity. Notwithstanding any other provisions of the Transaction Documents, a liability arising under or in connection with the Transaction Documents of the Trust is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of the Trust Assets out of which the Trustee is actually indemnified for the liability. This limitation of the Trustee's liability applies despite any other provision of any Transaction Document of the Trust (other than as set out in the below paragraphs of this section titled "Limitation of Trustee's liability" of this Section 11.2 ("Master Trust Deed")) and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, obligation, conduct, omission, agreement or transaction related to any Transaction Document of the Trust.

The parties (other than the Trustee) may not sue the Trustee in any capacity other than as trustee of the Trust, including seek the appointment of a receiver (except in relation to the Trust Assets), a liquidator, an administrator or any similar person to the Trustee or prove in any liquidation, administration or arrangement of or affecting the Trustee (except in relation to the Trust Assets).

The parties (other than the Trustee) may not have recourse to the Trustee, or enforce their rights against the Trustee arising from breach or non-performance of the obligations of the Trustee, beyond the assets of the Trust against which the Trustee is actually indemnified.

The Trustee's limitation of liability shall not apply to any obligation or liability of the Trustee to the extent that it is not satisfied because under the Master Trust Deed or by operation of law there is a reduction in the extent of the Trustee's indemnification out of the Trust Assets as a result of the Trustee's fraud, negligence or Wilful Default in relation to the Trust.

It is acknowledged that the Relevant Parties are responsible under the Master Trust Deed and the other Transaction Documents of the Trust for performing a variety of obligations relating to the Trust. No act or omission of the Trustee (including any related failure to satisfy its obligations or breach of representation or warranty under the Master Trust Deed or any other Transaction Document of the Trust) will be considered fraud, negligence or Wilful Default of the Trustee to the extent to which the act or omission was caused or contributed to by any failure by any Relevant Party or any other person to fulfil its obligations relating to the Trust or by any other act or omission of any Relevant Party or any other person.

No attorney, agent, receiver or receiver and manager appointed in accordance with the Master Trust Deed or any other Transaction Document of the Trust has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability (except in accordance with specific Trustee delegation provisions) and no act or omission of any such person will be considered fraud, negligence or Wilful Default of the Trustee for the purpose of this section.

**Liability must be limited and must be indemnified**

The Trustee is not obliged to do or not do anything in connection with the Transaction Documents (including enter into any transaction or incur any liability) unless:

- (a) the Trustee's liability is limited in a manner which is consistent with the section titled "Limitation of Trustee's liability" of this Section 11.2 ("Master Trust Deed"); and

- (b) it is indemnified against any liability or loss arising from, and any Costs properly incurred in connection with, doing or not doing that thing in a manner which is consistent with the section titled "Indemnity" of this Section 11.2 ("Master Trust Deed").

The Trustee is not obliged to use its own funds in performing its obligations under any Transaction Document except where the Trustee's right of indemnification out of the Trust Assets does not apply due to the Trustee's fraud, negligence or Wilful Default in relation to the Trust (as described in the section titled "Limitation of Trustee's liability" of this Section 11.2 ("Master Trust Deed")). However, the Trustee is not entitled to be reimbursed or indemnified for general overhead costs and expenses of the Trustee incurred directly or indirectly in connection with the Trust.

### **Exoneration**

Neither the Trustee nor any of its directors, officers, employees, agents or attorneys will be taken to be fraudulent, negligent or in Wilful Default because:

- (a) any person other than the Trustee does not comply with its obligations under the Transaction Documents;
- (b) of the financial condition of any person other than the Trustee;
- (c) any statement, representation or warranty of any person other than the Trustee in a Transaction Document is incorrect or misleading;
- (d) of any omission from or statement or information contained in any information memorandum or any advertisement, circular or other document issued in connection with any Notes;
- (e) of the lack of the effectiveness, genuineness, validity, enforceability, admissibility in evidence or sufficiency of the Transaction Documents or any document signed or delivered in connection with the Transaction Documents;
- (f) of acting, or not acting (unless it has been instructed in accordance with the Transaction Documents to act), in accordance with instructions of:
- (i) the Manager; or
- (ii) any other person (including any Secured Creditors) permitted to give instructions or directions to the Trustee under the Transaction Documents (or instructions or directions that the Trustee reasonably believes to be genuine and to have been given by an appropriate officer of any such person); or
- (iii) any person to whom the Manager has delegated any of its rights or obligations in its capacity as manager, as notified by the Manager to the Trustee.

For the avoidance of doubt:

- (A) for the purpose of paragraph (i), the Trustee will be able to rely on a direction from the Manager even if it has received notice of delegation by the Manager of any of its rights or obligations; and
- (B) for the purpose of paragraph (iii), the Trustee is not required to investigate the scope of any such

delegation or whether the delegate giving the instructions is entitled to give such instruction to the Trustee under the terms of its delegation;

- (g) of acting, or not acting (unless it has been instructed in accordance with the Transaction Documents to act), in good faith in reliance on:
  - (i) on any communication or document it believes to be genuine and correct and to have been signed or sent by the appropriate person; and
  - (ii) as to legal, accounting, taxation or other professional matters, on opinions and statements of any legal, accounting, taxation or other professional advisers used by it or any other party to a Transaction Document; and
  - (iii) on the contents of any statements, representation or warranties made or given by any party other than itself pursuant to the Master Trust Deed, or direction from the Manager provided in accordance with the Transaction Documents or from any other person permitted to give such instructions or directions under the Transaction Documents; and
  - (iv) on any calculations made by the Manager under any Transaction Document (including without limitation any calculation in connection with the collections);
- (h) it is prevented or hindered from doing something by law or order;
- (i) of any payment made by it in good faith to a fiscal authority in connection with Taxes (including Taxes assessed on the income of the Trust) or other charges in respect of the Trust even if the payment need not have been made;
- (j) of any error of law or any matter done or omitted to be done by it in good faith in the event of the liquidation or dissolution of a company;
- (k) of the exercise or non-exercise of a discretion on the part of the Manager or any other party to the Transaction Documents; or
- (l) of a failure by the Trustee to check any calculation, information, document, form or list supplied or purported to be supplied to it by the Manager under any Transaction Document or by any other person.

**No supervision** Except as expressly set out in the Transaction Documents of the Trust, the Trustee has no obligation to supervise, monitor or investigate the performance of the Manager or any other person.

### 11.3 Master Management Deed

**The Manager** ME has been appointed under the Master Management Deed to act as the exclusive manager of each Trust on its creation under the Master Trust Deed. ME is the Manager of the Trust.

**The Manager's duties and obligations** Under the Master Management Deed, the Manager must (amongst other things):

- (a) direct the Trustee in relation to how to carry on the Trust Business, including:
  - (i) the Trustee entering into any documents in connection with the Trust (including the Transaction Documents of the Trust) and the form of those documents;
  - (ii) the Trustee issuing Units in the Trust;
  - (iii) the Trustee issuing Notes;
  - (iv) the Trustee acquiring, disposing of or otherwise dealing with any Trust Receivables;
  - (v) the Trustee acquiring, disposing of or otherwise dealing with Authorised Investments; and
  - (vi) the Trustee exercising its rights or complying with its obligations under the Transaction Documents;
- (b) comply with its obligations under the Transaction Documents; and
- (c) carry on the day-to-day administration, supervision and management of the Trust Business of the Trust in accordance with the Transaction Documents (including keeping accounting records and other records); and
- (d) give the Trustee any document or information in the Manager's possession or control that the Trustee reasonably requests relating to the Trust; and
- (e) keep or cause to be kept proper accounting records in accordance with all applicable laws and regulations in respect of the Trust; and
- (f) obtain, renew on time and comply with the terms of each authorisation necessary for it to enter into the Transaction Documents to which it is a party, comply with its obligations under them and allow them to be enforced; and
- (g) comply in all material respects with all laws and requirements of authorities affecting the Trust Business and to comply with its other obligations in connection with the Trust Business; and
- (h) not, in performing its duties under the Transaction Documents, take any action which would cause the Trustee to be in breach of any law (including without limitation the National Credit Legislation), rule or regulation applicable to the Trustee; and
- (i) take such action as is consistent with its obligations under the Transaction Documents to assist the Trustee to perform its obligations under the Transaction Documents; and
- (j) make available for inspection by the Trustee, the Security Trustee or any auditor of the Trust during normal business hours and after the receipt of reasonable notice, the books of the Manager relating to the Trust; and
- (k) make all filings required in connection with the acquisition, disposal or holding by the Trustee of Trust Receivables with any Government Agency in Australia (excluding any filings in



connection with the PPSA, any filings which the Servicer is required to make under the Servicing Deed and any filings which the Trustee is required to make personally); and

- (l) not direct the Trustee to take any action that would cause the Trustee to breach its obligations under the Transaction Documents; and
- (m) arrange for the delivery of any consents or notices required to be provided to the Trustee in connection with any proposed amendment to any Transaction Documents; and
- (n) promptly notify the Trustee if it is required to retire by law; and
- (o) calculate and direct the Trustee to pay on time all amount for which the Trustee is liable in connection with the Trust Business, including rates and Taxes; and
- (p) if an application is made by the Manager to list any Notes on the Australian Securities Exchange or any other stock exchange or securities exchange market, to:
  - (i) give the Trustee such directions; and
  - (ii) take such actions on behalf of the Trustee that the Manager is permitted or authorised to undertake under applicable law,

as are necessary to ensure that the Trustee complies with all applicable listing rules, laws and regulations in connection with the listing of the relevant Notes and any ongoing compliance obligations under those rules, laws and regulations;

- (q) prepare and submit to the Trustee for signing and filing on a timely basis all income or other Tax returns or elections required to be filed with respect to the Trust and ensure that the Trustee is directed on a timely basis to pay any Taxes required to be paid by the Trustee as trustee of the Trust; and
- (r) arrange for the audit of the Financial Report of the Trust for each financial year.

The Management Deed contains various provisions relating to the Manager's exercise of its powers and duties under the Management Deed, including provisions entitling the Manager to act on expert advice.

**Delegation by the Manager**

The Manager may employ agents and attorneys and may delegate any of its rights or obligations in its capacity as manager. The Manager agrees to exercise reasonable care in selecting delegates.

The Manager is responsible for any loss arising due to any acts or omissions of any person appointed as delegate to the same extent it would be liable had it acted personally and for the payment of any fees of that person.

**Manager's exoneration**

Without limiting the Manager's liability for delegates and agents as described above, neither the Manager nor any of its directors, officers, employees, agents, attorneys or Related Entities is responsible or liable to any person:

- (a) because any person other than the Manager does not comply

- with its obligations under the Transaction Documents;
- (b) because of the fraud, negligence or Wilful Default of the Trustee;
  - (c) for the financial condition of any person other than the Manager;
  - (d) because any statement, representation or warranty of any person other than the Manager in a Transaction Document is incorrect or misleading;
  - (e) for the effectiveness, genuineness, validity, enforceability, admissibility in evidence or sufficiency of the Transaction Documents or any document signed or delivered in connection with the Transaction Documents (except to the extent such liability arises directly as a result of an act or omission of the Manager and other than any representation or warranty given by the Manager in any Transaction Document as to the validity or enforceability of the Manager's obligations under the Transaction Documents);
  - (f) for acting, or not acting, in good faith in reliance on:
    - (i) any communication or document that the Manager believes to be genuine and correct and to have been signed or sent by the appropriate person; or
    - (ii) any opinion or advice of any professional advisers used by it in relation to any legal, accounting, taxation or other matters;
  - (g) for acting, or not acting in accordance with the instructions or directions of any person permitted to give instructions or direction to the Manager under the Transaction Documents (or instructions or directions that the Manager believes to be genuine and to have been given by an appropriate officer of any such person);
  - (h) because of any act or omission required by law or by any court of competent jurisdiction;
  - (i) because it is prevented or hindered from doing something by law or order;
  - (j) because of any payment made by it in good faith to a fiscal authority in connection with Taxes (including Taxes assessed on the income of a Trust) or other charges in respect of a Trust even if the payment need not have been made;
  - (k) for any error in a Note Register or Unit Register;
  - (l) for the performance of any Obligor of its obligations under the Trust Receivable;
  - (m) for the performance of any Trust Receivable or Authorised Investment;
  - (n) because of the exercise or non-exercise of a discretion on the part of any other person to a Transaction Document; or
  - (o) if the Trustee acquires any Trust Receivable or Authorised Investment and the acquisition price or, in the case of an Authorised Investment, the rate of return, is not the best available

at the time the Trustee acquired it.

However, the above does not relieve the Manager of its responsibilities or liabilities to any person in connection with a Transaction Document to the extent that any such relevant loss is caused by the Manager's fraud, negligence or breach of its obligations under the Management Deed or any other Transaction Document.

**Manager not liable**

The Manager is not liable for any Loss in respect of a Trust:

- (a) arising out of the exercise or non-exercise of its discretions in respect of the Trust or a discretion on the part of the Trustee or any act or omission on the part of the Trustee or other person providing services to the Trust; or
- (b) caused by its failure to pay any moneys on the due date for payment of such moneys to the Secured Creditors of the relevant Trust or any other person.

However, this does not relieve the Manager from any of its liabilities to any person in connection with a Transaction Document of the Trust to the extent that such Loss is caused by the Manager's fraud, negligence or breach of its obligations.

**Manager indemnity**

Except as set out in the sections above entitled "Manager's exoneration" and "Manager not liable" in this Section 11.3 ("Master Management Deed"), the Manager indemnifies the Trustee from and against any relevant loss which the Trustee incurs or suffers directly as a result of:

- (a) a failure by the Manager to comply with its obligations under the Management Deed or any other any Transaction Document of the Trust to which it is a party; or
- (b) a representation or warranty given by it to the Trustee under any Transaction Document of the Trust to which it is a party being incorrect,

but excluding any such amounts which are due to the Trustee's own negligence, fraud or Wilful Default.

**Manager's voluntary retirement**

The Manager may retire as manager of the Trust upon giving the Trustee at least 90 days' notice (or, subject to the specific circumstances when retirement or removal takes effect, such shorter period as the Manager and the Trustee may agree) of its intention to do so.

**Manager's mandatory retirement**

The Manager must retire as manager of the Trust if required by law.

**Removal of the Manager**

The Trustee may remove the Manager as manager of the Trust by giving the Manager 90 days' notice (or immediately in the case of a Manager Termination Event if the Manager is Insolvent). However, the Trustee may only give notice if at the time it gives the notice:

- (a) a Manager Termination Event is continuing in respect of the Trust; and
- (b) each Designated Rating Agency has been notified of the proposed removal of the Manager.

**Manager Termination Event**

A "**Manager Termination Event**" occurs if:

- (a) the Manager:
  - (i) does not comply with any of its obligations under any Transaction Document where such non-compliance will have a Material Adverse Effect; and
  - (ii) if the non-compliance can be remedied, does not remedy the non-compliance within 30 days (or such longer period as is agreed between the Manager and the Trustee and notified to each Designated Rating Agency) of the Manager becoming aware of such non-compliance;
- (b) any representation or warranty made by the Manager in connection with the Transaction Documents is incorrect or misleading when made and such failure will have a Material Adverse Effect, unless (if such failure is capable of remedy) such failure is remedied to the satisfaction of the Trustee within 30 days of the Manager receiving a notice from the Trustee or the Security Trustee requiring its remedy (or such longer period as may be agreed between the Trustee and the Manager and notified to each Designated Rating Agency); or
- (c) the Manager becomes Insolvent.

**When retirement or removal takes effect**

The retirement or removal of the Manager as manager of the Trust will only take effect once either a successor manager is appointed for the Trust (other than where the Manager has voluntarily retired after the Notes have been repaid in full or otherwise redeemed) or the date on which the Trustee is required to commence acting as successor manager in the section above entitled "Manager's exoneration" in this Section 11.3 ("Master Management Deed").

**Appointment of successor manager**

If the Manager retires or is removed as manager of the Trust (other than where the Manager has voluntarily retired after the Notes have been repaid in full or otherwise redeemed, in which case no successor manager is required to be appointed), the retiring Manager agrees to use its reasonable endeavours to appoint a person to replace the Manager as manager as soon as possible. A successor manager may only be appointed if each Designated Rating Agency has been notified of the proposed appointment of a successor manager.

If the Manager retires or is removed as manager of the Trust and a successor manager is not appointed within 90 days after the notice of retirement or removal of the Manager is given, the Trustee will (with effect from the expiry of the 90 day period) be taken to have been appointed as, and must act as, successor manager and will be entitled to the same rights and protections under the Transaction Documents of the Trust that it would have had if it had been party to them as Manager at the dates of those documents until a successor manager is appointed by the Trustee.

The Trustee is only required to act as manager of the Trust if it is entitled to the fee payable to the outgoing manager (or such other fee agreed with the outgoing Manager in respect of which it has given a Rating Notification).

If, following the retirement or removal of the Manager, the Trustee is required to act as manager of the Trust, the Trustee will not be responsible for, and will not be liable for, any inability to perform or deficiency in performing its duties and obligations as manager if it is unable to perform those duties and obligations due to:

- (a) the state of affairs of the previous Manager, its books and records, its business, data collection, storage or retrieval systems or its computer equipment or software, prior to, or at the time of, the removal or retirement of the Manager;
- (b) the inaccuracy, incompleteness or lack of currency of any data, information, documents or records of the Manager;
- (c) a failure by the previous Manager to comply with its obligations to deliver documents or a failure to perform by any other person under the Transaction Documents where such performance is reasonably necessary for the Trustee to perform those duties and obligations;
- (d) a failure by the Trustee, after using reasonable endeavours, to obtain sufficient access to the previous Manager's systems, premises, information, documents, procedures, books, records or resources which are reasonably necessary for it to perform those duties and obligations;
- (e) acts or omissions of the Manager or any of its agents;
- (f) failure of any other person to perform its obligations under and in accordance with the Transaction Documents (other than the Trustee or any Related Entity of the Trustee);
- (g) any future act of any government authority, act of God, flood, war (whether declared or undeclared), terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision and accidental, mechanical or electrical breakdown; or
- (h) the appointment of a controller (within the meaning of the Corporations Act) to the Manager.

For so long as the Trustee acts as manager, all limitations of liability, indemnities, protections, benefits, powers, rights and remedies available to the Trustee will apply to it as the manager of the Trust as well as in its capacity as the Trustee.

**The Manager's  
fees and  
expenses**

The Manager is entitled to be paid a fee by the Trustee for performing its duties under the Management Deed in respect of the Trust (on terms agreed between the Manager and the Trustee).

Any increase to that fee must not be agreed unless a Rating Notification has been provided in respect of the increase.

The Trustee agrees to pay or reimburse the Manager for:

- (a) Manager's properly incurred Costs in connection with the negotiation, preparation, execution and registration of any Transaction Document and the general on-going administration of the Transaction Documents and the performance of its obligations under such Transaction Documents; and
- (b) Taxes (other than Excluded Taxes) and fees (including registration fees) and fines and penalties in respect of fees paid, or that the Manager reasonably believes are payable, in connection with any Transaction Document or a payment or receipt or any other transaction contemplated by any Transaction

Document. However the Trustee need not pay a fine or penalty in connection with Taxes or fees to the extent that it has placed the Manager in sufficient cleared funds for the Manager to be able to pay the Taxes or fees by the due date.

However, the amounts described in paragraphs (a) and (b) above are not payable to the extent they are due to the Manager's fraud, negligence or breach of its obligations under any Transaction Document for the Trust to which it is a party.

#### 11.4 The Security Trust Deed and the General Security Deed

##### Security Trust Deed

The Security Trust Deed application to the Trust is made between the Trustee, the Manager and the Security Trustee. P.T. Limited is appointed as Security Trustee on the terms set out in the Security Trust Deed.

The Security Trustee is a professional trustee company.

The Security Trust Deed contains customary provisions for a document of this type that regulate the performance by the Security Trustee of its duties and obligations and the protections afforded to the Security Trustee in doing so.

##### General Security Deed

The Noteholders in respect of the Trust have the benefit of a security interest granted in favour of the Security Trustee by the Trustee over the all the Trust Assets under the General Security Deed. Under the Security Trust Deed, the Security Trustee holds this security interest on behalf of the Secured Creditors (including the Noteholders) pursuant to the Security Trust Deed and may enforce the General Security Deed upon the occurrence of an Event of Default (as defined below).

Each of the Trustee, the Security Trustee, the Seller and the Servicer have agreed to do anything (such as depositing documents relating to the property secured by the security interest, obtaining consents, signing and producing documents, getting documents completed and signed and supplying information) which the Manager asks and reasonably considers necessary for the purposes of ensuring that the security interest under the General Security Deed is enforceable, perfected (including, where possible, by control in addition to registration) and otherwise effective, enabling the relevant secured party to apply for any registration, give any notification, or take any other step, in connection with the security interest so that the security interest has the highest ranking priority reasonably possible, or enabling the relevant secured party to exercise rights in connection with the security interest.

##### Event of Default

It is an "**Event of Default**" in respect of the Trust if any of the following occur:

- (a) **(non-payment)** the Trustee does not pay any amount payable by it in respect of the Senior Obligations on time and in the manner required under the Transaction Documents unless, in the case of a failure to pay on time, the Trustee pays the amount within 10 Business Days of the due date (or if the due date for payment of such amount is the Maturity Date, then on the due date for such payment);
- (b) **(non-compliance with other obligations)** the Trustee:
  - (i) does not comply with any of its obligations under any Transaction Document (other than an obligation to pay any amount payable by it under the Transaction Documents) where such non-compliance will have a Material Adverse Payment Effect; and
  - (ii) if the non-compliance can be remedied, does not remedy the

non-compliance within 20 Business Days after written notice (or such longer period as may be specified in the notice) from the Security Trustee requiring the failure to be remedied;

- (c) **(Insolvency)** the Trustee becomes Insolvent, and the Trustee is not replaced in accordance with the Master Trust Deed within 90 days (or such longer period as the Security Trustee, at the direction of an Ordinary Resolution of the Voting Secured Creditors, may agree) of becoming Insolvent;
- (d) **(encumbrance)** the General Security Deed is not or ceases to be valid and enforceable or any Encumbrance (other than a Permitted Encumbrance) is created or exists in respect of the Collateral for a period of more than 10 Business Days following the Trustee becoming aware of the creation or existence of such Encumbrance, where such event will have a Material Adverse Payment Effect;
- (e) **(voidable Transaction Document):**
  - (i) all or any part of any Transaction Document (other than a Cashflow Support Facility) is terminated or is or becomes void, illegal, invalid, unenforceable or of limited force and effect; or
  - (ii) a party becomes entitled to terminate, rescind or avoid all or any part of any Transaction Document (other than a Cashflow Support Facility),

where such event will have a Material Adverse Payment Effect;

- (f) **(non-exercise of indemnity)** the Trustee is (for any reason) not entitled to fully exercise the right of indemnity conferred on it under the Master Trust Deed against the Trust Assets to satisfy any liability to a Secured Creditor and the circumstances are not rectified to the satisfaction of the Security Trustee within 20 Business Days after written notice (or such longer period as may be specified in the notice) from the Security Trustee requiring the circumstances to be rectified; or
- (g) **(Trust)** without the prior consent of the Security Trustee (that consent having been approved by an Ordinary Resolution of the Voting Secured Creditors):
  - (i) the Trust is wound up, or the Trustee is required to wind up the Trust in accordance with the Master Trust Deed or any applicable law, or the winding up of the Trust commences; or
  - (ii) the Trust is held, or is conceded by the Trustee, not to have been constituted or to have been imperfectly constituted.

**Actions following Event of Default**

If an Event of Default is continuing, the Security Trustee must do any one or more of the following if it is instructed to do so by the Secured Creditors:

- (a) declare at any time by notice to the Trustee that an amount equal to the Secured Money of the Trust is either:
  - (i) payable on demand; or
  - (ii) immediately due for payment; or
- (b) take any action which it is permitted to take under the General Security Deed.

If, in the opinion of the Security Trustee, the delay required to obtain

instructions from the Secured Creditors would be materially prejudicial to the interests of those Secured Creditors, the Security Trustee may (but is not obliged to) do these things without instructions from them.

**Call meeting on the occurrence of an Event of Default**

If the Security Trustee becomes aware that an Event of Default is continuing and the Security Trustee does not waive the Event of Default, the Security Trustee agrees to do the following as soon as possible and in any event within 5 Business Days of the Security Trustee becoming aware of the Event of Default:

- (a) notify all Secured Creditors of the Trust of:
  - (i) the Event of Default;
  - (ii) any steps which the Security Trustee has taken, or proposes to take, under the Security Trust Deed; and
  - (iii) any steps which the Trustee or the Manager has notified the Security Trustee that it has taken, or proposes to take, to remedy the Event of Default; and
- (b) call a meeting of the Secured Creditors. However, if the Security Trustee calls a meeting and before the meeting is held the Event of Default ceases to continue, the Security Trustee may cancel the meeting by giving notice to each person who was given notice of the meeting.

**Voting Secured Creditors**

The Voting Secured Creditors will be the only Secured Creditors entitled to:

- (a) vote in respect of an Extraordinary Resolution or Circulating Resolution (excluding any Extraordinary Resolution or Circulating Resolution which is also a Special Quorum Resolution) or Ordinary Resolution of the Secured Creditors of the Trust; or
- (b) otherwise direct or give instructions or approvals to the Security Trustee in accordance with the Transaction Documents.

If at any time there is a conflict between a duty the Security Trustee owes to a Secured Creditor, or a class of Secured Creditor, of the Trust and a duty the Security Trustee owes to another Secured Creditor, or class of Secured Creditor, of the Trust, the Security Trustee must give priority to the duties owing to the Voting Secured Creditors.

**Application of proceeds following an Event of Default**

Following the occurrence of an Event of Default and enforcement of the General Security Deed, the Security Trustee must apply all moneys received by it in respect of the Collateral in the order described in Section 8.13 ("Application of proceeds following an Event of Default").

**Limitation of Security Trustee's liability**

The Security Trustee will have no liability under or in connection with any Transaction Document other than to the extent to which the liability is able to be satisfied out of Security Trust Fund in relation to the Trust from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under the Security Trust Deed or any other Transaction Document or by operation by law, there is a reduction in the extent of the Security Trustee's indemnification as a result of the Security Trustee's fraud, negligence or Wilful Default.

The Security Trustee is not obliged to do or not do anything in connection with the Transaction Documents (including enter into any transaction or incur any liability) unless:

- (a) the Security Trustee's liability is limited in a manner which is



consistent with this section titled "Limitation of Security Trustee's liability" of this Section 11.4 ("The Security Trust Deed and the General Security Deed"); and

- (b) it is indemnified to its satisfaction (acting reasonably) against any liability or loss arising from, and any Costs properly incurred in connection with, doing or not doing that thing.

The Security Trustee is not obliged to use its own funds in performing its obligations under any Transaction Document except where the Security Trustee's right of indemnification out of the Security Trust Fund does not apply due to the Security Trustee's fraud, negligence or Wilful Default.

### **Indemnity**

The Security Trustee is entitled to be indemnified by the Trustee for any liability or loss arising from, and any Costs incurred in connection with (among other things):

- (a) the Security Trustee acting in connection with a Transaction Document in good faith on telephone, fax, email or other written instructions purporting to originate from the offices of the Trustee or the Manager or to be given by an authorised officer of the Trustee or the Manager;
- (b) an Event of Default;
- (c) the Security Trustee exercising, or attempting to exercise, a right or remedy in connection with a Transaction Document after an Event of Default;
- (d) the Collateral or any Transaction Document; or
- (e) any indemnity the Security Trustee gives a Controller or administrator of the Trustee.

In addition, the Security Trustee is indemnified out of the Security Trust Fund in relation to the Trust against any liability or loss arising from, and any Costs properly incurred in connection with, complying with its obligations or exercising its rights under the Transaction Documents of the Trust.

However, the Security Trustee is not entitled to be indemnified for the amounts referred to above to the extent they are due to the Security Trustee's or any attorney's or receiver's fraud, negligence or Wilful Default.

### **Exoneration**

Neither the Security Trustee nor any of its directors, officers, employees, agents or attorneys will be taken to be fraudulent, negligent or in Wilful Default because:

- (a) any person other than the Security Trustee does not comply with its obligations under the Transaction Documents;
- (b) of the financial condition of any person other than the Security Trustee;
- (c) any statement, representation or warranty of any person other than the Security Trustee in a Transaction Document is incorrect or misleading;
- (d) of any omission from or statement or information contained in any information memorandum or any advertisement, circular or other document issued in connection with any Notes;
- (e) of the lack of effectiveness, genuineness, validity, enforceability,

admissibility in evidence or sufficiency of the Transaction Documents or any document signed or delivered in connection with the Transaction Documents;

- (f) of acting, or not acting, in accordance with instructions of Secured Creditors or any other person permitted to give instructions or directions to the Security Trustee under the Transaction Documents (or instructions or directions that the Security Trustee believes to be genuine and to have been given by an appropriate officer of any such person);
- (g) of acting, or not acting, in good faith in reliance on:
  - (i) any communication or document that the Security Trustee believes to be genuine and correct and to have been signed or sent by the appropriate person; or
  - (ii) any opinion or advice of any professional advisers used by it in relation to any legal, accounting, taxation or other matters; or
- (h) of any error in the Unit Register or the Note Register; or
- (i) of giving priority to a Secured Creditor or class of Secured Creditors in accordance with the Security Trust Deed; or
- (j) it is prevented or hindered from doing something by law or order; or
- (k) of the exercise or non-exercise of a discretion on the part of any other party to the Transaction Documents;
- (l) of a failure by the Security Trustee to check any calculation, information, document, form or list supplied or purported to be supplied to it by any other person under the Security Trust Deed or under any Transaction Document; or
- (m) of any act or omission required by law or by any court of competent jurisdiction.

#### **Fees**

The Trustee, under the Security Trust Deed, has agreed to pay to the Security Trustee from time to time a fee (as agreed between the Trustee, the Manager and the Security Trustee) in respect of the Trust. Any increase to that fee must not be agreed unless a Rating Notification has been provided in respect of the increase.

#### **Retirement of Security Trustee**

The Security Trustee may retire as security trustee of the Security Trust by giving the Trustee and the Manager at least 90 days' notice of its intention to do so.

The Security Trustee must retire as security trustee if:

- (a) the Security Trustee becomes Insolvent;
- (b) required by law;
- (c) the Security Trustee ceases to carry on business as a professional trustee; or
- (d) the Security Trustee does not comply with a material obligation under the Transaction Documents unless:
  - (i) the non-compliance has been waived by an Extraordinary

Resolution of the Voting Secured Creditors, provided that a Rating Notification has been also provided in respect of such a waiver; or

- (ii) if the non-compliance can be remedied, the Security Trustee remedies the non-compliance within 30 days of being requested to do so by the Manager.

**Removal of the Security Trustee**

The Trustee or the Manager may remove the Security Trustee by giving the Security Trustee 90 days' notice. However, the Manager may only give direction if at the time it gives the direction:

- (a) no Event of Default is continuing in respect of the Trust; and
- (b) the Designated Rating Agency has been notified of the proposed removal of the Security Trustee.

In addition, the Secured Creditors of the Trust may remove the Security Trustee as security trustee of the Security Trust in respect of the Trust by Extraordinary Resolution.

**When retirement or removal takes effect**

The retirement or removal of the Security Trustee as security trustee of the Security Trust takes effect when:

- (a) a successor security trustee is appointed for the Security Trust;
- (b) the successor security trustee obtains title to, or obtains the benefit of, each Transaction Document of the Trust to which the Security Trustee is a party in its capacity as security trustee; and
- (c) the successor security trustee and each other party to the Transaction Document of the Trust to which the Security Trustee is a party in its capacity as security trustee have the same rights and obligations among themselves as they would have had if the successor security trustee had been party to them at the dates of those documents.

**Appointment of successor security trustee**

If the Security Trustee retires or is removed as security trustee of a Security Trust, the Manager may appoint a replacement security trustee by any deed or other instrument in writing and agrees to use its best endeavours to ensure that a successor security trustee is appointed for that Security Trust as soon as possible. If no successor security trustee is appointed within 90 days after notice of retirement or removal is given, the Security Trustee may appoint a successor security trustee by deed or other instrument in writing or apply to the court for a successor security trustee to be appointed.

## 11.5 Master Servicing Deed

**Parties**

The Master Servicing Deed is made between Perpetual Corporate Trust Limited and ME.

**Servicer**

Under the Servicing Deed the Trustee appoints the Servicer to service the Trust Receivables in accordance with the requirements of that deed and the Credit Policies and Procedures. ME has been appointed as the Servicer.

**Servicer's obligations**

Under the Servicing Deed, the Servicer must (among other things):

- (a) comply with its obligations under the Transaction Documents;

- (b) administer and service the Trust Receivables of that Trust in accordance with the Credit Policies and Procedures;
- (c) take all reasonable action to:
  - (i) protect or enforce the terms of any Trust Receivable (including taking all reasonable action to enforce any rights against the relevant Obligor in respect of a Trust Receivable to the extent permitted by the terms of that Trust Receivable and to the extent that it is appropriate and consistent with its normal servicing procedures and the Credit Policies and Procedures); and
  - (ii) otherwise exercise any rights, in respect of any Trust Receivable, conferred at law or under the terms of such Trust Receivable;
- (d) with respect to any Insurance Policy of that Trust:
  - (i) make claims on behalf of the Trustee in respect of any Trust Receivable to the extent it is able to make a claim under the Insurance Policy or otherwise assist the Trustee to make these claims;
  - (ii) not without the consent of the Trustee, do anything which could reasonably be expected to adversely affect or limit the rights of the Trustee under or in respect of the Insurance Policy; and
  - (iii) comply with all requirements and conditions of the Insurance Policy;
- (e) give all notices and other documents required to be given under the relevant Credit Policies and Procedures to the relevant Obligor;
- (f) make all reasonable efforts to collect or arrange to collect all Collections in respect of the Trust Receivables;
- (g) remit all Collections (if any) received by it in respect of the Trust Receivables to the relevant Collection Account within such period of time of receipt by the Servicer of such Collections as may be specified in the Issue Supplement;
- (h) prior to remitting any Collections it receives in respect of the Trust Receivables to the relevant Collection Account, hold those Collections on trust for the Trustee;
- (i) except as required by law or any binding order or directive or regulatory undertaking (including as determined by an Approved External Dispute Resolution Scheme) or as required or permitted by the Credit Policies and Procedures, or otherwise as contemplated by the Transaction Documents, not:
  - (i) create, attempt to create or consent to the creation of, any Encumbrance in respect of any Trust Receivable other than a Permitted Encumbrance;
  - (ii) release the relevant Obligor from any amount owing in respect of any Trust Receivable or otherwise discharge such Trust Receivable without the consent

- of the Trustee;
- (iii) enter into any agreement or arrangement which has the effect of extending the maturity of a Trust Receivable; or
- (iv) do anything which would render a Trust Receivable subject to any set-off, counterclaim or similar defence;
- (j) maintain in full force and effect the authorisations necessary for it to enter into this deed and the transactions contemplated by it and to comply with its obligations under them;
- (k) comply in all material respects with all applicable laws in exercising its rights and carrying out its obligations under this deed;
- (l) at the request of the Manager, prepare and give to the Manager, any Government Agency (including the Australian Prudential Regulation Authority, ASIC or the Reserve Bank of Australia) or any stock exchange (including the Australian Securities Exchange) all reasonably necessary ad hoc and periodic performance statistics, data, reports and other non performance related reports and data in respect of the Trust Receivables;
- (m) in respect of any document or information in the Servicer's possession or control relating to the Trust Receivables:
  - (i) give any such document or information to the Trustee and the Manager as the Trustee or the Manager may reasonably request; and
  - (ii) allow the Trustee and the Manager or its authorised agents to inspect copies of any such document or information during normal business hours and after the receipt of reasonable notice;
- (n) provide each Designated Rating Agency with complete, accurate and timely information in respect of the Trust Receivables of that Trust where reasonably required to do so;
- (o) notify the Trustee and the Manager if it becomes aware of:
  - (i) the occurrence of a Servicer Termination Event or an Event of Default; or
  - (ii) the occurrence of any event which is likely to have a material adverse effect on the ability of the Servicer to perform its obligations under the Master Management Deed,providing details of the relevant event or default;
- (p) keep and maintain records in relation to each Trust Receivable, for the purposes of identifying amounts paid by each Obligor, any amount due from an Obligor and the balance from time to time outstanding on an Obligor's account and such other records as would be kept by a

Prudent Servicer; and

- (q) to the extent that the National Credit Legislation is relevant in relation to the Trust Receivables:
  - (i) be a Licensee and notify the Trustee and the Manager if it ceases to be a Licensee;
  - (ii) comply with the requirements of the National Credit Legislation, in exercising its rights and carrying out its obligations under the Transaction Documents; and
- (r) following a Title Perfection Event:
  - (i) perform all relevant obligations and exercise all relevant rights of the Trustee as Credit Provider or Special Purpose Funding Entity under the NCCP in respect of the Trust Receivables;
  - (ii) ensure that its actions or omissions do not cause the Trustee to breach the National Credit Legislation in respect of the Trust Receivables; and
  - (iii) give notice to ASIC in the prescribed form that it is a party to a Servicing Agreement, and any other notices that it is required to give as a result of it being party to a Servicing Agreement.

The Servicer agrees to exercise its rights and comply with its servicing obligations under the Transaction Documents with the same degree of diligence and care expected of a Prudent Servicer.

#### **Credit Policies and Procedures**

The Servicer and the Manager may amend the Credit Policies and Procedures from time to time. However, the Servicer has agreed:

- (a) not to amend the Credit Policies and Procedures in a manner which would materially change the rights or obligations of the Trustee;
- (b) not to amend the Credit Policies and Procedures in a manner which would breach the National Credit Legislation (to the extent it applies to the Trust Receivables); and
- (c) to notify the Manager and each Designated Rating Agency of any such material amendments.

#### **Delegation**

The Servicer may employ agents and attorneys and may delegate any of its rights and obligations in its capacity as servicer. The Servicer agrees to exercise reasonable care in selecting delegates.

The Servicer is responsible for any loss arising due to any acts or omissions of any person appointed as a delegate and for the payment of any fees of that person.

#### **Servicer's exoneration**

Neither the Servicer nor any of its directors, officers, employees, agents, attorneys or Related Entities is responsible or liable to any person:

- (a) because any person other than the Servicer does not comply with its obligations under the Transaction Documents;
- (b) because of the fraud, negligence or Wilful Default of the Trustee or any other person other than the Servicer;

- (c) for the financial condition of any person other than the Servicer;
- (d) because any statement, representation or warranty of any person other than the Servicer or any of its Related Entities in a Transaction Document is incorrect or misleading;
- (e) for the effectiveness, genuineness, validity, enforceability, admissibility in evidence or sufficiency of the Transaction Documents or any document signed or delivered in connection with the Transaction Documents (except to the extent such liability arises directly as a result of an act or omission of the Servicer and other than any representation or warranty given by the Servicer in any Transaction Document as to the validity or enforceability of the Servicer's obligations under the Transaction Documents);
- (f) for acting, or not acting, in good faith in reliance on:
  - (i) any communication or document that the Servicer believes to be genuine and correct and to have been signed or sent by the appropriate person; or
  - (ii) any opinion or advice of any professional advisers used by it in relation to any legal, accounting, taxation or other matters;
- (g) for acting, or not acting in accordance with the instructions or directions of any person permitted to give instructions or direction to the Servicer under the Transaction Documents (or instructions or directions that the Servicer believes to be genuine and to have been given by an appropriate officer of any such person);
- (h) because of any act or omission required by law or by any court of competent jurisdiction;
- (i) because it is prevented or hindered from doing something by law or order;
- (j) because of any payment made by it in good faith to a fiscal authority in connection with Taxes (including Taxes assessed on the income of the Trust) or other charges in respect of the Trust even if the payment need not have been made;
- (k) for the performance by any Obligor of its obligations under the Trust Receivables;
- (l) for the performance of any Trust Receivable or Authorised Investment;
- (m) because of the exercise or non-exercise of a discretion on the part of any other person to a Transaction Document;
- (n) because of any error of law or any matter done or omitted to be done by it in good faith in the event of the liquidation or dissolution of a company;
- (o) if the Trustee acquires any Trust Receivable or Authorised Investment and the acquisition price or, in the case of an

Authorised Investment, the rate of return, is not the best available at the time the Trustee acquired it; or

- (p) for any omission from or statement or information contained in any information memorandum or any advertisement, circular or other document issued in connection with any Notes (except to the extent that the Servicer has expressly accepted responsibility for that document on the terms of that document).

However, these provisions do not relieve the Servicer from any of its responsibilities or liabilities to any person in connection with a Transaction Document to the extent that any such relevant Loss is caused by the Servicer's fraud, negligence or breach of its obligations under the Master Servicing Deed or any other Transaction Document.

**Servicer's voluntary retirement**

The Servicer may retire as servicer of the Trust by giving the Trustee at least 90 days' (or such shorter period as the Servicer and the Trustee may agree) written notice of its intention to do so.

**Servicer's mandatory retirement**

The Servicer must retire as servicer if required by law.

**Removal of Servicer**

The Trustee may remove the Servicer as servicer of the Trust by giving the Servicer 90 days' written notice (or immediately in the case of a Servicer Termination Event if the Servicer is Insolvent). However, the Trustee may only give notice if at the time it gives the notice:

- (a) a Servicer Termination Event is continuing in respect of the Trust; and
- (b) each Designated Rating Agency has been notified of the proposed removal of the Servicer.

**Servicer Termination Event**

A "**Servicer Termination Event**" occurs if:

- (a) the Servicer does not pay any amount payable by it under any Transaction Document on time and in the manner required under the relevant Transaction Document unless, in the case of a failure to pay on time, the Servicer pays the amount within 10 Business Days of notice from either the Trustee or the Security Trustee, except where that amount is subject to a good faith dispute between the Servicer, the Trustee and the Manager;
- (b) the Servicer:
- (i) does not comply with any other obligation under any Transaction Document and such non-compliance has a Material Adverse Effect; and
- (ii) if the non-compliance can be remedied, does not remedy the non-compliance within 20 Business Days of the Servicer receiving a notice from the Trustee or the Security Trustee requiring its remedy (or such longer period as may be agreed between the Servicer and the Trustee and notified to each Designated Rating Agency);
- (c) any representation or warranty made by the Servicer in



connection with the Transaction Documents is incorrect or misleading when made and such failure has a Material Adverse Effect, unless (if such failure is capable of remedy) such failure is remedied to the satisfaction of the Trustee within 20 Business Days (or such longer period as may be agreed between the Servicer and the Trustee and notified to each Designated Rating Agency) of the Servicer receiving a notice from the Trustee requesting the Servicer to remedy the failure; or

- (d) the Servicer becomes Insolvent.

**When retirement or removal takes effect**

The retirement or removal of the Servicer as servicer of a Trust will only take effect upon the earliest to occur of:

- (a) the appointment of a successor servicer for the Trust; and
- (b) the date on which the Standby Servicer is required to commence acting as servicer for the Trust in accordance with the Standby Servicing Deed. See further details at Section 11.6 (“Standby Servicing Deed”).

**Appointment of successor servicer**

If the Servicer retires as servicer of the Trust, the retiring Servicer agrees to use its reasonable endeavours to ensure a successor servicer is appointed for the Trust as soon as possible.

**Servicer to deliver documents**

If the Servicer retires as servicer in respect of the Trust, it agrees to promptly deliver to the successor servicer all original documents in its possession relating to the Trust and the Trust Assets and any other documents and information in its possession relating to the Trust and the Trust Assets as are reasonably requested by the Trustee (where the Trustee is acting as servicer) or the successor servicer.

**Indemnity**

Subject to the terms of the Servicing Deed, the Servicer indemnifies the Trustee against any Loss which the Trustee incurs or suffers directly as a result of:

- (a) a failure by the Servicer to comply with its obligations under the Master Servicing Deed or any other Transaction Document to which it is a party; or
- (b) a representation or warranty given by it under the Master Servicing Deed or any other Transaction Document to which it is a party being incorrect,

but excluding any such amounts which are due to the Trustee’s own negligence, fraud or Wilful Default.

The Servicer also indemnifies the Trustee against all Penalty Payments which the Trustee is required to pay personally or in its capacity as trustee of the Trust and arising as a result of the performance or non-performance by the Servicer of its obligations or the exercise of its powers under the Master Servicing Deed, except to the extent that such Penalty Payments arise as a result of the fraud, negligence or Wilful Default of the Trustee.

**Custody of Title Documents**

The Servicer must:

- (a) hold as custodian under the Master Servicing Deed at the direction of the Trustee each Title Document in respect of the Trust that it may receive on behalf of the Trustee pursuant to a Transaction Document in accordance with its standard

safe-keeping practices and in the same manner and to the same extent as it holds its own documents;

- (b) maintain a record of the physical movement of the relevant Title Documents; and
- (c) ensure that it is capable of locating security packets containing the relevant Title Documents.

#### **Servicer's fees and expenses**

The Servicer is entitled to be paid a fee by the Trustee for performing its duties under the Master Servicing Deed in respect of the Trust (on terms agreed between the Servicer and the Trustee). Any increase to that fee must not be agreed unless a Rating Notification has been provided in respect of the increase.

The Trustee agrees to pay or reimburse the Servicer for:

- (a) all Costs incurred by the Servicer in connection with:
  - (i) the enforcement and recovery of defaulted Trust Receivables, including Costs relating to any court proceedings, arbitration or other dispute; and
  - (ii) the general ongoing servicing of the assets of the Trust and the performance of its obligations under the Transaction Documents; and
- (b) Taxes (other than Excluded Taxes) and fees (including registration fees) and fines and penalties in respect of fees paid, or that the Servicer reasonably believes are payable, in connection with any Transaction Document or a payment or receipt or any other transaction contemplated by any Transaction Document. However the Trustee need not pay a fine or penalty in connection with Taxes or fees to the extent that it has placed the Servicer in sufficient cleared funds for the Servicer to be able to pay the Taxes or fees by the due date.

However, the amounts referred to in (a) and (b) above are not payable to the extent they are due to the Servicer's fraud, negligence or breach of obligation under the Master Servicing Deed.

### **11.6 Standby Servicing Deed**

The Standby Servicing Deed allows the Manager to appoint the Standby Servicer in the event that the Servicer retires or is removed under the Master Servicing Deed.

#### **Parties**

The Standby Servicing Deed is made between ME and Perpetual Corporate Trust Limited.

#### **Standby Servicer**

Perpetual Corporate Trust Limited in its capacity as trustee of the Trust has been appointed as the Standby Servicer. The Standby Servicer has agreed to be bound by the terms as specified in the Standby Servicing Deed.

#### **Standby Servicer to act as servicer**

Subject to the terms of the Standby Servicing Deed, if at any time the Servicer retires or the Servicer is removed as servicer in respect of the Trust under the terms of the Master Servicing Deed, then, from the effective date of retirement or removal until the earlier of:

- (a) the appointment of a successor servicer in accordance with

the terms of the Master Servicing Deed; or

- (b) the retirement of the Standby Servicer in accordance with the Standby Servicing Deed,

the Standby Servicer (or any other person appointed by the Standby Servicer to act as its agent or delegate) must act as servicer for the Trust.

### **Standby Servicer's duties**

Upon its appointment as servicer of the Trust Receivables, the Standby Servicer undertakes to at all times in respect of the Trust Receivables provide a substantively similar set of services as are provided by the Servicer under the Master Servicing Deed in respect of the Trust, but with alterations and modifications to it as specified in the Standby Servicing Deed.

Where the Credit Policies and Procedures or the Standby Servicing Plan (as the case may be) does not set out in detail the manner in which such services are to be performed, the Standby Servicer must carry out and perform those such obligations in accordance with the standards of a Prudent Servicer.

### **Delegation**

Subject to the terms of the Standby Servicing Deed, the Standby Servicer may delegate any of its rights or obligations as Standby Servicer or appoint agents without notifying any person of the delegation.

The Standby Servicer agrees that:

- (a) it will exercise reasonable care in selecting delegates or agents;
- (b) it is responsible for any loss arising due to any acts or omissions of any delegate or agent;
- (c) it will not delegate a material part of its obligations under the Standby Servicing Deed unless it has received the prior written consent of the Manager;
- (d) it remains liable for its obligations under the Standby Servicing Deed notwithstanding any delegation by it; and
- (e) in each case the Standby Servicer is responsible for the payment of fees of that person when acting as delegate or agent.

### **Limited Liability of the Standby Servicer**

The Standby Servicer will not be liable for any inability to perform, or any deficiency in performing, its duties and obligations as servicer if the Standby Servicer is unable to perform those duties and obligations:

- (a) due to the state of affairs of:
  - (i) the Servicer or the Seller;
  - (ii) the books and records of the Servicer;
  - (iii) the business, data collection, storage or retrieval systems of the Servicer; or
  - (iv) the computer equipment or software of the Servicer prior to, or at the time of, the removal or retirement of the Servicer under the Servicing Deed,

- (b) due to the inaccuracy, incompleteness or lack of currency of any data, information, documents or records on which it is entitled to rely;
- (c) because the Standby Servicer, after using reasonable endeavours, is unable to obtain sufficient access to the Servicer's books and records business, data collection, storage or retrieval systems or use or access the Servicer's computer equipment or software which it requires and which are reasonably necessary for it to perform those duties and obligations;
- (d) because the Standby Servicer is unable, after using reasonable endeavours, to obtain sufficient software, data, information, systems, premises, resources or documents which it requires and which are reasonably necessary for it to perform those duties and obligations;
- (e) due to the acts or omissions at any time before or after the date of the Standby Servicing Deed of the Servicer, the Seller or the Manager in relation to their respective obligations under the Transaction Documents and the Credit Policies and Procedures, or any agent of the Servicer, Seller or the Manager;
- (f) because:
  - (i) the Standby Servicer has not been provided with copies of any amendments to the Credit Policies and Procedures;
  - (ii) amendments have been made to the Credit Policies and Procedures which materially and adversely affect the Standby Servicer's ability to perform the Services (and the Standby Servicer has not consented in writing to those amendments); or
  - (iii) the servicing systems, software or procedures of the Servicer materially differ from those described or set out in the Credit Policies and Procedures (to the extent they are described or set out in the Credit Policies and Procedures);
- (g) because the Standby Servicer complies with the Credit Policies and Procedures, except to the extent that the Standby Servicer forms the view that that the Credit Policies and Procedures are not compliant with applicable laws or are otherwise deficient and it otherwise performs such obligations in accordance with the standards of a Prudent Servicer in accordance with the Standby Servicing Deed;
- (h) due to the failure of any other person to perform its obligations under, and in accordance, with the Transaction Documents;
- (i) due to the appointment of a controller (within the meaning of the Corporations Act) to the Servicer, the Trust or any of the Trust Receivables;
- (j) because the relevant Obligor is not resident in Australia;

- (k) because of any defect in title to any Trust Receivable; and
- (l) because the Standby Servicer is acting in accordance with any request, direction or instruction given by the Servicer or the Manager or any other person entitled under the Transaction Documents to give directions or instructions to the Standby Servicer.

**Indemnity**

The Trustee indemnifies the Standby Servicer (or its agent) in respect of the Trust against liability or loss (whether direct or indirect) arising from, and any costs, charges and expenses incurred in connection with:

- (a) the Standby Servicer exercising or failing to exercise any powers or rights; and
- (b) the Standby Servicer performing or failing to perform its obligations or duties as standby servicer under the Standby Servicing Deed,

except to the extent the costs, charges or expenses arose from the Standby Servicer's (or its agent's or delegates) fraud, negligence or Wilful Default, or a breach by the Standby Servicer of its obligations under the Standby Servicing Deed or any of the Transaction Documents.

**Retirement and removal of the Standby Servicer**

The Standby Servicer may retire as Standby Servicer (whether or not the Standby Servicer has become obliged to perform the Services in respect of a Trust):

- (a) immediately upon the appointment of a controller (within the meaning of the Corporations Act) to any Trust Receivables or to the Trust by written notice to the Trustee; and
- (b) immediately by written notice to the Trustee and the Manager, if any amounts owing to the Standby Servicer in respect of the Trust are not paid when due and remain unpaid 30 days after the due date for payment.

The Manager may terminate the Standby Servicer's appointment as Standby Servicer in respect of the Trust (whether or not the Standby Servicer has become obliged to perform the Services in respect of the Trust Receivables) upon giving not less than 90 days' notice in writing to the Trustee and the Standby Servicer.

**Standby Servicer's Fees**

The Standby Servicer will be paid such fees in respect of the relevant Trust as agreed between the Standby Servicer, the Trustee and the Manager from time to time.

**11.7 Liquidity Facility Agreement****Parties**

The Liquidity Facility Agreement is made between the Trustee and ME. ME will be the Liquidity Facility Provider.

**Liquidity Facility**

The Liquidity Facility Provider grants to the Trustee a revolving loan facility in Australian dollars in respect of the Trust in an amount equal to the Liquidity Limit (the **Liquidity Facility**).

The Liquidity Facility is only available to be drawn to meet any Liquidity Shortfall (Third).

**Liquidity Advances**

If, on any Determination Date during the Liquidity Facility Availability Period, the Manager determines that there is a Liquidity Shortfall (Third) on that Determination Date, the Manager must request a drawing to be made under the Liquidity Facility (a "Liquidity Advance") on the Payment Date immediately following that Determination Date in accordance with the Liquidity Facility Agreement and equal to the lesser of:

- (a) that Liquidity Shortfall (Third); and
- (b) the Available Liquidity Amount on that Determination Date.

**Interest**

Interest accrues daily (on the daily balance of each Liquidity Advance) from and including the first day of a Liquidity Interest Period to but excluding the last day of the Liquidity Interest Period, at a rate equal to the Liquidity Interest Rate. It will be calculated by reference to actual days elapsed and a year of 365 days. Interest is payable in arrears on each Payment Date.

The first "**Liquidity Interest Period**" in respect of a Liquidity Advance commences on (and includes) its Liquidity Drawdown Date and ends on (but excludes) the next Payment Date. Each subsequent Liquidity Interest Period will commence on (and include) a Payment Date and end on (but exclude) the next Payment Date, provided that:

- (a) the last Liquidity Interest Period ends on the first Payment Date following the Liquidity Facility Termination Date on which all moneys payable to the Liquidity Facility Provider under the Liquidity Facility Agreement have been paid in full; and
- (b) a Liquidity Interest Period which would otherwise end after the date on which the Trust terminates ends on (but excludes) the termination date of the Trust.

**Downgrade of Liquidity Facility Provider**

- (a) If at any time (for so long as any Notes are outstanding) the Liquidity Facility Provider does not have the Required Liquidity Rating, the Liquidity Facility Provider must do one of the following (as determined by the Liquidity Facility Provider in its discretion):
  - (i) procure a Replacement Liquidity Facility within 30 calendar days;
  - (ii) request the Manager to make a Collateral Advance Request for an amount equal to the Available Liquidity Amount within 14 calendar days; or
  - (iii) implement such other structural changes so that the downgrading of the Liquidity Facility Provider does not have an Adverse Rating Effect within 30 calendar days,

(or such longer periods as may be agreed by the Manager and the Liquidity Facility Provider (and notified in writing to the Trustee) and provided that Rating Notification has been given in respect of such longer periods) of such downgrade.

- (b) If, on any Determination Date after a Collateral Advance has been made, the Manager would, but for the fact that the Liquidity Facility has been fully drawn, be required to direct the Trustee to request a Liquidity Advance in accordance with

Section 8.7 (“Liquidity Draw”) (and the Liquidity Facility Provider would, but for the fact that the Liquidity Facility has been fully drawn, be required to provide that Liquidity Advance), the Manager must direct the Trustee to transfer from the Collateral Account into the Collection Account an amount equal to the lesser of:

- (i) the Liquidity Advance; and
- (ii) the Collateral Account Balance,

by no later than 11.00 am (Melbourne time) on the immediately following Payment Date.

Any such withdrawal from the Collateral Account will be deemed to be a Liquidity Advance.

- (c) If at any time after a Collateral Advance has been made:
  - (i) the Liquidity Facility Provider obtains the Required Liquidity Rating (or, if the credit rating of the Liquidity Facility Provider continues to be less than the Required Liquidity Rating, but the Manager determines that it may give a direction under this paragraph (c) and it has provided Rating Notification in respect of that direction);
  - (ii) the Liquidity Facility Provider complies with subparagraph (a)(i) or (iii) above; or
  - (iii) the Liquidity Facility granted under the Liquidity Facility Agreement is terminated,

then the Liquidity Facility Provider must notify the Manager of that event and the Manager must then direct the Trustee to, and the Trustee must, repay to the Liquidity Facility Provider the Collateral Account Balance (if any) within 1 Business Day of being so directed by the Manager, such amount to be applied towards repayment of the then outstanding Collateral Advances.

- (d) Subject to paragraph (e), all interest or other returns accrued (net of all costs properly incurred by the Trustee in respect of the operation of the Collateral Account under the Liquidity Facility Agreement) on the Collateral Account Balance or on any Authorised Investments purchased with the Collateral Account Balance, which have been credited to the Collateral Account must be paid by the Trustee directly to the Liquidity Facility Provider on each Payment Date and will not be distributed in accordance with the Cashflow Allocation Methodology.
- (e) If losses are realised on any Authorised Investments purchased with the Collateral Account Balance, no interest or other returns will be paid to the Liquidity Facility Provider under paragraph (d) until the aggregate of such interest or other returns exceeds the aggregate of such losses, in which case the Liquidity Facility Provider will be entitled only to receive such excess amount.

#### **Availability fee**

The Trustee will pay to the Liquidity Facility Provider an availability fee, calculated on the daily balance of the Available Liquidity Amount.

The fee will be:

- (a) calculated and accrue daily from the first day of the Liquidity Facility Availability Period on the basis of a 365 day year; and
- (b) paid monthly in arrears on each Payment Date in accordance with the Cashflow Allocation Methodology.

The availability fee may be varied from time to time by written agreement between the Manager and the Liquidity Facility Provider (and notified to the Trustee) provided a Rating Notification has been provided in respect of that variation.

### **Liquidity Event of Default**

A “**Liquidity Event of Default**” occurs if:

- (a) the Trustee fails to pay:
  - (i) subject to paragraph (ii) below, any amount owing under the Liquidity Facility Agreement where funds are available for payment of that amount in accordance with the order of priority described in Section 8.9 (“Application of Total Available Income”); or
  - (ii) any amount due in respect of interest or any availability fee,

on time and in the manner required under the Liquidity Facility Agreement unless, in the case of a failure to pay on time, the Trustee pays the amount within 10 Business Days of the due date (or if the due date for payment of such amount is the Maturity Date, then on the due date for such payment);

- (b) the Trustee:
  - (i) alters or the Manager instructs it to alter the priority of payments under Cashflow Allocation Methodology without the consent of the Liquidity Facility Provider; or
  - (ii) does not comply with any of its obligations under the Liquidity Facility Agreement and that non-compliance has a Material Adverse Effect;
- (c) an Event of Default occurs and the Security Trustee enforces the General Security Deed;
- (d) a representation or warranty made or taken to be made by the Trustee in connection with the Liquidity Facility Agreement is found to have been incorrect or misleading when made or taken to be made and that breach has a Material Adverse Effect.

If a Liquidity Event of Default is continuing, then the Liquidity Facility Provider may:

- (a) declare at any time that the Liquidity Principal Outstanding, interest on the Liquidity Principal Outstanding and all other amounts actually or contingently payable under the Liquidity Facility Agreement are immediately due and payable; and/or



- (b) terminate the Liquidity Facility Provider's obligations in respect of the Liquidity Facility.

The Liquidity Facility Provider may do either or both of these things with immediate effect.

### **Termination of Liquidity Facility**

The Liquidity Facility will terminate on the Liquidity Facility Termination Date.

The "**Liquidity Facility Termination Date**" is the earliest of:

- (a) the date on which all Notes have been fully and finally redeemed in full in accordance with the Transaction Documents;
- (b) the date upon which the Liquidity Facility Provider suspends or cancels its obligations under the Liquidity Facility Agreement due to illegality or impossibility;
- (c) the date upon which the Liquidity Limit is cancelled in full or reduced to zero by notice from the Trustee (provided that a Rating Notification has been given in respect of such cancellation or reduction, as applicable);
- (d) the date upon which the Liquidity Facility Provider terminates the Liquidity Facility following the occurrence of a Liquidity Event of Default;
- (e) the Maturity Date; and
- (f) the date upon which the Liquidity Facility is terminated under the Liquidity Facility Agreement in connection with the appointment of a substitute Liquidity Facility Provider.

## **11.8 Redraw Facility Agreement**

### **Parties**

The Redraw Facility Agreement is made between the Trustee and ME. ME will be the Redraw Facility Provider.

### **Redraw Facility**

The Redraw Facility Provider grants to the Trustee a revolving loan facility in Australian dollars in respect of the Trust in an amount equal to the Redraw Limit (the **Redraw Facility**).

The Redraw Facility is only available to be drawn to meet any Redraw Shortfall (Initial).

### **Redraw Advances**

If, on any Business Day during the Liquidity Availability Period, the Manager determines that there is a Redraw Shortfall (Initial) in accordance with Section 9.8(f) ("Redraws"), the Manager must request a drawing to be made under the Redraw Facility equal to the lesser of:

- (a) the Redraw Shortfall (Initial); and
- (b) the Available Redraw Amount.

### **Interest**

Interest accrues daily (on the daily balance of each Redraw Advance) from and including the first day of a Redraw Interest Period to but

excluding the last day of the Redraw Interest Period, at a rate equal to the Redraw Interest Rate. It will be calculated by reference to actual days elapsed and a year of 365 days. Interest is payable in arrears on each Payment Date.

The first “**Redraw Interest Period**” in respect of a Redraw Advance commences on (and includes) its Redraw Drawdown Date and ends on (but excludes) the next Payment Date. Each subsequent Redraw Interest Period will commence on (and include) a Payment Date and end on (but exclude) the next Payment Date, provided that:

- (a) the last Redraw Interest Period ends on the first Payment Date following the Redraw Facility Termination Date on which all moneys payable to the Redraw Facility Provider under the Redraw Facility Agreement have been paid in full; and
- (b) a Redraw Interest Period which would otherwise end after the date on which the Trust terminates ends on (but excludes) the termination date of the Trust.

#### **Availability fee**

The Trustee will pay to the Redraw Facility Provider an availability fee, calculated on the daily balance of the Available Redraw Amount. The fee will be:

- (a) calculated and accrue daily from the first day of the Liquidity Facility Availability Period on the basis of a 365 day year; and
- (b) paid monthly in arrears on each Payment Date in accordance with the Cashflow Allocation Methodology.

The availability fee may be varied from time to time by written agreement between the Manager and the Redraw Facility Provider (and notified to the Trustee) provided a Rating Notification has been provided in respect of that variation.

#### **Redraw Event of Default**

A Redraw Event of Default occurs if:

- (a) the Trustee fails to pay:
  - (i) subject to paragraph (ii) below, any amount owing under the Redraw Facility Agreement where funds are available for payment of that amount in accordance with the order of priority described in Section 8.9 (“Application of Total Available Income”); or
  - (ii) any amount due in respect of interest or any availability fee,

in the manner contemplated by the Redraw Facility Agreement, in each case within 10 Business Days of the due date for payment of such amount (or if the due date for payment of such amount is the Maturity Date, then on the due date for such payment);
- (b) the Trustee:
  - (i) alters or the Manager instructs it to alter the priority of payments under Cashflow Allocation Methodology without the consent of the Redraw Facility Provider; or
  - (ii) does not comply with any of its obligations under the Redraw Facility Agreement and that non-compliance has a Material Adverse Effect;

- (c) an Event of Default occurs and the Security Trustee enforces the General Security Deed; or
- (d) a representation or warranty made or taken to be made by the Trustee in connection with the Redraw Facility Agreement is found to have been incorrect or misleading when made or taken to be made and that breach has a Material Adverse Effect.

If a Redraw Event of Default is continuing, then the Redraw Facility Provider may:

- (a) declare at any time that the Redraw Principal Outstanding, interest on the Redraw Principal Outstanding and all other amounts actually or contingently payable under the Redraw Facility Agreement are immediately due and payable; and/or
- (b) terminate the Redraw Facility Provider's obligations in respect of the Redraw Facility.

The Redraw Facility Provider may do either or both of these things with immediate effect.

#### **Termination of Redraw Facility**

The Redraw Facility will terminate on the Redraw Facility Termination Date.

The "**Redraw Facility Termination Date**" is the earliest of:

- (a) the date which is one day after the date upon which all Notes have been fully and finally redeemed in full in accordance with the Transaction Documents;
- (b) the date upon which the Redraw Facility Provider cancels all of its obligations under the Redraw Facility Agreement due to illegality or impossibility;
- (c) the date upon which the Redraw Limit is cancelled or reduced to zero by notice from the Trustee (provided that a Rating Notification has been given in respect of such cancellation or reduction, as applicable);
- (d) the date upon which the Redraw Facility Provider terminates the Redraw Facility following the occurrence of a Redraw Event of Default;
- (e) the Maturity Date; and
- (f) the date upon which the Redraw Facility is terminated under the Redraw Facility Agreement in connection with the appointment of a substitute Redraw Facility Provider.

### **11.9 Inter-Trust Sale Deed**

#### **Disposing Trustee may make offer**

Under the Inter-Trust Sale Deed the Disposing Trustees may make an offer to the Trustee to sell Receivables by delivering the Inter-Trust Sale Notice to the Trustee.

#### **Inter-Trust Sale Notice**

Once given, an Inter-Trust Sale Notice from a Disposing Trustee

constitutes an offer by the Disposing Trustee to sell and assign to the Trustee with effect from the commencement of business on the Inter-Trust Sale Date specified in the Inter-Trust Sale Notice, the Disposing Trustee's right, title and interest in and to:

- (a) each Trust Asset identified in the Inter-Trust Sale Notice;
- (b) each Related Security (if any) in relation to each such Trust Asset;
- (c) the monetary rights from time to time in relation to each such Trust Asset and Related Security;
- (d) all title documents in relation to each such Trust Asset and Related Security;
- (e) any Insurance Policy which is referable to each such Trust Asset and Related Security;
- (f) each representation, warranty, undertaking, indemnity and other remedy in relation to any of the items referred to in paragraphs (a) – (e) (inclusive) arising under the transaction documents in respect of the Disposing Trusts (including under the Disposing Trustees' Master Trust Deed and including any representation and warranty as to such Trust Assets satisfying the eligibility criteria applicable to the Disposing Trusts);
- (g) any other property in relation to each such Trust Asset as may be specified in the Inter-Trust Sale Notice; and
- (h) the Trust Back Assets (as defined in the Disposing Trustees' Master Trust Deed) (if any) in relation to each such Trust Asset and Related Security.

The Trustee may accept the Inter-Trust Sale Notice from the Disposing Trustee by paying the Purchase Price (in cleared funds) to the Disposing Trustee (or as it directs) by no later than 4.00 pm on the Inter-Trust Sale Date. Such acceptance shall constitute, without any further act or instrument by the parties, an immediate assignment and automatic vesting of the Disposing Trustee's entire right, title and interest in each of the items referred to in the paragraph above. This includes the right, title and interest in respect of any such item arising on or after the relevant Inter-Trust Sale Date, including any further advance or any additional financial accommodation, and immediately following the making of any further advance or additional financial accommodation, such items vest in the Trustee in accordance with the assignment of those items.

Any assignment of Trust Assets from a Disposing Trust to the Trust in accordance with the Inter-Trust Sale Deed may be perfected against the Seller subject to and in accordance with the occurrence of a Title Perfection Event.

## 11.10 Derivative Contracts

### Fixed Rate Swaps

The Trustee will enter into interest rate swaps with the Derivative Counterparties to hedge the interest rate risk in respect of the Trust Receivables. The Trustee will enter into fixed rate swaps in respect of the fixed rate Trust Receivables ("**Fixed Rate Swaps**") with each

Derivative Counterparty.

ANZ and NAB are the initial Derivative Counterparties in respect of the Fixed Rate Swaps.

Under the Fixed Rate Swaps, the Trustee will pay to each Derivative Counterparty in respect of a Fixed Rate Swap on each Payment Date an amount calculated by reference to the weighted average of the interest rates for all Performing Receivables which are charged a fixed rate of interest as at the last day of the Collection Period ending immediately prior to that Payment Date. The Derivative Counterparty, in exchange for that payment by the Trustee, will pay to the Trustee an amount calculated by reference to the notional amount of the Fixed Rate Swap, AUD-BBR-BBSW (as that term is defined in the relevant Derivative Contract) plus a margin.

**Derivative Counterparty downgrade**

If, as a result of the withdrawal or downgrade of the Derivative Counterparty's credit rating by any Designated Rating Agency, the Derivative Counterparty does not have a short term credit rating or long term credit rating as designated in the relevant Derivative Contract, the applicable Derivative Counterparty may be required to take certain action within certain timeframes specified in that Derivative Contract.

This action may include in respect of the particular downgrade one or more of the following:

- (a) lodging collateral in respect of the Fixed Rate Swap as determined under the Derivative Contract;
- (b) entering into an agreement novating the Fixed Rate Swap to a replacement counterparty which holds the relevant ratings;
- (c) procuring another person to become a co-obligor or unconditionally and irrevocably guarantee the obligations of the Derivative Counterparty under the Fixed Rate Swap; or
- (d) entering into other arrangements in relation to its obligations under the Derivative Contract or in respect of the Fixed Rate Swap as agreed with the relevant Designated Rating Agency.

Additionally, in respect of the downgrade of a Derivative Counterparty below certain credit ratings, the relevant Derivative Counterparty may be required to both lodge collateral and to take one of the other courses of action described in paragraphs (b) to (d) (inclusive) above.

If the Derivative Counterparty lodges collateral with the Trustee, any interest or income on that collateral will be paid to that Derivative Counterparty, provided that any such interest or income will only be payable to the extent that any payment will not reduce the balance of the collateral to less than the amount required to be maintained.

The Trustee may only dispose of any investment acquired with the collateral lodged in accordance with paragraph (a) above or make withdrawals of the collateral lodged in accordance with paragraph (a) above if directed to do so by the Manager for certain purposes prescribed in the relevant Derivative Contract.

The complete obligations of a Derivative Counterparty following the downgrade of its credit rating is set out in the relevant Derivative Contract. The Manager and the Derivative Counterparty may agree from time to time to vary these obligations by notice to the Trustee, the Derivative Counterparty and each Designated Rating Agency in order that they be consistent with the then current published ratings criteria

of each Designated Rating Agency. Any amendments so notified by the Manager will be effective to amend the relevant provisions of the Derivative Contract, provide that the Manager has given a Rating Notification in respect of such amendments.

### **Termination**

A party to a Derivative Contract may have the right to terminate its Derivative Contract if (among other things):

- (a) the other party fails to make a payment under the Derivative Contract within 10 Business Days of the due date (or if the due date for payment of such amount is the Maturity Date, then on the due date for such payment);
- (b) certain insolvency related events occur in relation to the other party;
- (c) a force majeure event occurs; and
- (d) due to a change in or a change in interpretation of law, it becomes illegal for the other party to make or receive payments, perform its obligations under any credit support document or comply with any other material provision of the Derivative Contract.

The Derivative Counterparty will also have the right to terminate its Derivative Contract if an Event of Default occurs and the Security Trustee has declared the Secured Money of the Trust immediately due and payable.

The Trustee will also have the rights to terminate its Derivative Contract if (among other things):

- (a) the Derivative Counterparty merges with, or otherwise transfers all or substantially all of its assets to, another entity and the new entity does not assume all of the Derivative Counterparty's obligations under the Derivative Contract; or
- (b) the Derivative Counterparty fails to comply with or perform any agreement or its obligations referred to in paragraphs (a) to (d) (inclusive) under the heading "Derivative Counterparty Downgrade" above within the timeframes specified in that Derivative Contract.

## 12 Tax Considerations

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### Australian Tax Considerations

***The following statements with respect to Australian taxation describe the material tax consequences to non-Australian residents holding an interest in the Notes (referred to herein as Noteholders), on the basis of Australian law as in effect on the date of this Information Memorandum (which is subject to change possibly with retrospective effect).***

***The following statements are general in nature only and are not intended to constitute a complete analysis of all potential tax consequences of holding an interest in the Notes. Prospective Noteholders should consult their own tax advisers concerning the application of the Australian tax laws and the laws of any other taxing jurisdiction of the ownership of or any dealing in the Notes to their particular circumstances.***

#### 12.1 Payments of Principal, Premiums and Interest

(a) ***Australian interest withholding tax - general***

It is anticipated that the only payments to be made by the Trustee in relation to the Notes will constitute principal or interest for Australian tax purposes. Under existing Australian tax law, non-resident Noteholders (other than persons holding Notes as part of a business carried on at or through a permanent establishment in Australia), or Australian resident Noteholders who hold Notes as part of a business carried on at or through a permanent establishment outside of Australia, may be subject to Australian interest withholding tax on payments of interest or amounts in the nature of interest.

Interest withholding tax generally is levied at the rate of 10% on the gross amount of interest (as defined in section 128A(1AB) of the Income Tax Assessment Act 1936 (Cth) (the "**1936 Act**")) paid or credited by the borrower.

Section 128A(1AB) of the 1936 Act provides that "interest" includes amounts in the nature of interest. A premium on redemption generally would be treated as an amount in the nature of interest.

A payment in consideration of the transfer of a debt interest can also be deemed to be interest in certain circumstances. This includes, for example, where the debt interest is disposed of to an Australian resident prior to the payment of interest with the sole or dominant purpose of avoiding withholding tax on that interest.

Interest that is derived by an Australian resident Noteholder that does not hold the Notes through a permanent establishment outside Australia, or a non-resident Noteholder carrying on business in Australia at or through a permanent establishment in Australia, is not subject to Australian interest withholding tax. However, such Noteholders would generally be subject to Australian income tax on such amounts of interest.

(b) ***Australian interest withholding tax - exemptions***

Pursuant to section 128F of the 1936 Act, an exemption from Australian interest withholding tax applies provided all prescribed conditions are met.

These conditions are:

- the Notes constitute debentures or certain other kinds of debt interests;
- the Notes are issued by a company (including one acting in the capacity of trustee of a trust, where only companies other than trustee companies may benefit under the trust, which will be the case for the Trust) which is a resident of Australia;

- the Trustee is a resident of Australia when the relevant interest is paid on the Notes; and
- the Notes are issued in a manner which satisfies the public offer test as prescribed by section 128F of the 1936 Act.

The Notes should constitute debentures.

The Trustee is a resident of Australia.

Apart from the Class E Notes and the Class F Notes, the Trustee will seek to issue the Notes and interests in any Note in a way that will satisfy the public offer test. The Class E Notes and the Class F Notes will not be offered in a way that satisfies the public offer test, such that the exemption from Australian interest withholding tax should not be available in respect of the Class E Notes and the Class F Notes.

Among other methods, the public offer test can be satisfied where the issue of the Notes resulted from the Notes being offered for issue to at least 10 persons, each of whom:

- was carrying on a business of providing finance, or investing or dealing in securities in the course of operating in financial markets; and
- was not known, or suspected, by the Trustee to be an associate (as defined in section 128F(9) of the 1936 Act) of any of the other persons.

The public offer test will not be satisfied in relation to the issue of the Notes if, at the time of issue, the Trustee knew or had reasonable grounds to suspect that an interest in the Notes was being, or would later be, acquired directly or indirectly by an associate of the Trustee where that associate:

- is either:
  - a non-resident and the Note is not acquired by the associate in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or
  - an Australian resident and the Note is acquired by the associate in carrying on business in a country outside Australia at or through a permanent establishment of the associate in that country,

(an **Offshore Associate**); and

- is acting other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Note, or a clearing house, custodian, funds manager or responsible entity of a registered scheme.

For these purposes, an “associate” of the trustee of a Trust relevantly includes:

- any entity that benefits under the trust;
- if the beneficiary is a natural person, an associate of that person; and
- if the beneficiary is a company, an associate of that company. Associates of a company (known as the “primary entity”) include:
  - a partner of the primary entity, or a partnership in which the primary entity is a partner;
  - an entity that controls the primary entity either by having sufficient influence over, or having a majority voting interest in the primary entity;
  - an entity that is controlled by the primary entity either by the primary entity having sufficient influence over, or having a majority voting interest in, the entity; and
  - certain associates of associates.

**Offshore Associates acting other than in one of the capacities listed above should therefore not acquire any Notes or an interest in any Notes.**



The exemption from Australian interest withholding tax will also not apply to interest paid by the Trustee to an associate of the Trustee if, at the time of the payment, the Trustee knows, or has reasonable grounds to suspect, that the person is an Offshore Associate which does not receive the payment in the capacity of a clearing house, paying agent, custodian, fund manager or responsible entity of a registered scheme.

An exemption from Australian interest withholding tax may also be available under a tax treaty (**Double Tax Agreements**) for interest paid to financial institutions resident in certain countries (including the United Kingdom and the United States of America) where the financial institution is unrelated to and dealing wholly independently with the payer and subject to a number of eligibility requirements. These can include, for example, that the recipient must be entitled to the benefits of the relevant Double Tax Agreement and the interest must not be paid as part of a back-to-back loan or economically equivalent arrangement. The availability of relief under a Double Tax Agreement may also be limited by Australia's adoption of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in circumstances where a Noteholder has an insufficient connection with the relevant jurisdiction.

Noteholders should obtain their own independent tax advice as to whether an exemption from Australian interest withholding tax may be available to them under a Double Tax Agreement.

(c) **Other withholding taxes**

- **Tax file numbers**

Under the Taxation Administration Act 1953 (Cth) (the **TAA**) an amount must be withheld on account of tax at the highest personal marginal rate of tax plus the Medicare Levy (currently 47%) from payments of income on the Notes if the holder of an interest in the Notes does not quote an Australian Tax File Number (**TFN**) or, if applicable, Australian Business Number (**ABN**), or provide proof of a relevant exemption from providing those details. However, a non-resident holder of an interest in the Notes (other than one holding their interest at or through a permanent establishment in Australia) will not be subject to these rules if the payment is subject to Australian interest withholding tax, or would have been subject to Australian interest withholding tax if not for the operation of the section 128F exemption described above.

- **Additional withholdings from certain payments to non-residents**

The TAA also gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents of Australia. However, the regulations will not apply to interest and other payments which are already subject to, or specifically exempt from, Division 11A of Part III of the 1936 Act (which includes the general interest withholding tax provisions discussed at Sections 12.1(a) and 12.1(b) above). Further, regulations may only be made if the responsible Minister is satisfied that the specific payments are of a kind that could be reasonably related to the assessable income of foreign residents. The existing regulations made pursuant to this power are not relevant to any payments in respect of the Notes and it is not anticipated that any future regulations would apply in respect of such payments.

- **Garnishee notices**

The Commissioner of Taxation may issue a notice requiring any person who owes, or who may later owe, money to a taxpayer who has a tax-related liability, to pay to him the money owed to the taxpayer. If the Trustee is served with such a notice in respect of a Noteholder, then the Trustee would be required to comply with that notice.

## 12.2 No payment of additional amounts

If the Notes become subject to any withholding or deduction for, or on account of, any present or future taxes or debts of whatever nature, neither the Manager nor the Trustee will be obliged to pay any additional amounts to Noteholders by way of compensation for such withholding or deduction.

## 12.3 Profit on Sale

Under current Australian tax law, a non-resident Noteholder who has never held their interest in the Notes in carrying on business at or through a permanent establishment in Australia will not be subject to Australian income tax on gains from the sale or disposal of their interest in the Notes unless the gains have an Australian source.

The source of any gain on the disposal of the Notes will depend on the Noteholder's circumstances, as well as the circumstances of the relevant disposal. Generally, where the Notes were initially acquired and are subsequently disposed of by a Noteholder pursuant to contractual arrangements entered into and concluded outside Australia, any payment is made outside Australia and the selling Noteholder and the purchaser are all non-residents of Australia at all relevant times who do not transact through an Australian permanent establishment, it is anticipated that the gain should not have an Australian source.

## 12.4 Goods and Services Tax

### (a) *General*

If an entity makes a taxable supply, it will have to pay GST equal to (generally) one eleventh of the GST-inclusive consideration received for the supply. However, GST is not payable if an entity makes a GST-free supply or an input taxed supply. GST-free supplies include supplies that are for consumption outside Australia. Input taxed supplies include most financial supplies. GST-free characterisation prevails over input taxed characterisation in the event of overlap.

An entity may also incur a GST liability in respect of the acquisition (rather than supply) of services from outside Australia where the supply to the entity is not "connected with Australia" and is not wholly for a "creditable purpose" (the **reverse charge** provisions).

To the extent that the supplies made by an entity are taxable supplies or GST-free supplies the entity can obtain a credit for the GST component of the cost of goods and services acquired to make those supplies.

To the extent that the supplies made by an entity are "input taxed", the entity may not be entitled to a full credit (or in some circumstances, any credit) for the GST component of the cost of goods and services acquired to make those supplies.

### (b) *Application to Noteholders*

On the basis that the Notes will compromise either an input taxed financial supply or (in the case of a supply to a non-Australian resident Noteholder who is not in Australia) a GST-free supply, neither the issue nor the receipt of the Notes will give rise to a liability for GST in Australia.

Neither the payment of principal or interest by the Issuer, nor the disposal of a Note Noteholder will give rise to a GST liability to the Noteholder.

## 12.5 Other Taxes

No stamp duty, issue, registration or similar taxes are payable in Australia in connection with the issue of the Notes.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”) establish a 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 percent withholding tax may be imposed (i) in respect of certain payments of United States source income and (ii) in respect of “foreign passthru payments” (a term which has not yet been 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**”).

A FATCA withholding may be required if (i) an investor does not provide sufficient information for the Trust, the Trustee or any other financial institution through which payments on the Notes are made in order 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, in respect of foreign passthru payments only, the Notes are treated as debt for U.S. federal income tax purposes and the payment is made under a grandfathered obligation, which is generally 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.

In any event, FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

The Australian Government and the U.S. Government signed an intergovernmental agreement in respect of FATCA on 28 April 2014 (“**Australian IGA**”). The Australian Government has enacted legislation which amended, among other things, the Taxation Administration Act 1953 of Australia to give effect to the Australian IGA (“**Australian IGA Legislation**”) and that legislation came into force on 30 June 2014.

Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must follow specific due diligence procedures. In general, these procedures seek to collect certain information from account holders (for example, the Noteholders) and provide the Australian Taxation Office (“**ATO**”) with information on reportable financial accounts (for example, the Notes) held by U.S. persons and recalcitrant account holders. The ATO is required to provide such 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 own 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, nor will it generally be required to deduct FATCA withholding from payments it makes in respect of the Notes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, no additional amounts will be paid by the Trustee as a result of this 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 necessary to comply with FATCA, the Australian IGA and/or the Australian IGA Legislation. 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 necessary to satisfy such obligations.

Potential investors should consult their own tax advisers to determine how FATCA, the Australian IGA and the Australian IGA Legislation may apply to them under the Notes.

## 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 to their local tax authority and follow related due diligence procedures.

Australia has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS (“**Australian CRS Legislation**”). The Australian CRS Legislation requires reporting financial institutions to obtain certifications from account holders in respect of new accounts, including investment in certain securities (which may include the Notes), opened after 30 June 2017.

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 CRS Legislation. As such, Noteholders will be required to provide any information or tax documentation that the Trustee (at the direction of the Manager) determines necessary to comply with CRS or the Australian CRS Legislation. 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 necessary to satisfy such obligations.

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.

## 13 Selling restrictions on the Notes

*This Section 13 (“Selling restrictions on the Notes”) does not apply in respect of any Privately Issued Notes and all references to “Note” (or any derivative thereof) in this Section 13 (“Selling restrictions on the Notes”) (including any references to any agreement, undertaking, representation or warranty having been made by a Joint Lead Manager in respect of any Notes) are to be construed so as to exclude the Privately Issued Notes.*

### 13.1 Australia

No information memorandum, prospectus or other disclosure document (as defined in the Corporations Act) in relation to any of the Notes has been or will be lodged with ASIC or the ASX.

The Notes may not be offered or sold, directly or indirectly, in the Commonwealth of Australia, its territories or possessions, or to any resident of Australia except by way of an offer or sale not required to be disclosed pursuant to Chapter 6D or Chapter 7 of the Corporations Act.

Each of the Joint Lead Managers has severally represented and agreed that it:

- (a) has not, directly or indirectly, offered for issue or sale or invited applications for the issue of or for offers to purchase nor has it sold, the Notes;
- (b) will not, directly or indirectly, offer for issue or sale or invite applications for the issue of or for offers to purchase nor will it sell the Notes; and
- (c) has not distributed or published, and will not distribute or publish any draft, preliminary or definitive information memorandum, or any advertisement or other offering material,

in Australia, its territories or possessions unless the:

- (a) amount payable for the Notes on acceptance of the offer by each offeree or invitee is a minimum amount of A\$500,000 (or its equivalent in another currency) (disregarding amounts, if any, lent by the Manager or other person offering the Notes or any associate of them (as described in Division 2 of Part 1.2 in Chapter 1 of the Corporations Act), which will also include for this purpose the Trustee) or the offer or invitation is otherwise an offer or invitation for which no disclosure is required to be made under Part 6D.2 or Chapter 7 of the Corporations Act and the Corporations Regulations 2001 made under the Corporations Act;
- (b) offer, invitation or distribution complies with all applicable laws, regulations and directives in relation to the offer, invitation or distribution and does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory authority in Australia; and
- (c) offer, invitation or distribution is not made to a person who is a 'retail client' within the meaning of section 761G of the Corporations Act.

In addition, in order for the issuance of the Notes to be undertaken in accordance with the public offer test for the purpose of satisfying the exemption from Australian interest withholding tax in section 128F of the 1936 Act (see Section 12.1 (“Payments of Principal, Premiums and Interest”)), each of the Joint Lead Managers has made certain representations. These representations apply to all Notes other than the Class E Notes and the Class F Notes (the Notes other than the Class E Notes and the Class F Notes, the “**Public Offer Notes**”).

Each of the Joint Lead Managers has represented and agreed that, severally in respect of itself only, that, in connection with the primary distribution of the Public Offer Notes, it has not and will not sell any Public Offer Notes in circumstances where its employees or officers directly involved in the sale have either been previously notified in writing by the Manager or the Trustee, or, have reasonable grounds to suspect that, as a result of such sale, such Public Offer Notes or any

interest in such Public Offer Notes were being, or would later be acquired (directly or indirectly) by an associate for the purposes of section 128F of the 1936 Act of the Trustee or the Manager that is:

- (a) a non-resident of Australia that does not acquire, or would not acquire, the Public Offer Notes in carrying on a business in Australia or through a permanent establishment of the associate in Australia;
- (b) a resident of Australia that acquires, or would acquire, the Public Offer Notes in carrying on a business in a country outside Australia or through a permanent establishment of the associate in that country; or
- (c) included on the lists set out in Schedule 4 of the Dealer Agreement or as otherwise notified by the Manager or Trustee to the Joint Lead Managers after the date of this document,

other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Public Offer Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (where those terms have the same meaning as in section 128F of the 1936 Act).

Each of the Joint Lead Managers has represented and agreed, severally in respect of itself only, that it must make a bona fide offer of the Public Offer Notes for which it subscribes for sale within 30 days of the date of the Dealer Agreement. Such offer must only be by one of the following means (or a combination thereof):

- (a) as a result of negotiations being initiated publicly by a Joint Lead Manager in electronic form, or in another form that is used by financial markets for dealing in instruments similar to the Public Offer Notes;
- (b) as a result of the Public Offer Notes being accepted for listing on a stock exchange, where the Trustee has previously entered into an agreement with it in relation to the placement of the Public Offer Notes requiring such listing;
- (c) by a Joint Lead Manager offering those Public Offer Notes for sale to at least 10 persons, each of whom must be:
  - (i) carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in the financial markets; and
  - (ii) neither known nor suspected by a Joint Lead Manager to be an associate (within the meaning of section 128F of the 1936 Act) of any of the others; or
- (d) by a Joint Lead Manager offering those Public Offer Notes for sale to at least 100 persons who it would be reasonable to regard as either having acquired instruments similar to the Public Offer Notes in the past or as likely to be interested in acquiring the Public Offer Notes or instruments similar to the Public Offer Notes.

## 13.2 United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (**Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (**Regulation S**) or pursuant to any other exemption from the registration requirements of the Securities Act.

Each of the Joint Lead Managers has severally represented and agreed that it has not offered or sold and will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes sold on the Closing Date may not be purchased by, or for the account or benefit of, investors that are "U.S. persons" as defined in Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Risk Retention Rules**) (such persons, **Risk Retention U.S. Persons**) and each investor purchasing of Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed, and, in certain circumstances, will be required to represent and agree that it (1) is not a U.S. person as defined in the U.S. Risk Retention Rules (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

### 13.3 United Kingdom

Each of the Joint Lead Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to 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 the Notes in, from or otherwise involving the United Kingdom.

### 13.4 European Economic Area

Each of the Joint Lead Managers 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 to any retail investor in the European Economic Area or in the United Kingdom. For the purpose 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**);
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (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 Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**); 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 the Notes.

### 13.5 Hong Kong

Each Joint Lead Manager has severally represented and agreed that:

- (a) it has not offered or sold and will not offer or sell any of the Note (except for Notes which are a "structured product" defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**)) in Hong Kong, by means of any document, other than:
  - (i) to **professional investors** as defined in the SFO and any rules made under the SFO; 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 (the **CO**) or which do not constitute an offer to the public within the meaning of the CO; and
- (b) unless permitted to do so under the securities laws of Hong Kong, it 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 document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in 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** as defined in the SFO and any rules made under the SFO.

### 13.6 Singapore

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 severally represented and agreed that it has not offered or sold any Notes or caused any such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA);
- (b) to a relevant person under Section 275(1) of the SFA or to 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 under Section 275 of the SFA by a relevant person which is:

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law; or
- (d) pursuant to Section 276(7) of the SFA; or



- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### **Notification under Section 309B(1)(c) of the SFA**

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Notes are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in Monetary Authority of Singapore (MAS) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **13.7 Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Joint Lead Manager has severally represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **13.8 New Zealand**

Each Dealer has represented and agreed that:

- (a) it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes; and
- (b) it has not distributed and will not distribute, directly or indirectly, any offering materials or advertisement in relation to any offer of Notes, in each case in New Zealand other than:
  - (i) to persons who are “wholesale investors” as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand (**FMC Act**), being a person who is:
    - (A) an “investment business”;
    - (B) “large”; or
    - (C) a “government agency”,in each case as defined in Schedule 1 to the FMC Act; or
  - (ii) in other circumstances where there is no contravention of the FMC Act, provided that (without limiting paragraph (C)) above) Notes may not be offered or transferred to any “eligible investors” (as defined in the FMC Act) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMC Act.

## **13.9 General**

No action has been or will be taken by the Manager, the Trustee or the Arranger or any Joint Lead Manager that would permit a public offering of the Notes or distribution of this Information Memorandum or any other offering or publicity material relating to the Notes in or from any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any

circular, prospectus, form of application, advertisement or other material, may be distributed in or from or published in any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws or regulation.

## 14 Glossary

<b>1936 Act</b>	Has the meaning given in Section 12 (“Tax Considerations”).
<b>A\$, AUD or Australian dollars</b>	The lawful currency of the Commonwealth of Australia.
<b>Accrued Interest Adjustment</b>	<p>In respect of:</p> <p>(a) any Trust Receivable the subject of an Inter-Trust Sale Notice, all accrued but unpaid interest in respect of that Trust Receivable as at 5.00pm on the day immediately prior to the Closing Date;</p> <p>(b) any Trust Receivable the subject of an Offer to Sell Back, all accrued but unpaid interest in respect of that Trust Receivable as at 5.00pm on the day immediately prior to the Settlement Date in respect of that Offer to Sell Back,</p> <p>in each case, to the extent not included in the relevant purchase price.</p>
<b>Adverse Rating Effect</b>	An effect which results in the downgrading or withdrawal of the then current rating of any of the Notes by a Designated Rating Agency.
<b>Affected Receivables</b>	Has the meaning given to it in Section 9.7 (“Disposal of Trust Receivables – Ineligible Rate Change”).
<b>Aggregate Invested Amount</b>	On any day in respect of a Class of Notes, the aggregate of the Invested Amount of all the Notes of that Class.
<b>Aggregate Stated Amount</b>	On any day in respect of a Class of Notes, the aggregate of the Stated Amount of all the Notes of that Class.
<b>ANZ</b>	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
<b>Arranger</b>	ANZ
<b>Arrears</b>	<p>Subsist in relation to a Trust Receivable if the relevant Obligor fails to pay any amount due under that Trust Receivable on the day it was due. Delayed payments arising from payment holidays (agreed in writing by the Seller), or from maternity or paternity leave repayment reductions, which are granted by the Seller or the Servicer, or deducting or satisfying an amount due from the Obligor’s redraw balance, will not, by themselves, lead to a Trust Receivable being in Arrears.</p>
<b>Arrears Ratio</b>	<p>In respect of a Determination Date, the amount (expressed as a percentage) calculated as follows:</p> $A = \frac{B}{C}$ <p>where:</p> <p>A = the Arrears Ratio in respect of that Determination Date;</p> <p>B = the aggregate Outstanding Principal Balance of all Trust Receivables which have been in Arrears for more than 60 consecutive days as at the last day of the Collection Period immediately preceding that Determination Date; and</p> <p>C = the aggregate Outstanding Principal Balance of all Trust Receivables as at the last day of the Collection Period</p>

immediately preceding that Determination Date.

<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Associates</b>	Has the meaning given to that term in the Corporations Act.
<b>ASX</b>	The Australian Securities Exchange or ASX Limited (ABN 98 008 624 691) as the operator of the Australian Securities Exchange, as the context requires.
<b>Auditor</b>	Deloitte Touche Tohmatsu (ABN 74 490 121 060) or such other auditor appointed by the Trustee.
<b>Austraclear</b>	Austraclear Limited (ABN 94 002 060 773).
<b>Austraclear System</b>	The clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system.
<b>Australian Credit Licence</b>	Has the meaning given to that term in the NCCP.
<b>Australian Financial Services Licence</b>	An Australian financial services licence within the meaning of Chapter 7 of the Corporations Act.
<b>Authorised Investments</b>	Means: <ul style="list-style-type: none"> <li>(a) cash deposited in an interest bearing bank account in the name of the Trustee with an Eligible Bank;</li> <li>(b) any certificates of deposit or debt securities which: <ul style="list-style-type: none"> <li>(i) have at least the Required Credit Rating at the time of the acquisition of such investment by the Trustee;</li> <li>(ii) mature (or be capable of being converted to immediately available funds in an amount at least equal to the aggregate outstanding principal amount of that investment plus any accrued interest) on or prior to the next date on which the proceeds from such Authorised Investments will be required to be applied in accordance with Section 8 (“Cashflow Allocation Methodology”);</li> <li>(iii) are denominated in Australian Dollars; and</li> <li>(iv) are held in the name of the Trustee,</li> </ul> </li> </ul> <p>in each case which do not constitute a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority, including any amendment or replacement of that Prudential Standard).</p>
<b>Available Income</b>	In respect of any Determination Date and the immediately following Payment Date, the amount calculated in accordance with Section 8.4 (“Available Income”).
<b>Available Liquidity Amount</b>	On any day an amount equal to: <ul style="list-style-type: none"> <li>(a) the Liquidity Limit on that day; less</li> <li>(b) the Liquidity Principal Outstanding on that day.</li> </ul>
<b>Available Redraw Amount</b>	On any day an amount equal to:

- (a) the Redraw Limit on that day; less
- (b) the Redraw Principal Outstanding on that day.

**Average Arrears Ratio** means, in respect of a Determination Date, the amount (expressed as a percentage) calculated as follows:

$$A = \frac{B}{3}$$

where:

- A = the Average Arrears Ratio in respect of that Determination Date;
- B = the sum of the Arrears Ratio for that Determination Date and the Arrears Ratios for the 2 Determination Dates immediately preceding that Determination Date.

**Bank** An authorised deposit-taking institution (as defined in the Banking Act 1959 (Cth)).

**BBSW** For a Note, on any date for an Interest Period, the rate expressed as a percentage per annum calculated as:

- (a) the rate for prime bank eligible securities having a tenor of one month which is administered by ASX Benchmarks Pty Limited (ABN 38 616 075 417) (or such other person responsible for the administration of that rate from time to time) and designated on the BBSW Screen Page at the BBSW Publication Time; or
- (b) if that rate is not displayed on the BBSW Screen Page by the BBSW Publication Time (other than as a result of a BBSW Disruption Event), or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, "BBSW" means the rate determined by the Calculation Agent in good faith and using commercially reasonable procedures and having regard to comparable indices (if any) at that time.

The rate calculated or determined in accordance with the foregoing procedures will be rounded (if necessary) upwards to 4 decimal places.

**BBSW Disruption Event** Means that BBSW:

- (a) is discontinued or otherwise ceases to be calculated, administered or published; or
- (b) ceases to be in customary market usage in the relevant market as a reference rate appropriate to relevant floating rate pass-through debt securities of a tenor and interest period comparable to that of the Notes.

**BBSW Publication Time** Approximately 12.00 noon Sydney time (or such other time at which the final intraday refix of the rate for prime bank eligible securities having a tenor of one month customarily appears on the BBSW Screen Page).

**BBSW Screen Page** The Bloomberg Monitor System page "BBSW" (or such other screen page published by that information service (or page of a successor information service) as may replace such page for the purpose of displaying that rate).

**BBSW Successor Rate** The rate identified by the Calculation Agent to be the successor to or replacement of BBSW subject to the BBSW Disruption Event or the rate

	that is otherwise in customary market usage in the relevant market for the purpose of determining rates of interest (or the relevant component part thereof) for relevant floating rate pass-through debt securities of a tenor and interest period most comparable to that of the Notes.
<b>Business Day</b>	A day on which banks are open for general banking business in Sydney and Melbourne (not being a Saturday, Sunday or public holiday in that place).
<b>Business Day Convention</b>	The convention for adjusting any date if it would otherwise fall on a day that is not a Business Day, such that the date is postponed to the next Business Day
<b>Calculation Agent</b>	The Manager.
<b>Call Option</b>	The Trustee's option to redeem Notes before the Maturity Date on each Call Option Date in accordance with Condition 8.2 ("Redemption of Notes – Call Option") of the Conditions.
<b>Call Option Date</b>	Has the meaning given in Section 3.3 ("Summary information on the transaction").
<b>Carryover Principal Charge Offs</b>	Has the meaning given in Section 8.11 ("Allocation of Principal Charge-Offs").
<b>Cashflow Allocation Methodology</b>	The cashflow allocation methodology described in Section 8 ("Cashflow Allocation Methodology").
<b>Cashflow Support Facility</b>	Means: <ul style="list-style-type: none"> <li>(a) any Derivative Contract; and</li> <li>(b) the Liquidity Facility Agreement.</li> </ul>
<b>CBA</b>	Commonwealth Bank of Australia (ABN 48 123 123 124).
<b>Circulating Resolution</b>	A written resolution of Secured Creditors made in accordance with paragraph 9 ("Circulating Resolutions") of the Meetings Provisions.
<b>Class</b>	A class of Notes.
<b>Class A Note</b>	Any Note designated as a "Class A Note" which is issued in accordance with the Issue Supplement and the Note Deed Poll.
<b>Class A Noteholder</b>	A Noteholder of a Class A Note.
<b>Class AB Note</b>	Any Note designated as a "Class AB Note" which is issued in accordance with the Issue Supplement and the Note Deed Poll.
<b>Class AB Noteholder</b>	A Noteholder of a Class AB Note.
<b>Class B Note</b>	Any Note designated as a "Class B Note" which is issued in accordance with the Issue Supplement and the Note Deed Poll.
<b>Class B Noteholder</b>	A Noteholder of a Class B Note.
<b>Class C Note</b>	Any Note designated as a "Class C Note" which is issued in accordance with the Issue Supplement and the Note Deed Poll.
<b>Class C Noteholder</b>	A Noteholder of a Class C Note.
<b>Class D Note</b>	Any Note designated as a "Class D Note" which is issued in accordance with the Issue Supplement and the Note Deed Poll.
<b>Class D Noteholder</b>	A Noteholder of a Class D Note.
<b>Class E Note</b>	Any Note designated as a "Class E Note" which is issued in accordance with the Issue Supplement and the Note Deed Poll.
<b>Class E Noteholder</b>	A Noteholder of a Class E Note.

<b>Class F Note</b>	Any Note designated as a "Class F Note" which is issued in accordance with the Issue Supplement and the Note Deed Poll.
<b>Class F Noteholder</b>	A Noteholder of a Class F Note.
<b>Class Margin</b>	In respect of a Class of Notes, has the meaning given to it in Section 3.2 ("Summary information on the Notes").
<b>Clearing System</b>	The Austraclear System or any other clearing system that may be specified in the Issue Supplement.
<b>Closing Date</b>	Has the meaning given to it in Section 3.3 ("Summary information on the transaction").
<b>Collateral</b>	All Trust Assets which the Trustee acquires or to which the Trustee becomes entitled on or after the date of the General Security Deed.
<b>Collateral Account</b>	A segregated account opened at the direction of the Manager in the name of the Trustee with an Eligible Bank to which the proceeds of any Collateral Advance are to be deposited.
<b>Collateral Advance</b>	The principal amount of each advance made by the Liquidity Facility Provider under the Liquidity Facility Agreement, or the balance of such advance outstanding from time to time as the context requires and includes any deemed Collateral Advance in accordance with the Liquidity Facility Agreement.
<b>Collateral Advance Request</b>	A request for a Collateral Advance made in accordance with the Liquidity Facility Agreement.
<b>Collateral Support</b>	On any day: <ul style="list-style-type: none"> <li>(a) in respect of a Derivative Contract, the amount of collateral (if any) paid or transferred to the Trustee by a Derivative Counterparty in accordance with the terms of a Derivative Contract that has not been applied before that day to satisfy the Derivative Counterparty's obligations under the Derivative Contract; and</li> <li>(b) in respect of the Liquidity Facility Agreement, the Collateral Account Balance on that day.</li> </ul>
<b>Collection Period</b>	The period from (and including) the first day of a calendar month to (and including) the last day of that calendar month, provided that the first Collection Period will commence on (and include) the Closing Date and will end on (and include) 31 December 2020.
<b>Collections</b>	In respect of a Collection Period, all amounts received by, or on behalf of, the Trustee in respect of the Trust Receivables, including, without limitation: <ul style="list-style-type: none"> <li>(a) all principal, interest and fees;</li> <li>(b) the proceeds received under any Mortgage Insurance Policy;</li> <li>(c) any proceeds recovered from any enforcement action in respect of a Trust Receivable;</li> <li>(d) any proceeds received on any sale or Reallocation of any Trust Receivable;</li> <li>(e) any amount received as damages in respect of a breach of any representation, warranty or covenant in connection with any Trust Receivable; and</li> </ul>

- (f) any amounts paid by the Seller in accordance with Section 9.10 (“Interest Offset Accounts”).

In respect of the first Collection Period it also includes (without double-counting), any Principal Adjustment paid by the Seller or the Disposing Trustee to the Trustee.

<b>Conditions</b>	The conditions of the Notes set out in Section 6 (“Terms and Conditions of the Notes”).
<b>Consumer Credit Code</b>	Has the meaning given in Section 4.34 (“National Credit Code”) of this Information Memorandum.
<b>Controller</b>	has the meaning given to it in the Corporation Act.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Costs</b>	Includes costs, charges, fees and expenses, including those incurred in connection with advisers.
<b>Counterparty</b>	Each party to any Transaction Document other than Trustee and the Security Trustee.
<b>Cut-Off Date</b>	Has the meaning given to it in Section 3.3 (“Summary information on the transaction”).
<b>CRA Regulation</b>	Has the meaning given to it in Section 1.9 (“Reference to credit ratings”).
<b>Credit Policies and Procedures</b>	Those policies and procedures of the Seller or the Servicer relating to the origination, servicing and enforcement (as applicable) of the Receivable as those policies and procedures may be amended from time to time by the Seller or the Servicer and applied from time to time in the Seller’s or the Servicer’s ordinary course of business.
<b>Day Count Fraction</b>	means, for the purposes of the calculation of interest for any period, the actual number of days in the period divided by 365.
<b>Dealer Agreement</b>	The document entitled “Dealer Agreement – SMHL Securitisation Trust 2020-1” dated on or around 11 December 2020 between the Trustee, the Manager, the Arranger and the Joint Lead Managers.
<b>Delinquent Receivable</b>	A Trust Receivable that is in Arrears for more than 90 consecutive days.
<b>Derivative Contract</b>	Means: <ul style="list-style-type: none"> <li>(a) each Initial Derivative Contract; and</li> <li>(b) each other Derivative Contract (as defined in the Master Definitions Schedule) in respect of the Trust entered into by the Trustee provided that a Rating Notification has been given respect of such Derivative Contract.</li> </ul>
<b>Derivative Counterparty</b>	At any time, the counterparty under a Derivative Contract.
<b>Designated Rating Agency</b>	Each of S&P and Fitch.
<b>Determination Date</b>	For a Payment Date, the day which is 3 Business Days prior to a Payment Date.
<b>Disposing Trustees’ Master Trust Deed</b>	The document entitled “Superannuation Members Home Loans Trusts Master Trust Deed” dated 4 July 1994 between the Disposing Trustees and others (as amended from time to time).
<b>Eligible Bank</b>	Any Bank with a rating equal to or higher than:



	<p>(a) in respect of S&amp;P:</p> <p>(i) a long term credit rating of A; or</p> <p>(ii) if the relevant entity does not have a long term credit rating from S&amp;P, a short-term credit rating of A-1; and</p> <p>(b) in in respect of Fitch, a long term credit rating of A or a short term credit rating of F1,</p> <p>or such other credit ratings by the relevant Designated Rating Agency as may be notified by the Manager to the Trustee from time to time provided that a Rating Notification is given in respect of such other credit ratings.</p>
<b>Eligible Receivable</b>	A Trust Receivable which satisfies the Eligibility Criteria on the Closing Date.
<b>Eligibility Criteria</b>	Has the meaning given to it in Section 9.5 ("Eligibility Criteria").
<b>Encumbrance</b>	Any: <p>(a) security interest as defined in section 12(1) or section 12(2) of the PPSA; or</p> <p>(b) 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; or</p> <p>(c) 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; or</p> <p>(d) 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</p> <p>(e) third party right or interest or any right arising as a consequence of the enforcement of a judgment,</p> <p>or any agreement to create any of them or allow them to exist.</p>
<b>Enforcement Expenses</b>	All expenses incurred or paid by the Servicer or the Trustee in connection with the enforcement of any Trust Receivable in accordance with the Transaction Documents.
<b>Event of Default</b>	Has the meaning given to it in Section 11.4 ("The Security Trust Deed and the General Security Deed").
<b>Excess Income Reserve</b>	The ledger account as described in Section 8.17 ("Excess Income Reserve").
<b>Excess Income Reserve Amount</b>	In respect of a Payment Date, an amount equal to: <p><math>A \times (100\% - B)</math></p> <p>where:</p> <p>A = the amount of Total Available Income available to be applied on that Payment Date under Section 8.9(r) ("Application of Total Available Income"); and</p>

B = the then prevailing corporate tax rate (expressed as a percentage) applicable in Australia.

**Excess Income Reserve Draw**

Has the meaning set out in Section 8.5 ("Excess Income Reserve Draw").

**Excluded Tax**

The following Taxes:

- (a) any FATCA Withholding Tax;
- (b) amounts imposed or required to be withheld in relation to a payment to the relevant person who is either:
  - (i) a resident of Australia who participates in the transaction at or through a permanent establishment outside Australia; or
  - (ii) a non-resident of Australia who does not participate in the transaction at or through a permanent establishment in Australia;
- (c) a Tax which would not be required to be withheld or deducted by the Trustee in respect of an amount paid to, or to a third party on behalf of, the relevant person, if that person had supplied an appropriate Australian tax file number, (if applicable), Australian Business Number or details of an applicable exemption from these requirements;
- (d) a Tax imposed by any jurisdiction on the net income or profits of the relevant person but not any Tax calculated on or by reference to the gross amount of any payment (without allowance for any deduction) derived by the person under any Transaction Document or any other document referred to in a Transaction Document; or

in a case where the Trustee receives a notice or direction under section 260-5 of Schedule 1 to the *Taxation Administration Act 1953*, section 255 of the *Income Tax Assessment Act 1936* or any analogous provisions, any amounts paid or deducted from sums payable to the relevant person by the Trustee in compliance with such notice or direction.

**Extraordinary Resolution**

Means:

- (a) a resolution passed at a meeting of Secured Creditors of the relevant Trust by at least 75% of the votes cast; or
- (b) a Circulating Resolution made in accordance with paragraph 9.1(b) ("Passing resolutions by Circulating Resolution") of the Meetings Provisions.

**FATCA**

Means:

- (a) sections 1471 to 1474 of the United States of America Internal Revenue Code of 1986 or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other

	jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
	(c) any agreement under the implementation of paragraphs (a) or (b) above, with the United States of America Internal Revenue Service, the United States of America government or any governmental or taxation authority in any other jurisdiction.
<b>FATCA Withholding Tax</b>	Any withholding or deduction required to be made under or in connection with, or in order to ensure compliance with, FATCA.
<b>Financial Year</b>	Means: <ul style="list-style-type: none"> <li>(a) a period of a year ending on 30 June; or</li> <li>(b) if the Trust has adopted a substituted accounting period under section 18(1) of the Tax Act, a period of a year ending on the last day of that accounting period.</li> </ul>
<b>Fitch</b>	Fitch Australia Pty Ltd (ABN 93 081 339 184).
<b>Fixed Rate Loan Term End Date</b>	17 December 2025.
<b>Fixed Rate Mortgage Loans</b>	Loans described in Section 9.2 ("Trust Asset features") of this Information Memorandum under the heading "Fixed Rate Mortgage Loans".
<b>Fixed Rate Swap</b>	Means: <ul style="list-style-type: none"> <li>(a) each fixed rate swap transaction: <ul style="list-style-type: none"> <li>(i) entered into between the Trustee, the Manager and a Fixed Rate Swap Provider under the relevant Initial Derivative Contract; or</li> <li>(ii) novated to the Trustee under a Swap Novation Agreement; or</li> </ul> </li> <li>(b) any replacement fixed rate swap transaction entered into on such other terms as agreed between the Trustee, the Manager and the relevant Fixed Rate Swap Provider.</li> </ul>
<b>Fixed Rate Swap Provider</b>	ANZ, NAB or such other person who may be appointed under a Derivative Contract to act as the Fixed Rate Swap Provider.
<b>Further Advance</b>	In relation to a Trust Receivable, any advance of further money to the relevant Obligor in respect of that Trust Receivable, but does not include any Redraw.
<b>General Insurance Policy</b>	Any insurance policy in force issued in respect of a Property.
<b>General Security Deed</b>	The deed entitled "General Security Deed – SMHL Securitisation Trust 2020-1" dated on or about 14 December 2020 between the Trustee and others.
<b>Genworth Financial</b>	Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305).
<b>Government Agency</b>	Means: <ul style="list-style-type: none"> <li>(a) any body politic or government in any jurisdiction, whether</li> </ul>

	<p>federal, state, territorial or local;</p> <p>(b) any minister, department, office, commission, instrumentality, agency, board, authority or organisation of any government or in which any government is interested; and</p> <p>(c) any corporation owned or controlled by any government.</p>
<b>GST</b>	Has the meaning it has in the GST Act.
<b>GST Act</b>	A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>Income Collections</b>	<p>In relation to the Trust Receivables and a Collection Period, the aggregate of (without double counting):</p> <p>(a) all Collections in respect of that Collection Period which are in the nature of interest, income, fees or charges (as determined by the Servicer); plus</p> <p>(b) any Recoveries received by, or on behalf of, the Trustee during that Collection Period; plus</p> <p>(c) any other Collections that the Manager determines are of a similar nature and should be included as Income Collections.</p>
<b>Ineligible Rate Change</b>	In respect of a Trust Receivable, a change in the interest rate terms of that Trust Receivable such that the fixed rate period would end on or after the Fixed Rate Loan Term End Date.
<b>Information Memorandum</b>	Has the meaning given in Section 1.1 ("Interpretation") of this Information Memorandum.
<b>Initial Derivative Contract</b>	<p>Each of:</p> <p>(a) the ISDA Master Agreement (including all Schedules and Annexures) dated on or about the date of this deed between the Trustee, ANZ and others; and</p> <p>(b) the ISDA Master Agreement (including all Schedules and Annexures) dated on or about the date of this deed between the Trustee, NAB and others.</p>
<b>Insolvent</b>	<p>A person is Insolvent if:</p> <p>(a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);</p> <p>(b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property;</p> <p>(c) it is subject to any arrangement (including a deed of company arrangement or scheme of arrangement), assignment, moratorium, compromise or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to the Master Definitions Schedule);</p> <p>(d) an application or order has been made (and in the case of an application which is disputed by the person, it is not stayed,</p>

withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in any of the above paragraphs;

- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to the Master Definitions Schedule reasonably deduces it is so subject);
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to any of the things described in the above paragraphs happens in connection with that person under the law of any jurisdiction.

The reference to “person” in the above definition, when used in respect of the Trustee or the Security Trustee, is a reference to the Trustee or the Security Trustee:

- (a) in its personal capacity; and
- (b) in its capacity as trustee of the Trust or Security Trust (as applicable),

but not the Trustee or Security Trustee in its capacity as trustee of any other trust. Any non-payment of any amount owing by the Trustee as a result of the operation of the Cashflow Allocation Methodology or the limitation of liability described in the sections titled “Indemnity” and “Limitation of Trustee’s liability” of Section 11.2 (“Master Trust Deed”) will not result in the Trustee being Insolvent.

**Insurance Policy**

In respect of a Receivable, any:

- (a) General Insurance Policy;
- (b) Mortgage Insurance Policy;
- (c) Other insurance policy identified by the Seller or the Servicer as being referable to that Receivable.

**Inter-Trust Sale**

An assignment of Trust Assets from a Disposing Trust to the Trust in accordance with the Inter-Trust Sale Deed.

**Inter-Trust Sale Date**

In respect of an Inter-Trust Sale, the date specified as such in the relevant Inter-Trust Sale Notice.

**Inter-Trust Sale Notice**

A completed notice substantially in the form set out in Schedule 1 of the Inter-Trust Sale Deed.

**Interest Offset Account**

Means:

- (a) an “ME Everyday Transaction Account” held by an obligor with the Seller; or
- (b) another eligible deposit account maintained by an obligor with the Seller,

in each case, which is linked to a Trust Receivable and 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 the Trust Receivable and the terms and conditions of the account allow the Seller to close the account without reason by giving not more than 14 days prior written notice to the Obligor.

**Interest Period**

In respect of a Note:

- (a) initially, the period from (and including) the Issue Date of that Note to (but excluding) the first Payment Date following that Issue Date; and
- (b) thereafter, each period from (and including) each Payment Date to (but excluding) the next following Payment Date.

**Interest Rate**

For a Note, the interest rate (expressed as a percentage rate per annum) for that Note determined in accordance with Condition 6.3 ("Interest Rate") of the Conditions (see Section 6 ("Terms and Conditions of the Notes")).

**Invested Amount**

At any time in respect of a Note:

- (a) the principal amount of that Note on its Issue Date; less
- (b) the aggregate of all principal repayments made in respect of that Note prior to that time.

**Issue Date**

For any Note, the date on which the Note is, or is proposed to be, issued.

**Issue Supplement**

The document entitled "Issue Supplement – SMHL Securitisation Trust 2020-1" dated on or around 14 December 2020 between the Trustee, the Security Trustee, the Servicer and others.

**Japanese Retention Rules**

Has the meaning given in Section 1.20 ("Japanese risk retention requirements").

**Joint Lead Managers**

Each of:

- (a) Australia and New Zealand Banking Group Limited (ABN 11 005 357 522);
- (b) Commonwealth Bank of Australia (ABN 48 123 123 124);
- (c) MUFG Securities Americas Inc. (ARBN 612 562 008); and
- (d) National Australia Bank Limited (ABN 12 004 044 937).

**Land**

Means:

- (a) land (including tenements and hereditaments corporeal and incorporeal and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, and whether at law or in equity) wherever situated and including any fixtures to land; and
- (b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes Development Act 2015 (New South Wales) or the Community Land Development Act 1989 (New South Wales) or any equivalent

legislation in any other Australian jurisdiction.

<b>Liquidity Advance</b>	has the meaning given to it in Section 11.7 (“Liquidity Facility Agreement”) and includes any withdrawal from the Collateral Account which is deemed to be a Liquidity Advance in accordance with the Liquidity Facility Agreement.
<b>Liquidity BBSW</b>	<p>For a Note, on any date for a Liquidity Interest Period, the rate expressed as a percentage per annum calculated as:</p> <p>(a) the rate for prime bank eligible securities having a tenor of one month which is administered by ASX Benchmarks Pty Limited (ABN 38 616 075 417) (or such other person responsible for the administration of that rate from time to time) and designated on the BBSW Screen Page at the BBSW Publication Time; or</p> <p>(b) if that rate is not displayed on the BBSW Screen Page by the BBSW Publication Time (other than as a result of a BBSW Disruption Event), or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, “BBSW” means the rate determined by the Calculation Agent in good faith and using commercially reasonable procedures and having regard to comparable indices (if any) at that time.</p> <p>The rate set by the Calculation Agent must be expressed as a percentage rate per annum and be rounded up to the nearest fourth decimal place.</p>
<b>Liquidity Draw</b>	Has the meaning given to it in Section 8.7 (“Liquidity Draw”).
<b>Liquidity Event of Default</b>	Has the meaning given in Section 11.7 (“Liquidity Facility Agreement”).
<b>Liquidity Facility</b>	Has the meaning given in Section 11.7 (“Liquidity Facility Agreement”).
<b>Liquidity Facility Agreement</b>	<p>means:</p> <p>(a) the agreement entitled “Liquidity Facility Agreement - SMHL Securitisation Trust 2020-1” dated on or around 14 December 2020 between the Trustee and others; and</p> <p>(b) any other agreement which the Trustee and the Manager agree is a “Liquidity Facility Agreement” in respect of the Trust and in respect of which Rating Notification has been given.</p>
<b>Liquidity Facility Availability Period</b>	The period from the date of the Liquidity Facility Agreement and ending on the Liquidity Facility Termination Date.
<b>Liquidity Facility Provider</b>	ME, or any replacement liquidity facility provider.
<b>Liquidity Facility Termination Date</b>	Has the meaning given to it in Section 11.7 (“Liquidity Facility Agreement”).
<b>Liquidity Interest Period</b>	Has the meaning given to it in Section 11.7 (“Liquidity Facility Agreement”).
<b>Liquidity Interest Rate</b>	In respect of a Liquidity Advance and a Liquidity Interest Period, the Liquidity BBSW for that Interest Period plus a margin (as determined under the Liquidity Facility Agreement).
<b>Liquidity Limit</b>	Has the meaning given in Section 3.3 (“Summary information on the transaction”).
<b>Liquidity Principal Outstanding</b>	On any day, an amount equal to:

- (a) the aggregate of all Liquidity Advances made on or before that day; less
- (b) any repayments or prepayments of all such Liquidity Advances made by the Trustee on or before that day.

**Liquidity Shortfall (First)**

In respect of a Determination Date and the immediately following Payment Date, the amount (if positive) equal to:

$A - B$

where:

A = the Required Payments in respect of that Payment Date;

B = the Available Income in respect of that Determination Date.

If this calculation is negative, the Liquidity Shortfall (First) is equal to zero.

**Liquidity Shortfall (Second)**

In respect of a Determination Date and the immediately following Payment Date, the amount (if positive) equal to:

$A - B - C$

where:

A = the Required Payments in respect of that Payment Date;

B = the Available Income in respect of that Determination Date;

C = the Excess Income Reserve Draw (if any) in respect of that Determination Date.

If this calculation is negative, the Liquidity Shortfall (Second) is equal to zero.

**Liquidity Shortfall (Third)**

In respect of a Determination Date and the immediately following Payment Date, the amount (if positive) equal to:

$A - B - C - D$

where:

A = the Required Payments in respect of that Payment Date;

B = the Available Income in respect of that Determination Date;

C = the Excess Income Reserve Draw (if any) in respect of that Determination Date;

D = the Principal Draw (if any) in respect of that Determination Date.

If this calculation is negative, the Liquidity Shortfall (Third) is equal to zero.

**Loan**

A loan or other form of financial accommodation.

**Loan Redraw Facility**

Any facility under which a mortgagor may apply to redraw amounts under the Loan where the actual outstanding principal balance under the Trust



	Receivable is less than the scheduled principal balance of the Trust Receivable.
<b>Low Doc Loan</b>	A Trust Receivable in respect of which the Obligor's income is not fully verified by the lender and is substantiated through alternative means to those generally accepted by Australian commercial bank lenders in respect of secured residential loans.
<b>LVR</b>	Has the meaning given in Section 15.4 ("Pool of Mortgage Loans by loan to valuation ratio") and in respect of a Trust Receivable is expressed as a percentage and calculated by dividing the Outstanding Principal Balance of the Trust Receivable as at the Cut-Off Date for that Trust Receivable by the value of the Land (including all improvements thereon) secured by the Mortgage as set out in any valuation report obtained prior to the Cut-Off Date or, in the absence of a valuation report, as determined by the Servicer in accordance with the Credit Policies and Procedures.
<b>Master Management Deed</b>	The deed entitled "ME Bank Master Management Deed" dated on or around 23 September 2020 between the Trustee, the Manager and others and described in Section 11.3 ("Master Management Deed").
<b>Manager</b>	ME
<b>Manager Termination Event</b>	Has the meaning given in Section 11.3 ("Master Management Deed").
<b>Master Definition Schedule</b>	The deed entitled "ME Bank Master Definitions Schedule" dated on or around 23 September 2020 between the Trustee, the Manager and others.
<b>Master Sale Deed</b>	The deed entitled "ME Bank Master Sale Deed" dated on or around 23 September 2020 between the Trustee, the Manager and others.
<b>Master Servicing Deed</b>	The deed entitled "ME Bank Master Servicing Deed" dated on or around 23 September 2020 between the Trustee, the Manager and others and described in Section 11.5 ("Master Servicing Deed") of this Information Memorandum.
<b>Master Trust Deed</b>	The deed entitled "ME Bank Master Trust Deed" dated on or around 23 September 2020 between the Trustee and the Manager and described in Section 11.2 ("Master Trust Deed") of this Information Memorandum.
<b>Material Adverse Effect</b>	Any event which materially and adversely affects or is likely to affect the amount of any payment due to be made to any Secured Creditor in relation to the Trust or materially and adversely affects the timing of such payment.
<b>Maturity Date</b>	Means the Payment Date occurring in December 2052.
<b>ME</b>	Members Equity Bank Limited (ABN 56 070 887 679).
<b>Meetings Provisions</b>	The provisions relating to meetings of Secured Creditors set out in schedule 2 ("Meetings Provisions") of the Security Trust Deed.
<b>Mortgage</b>	In relation to a Trust Receivable means each mortgage over Land situated in any State or Territory of Australia securing, amongst other things, the repayment of the Trust Receivable and the payment of interest and all other moneys in respect of the Trust Receivable notwithstanding that by its terms the mortgage may secure other liabilities.
<b>Mortgage Insurance Policies</b>	Any policy of insurance covering a Trust Receivable against losses in the nature of principal or interest, including timely payment cover.
<b>Mortgage Insurers</b>	The insurer under a Mortgage Insurance Policy, being Genworth Financial and QBE. For further details see Section 10.2 ("The Mortgage Insurers and the Mortgage Insurance Policies") in this Information Memorandum.
<b>Mortgage Loan</b>	A Loan secured by a Mortgage.
<b>MUFG</b>	MUFG Securities Americas Inc. (ARBN 612 562 008).

<b>NAB</b>	National Australia Bank Limited (ABN 12 004 044 937).
<b>National Credit Code</b>	Schedule 1 of the NCCP.
<b>National Credit Legislation</b>	Means: <ul style="list-style-type: none"> <li>(a) the NCCP;</li> <li>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);</li> <li>(c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth) (“<b>Transitional Act</b>”);</li> <li>(d) any regulations made under any of the acts set out in paragraphs (a) to (c) above, including the NCCP Regulations; and</li> <li>(e) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth), so far as it relates to obligations in respect of an Australian Credit Licence issued under the NCCP.</li> </ul>
<b>NCCP</b>	The National Consumer Credit Protection Act 2009 (Cth).
<b>NCCP Regulations</b>	The National Consumer Credit Protection Regulations 2010 (Cth).
<b>Net Trust Income</b>	In respect of a Financial Year of a Trust, the income of the Trust for that Financial Year as determined under the Master Trust Deed.
<b>Note Deed Poll</b>	The deed entitled “Note Deed Poll – SMHL Securitisation Trust 2020-1” dated on or around 14 December 2020 and signed by the Trustee.
<b>Note Register</b>	The register of Notes in respect of the Trust established and maintained by the Trustee in accordance with the Master Trust Deed.
<b>Noteholder</b>	For a Note, each person whose name is entered in the Note Register as the holder of that Note.
<b>Notes</b>	Means: <ul style="list-style-type: none"> <li>(a) the Class A Notes;</li> <li>(b) the Class AB Notes;</li> <li>(c) the Class B Notes;</li> <li>(d) the Class C Notes;</li> <li>(e) the Class D Notes;</li> <li>(f) the Class E Notes; and</li> <li>(g) the Class F Notes,</li> </ul> <p>as applicable.</p>
<b>Notice of Creation of Security Trust</b>	The document entitled “Notice of Creation of Security Trust – SMHL Securitisation Security Trust 2020-1” dated 28 September 2020 signed by the Security Trustee.
<b>Notice of Creation of Trust</b>	The document entitled “Notice of Creation of Trust – SMHL Securitisation Security Trust 2020-1” dated 28 September 2020 signed by the Trustee.
<b>Obligor</b>	In relation to a Trust Receivable or a Related Security, any person who is obliged to make payments (whether alone, jointly or severally) to the Seller or the Trustee (as applicable) in connection with that Trust Receivable, including any guarantor.

<b>Offer to Sell Back</b>	An offer by the Trustee to sell Trust Receivables back to the Seller in accordance with the Master Sale Deed.
<b>Ordinary Resolution</b>	Means: <ul style="list-style-type: none"> <li>(a) a resolution passed at a meeting of Secured Creditors by at least 50% of the votes cast; or</li> <li>(b) a Circulating Resolution made in accordance with paragraph 9.1(a) ("Passing resolutions by Circulating Resolution") of the Meetings Provisions.</li> </ul>
<b>Other Income</b>	In respect of a Collection Period, any miscellaneous income and other amounts (deemed by the Manager to be in the nature of income or interest) received by or on behalf of the Trustee during that Collection Period in respect of the Trust Assets, including income earned on Authorised Investments or the Collections Account but excluding any interest on or other income attributable to any Collateral Support in respect of that Collection Period. If any amounts which properly constitute Other Income are received by the Trustee with deductions for fees or expenses, only the net amount received by the Trustee will be classified as Other Income.
<b>Other Secured Liability</b>	In respect of any Trust Receivable and Related Security, any financial accommodation (other than the Trust Receivable) provided by the Seller, the payment or repayment of which is secured by that Related Security which is, or is to be, assigned or Reallocated to the Trust.
<b>Outstanding Principal Balance</b>	In relation to a Trust Receivable, the outstanding principal balance of that Trust Receivable at that time, disregarding any interest offset benefits under an Interest Offset Account in relation to that Trust Receivable.
<b>Overpayment</b>	In respect of a Trust Receivable, any additional amounts of principal received above the regular Receivable Scheduled Payments due in respect of such Trust Receivable, paid by the relevant Obligor, which: <ul style="list-style-type: none"> <li>(a) is permitted by the Receivable Terms; and</li> <li>(b) reduces the Outstanding Principal Balance of such Trust Receivable.</li> </ul>
<b>Participation Unit</b>	The participation unit in the Trust issued pursuant to the Master Trust Deed and the Notice of Creation of Trust.
<b>Participation Unitholder</b>	Has the meaning given in Section 9.1 ("The Trust and the Unitholders of the Trust") of this Information Memorandum.
<b>Payment Date</b>	Has the meaning given in Section 3.3 ("Summary information on the transaction").
<b>Penalty Payment</b>	Means: <ul style="list-style-type: none"> <li>(a) any amount (including, without limitation, any civil or criminal penalty) for which the Trustee is liable under the National Credit Legislation and legal costs and other expenses payable or incurred by Trustee in relation to such liability;</li> <li>(b) any other liability payable by the Trustee, or legal costs or other expenses payable or incurred by the Trustee, in relation to such liability;</li> </ul>

- (c) any amount which the Trustee agrees to pay (with the consent of the Servicer, such consent not to be unreasonably withheld) to an Obligor or other person in settlement of any liability or alleged liability or application for an order under the National Credit Legislation;
- (d) any reasonable legal costs or other costs and expenses payable or incurred by the Trustee in relation to that application or settlement; and
- (e) any other losses incurred by the Trustee as a result of any breach of the National Credit Legislation,

to the extent to which a person can be indemnified for that liability, money or amount under the National Credit Legislation and includes all amounts ordered by a court or other judicial body or External Dispute Resolution Scheme to be paid by the Trustee in connection with paragraphs (a) through (e).

<b>Performing Receivable</b>	A Trust Receivable that is not a Delinquent Receivable
<b>Permitted Encumbrance</b>	In respect of the Trust: <ul style="list-style-type: none"> <li>(a) the General Security Deed; and</li> <li>(b) any Encumbrance arising under or expressly permitted or contemplated by any other Transaction Document.</li> </ul>
<b>Perpetual Group</b>	Perpetual Corporate Trust Limited and its related bodies corporate.
<b>Pool of Mortgage Loans</b>	All Mortgage Loans which comprise the Trust Assets as described in Section 15 ("The Pool of Mortgage Loans") of this Information Memorandum.
<b>Potential Event of Default</b>	An event which, with the giving of notice or lapse of time, would be likely to become an Event of Default.
<b>PPSA</b>	The Personal Property Securities Act 2009 (Cth).
<b>Preparation Date</b>	Has the meaning given in Section 1.2 ("Date and currency of this Information Memorandum").
<b>Principal Adjustment</b>	In respect of any Trust Receivable the subject of an Inter-Trust Sale Notice, an amount equal to all amounts (in the nature of principal) received by the Disposing Trust in respect of that Trust Receivable during the period from (but excluding) the Cut-Off Date specified in the Inter-Trust Sale Notice to (but excluding) the Closing Date.
<b>Principal Charge-Off</b>	In respect of a Determination Date and the immediately following Payment Date, the amount (if any) by which the Principal Losses in respect of the immediately preceding Collection Period exceeds the amount available to be applied from Total Available Income on that Payment Date under Section 8.9(p) ("Application of Total Available Income").
<b>Principal Collections</b>	In relation to the Trust Receivables and a Collection Period, the aggregate of (without double counting): <ul style="list-style-type: none"> <li>(a) all Collections in respect of that Collection Period which are in the nature of principal (as determined by the Servicer) including all such Collections which constitute a repayment in respect of the Outstanding Principal Balance of any Trust Receivable; plus</li> <li>(b) any other Collections that the Manager determines are of a similar nature and should be included as Principal Collections,</li> </ul>

	but excludes any amount included as Income Collections in respect of that Collection Period.
<b>Principal Draw</b>	Has the meaning given to it in Section 8.6 (“Principal Draw”).
<b>Principal Losses</b>	In respect of a Collection Period, the aggregate principal losses (as determined by the Servicer and notified to the Manager) for all Trust Receivables which arise during that Collection Period after all enforcement action has been taken in respect of any Trust Receivables and after taking into account: <ul style="list-style-type: none"> <li>(a) all proceeds received as a consequence of enforcement under any Trust Receivables (less the relevant Enforcement Expenses);</li> <li>(b) any proceeds of any claims under a Mortgage Insurance Policy; and</li> <li>(c) any payments received from the Seller, the Servicer or any other person for a breach of its obligations under the Transaction Documents.</li> </ul>
<b>Privately Issued Notes</b>	Has the meaning given in Section 1.3 (“Function of this Information Memorandum”).
<b>Property</b>	The property the subject of a Related Security.
<b>Prudent Servicer</b>	An appropriately qualified and reasonably prudent servicer of receivables similar to those which constitute the Trust Receivables.
<b>Purchase Price</b>	In respect of an Inter-Trust Sale Notice, the amount specified as such in that Inter-Trust Sale Notice.
<b>QBE</b>	QBE Lenders’ Mortgage Insurance Limited (ABN 70 000 511 071).
<b>Rating Notification</b>	In relation to the Trust and to an event or circumstance, means that the Manager has notified each Designated Rating Agency of the event or circumstance and that the Manager is satisfied that the event or circumstance is unlikely to result in an Adverse Rating Effect.
<b>Reallocation</b>	Reallocation of Trust Assets from one Trust to another Trust in accordance with the Master Trust Deed.
<b>Receivable</b>	A Mortgage Loan.
<b>Receivable Scheduled Payments</b>	In respect of a Trust Receivable, the amount which the applicable Receivable Terms require an Obligor to pay on a scheduled date in respect of that Trust Receivable.
<b>Receivable Terms</b>	In respect of a Trust Receivable, any agreement or other document that evidences the Obligor’s payment or repayment obligations or any other terms and conditions of that Trust Receivable or Related Security.
<b>Receiver</b>	Includes a receiver or receiver and manager.
<b>Record Date</b>	For a payment due in respect of a Note, the fifth Business Day immediately preceding the relevant Payment Date, or any other date specified in, or determined in accordance with, the Issue Supplement.
<b>Recoveries</b>	Amounts received from or on behalf of Obligors or under any Purchased Related Security in respect of a Trust Receivable that was previously the subject of a Principal Loss.
<b>Redemption Amount</b>	On any day in respect of a Note an amount equal to the aggregate of: <ul style="list-style-type: none"> <li>(a) the Invested Amount of that Note (or such lesser amount if approved by an Extraordinary Resolution of the Noteholders of that Class of Notes); and</li> </ul>

	(b) all accrued and unpaid interest in respect of that Note, on that day.
<b>Redraw</b>	In respect of a Trust Receivable, a re-advance by the Seller of some or all of the Overpayments that the relevant Obligor has paid on the Trust Receivable (but shall not include, for the avoidance of doubt, a re-advance of an Overpayment which has already been re-advanced (whether by payment or deduction)).
<b>Redraw Advance</b>	A drawing made under the Redraw Facility Agreement.
<b>Redraw BBSW</b>	For a Note, on any date for an Redraw Interest Period, the rate expressed as a percentage per annum calculated as: <ul style="list-style-type: none"> <li>(a) the rate for prime bank eligible securities having a tenor of one month which is administered by ASX Benchmarks Pty Limited (ABN 38 616 075 417) (or such other person responsible for the administration of that rate from time to time) and designated on the BBSW Screen Page at the BBSW Publication Time; or</li> <li>(b) if that rate is not displayed on the BBSW Screen Page by the BBSW Publication Time (other than as a result of a BBSW Disruption Event), or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, "BBSW" means the rate determined by the Calculation Agent in good faith and using commercially reasonable procedures and having regard to comparable indices (if any) at that time.</li> </ul> <p>The rate set by the Calculation Agent must be expressed as a percentage rate per annum and be rounded up to the nearest fourth decimal place.</p>
<b>Redraw Drawdown Date</b>	The date on which a Redraw Advance is made under the Redraw Facility Agreement.
<b>Redraw Event of Default</b>	Has the meaning given to it in Section 11.8 ("Redraw Facility Agreement").
<b>Redraw Facility</b>	Has the meaning given in Section 3.3 ("Summary information on the transaction").
<b>Redraw Facility Agreement</b>	means: <ul style="list-style-type: none"> <li>(a) the agreement entitled "Redraw Facility Agreement – SMHL Securitisation Trust 2020-1" dated on or around 14 December 2020 between the Trustee and others; and</li> <li>(b) any other agreement which the Trustee and the Manager agree is a "Redraw Facility Agreement" in respect of the Trust and in respect of which Rating Notification has been given.</li> </ul>
<b>Redraw Facility Availability Period</b>	The period commencing on the Closing Date and ending on the Redraw Facility Termination Date.
<b>Redraw Facility Provider</b>	The person identified in the Redraw Facility Agreement as the redraw facility provider, being ME.
<b>Redraw Facility Termination Date</b>	Has the meaning given to it in Section 11.8 ("Redraw Facility Agreement").
<b>Redraw Interest Period</b>	Has the meaning given in Section 11.8 ("Redraw Facility Agreement").
<b>Redraw Interest Rate</b>	In respect of a Redraw Advance and a Redraw Interest Period:

	(a)	the Redraw BBSW for that Redraw Interest Period; plus
	(b)	a margin (as determined under the Redraw Facility Agreement).
<b>Redraw Limit</b>		On any Payment Date, the lesser of:
	(a)	an amount equal to the greater of:
		(i) 0.4% of the aggregate Outstanding Principal Balance of all Performing Receivables (calculated as of the Determination Date for that Payment Date); and
		(ii) 0.04% of the aggregate Outstanding Principal Balance of all Performing Receivables as at the Closing Date; and
	(b)	the amount (if any) to which the Redraw Limit has been reduced at that time in accordance with the Redraw Facility Agreement.
<b>Redraw Principal Outstanding</b>		On any day, an amount equal to:
	(a)	the aggregate of all Redraw Advances made on or before that day; less
	(b)	any repayments or prepayments of all such Redraw Advances made by the Trustee on or before that day.
<b>Redraw Shortfall (Further)</b>		Has the meaning given in Section 9.8 ("Redraws").
<b>Redraw Shortfall (Initial)</b>		Has the meaning given in Section 9.8 ("Redraws").
<b>Registrar</b>		Means:
	(a)	the Trustee; or
	(b)	such other person appointed by the Trustee to maintain the Note Register for the Trust.
<b>Related Entities</b>		Has the meaning given to that term in the Corporations Act.
<b>Related Security</b>		In respect of a Receivable, any Encumbrance which is given or is to be given as security for that Receivable.
<b>Replacement Liquidity Facility</b>		A liquidity facility provided to the Trustee by an entity which has the Required Liquidity Rating from each Designated Rating Agency on substantially the same terms as the Liquidity Facility Agreement or on such other terms as may be agreed with that entity provided that a Rating Notification has been provided.
<b>Repurchase Price</b>		At any time in respect of a Trust Receivable, the Outstanding Principal Balance of that Purchased Receivable plus accrued interest and fees due and owing by the Obligor in respect of that Trust Receivable.
<b>Required Credit Rating</b>		Means in respect of:
	(a)	S&P:
		(i) for certificates of deposit or debt securities with remaining maturities at the time of purchase of less than or equal to 60 days, a short term credit rating by S&P of

at least A-1; and

- (ii) for certificates of deposit or debt securities with remaining maturities at the time of purchase of more than 60 days, but less than or equal to 365 days, a short term credit rating by S&P of A-1+; and

(b) Fitch:

- (i) for certificates of deposit or debt securities with remaining maturities at the time of purchase of less than or equal to 30 days, a short term credit rating by Fitch of at least F1 or a long term credit rating by Fitch of at least A; and
- (ii) for certificates of deposit or debt securities with remaining maturities at the time of purchase of more than 30 days but less than or equal to 365 days, a short term credit rating by Fitch of F1+ or a long term credit rating by Fitch of at least AA-

or such other credit ratings by the relevant Designated Rating Agency as may be notified by the Manager to the Trustee from time to time provided that a Rating Notification is given in respect of such other credit ratings.

#### **Required Liquidity Rating**

The rating (if any) of:

- (a) in the case of S&P a short term credit rating of at least A-2 and or a long term credit rating of at least BBB; and
- (b) in the case of Fitch, a short term credit rating of at least F1 or a long term credit rating of at least A,

or such other credit rating or ratings by the relevant Designated Rating Agency as may be agreed by the Manager and the Liquidity Facility Provider from time to time (and notified in writing by the Manager to the Trustee) provided that the Manager has delivered to the Trustee a Rating Notification in respect of such other credit rating or ratings.

#### **Required Payments**

In respect of a Determination Date prior to the first Call Option Date and the immediately following Payment Date, the aggregate of amounts payable on that Payment Date in accordance with Section 8.9(a) to Section 8.9(n) ("Application of Total Available Income") (inclusive) but excluding:

- (a) if on that Determination Date the Stated Amount of the Class AB Notes is less than 95% of the Invested Amount of the Class AB Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(i), 8.9(j), 8.9(k), 8.9(l), 8.9(m) and 8.9(n) ("Application of Total Available Income");
- (b) if on that Determination Date the Stated Amount of the Class B Notes is less than 95% of the Invested Amount of the Class B Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(j), 8.9(k), 8.9(l), 8.9(m) and 8.9(n) ("Application of Total Available Income");
- (c) if on that Determination Date the Stated Amount of the Class C Notes is less than 95% of the Invested Amount of the Class C Notes, the amounts payable on that Payment Date in



accordance with Sections 8.9(k), 8.9(l), 8.9(m) and 8.9(n) (“Application of Total Available Income”);

- (d) if on that Determination Date the Stated Amount of the Class D Notes is less than 95% of the Invested Amount of the Class D Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(l), 8.9(m) and 8.9(n) (“Application of Total Available Income”);
- (e) if on that Determination Date the Stated Amount of the Class E Notes is less than 95% of the Invested Amount of the Class E Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(m) and 8.9(n) (“Application of Total Available Income”); and
- (f) if on that Determination Date the Stated Amount of the Class F Notes is less than 95% of the Invested Amount of the Class F Notes, the amounts payable on that Payment Date in accordance with Section 8.9(n) (“Application of Total Available Income”); and

in respect of a Determination Date after the first Call Option Date and the immediately following Payment Date, the aggregate of amounts payable on that Payment Date in accordance with Section 8.9(a) to Section 8.9(m) (“Application of Total Available Income”); (inclusive) but excluding:

- (g) if on that Determination Date the Stated Amount of the Class AB Notes is less than 95% of the Invested Amount of the Class AB Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(i), 8.9(j), 8.9(k), 8.9(l) and 8.9(m) (“Application of Total Available Income”);
- (h) if on that Determination Date the Stated Amount of the Class B Notes is less than 95% of the Invested Amount of the Class B Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(j), 8.9(k), 8.9(l) and 8.9(m) (“Application of Total Available Income”);
- (i) if on that Determination Date the Stated Amount of the Class C Notes is less than 95% of the Invested Amount of the Class C Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(k), 8.9(l) and 8.9(m) (“Application of Total Available Income”);
- (j) if on that Determination Date the Stated Amount of the Class D Notes is less than 95% of the Invested Amount of the Class D Notes, the amounts payable on that Payment Date in accordance with Sections 8.9(l) and 8.9(m) (“Application of Total Available Income”); and
- (k) if on that Determination Date the Stated Amount of the Class E Notes is less than 95% of the Invested Amount of the Class E Notes, the amounts payable on that Payment Date in accordance with Section 8.9(m) (“Application of Total Available Income”).

#### **Residual Unit**

A residual unit in the Trust issued pursuant to the Master Trust Deed and the Notice of Creation of Trust.

<b>Residual Unitholder</b>	Has the meaning given in Section 9.1 (“The Trust and the Unitholders of the Trust”) of this Information Memorandum.
<b>S&amp;P</b>	S&P Global Ratings Australia Pty Ltd (ABN 62 007 324 852).
<b>SEC</b>	U.S. Securities and Exchange Commission of the United States.
<b>Secured Creditor</b>	Means: <ul style="list-style-type: none"> <li>(a) the Security Trustee (for its own account);</li> <li>(b) the Trustee (for its own account);</li> <li>(c) the Manager;</li> <li>(d) each Noteholder;</li> <li>(e) each Derivative Counterparty;</li> <li>(f) the Liquidity Facility Provider;</li> <li>(g) the Servicer;</li> <li>(h) the Standby Servicer;</li> <li>(i) the Seller;</li> <li>(j) the Redraw Facility Provider;</li> <li>(k) each Joint Lead Manager; and</li> <li>(l) any other persons which the Trustee and the Manager agree is a “Secured Creditor” for the purposes of the Issue Supplement and the Trust from time to time and in respect of which a Rating Notification has been given.</li> </ul>

<b>Secured Moneys</b>	All amounts which: <ul style="list-style-type: none"> <li>at any time;</li> <li>for any reason or circumstance in connection with the Transaction Documents (including any transaction in connection with them);</li> <li>whether at law or otherwise (including liquidated or unliquidated damages for default or breach of any obligation); and</li> <li>whether or not of a type within the contemplation of the parties at the date of the General Security Deed: <ul style="list-style-type: none"> <li>(a) the Trustee is or may become actually or contingently liable to pay to any Secured Creditor (including money by way of principal, interest, distributions, fees, costs, indemnities, guarantees, charges, duties or expenses, or payment of liquidated or unliquidated damages as a result of any breach of or default under or in connection with a Transaction Document); or</li> <li>(b) any Secured Creditor has advanced or paid on the Trustee’s behalf or at the Trustee’s express or implied request; or</li> <li>(c) any Secured Creditor is liable to pay by reason of any act or omission on the Trustee’s part, or that any Secured Creditor has paid or advanced in protecting or maintaining the Collateral or</li> </ul> </li> </ul>
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any security interest in the General Security Deed following an act or omission on the Trustee's part; or

- (d) the Trustee would have been liable to pay any Secured Creditor but the amount remains unpaid by reason of the Trustee being Insolvent.

This definition applies:

- (i) irrespective of the capacity in which the Trustee or the Secured Creditor of the Trust became entitled to, or liable in respect of, the amount concerned;
- (ii) whether the Trustee or the Secured Creditor of the Trust is liable as principal debtor, as surety, or otherwise;
- (iii) whether the Trustee is liable alone, or together with another person;
- (iv) even if the Trustee owes an amount or obligation to the Secured Creditor of the Trust because it was assigned to the Secured Creditor, whether or not:
  - (A) the assignment was before, at the same time as, or after the date of the General Security Deed; or
  - (B) the Trustee consented to or was aware of the assignment; or
  - (C) the assigned obligation was secured before the assignment;
- (v) even if the General Security Deed was assigned to the Secured Creditor of the Trust, whether or not:
  - (A) the Trustee consented to or was aware of the assignment; or
  - (B) any of the Secured Money was previously unsecured;
- (vi) whether or not the Trustee has a right of indemnity from the Trust Assets.

**Security Trust**

The trust created by the Security Trust Deed.

**Security Trust Deed**

The deed entitled "ME Bank Master Security Trust Deed" dated 23 September 2020 made between the Trustee, the Security Trustee and the Manager.

**Security Trust Fund**

Means:

- (a) the amount held by the Security Trustee under the Security Trust Deed in respect of the Security Trust;
- (b) any other property which the Security Trustee receives, has vested in it or otherwise acquires to hold in respect of the Security Trust, including the General Security Deed; and

- (c) any property which represents the proceeds of sale of any such property or proceeds of enforcement of the General Security Deed.

**Security Trustee**

Perpetual Trustee Company Limited (ABN 42 000 001 007) in its capacity as security trustee of the Security Trust.

**Seller**

ME.

**Senior Obligations**

Means:

- (a) the obligations of the Trustee in respect of principal and interest on the Class A Notes and any obligations of the Trustee ranking equally or senior to the Class A Notes (as determined in accordance with the order of priority set out in Section 8.9 ("Application of Total Available Income")), at any time while the Class A Notes are outstanding;
- (b) the obligations of the Trustee in respect of principal and interest on the Class AB Notes and any obligations of the Trustee ranking equally or senior to the Class AB Notes (as determined in accordance with the order of priority set out in Section 8.9 ("Application of Total Available Income")), at any time while the Class AB Notes are outstanding but no Class A Notes are outstanding;
- (c) the obligations of the Trustee in respect of principal and interest on the Class B Notes and any obligations of the Trustee ranking equally or senior to the Class B Notes (as determined in accordance with the order of priority set out in Section 8.9 ("Application of Total Available Income")), at any time while the Class B Notes are outstanding but no Class A Notes or Class AB Notes are outstanding;
- (d) the obligations of the Trustee in respect of principal and interest on the Class C Notes and any obligations of the Trustee ranking equally or senior to the Class C Notes (as determined in accordance with the order of priority set out in Section 8.9 ("Application of Total Available Income")), at any time while the Class C Notes are outstanding but no Class A Notes, Class AB Notes or Class B Notes are outstanding;
- (e) the obligations of the Trustee in respect of principal and interest on the Class D Notes and any obligations of the Trustee ranking equally or senior to the Class D Notes (as determined in accordance with the order of priority set out in Section 8.9 ("Application of Total Available Income")), at any time while the Class D Notes are outstanding but no Class A Notes, Class AB Notes, Class B Notes or Class C Notes are outstanding;
- (f) the obligations of the Trustee in respect of principal and interest on the Class E Notes and any obligations of the Trustee ranking equally or senior to the Class E Notes (as determined in accordance with the order of priority set out in Section 8.9 ("Application of Total Available Income")), at any time while the Class E Notes are outstanding but no Class A Notes, Class AB Notes, Class B Notes, Class C Notes or Class D Notes are outstanding;
- (g) the obligations of the Trustee in respect of principal and interest

on the Class F Notes and any obligations of the Trustee ranking equally or senior to the Class F Notes (as determined in accordance with the order of priority set out in Section 8.9 (“Application of Total Available Income”)), at any time while the Class F Notes are outstanding but no Class A Notes, Class AB Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes are outstanding; or

- (h) the obligations of the Trustee under the Transaction Documents generally, at any time while no Notes are outstanding.

**Servicer**

ME.

**Servicer Required Credit Rating**

In respect of:

- (a) S&P, a short term rating of at least “A-2”; and
- (b) Fitch, a long term rating equal to or higher than BBB or a short term rating equal to or higher than F2,

or, in each case, such other ratings or counterparty risk assessment by the relevant Designated Rating Agency as may be notified by the Manager to the Trustee in writing from time to time, provided that the Manager has delivered a Rating Notification in respect of such other credit ratings or counterparty risk assessment.

**Servicer Termination Event**

Has the meaning given in Section 11.5 (“Master Servicing Deed”).

**Servicing Agreement**

Has the meaning given to that term in the NCCP, as amended by the NCCP Regulations.

**Settlement Amount**

In respect of an Offer to Sell or an Offer to Sell Back, the amount specified as such in that Offer to Sell or that Offer to Sell Back (as the case may be).

**Settlement Date**

In respect of an Offer to Sell Back or an Offer to Sell Back, the date specified as such in that Offer to Sell Back or that Offer to Sell Back.

**SMHL**

Superannuation Members’ Home Loans.

**SMHL Programme**

The programme, established under the Master Trust Deed, for the origination and management of Mortgage Loans through the trust funds established from time to time under that Master Trust Deed and known as the Superannuation Members’ Home Loans Programme.

**Specified Office**

For a person, that person’s office specified in the Issue Supplement or any other address notified to Noteholders from time to time.

**Special Quorum Resolution**

Means:

- (a) an Extraordinary Resolution passed at a meeting at which the requisite quorum is present as set out in paragraph 4.1 (“Number for a quorum”) of the Meetings Provisions; or
- (b) a Circulating Resolution made in accordance with paragraph 9.1 (“Passing resolutions by Circulating Resolution”) of the Meetings Provisions.

**Standby Servicing Deed**

The deed entitled “ME Bank Master Standby Servicing Deed” dated on or about 23 September 2020 between, among others, the Trustee and the Standby Servicer and described in Section 11.6 (“Standby Servicing Deed”).

**Stated Amount**

At any time in respect of a Note, an amount equal to:

	(a)	the Invested Amount of that Note; less
	(b)	the amount of any Principal Charge-Offs allocated to that Note under Section 8.11 (“Allocation of Principal Charge-Offs”) prior to that time which have not been reimbursed on or before that time under Section 8.12 (“Re-instatement of Carryover Principal Charge-Offs”).
<b>Step-Up Margin</b>		Has the meaning given to it in Section 3.2 (“Summary information on the Notes”).
<b>Subordination Conditions</b>		Has the meaning given in Section 8.15 (“Subordination Conditions”).
<b>Subordinated Termination Payment</b>		Has the meaning given to it in Section 4.43 (“Insolvency proceedings and subordination provisions”).
<b>Supplementary Information Memorandum</b>		Any supplementary Information Memorandum issued by the Manager updating this Information Memorandum.
<b>Swap Novation Agreement</b>	Means:	
	(a)	each of:
	(i)	the deed entitled “Interest Rate Swap Novation Agreement (SMHL Series PPT 2019-1 / SMHL ST 2020-1)” dated on or around 14 December 2020 between, among others, the Trustee and the Manager;
	(ii)	the deed entitled “Interest Rate Swap Novation Agreement (SMHL Series PPT 2019-2 / SMHL ST 2020-1)” dated on or around 15 December 2020 between, among others, the Trustee and the Manager; and
	(b)	any other document which the Trustee and the Manager agree is a “Swap Novation Agreement” for the purposes of the Issue Supplement and the Trust from time to time and in respect of which a Rating Notification has been given.
<b>Tax Account</b>		An account with an Eligible Bank established and maintained in the name of the Trustee and in accordance with the terms of the Master Trust Deed, which is to be opened by the Trustee when directed to do so by the Manager in writing.
<b>Tax Amount</b>		In respect of a Payment Date, the amount (if any) of Tax that the Manager reasonably determines will be payable in the future by the Trustee in respect of the Trust and which accrued during the immediately preceding Collection Period.
<b>Tax Shortfall</b>		In respect of a Payment Date, the amount (if any) determined by the Manager to be the shortfall between the aggregate Tax Amounts determined by the Manager in respect of previous Payment Dates and the amounts set aside and retained in the Tax Account on previous Payment Dates.
<b>Taxes</b>		Taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any Tax Authority together with any related interest, penalties, fines and expenses in connection with them.

<b>Threshold Rate</b>	The interest rate described in Sections 3.3 (“Summary information on the transaction”) and 7.4 (“Threshold Rate”).
<b>Title Documents</b>	<p>In respect of a Receivable, includes the original or electronic form of the original of:</p> <ul style="list-style-type: none"> <li>(a) the certificate or other indicia of title (if any) in respect of the relevant Property (if any);</li> <li>(b) any valuation report obtained in connection with the Receivable;</li> <li>(c) any deed of priority or similar document entered into in connection with that Receivable;</li> <li>(d) the relevant Receivable Terms;</li> <li>(e) all other documents required to evidence the interest of the lender of record in the relevant Property; and</li> <li>(f) all other documents specified as such in the relevant Offer to Sell, Offer to Sell Back or Transfer Notice (as applicable),</li> </ul> <p>as applicable.</p>
<b>Title Penalty Payment</b>	<p>Means:</p> <ul style="list-style-type: none"> <li>(a) any civil or criminal penalty incurred by the Trustee in relation to a breach of the Verification Provisions;</li> <li>(b) any money ordered by a court or other judicial body to be paid by the Trustee in relation to any claim against the Trustee under the Verification Provisions; and</li> <li>(c) a payment by the Trustee (with the consent of the Servicer, such consent not to be unreasonably withheld) in settlement of a liability or alleged liability relating to a breach of the Verification Provisions,</li> <li>(d) and includes any legal costs incurred by the Trustee or which the Trustee is ordered by a court or other judicial body to pay in connection with paragraphs (a) to (c) above.</li> </ul>
<b>Title Perfection Event</b>	<p>Means:</p> <ul style="list-style-type: none"> <li>(a) the Seller becomes Insolvent; or</li> <li>(b) if the Seller is the Servicer, a Servicer Termination Event occurs.</li> </ul>
<b>Total Available Income</b>	In respect of a Determination Date and the immediately following Payment Date, the amount calculated in accordance with Section 8.8 (“Total Available Income”).
<b>Total Available Principal</b>	In respect of a Determination Date and the immediately following Payment Date, the amount calculated in accordance with Section 8.3 (“Total Available Principal”).
<b>Transaction Documents</b>	The documents described in Section 11.1 (“Transaction Documents”) of this Information Memorandum.
<b>Trust</b>	The SMHL Securitisation Trust 2020-1 established under the Master Trust

	Deed and Notice of Creation of Trust.
<b>Trust Assets</b>	All the Trustee's rights, property and undertaking which are the subject of that Trust: <ul style="list-style-type: none"> <li>(a) of whatever kind and wherever situated; and</li> <li>(b) whether present or future.</li> </ul>
<b>Trust Expenses</b>	All costs, charges and expenses properly incurred by the Trustee in connection with the Trust and the Transaction Documents and any other amounts for which the Trustee is entitled to be reimbursed or indemnified out of the Trust Assets (but excluding any amount of a type otherwise referred to in Section 8.9 ("Application of Total Available Income") or Section 8.10 ("Application of Total Available Principal")).
<b>Trust Receivable</b>	At any time, the right, title and interest of the Trustee in any Receivables, Monetary Rights and Related Securities which have been acquired, or which are then immediately to become acquired, by the Trustee.
<b>Trust Related Security</b>	At any time, a Related Security which is then, or is then immediately to become, a Trust Asset.
<b>Trustee</b>	Perpetual Corporate Trust Limited (ABN 99 000 341 533), in its capacity as trustee of the Trust (unless otherwise stated).
<b>Unit</b>	The Participation Unit and each Residual Unit in the Trust.
<b>Unitholders</b>	Each Residual Unitholder and each Participation Unitholder.
<b>U.S. Risk Retention Rules</b>	The risk retention rules set out in Section 15G of the Securities Exchange Act 1934 as added by Section 941 of the Dodd-Frank Act.
<b>Valuation</b>	In relation to a Mortgage, a valuation of the property which is the subject of that Mortgage, prepared by a valuer.
<b>Voting Secured Creditors</b>	The " <b>Voting Secured Creditors</b> " in respect of the Trust are: <ul style="list-style-type: none"> <li>(a) for so long as any Class A Notes are outstanding, the Class A Noteholders, the Liquidity Facility Provider, the Redraw Facility Provider and each Derivative Counterparty;</li> <li>(b) if sub-paragraph (a) above does not apply, for so long as any Class AB Notes are outstanding, the Class AB Noteholders, the Liquidity Facility Provider, the Redraw Facility Provider and each Derivative Counterparty;</li> <li>(c) if none of sub-paragraphs (a) or (b) above apply, for so long as any Class B Notes are outstanding, the Class B Noteholders, the Liquidity Facility Provider, the Redraw Facility Provider and each Derivative Counterparty;</li> <li>(d) if none of paragraphs (a), (b) or (c) above apply, for so long as any Class C Notes are outstanding, the Class C Noteholders, the Liquidity Facility Provider, the Redraw Facility Provider and each Derivative Counterparty;</li> <li>(e) if none of paragraphs (a), (b), (c) or (d) above apply, for so long as any Class D Notes are outstanding, the Class D Noteholders, the Liquidity Facility Provider, the Redraw</li> </ul>



Facility Provider and each Derivative Counterparty;

- (f) if none of paragraphs (a), (b), (c), (d) or (e) above apply, for so long as any Class E Notes are outstanding, the Class E Noteholders, the Liquidity Facility Provider, the Redraw Facility Provider and each Derivative Counterparty;
- (g) if none of paragraphs (a), (b), (c), (d), (e) or (f) above apply, for so long as any Class F Notes are outstanding, the Class F Noteholders, the Liquidity Facility Provider, the Redraw Facility Provider and each Derivative Counterparty; and
- (h) if none of sub-paragraphs (a), (b), (c), (d), (e), (f) or (g) above apply, the remaining Secured Creditors.

### **Wilful Default**

In respect of the Trustee or the Security Trustee, any intentional failure to comply with or intentional breach by the Trustee or the Security Trustee (as applicable) of any of its obligations under this deed or any other Transaction Document of a Trust, other than a failure or breach:

- (a) which arose as a result of a breach by a person, other than Trustee or the Security Trustee (as applicable) or (in the case of Trustee only) any other person contemplated by Section 18.3(d) ("Limitation of Trustee's liability") of the Master Trust Deed and the performance of the action (or the non-performance of which gave rise to such breach) is a precondition to Trustee or the Security Trustee performing its obligation under the relevant Transaction Document;
- (b) which is in accordance with a lawful court order or direction or required by law; or
- (c) which is in accordance with a proper instruction or direction given by the Manager of that Trust or is in accordance with a proper instruction or direction given to it by any person (including any Secured Creditor) in circumstances where that person is permitted to give that instruction or direction under any Transaction Document of that Trust or at law.

## 15 The Pool of Mortgage Loans

**Note: As a consequence of rounding, throughout this Section 15 (“The Pool of Mortgage Loans”) percentages may not add up to 100.00%. Also, as mentioned in Section 9 (“The Trust and its Trust Assets”), the Manager may direct the Trustee to repurchase Mortgage Loans in certain circumstances and if any such repurchase and substitution occurs, the characteristics of the Pool of Mortgage Loans may change.**

### 15.1 Description of the Pool of Mortgage Loans

As at the Cut-Off Date, the profile of the Pool of Mortgage Loans was as follows:

<b>Total Portfolio</b>	\$999,999,989
Number of Housing Loans*	3226
Average Housing Loan Balance*	\$309,981.40
Maximum Housing Loan Balance	\$991,697.66
Total Valuation of the Properties	\$2,665,726,864.02
Maximum Remaining Term to Maturity (months)	346
Weighted Average Remaining Term to Maturity (months)	312
Weighted Average Seasoning (months)	28.01
Weighted Average Current LTV	64.66%
Weighted Average Scheduled LTV	65.74%
Average Current LTV	55.29%
Maximum Current LTV	95%
* Consolidated By Collateral Groups	

### 15.2 Characteristics of the Pool of Mortgage Loans

In this Section 15 (“The Pool of Mortgage Loans”), the distribution of the Pool of Mortgage Loans as at the Cut-Off Date is described:

- by geographic distribution and metropolitan location;
- by loan to valuation ratio;
- by occupancy;
- by loan security;
- by year of maturity;
- by interest option;
- by remaining term to interest only period expiry; and
- by loan purpose;
- by Mortgage Loan size distribution;
- by original loan term to maturity and by remaining loan term to maturity;
- by loan seasoning;
- by current interest rate;
- by remaining term to fixed rate period expiry;
- by Mortgage Insurer.

### 15.3 Pool of Mortgage Loans by geographic distribution and metropolitan location

The metropolitan classifications of the Pool of Mortgage Loans were in accordance with classifications used by S&P.

The distribution of Pool of Mortgage Loans by the aforementioned metropolitan classifications was as follows:

Geographic Location	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
ACT- Metro	219	54,097,891.31	65.4%	5.4%	5.4%
NSW- Inner City	2	585,335.76	22.5%	0.0%	0.1%
NSW - Metro	451	141,083,221.95	59.6%	11.1%	14.1%
NSW - Non Metro	330	80,435,955.56	66.4%	8.1%	8.0%
NT- Metro	16	3,834,150.93	68.6%	0.4%	0.4%
NT - Non Metro	1	339,881.30	80.9%	0.0%	0.0%
QLD- Inner City	4	778,474.69	53.8%	0.1%	0.1%
QLD - Metro	424	108,597,044.96	69.6%	10.4%	10.9%
QLD - Non Metro	287	64,948,539.15	68.8%	7.0%	6.5%
SA - Inner City	5	1,220,678.26	66.1%	0.1%	0.1%
SA - Metro	257	56,078,953.96	67.4%	6.3%	5.6%
SA - Non Metro	34	7,201,999.95	69.0%	0.8%	0.7%
TAS- Inner City	4	938,751.66	58.0%	0.1%	0.1%
TAS- Metro	158	30,763,448.31	65.6%	3.9%	3.1%
TAS- Non Metro	90	11,414,577.44	64.3%	2.2%	1.1%
VIC- Inner City	17	5,919,470.28	67.8%	0.4%	0.6%
VIC- Metro	1017	264,828,122.74	61.8%	24.9%	26.5%
VIC- Non Metro	323	66,939,574.79	66.1%	7.9%	6.7%
WA- Inner City	4	624,087.22	44.2%	0.1%	0.1%
WA- Metro	395	89,898,056.72	66.6%	9.7%	9.0%
WA- Non Metro	43	9,471,771.83	65.5%	1.1%	0.9%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

The distribution of the Pool of Mortgage Loans by geographic location was as follows:

Geographic Location	Number of Loans	Balance outstanding (A\$)	Weighted Average Current LVR (%)	(%) by Number of Loans	(%) by Balance Outstanding
Inner City	36	10,066,797.87	61.5%	0.9%	1.0%
Metro	2937	749,180,890.88	64.0%	72.0%	74.9%
Non Metro	1108	240,752,300.02	66.9%	27.2%	24.1%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

#### 15.4 Pool of Mortgage Loans by loan to valuation ratio

The loan to valuation ratio (**LVR**) represents the Outstanding Principal Balance of the Mortgage Loans as at the Cut-Off Date as a proportion of the value of the security property disclosed in the valuation for the security property obtained by the Manager pursuant to the mortgage origination procedures.

The distribution of Pool of Mortgage Loans by the LVR ranges was as follows:

LTV Distribution	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
>0% ≤ 25%	713	46,093,327.00	16.3%	17.5%	4.6%
> 25% & ≤ 30%	132	21,159,952.44	27.7%	3.2%	2.1%
> 30% & ≤ 35%	148	29,872,303.80	32.8%	3.6%	3.0%
> 35% & ≤ 40%	100	18,771,401.23	37.9%	2.5%	1.9%
> 40% & ≤ 45%	153	31,868,704.78	42.7%	3.7%	3.2%
> 45% & ≤ 50%	156	38,610,767.61	47.7%	3.8%	3.9%
> 50% & ≤ 55%	184	51,041,551.03	52.3%	4.5%	5.1%
> 55% & ≤ 60%	166	45,534,097.37	57.3%	4.1%	4.6%
> 60% & ≤ 65%	337	99,200,195.30	62.7%	8.3%	9.9%
> 65% & ≤ 70%	411	126,132,178.27	67.6%	10.1%	12.6%
> 70% & ≤ 75%	556	173,851,625.04	72.6%	13.6%	17.4%
> 75% & ≤ 80%	585	189,328,860.10	77.5%	14.3%	18.9%
> 80% & ≤ 85%	156	44,285,639.82	82.7%	3.8%	4.4%
> 85% & ≤ 90%	213	61,638,751.00	87.4%	5.2%	6.2%
> 90% & ≤ 95%	71	22,610,633.98	92.1%	1.7%	2.3%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

#### 15.5 Pool of Mortgage Loans by Mortgage Loan size distribution

The Mortgage Loan size distribution is calculated by banding in \$50,000 increments, the dollar value of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-Off Date.

The Mortgage Loan size distribution of the Pool of Mortgage Loans was as follows:

Loan Size Distribution	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
≤ \$50,000.00	593	13,444,503.02	36.3%	14.5%	1.3%
\$50,000.01 ≤ \$100,000.00	465	34,682,603.18	40.1%	11.4%	3.5%
\$100,000.01 ≤ \$150,000.00	387	49,314,112.91	49.2%	9.5%	4.9%
\$150,000.01 ≤ \$200,000.00	459	80,584,130.57	55.7%	11.2%	8.1%
\$200,000.01 ≤ \$250,000.00	393	88,742,433.26	62.3%	9.6%	8.9%
\$250,000.01 ≤ \$300,000.00	387	106,391,201.09	65.3%	9.5%	10.6%
\$300,000.01 ≤ \$350,000.00	324	105,004,529.62	69.6%	7.9%	10.5%
\$350,000.01 ≤ \$400,000.00	313	117,530,056.36	67.9%	7.7%	11.8%

\$400,000.01 ≤ \$450,000.00	236	100,507,378.65	69.4%	5.8%	10.1%
\$450,000.01 ≤ \$500,000.00	177	84,163,096.53	68.7%	4.3%	8.4%
\$500,000.01 ≤ \$550,000.00	109	57,195,381.62	70.0%	2.7%	5.7%
\$550,000.01 ≤ \$600,000.00	69	39,659,495.03	70.4%	1.7%	4.0%
\$600,000.01 ≤ \$650,000.00	48	29,846,911.20	69.2%	1.2%	3.0%
\$650,000.01 ≤ \$700,000.00	46	31,289,244.64	69.9%	1.1%	3.1%
\$700,000.01 ≤ \$750,000.00	21	15,139,236.15	73.3%	0.5%	1.5%
\$750,000.01 ≤ \$800,000.00	14	10,826,687.50	68.8%	0.3%	1.1%
\$800,000.01 ≤ \$850,000.00	7	5,784,042.68	63.0%	0.2%	0.6%
\$850,000.01 ≤ \$900,000.00	18	15,786,684.65	70.5%	0.4%	1.6%
\$900,000.01 ≤ \$950,000.00	10	9,221,205.66	69.0%	0.2%	0.9%
\$950,000.01 ≤ \$1,000,000.00	5	4,887,054.45	67.8%	0.1%	0.5%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

### 15.6 Pool of Mortgage Loans by occupancy

The occupancy of the Pool of Mortgage Loans represents the dollar value of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-Off Date by occupancy type.

The distribution of the Pool of Mortgage Loans by occupancy type was as follows:

Occupancy	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
Investment	867	216,227,995.79	66.1%	21.2%	21.6%
Owner Occupied	3214	783,771,992.98	64.3%	78.8%	78.4%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

### 15.7 Pool of Mortgage Loans by original term to maturity

In the case of a Mortgage Loan that has experienced a top-up (and that has not experienced a simultaneous or subsequent loan term extension), the original term to maturity of the Mortgage Loan reflects the remaining term to maturity of the loan at the time of the top-up. In the case of a Mortgage Loan that has experienced a top-up and a simultaneous loan term extension, the original term to maturity of the Mortgage Loan reflects the remaining term to maturity of the loan at the time of the top-up plus the loan term extension. In the case of a Mortgage Loan that has experienced a loan term extension (including a loan that has previously experienced a top-up), the original term to maturity of the Mortgage Loan reflects the initial loan term plus the loan term extension.

The distribution of the Pool of Mortgage Loans by original term to maturity was as follows:

Loan Term (months)	Number of Loans	Balance Outstanding A\$	WA Current LTV	(%) by Number of loans	(%) by Balance Outstanding
≤96	11	325,302.15	10.7%	0.3%	0.0%
>96 & ≤108	1	169,876.89	50.0%	0.0%	0.0%
>108 & ≤120	55	3,742,671.38	31.1%	1.3%	0.4%
>120 & ≤132	4	363,635.78	67.9%	0.1%	0.0%

>132 & <=144	9	1,962,230.31	60.8%	0.2%	0.2%
>144 & <=156	6	978,133.36	51.9%	0.1%	0.1%
>156 & <=168	5	1,005,415.81	69.4%	0.1%	0.1%
>168 & <=180	101	14,711,706.27	49.5%	2.5%	1.5%
>180 & <=192	6	1,595,595.53	62.3%	0.1%	0.2%
>192 & <=204	8	2,326,267.61	68.3%	0.2%	0.2%
>204 & <=216	14	2,205,014.44	54.3%	0.3%	0.2%
>216 & <=228	14	3,320,212.22	65.1%	0.3%	0.3%
>228 & <=240	267	52,960,309.77	56.9%	6.5%	5.3%
>240 & <=252	9	1,797,535.36	59.4%	0.2%	0.2%
>252 & <=264	13	2,713,631.70	71.1%	0.3%	0.3%
>264 & <=276	11	3,396,879.58	49.5%	0.3%	0.3%
>276 & <=288	17	5,941,021.88	72.5%	0.4%	0.6%
>288 & <=300	286	74,958,107.63	62.2%	7.0%	7.5%
>300 & <=312	25	7,371,760.71	62.7%	0.6%	0.7%
>312 & <=324	56	14,135,345.37	70.3%	1.4%	1.4%
>324 & <=336	83	24,823,771.06	71.8%	2.0%	2.5%
>336 & <=348	82	32,812,576.36	68.4%	2.0%	3.3%
>348	2998	746,382,987.60	65.5%	73.5%	74.6%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

### 15.8 Pool of Mortgage Loans by remaining term to maturity

The distribution of the Pool of Mortgage Loans by remaining term to maturity (rounded to the nearest month) was as follows:

Range of Remaining Term (months)	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
<=60	18	574,593.24	11.0%	0.4%	0.1%
>60 & <=120	67	5,590,046.43	38.1%	1.6%	0.6%
>120 & <=180	137	21,063,445.64	51.5%	3.4%	2.1%
>180 & <=240	311	63,259,059.36	57.5%	7.6%	6.3%
>240 & <=300	469	104,013,507.03	58.7%	11.5%	10.4%
>300	3079	805,499,337.07	66.6%	75.4%	80.5%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

### 15.9 Pool of Mortgage Loans by year of maturity

The distribution of the Pool of Mortgage Loans by year of maturity was as follows:

Year of Maturity	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
2020	1	1,761.35	0.4%	0.0%	0.0%

2021	2	27,239.50	6.2%	0.0%	0.0%
2022	1	16,812.53	8.4%	0.0%	0.0%
2023	3	118,241.90	12.2%	0.1%	0.0%
2024	3	131,516.27	11.4%	0.1%	0.0%
2025	15	588,130.05	12.7%	0.4%	0.1%
2026	20	1,015,193.25	16.6%	0.5%	0.1%
2027	12	1,217,003.37	54.9%	0.3%	0.1%
2028	6	649,894.30	37.5%	0.1%	0.1%
2029	9	515,074.15	20.3%	0.2%	0.1%
2030	26	2,890,233.73	38.1%	0.6%	0.3%
2031	39	3,168,626.59	29.8%	1.0%	0.3%
2032	10	1,555,663.15	53.3%	0.2%	0.2%
2033	15	2,650,271.77	55.2%	0.4%	0.3%
2034	25	5,909,465.38	63.3%	0.6%	0.6%
2035	56	8,672,258.79	47.6%	1.4%	0.9%
2036	80	12,009,312.82	46.8%	2.0%	1.2%
2037	14	1,909,962.06	58.8%	0.3%	0.2%
2038	19	2,278,748.83	54.4%	0.5%	0.2%
2039	96	24,423,410.28	66.0%	2.4%	2.4%
2040	96	22,929,324.43	55.8%	2.4%	2.3%
2041	81	13,745,815.29	49.9%	2.0%	1.4%
2042	14	2,944,823.83	55.9%	0.3%	0.3%
2043	22	6,096,113.45	64.8%	0.5%	0.6%
2044	115	39,133,692.43	66.1%	2.8%	3.9%
2045	353	55,154,595.64	49.2%	8.6%	5.5%
2046	1287	282,782,018.36	61.9%	31.5%	28.3%
2047	262	49,550,340.26	66.8%	6.4%	5.0%
2048	182	48,950,245.36	67.4%	4.5%	4.9%
2049	1217	408,964,199.65	70.8%	29.8%	40.9%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

### 15.10 Pool of Mortgage Loans by loan purpose

The loan purpose of the Pool of Mortgage Loans represents the dollar value of the Outstanding Principal Balance of the Mortgage Loans as at the Cut-Off Date by loan purpose. The loan purpose named "Other" represents those purposes noted in Section 9.2 ("Trust Asset features").

The distribution of the Pool of Mortgage Loans by loan purpose was as follows:

Loan Purpose	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
Construction	199	57,883,438.70	66.7%	4.9%	5.8%
Other	225	28,377,169.66	47.4%	5.5%	2.8%
Purchase	1597	397,881,281.00	67.3%	39.1%	39.8%
Refinance	2060	515,858,099.41	63.4%	50.5%	51.6%

Renovation	0	0.00	0.0%	0.0%	0.0%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

### 15.11 Pool of Mortgage Loans by loan security

The distribution of the Pool of Mortgage Loans by loan security was as follows:

Loan Security	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
Apartment Unit	479	120,964,304.23	67.8%	11.7%	12.1%
Fully Detached House	3201	785,753,905.19	64.0%	78.4%	78.6%
Other Property	56	14,180,997.96	62.1%	1.4%	1.4%
Strata Unit	185	40,394,159.15	66.0%	4.5%	4.0%
Townhouse	160	38,706,622.24	67.4%	3.9%	3.9%
Vacant Land	0	0.00	0.0%	0.0%	0.0%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

### 15.12 Pool of Mortgage Loans by loan seasoning

The seasoning of a Mortgage Loan represents the duration of time (rounded to the nearest month) from the first disbursement date of a Mortgage Loan to the Cut-Off Date.

The distribution of the Pool of Mortgage Loans by seasoning was as follows:

Loan Seasoning (months)	Number of Loans	Balance Outstanding (A\$)	WA Current LTV	(%) by Number of Loans	(%) by Balance Outstanding
> 0 ≤ 3	101	32,792,717.22	64.0%	2.5%	3.3%
> 3 ≤ 6	126	41,857,791.85	65.7%	3.1%	4.2%
> 6 ≤ 9	141	44,104,279.75	69.4%	3.5%	4.4%
> 9 ≤ 12	153	44,773,464.42	68.1%	3.7%	4.5%
> 12 ≤ 15	579	198,785,974.24	73.3%	14.2%	19.9%
> 15 ≤ 18	415	131,479,607.44	67.7%	10.2%	13.1%
> 18 ≤ 21	353	112,316,833.19	68.8%	8.6%	11.2%
> 21 ≤ 24	84	13,742,442.03	59.3%	2.1%	1.4%
> 24 ≤ 27	14	2,534,442.86	66.8%	0.3%	0.3%
> 27 ≤ 30	17	1,416,155.75	62.0%	0.4%	0.1%
> 30 ≤ 33	13	882,514.09	54.5%	0.3%	0.1%
> 33 ≤ 36	18	525,225.53	44.3%	0.4%	0.1%
> 36 ≤ 48	536	95,542,353.39	61.3%	13.1%	9.6%
> 48 ≤ 60	1381	264,856,540.48	56.8%	33.8%	26.5%
> 60	150	14,389,646.53	31.5%	3.7%	1.4%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>



**15.13 Pool of Mortgage Loans by current interest rate**

The dollar value of the outstanding principal balance distribution of the Pool of Mortgage Loans by current interest rate was as follows:

<b>Interest Rate Distribution</b>	<b>Number of Loans</b>	<b>Balance Outstanding (A\$)</b>	<b>WA Current LTV</b>	<b>(%) by Number of Loans</b>	<b>(%) by Balance Outstanding</b>
>1.00% & <=2.00%	1	275,366.84	69.5%	0.0%	0.0%
>2.00% & <=3.00%	916	309,552,619.84	66.8%	22.4%	31.0%
>3.00% & <=4.00%	2581	589,979,937.41	63.7%	63.2%	59.0%
>4.00% & <=5.00%	551	95,352,589.41	64.1%	13.5%	9.5%
>5.00% & <=6.00%	31	4,697,398.77	56.8%	0.8%	0.5%
>6.00% & <=7.00%	1	142,076.50	91.7%	0.0%	0.0%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

**15.14 Pool of Mortgage Loans by interest option**

The Pool of Mortgage Loans by interest option represents the dollar value of the Outstanding Principal Balance of the Mortgage Loans by interest option.

The distribution of the Pool of Mortgage Loans by repayment type was as follows:

<b>Interest Option</b>	<b>Number of Loans</b>	<b>Balance Outstanding (A\$)</b>	<b>WA Current LTV</b>	<b>(%) by Number of Loans</b>	<b>(%) by Balance Outstanding</b>
Fixed - Amortizing	942	268,208,788.12	69.7%	23.1%	26.8%
Fixed - Interest Only	103	31,339,551.00	69.2%	2.5%	3.1%
Variable - Amortizing	2735	626,695,753.26	62.1%	67.0%	62.7%
Variable - Interest Only	301	73,755,896.39	66.6%	7.4%	7.4%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

**15.15 Pool of Mortgage Loans by Mortgage Insurer**

The distribution of the Pool of Mortgage Loans by Mortgage Insurer was as follows:

<b>Mortgage Insurer</b>	<b>Number of Loans</b>	<b>Balance Outstanding (A\$)</b>	<b>WA Current LTV</b>	<b>(%) by Number of Loans</b>	<b>(%) by Balance Outstanding</b>
Genworth Financial	226	60,617,243.11	82.7%	5.5%	6.1%
Not Insured	3528	846,050,738.84	61.1%	86.4%	84.6%
QBE	327	93,332,006.82	85.5%	8.0%	9.3%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

**15.16 Pool of Mortgage Loans by broker originated loans**

The Pool of Mortgage Loans contains the following amount of broker originated loans:

	<b>Number of Loans</b>	<b>Balance Outstanding (A\$)</b>	<b>WA Current LTV</b>	<b>(%) by Number of Loans</b>	<b>(%) by Balance Outstanding</b>
Broker Origination	2352	653,341,225.46	69.0%	57.6%	65.3%
Non- Broker Origination	1729	346,658,763.31	56.5%	42.4%	34.7%
<b>Total</b>	<b>4081</b>	<b>999,999,988.77</b>	<b>64.7%</b>	<b>100.0%</b>	<b>100.0%</b>

**15.17 Reporting of aggregated loan data**

The Manager on behalf of the Trustee will publish the monthly investor reports detailing, inter alia, certain aggregated loan data in relation to the Pool of Mortgage Loans. Such investor reports will be published on the following website at <http://www.mebank.com.au/about-us/about-me/me-investor-reports/>. The website and the contents thereof do not form part of this Information Memorandum. Other than as outlined above, neither the Trustee nor the Manager intends to provide post-issuance transaction information regarding the Notes or the Pool of Mortgage Loans.

## 16 Directory

### **Trustee, Standby Servicer and Registrar**

Perpetual Corporate Trust Limited (in its capacity as trustee of the SMHL Securitisation Trust 2020-1)  
Level 18, 123 Pitt Street  
Sydney New South Wales 2000

### **Security Trustee**

P.T. Limited (in its capacity as trustee of the SMHL Securitisation Security Trust 2020-1)  
Level 18, 123 Pitt Street  
Sydney New South Wales 2000

### **Manager, Seller, Servicer, Liquidity Facility Provider and Redraw Facility Provider**

Members Equity Bank Limited  
Level 28, Melbourne Central Tower  
360 Elizabeth Street  
Melbourne Victoria 3000

### **Auditor**

Deloitte Touche Tohmatsu  
550 Bourke Street  
Melbourne Victoria 3000

### **Arranger and Joint Lead Manager**

Australia and New Zealand Banking Group Limited  
Level 5, 242 Pitt Street  
Sydney, NSW 2000

### **Joint Lead Managers**

Australia and New Zealand Banking Group Limited  
Level 5, 242 Pitt Street  
Sydney, New South Wales 2000

Commonwealth Bank of Australia  
Level 21, 201 Sussex Street  
Sydney, New South Wales 2000

MUFG Securities Americas Inc.  
Avenue of the Americas, 6<sup>th</sup> Floor  
New York, NY 10020-1001

National Australia Bank Limited  
Level 25, 255 George Street  
Sydney, New South Wales 2000

### **Derivative Counterparties**

Australia and New Zealand Banking Group Limited  
Level 5, 242 Pitt Street  
Sydney, New South Wales 2000

National Australia Bank Limited  
Level 25, 255 George Street  
Sydney, New South Wales 2000

### **Legal Advisers to ME, the Manager and the Servicer**

King & Wood Mallesons  
Level 27, Collins Arch, 447 Collins Street  
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### **Legal Advisers to the Trustee and Security Trustee**

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Governor Macquarie Tower, 1 Farrer Place  
Sydney, New South Wales 2000