

## **FOR ELECTRONIC DISTRIBUTION OF THE OFFERING CIRCULAR**

\* If you are not the intended recipient of this message, please do not distribute or copy the information contained in this electronic transmission, but instead, delete and destroy all copies of this electronic transmission.

### IMPORTANT NOTICE

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE OF THE U.S. IN ACCORDANCE WITH REGULATION S.

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular (the "offering circular") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the terms and conditions set forth herein, including any modifications to them any time you receive any information from us as a result of such access and consent to the electronic transmission of this offering circular. The offering circular has been prepared solely in connection with the proposed offering to certain institutional and professional investors of the securities described herein. In particular, this offering circular refers to certain events as having occurred that have not occurred at the date it is made available but that are expected to occur prior to publication of the offering circular to be published in due course. Investors should not subscribe for or purchase securities except on the basis of information in the offering circular. Copies of the offering circular will, following publication, be published and made available to the public in accordance with the applicable rules.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS ELECTRONIC TRANSMISSION IS NOT TO BE DISTRIBUTED OR FORWARDED TO ANY PERSON OTHER THAN THE INTENDED RECIPIENTS OF THIS ELECTRONIC TRANSMISSION AND ANY PERSON RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION WITH RESPECT TO THE OFFERING CONTEMPLATED IN THE OFFERING CIRCULAR AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. EXCEPT AS EXPRESSLY AUTHORISED HEREIN, THE INFORMATION CONTAINED IN THIS ELECTRONIC TRANSMISSION IS CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE ENTITY OR INDIVIDUAL TO WHOM IT IS ADDRESSED.

THIS ELECTRONIC TRANSMISSION IS ONLY BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS WHO ARE (A) OUTSIDE OF THE UNITED KINGDOM; OR (B) WITHIN THE UNITED KINGDOM AND WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE INVESTMENT PROFESSIONALS WITHIN THE MEANING OF ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE "FPO") OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC") OF THE FPO OR (III) ARE PERSONS TO WHOM THIS ELECTRONIC TRANSMISSION MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS "RELEVANT PERSONS"). THE INFORMATION IN THIS ELECTRONIC TRANSMISSION MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE INFORMATION IN THIS ELECTRONIC TRANSMISSION RELATES, INCLUDING THE OFFERED NOTES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

**Confirmation of your Representation:** In order to be eligible to view this offering circular or make an investment decision with respect to the Offered Notes, investors must be non-U.S. persons outside of the U.S. (within the meaning of Regulation S under the Securities Act). This offering circular is being sent at your request and by accepting the e-mail and accessing this offering circular, you shall be deemed to have represented to us that (1) you and any customers you represent are not a U.S. person and that the electronic

mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and (2) that you consent to delivery of such offering circular by electronic transmission.

You are reminded that this offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this offering circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the lead managers, or any affiliates of the lead managers, are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the lead managers, or any such affiliates, on behalf of the Trustee in such jurisdiction.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Commonwealth Bank of Australia, National Australia Bank Limited, Royal Bank of Canada, Sydney Branch, Standard Chartered Bank or Westpac Banking Corporation (the "**Lead Managers**") or any person who controls any of them or any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from the Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**OFFERING CIRCULAR  
PEPPER RESIDENTIAL SECURITIES TRUST NO. 39**



**Pepper Money Limited (ABN 55 094 317 665)**  
Trust Manager and Servicer  
**Permanent Custodians Limited (ABN 55 001 426 384)**  
as trustee of the Pepper Residential Securities Trust No. 39

Permanent Custodians Limited as trustee of the Pepper Residential Securities Trust No. 39 (the "Trustee") proposes (at the direction of the Trust Manager) to issue AUD150,000,000 Class A1-s Notes due July 2065 (the "Class A1-s Notes"), AUD412,500,000 Class A1-a Notes due July 2065 (the "Class A1-a Notes", together with the Class A1-s Notes, the "Class A1 Notes"), AUD97,500,000 Class A2 Notes due July 2065 (the "Class A2 Notes" and together with the Class A1 Notes, the "Class A Notes"), AUD50,250,000 Class B Notes due July 2065 (the "Class B Notes"), AUD5,250,000 Class C Notes due July 2065 (the "Class C Notes"), AUD12,750,000 Class D Notes due July 2065 (the "Class D Notes"), AUD6,750,000 Class E Notes due July 2065 (the "Class E Notes"), AUD9,750,000 Class F Notes due July 2065 (the "Class F Notes"), AUD3,675,000 Class G1 Notes due July 2065 (the "Class G1 Notes"), AUD1,575,000 Class G2 Notes due July 2065 (the "Class G2 Notes" and together with the Class G1 Notes, the "Class G Notes") and AUD4,480,000 Class L Notes due July 2065 (the "Class L Notes"). The Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (the "Offered Notes") are offered pursuant to this offering circular (the "Offering Circular"). The Class G1 Notes, the Class G2 Notes and the Class L Notes are not offered pursuant to this Offering Circular.

The Class A1-s Notes, the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class L Notes (together, the "Notes") will be collateralised by a pool of prime and non-conforming Mortgage Loans secured by properties located in Australia. The Pepper Residential Securities Trust No. 39 will be governed by the laws of New South Wales, Australia. See Section 7 ("Description of the Liquidity Facility Provider") in this Offering Circular.

The Offered Notes are not deposits and neither the Offered Notes nor the underlying Mortgage Loans are insured or guaranteed by any governmental agency or instrumentality. The Offered Notes represent obligations of the Trustee in its capacity as trustee of the Pepper Residential Securities Trust No. 39 only and do not represent obligations of, or interests in, and are not guaranteed by, any entity, including the Trustee in its personal capacity. Discounts and commissions to the Lead Managers will be paid by the Trust Manager and are not deducted from the proceeds of issue of the Offered Notes. Proceeds of the assets of the Pepper Residential Securities Trust No. 39 are the sole source of distributions on the Offered Notes.

It is expected that the Offered Notes will, when issued, be assigned (in the case of the Class A1 Notes and the Class A2 Notes) a rating of "Aaa(sf)" by Moody's Investors Service Pty Ltd ("Moody's") and "AAA(sf)" by S&P Global Ratings Australia Pty Limited ("S&P"), (in the case of the Class B Notes) a rating of "Aa2(sf)" by Moody's, (in the case of the Class C Notes) a rating of "A2(sf)" by Moody's, (in the case of the Class D Notes) a rating of "Baa2(sf)" by Moody's, (in the case of the Class E Notes) a rating of "Ba2(sf)" by Moody's and (in the case of the Class F Notes) a rating of "B2(sf)" by Moody's. The Class G Notes and Class L Notes will not be rated by S&P or Moody's. The ratings on the Offered Notes will be based primarily on the creditworthiness of the Mortgage Loans and the subordination provided by the relevant classes of Offered Notes and do not address the expected timing of principal payments on the Offered Notes other than on the maturity date of the Offered Notes. Each of Moody's and S&P is not established in the European Union (the "EU") or in the United Kingdom (the "UK") and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) ("EU CRA Regulation"), or under such regulation as it forms part of UK domestic law ("UK CRA Regulation"). The ratings have been endorsed by S&P Global Ratings Europe Limited in accordance with the EU CRA Regulation and by S&P Global Ratings UK Limited and Moody's Investors Service Ltd, respectively, in accordance with the UK CRA Regulation. S&P Global Ratings Europe Limited is established in the EU and registered under the EU CRA Regulation and each of S&P Global Ratings UK Limited and Moody's Investors Service Ltd is established in the UK and registered under the UK CRA Regulation. As such S&P Global Ratings Europe Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation and S&P Global Ratings UK Limited and Moody's Investors Service Ltd are included in the list of credit rating agencies published by the Financial Conduct Authority on its website in accordance with the UK CRA Regulation.

**Investing in the Offered Notes involves risks. Prospective investors should review carefully the factors described in the section headed "Risk Factors" on page 62 of this Offering Circular.**

	<b>Initial Invested Amount</b>	<b>Initial Interest Rate</b>	<b>Maturity Date</b>
<b>Class A1-s Notes</b>	<b>AUD150,000,000</b>	<b>BBSW Rate (1 month) + 0.90%</b>	<b>July 2065</b>
<b>Class A1-a Notes</b>	<b>AUD412,500,000</b>	<b>BBSW Rate (1 month) + 1.35%</b>	<b>July 2065</b>
<b>Class A2 Notes</b>	<b>AUD97,500,000</b>	<b>BBSW Rate (1 month) + 1.60%</b>	<b>July 2065</b>
<b>Class B Notes</b>	<b>AUD50,250,000</b>	<b>BBSW Rate (1 month) + 2.15%</b>	<b>July 2065</b>
<b>Class C Notes</b>	<b>AUD5,250,000</b>	<b>BBSW Rate (1 month) + 2.60%</b>	<b>July 2065</b>
<b>Class D Notes</b>	<b>AUD12,750,000</b>	<b>BBSW Rate (1 month) + 3.10%</b>	<b>July 2065</b>
<b>Class E Notes</b>	<b>AUD6,750,000</b>	<b>BBSW Rate (1 month) + 5.70%</b>	<b>July 2065</b>
<b>Class F Notes</b>	<b>AUD9,750,000</b>	<b>BBSW Rate (1 month) + 6.90%</b>	<b>July 2065</b>

The definitive terms of the transactions described herein will be contained in the final version of this Offering Circular. Investors should not subscribe for any securities referred to herein except on the basis of information contained in the final version of this Offering Circular.

**Arranger  
Commonwealth Bank of Australia**

**Lead Managers**

**Commonwealth Bank of Australia  
Royal Bank of Canada, Sydney Branch**

**Westpac Banking Corporation**

**National Australia Bank Limited  
Standard Chartered Bank**

**THE OFFERED NOTES MAY NOT BE OFFERED OR SOLD EXCEPT IN OFFSHORE TRANSACTIONS TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN RELIANCE ON RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT. THE OFFERED NOTES ARE BEING OFFERED FOR SALE ONLY IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.**

The date of this Offering Circular is 27 February 2024

## DISCLAIMER

The Offered Notes do not represent deposits or other liabilities of any of Pepper Money Limited (in any capacity, including as Trust Manager, Servicer, Calculation Agent, Loss Reserve Loan Provider and Extraordinary Expense Reserve Loan Provider), Commonwealth Bank of Australia (in any capacity, including as Arranger, Lead Manager and Liquidity Facility Provider), National Australia Bank Limited (in any capacity, including as Lead Manager), Royal Bank of Canada, Sydney Branch (in any capacity, including as Lead Manager), Standard Chartered Bank (in any capacity, including as Lead Manager) and Westpac Banking Corporation (in any capacity, including as Lead Manager) or their respective Related Entities (each such entity, an "**Applicable Party**") and no such Applicable Party guarantees or is otherwise responsible for the payment or repayment of any moneys owing to Noteholders, the principal of the Offered Notes, the payment of interest in respect of any Offered Notes, any particular rate of capital or income return in respect of the Offered Notes or the performance of any obligations whatsoever by any other party. The Offered Notes will be the obligations of Permanent Custodians Limited solely in its capacity as trustee of the Trust and do not represent obligations of or interests in, and are not guaranteed by, Permanent Custodians Limited in its personal capacity, or as trustee of any other trust, or any other affiliate of Permanent Custodians Limited.

The liability of the Trustee to make payments in respect of the Offered Notes is limited to its right of indemnity from the Trust Assets. Except in the case of, and to the extent that the Trustee's right of indemnification against the Trust Assets is reduced as a result of the Trustee's fraud, negligence or wilful misconduct, 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 that the Trustee is actually indemnified out of the Trust Assets. Other than in the exception previously mentioned, the personal assets of the Trustee are not available to meet payments of interest or principal on the Offered Notes.

The holding of the Offered 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 3 ("Risk Factors").

None of Pepper Money Limited, in its individual capacity and as Trust Manager, Servicer, Calculation Agent, Loss Reserve Loan Provider and Extraordinary Expense Reserve Loan Provider, Commonwealth Bank of Australia, in its individual capacity and as Arranger, Lead Manager and Liquidity Facility Provider, National Australia Bank Limited, in its individual capacity and as Lead Manager, Royal Bank of Canada, Sydney Branch, in its individual capacity and as Lead Manager), Standard Chartered Bank, in its individual capacity and as Lead Manager, Westpac Banking Corporation, in its individual capacity and as Lead Manager, Permanent Custodians Limited, in its individual capacity, as Trustee and as trustee of any trust or as Registrar, BTA Institutional Services Australia Limited, in its individual capacity, as Security Trustee and as trustee of any trust, or BNY Trust Company of Australia Limited, in its individual capacity, as Backup Servicer and Custodian in any way stands behind the capital value or the performance of the Offered Notes or the Trust Assets.

None of the obligations of Permanent Custodians Limited, in its capacity as trustee of the Trust, including the payment of interest and the repayment of principal due on the Offered Notes, are guaranteed in any way by Pepper Money Limited, in its individual capacity and as Trust Manager, Servicer, Calculation Agent, Loss Reserve Loan Provider and Extraordinary Expense Reserve Loan Provider, by Commonwealth Bank of Australia, in its individual capacity and as Arranger, Lead Manager and Liquidity Facility Provider, by National Australia Bank Limited, in its individual capacity and as Lead Manager, by Royal Bank of Canada, Sydney Branch, in its individual capacity and as Lead Manager, by Standard Chartered Bank, in its individual capacity and as Lead Manager, by Westpac Banking Corporation in its individual capacity and as Lead Manager, by Permanent Custodians Limited, in its individual

capacity and as trustee of any trust, by BTA Institutional Services Australia Limited, in its individual capacity, as Security Trustee and as trustee of any trust or by BNY Trust Company of Australia Limited, in its individual capacity, as Backup Servicer and as Custodian.

## NOTICE TO INVESTORS IN AUSTRALIA

THIS OFFERING CIRCULAR IS NOT A "PROSPECTUS" OR AN "OFFER INFORMATION STATEMENT" FOR THE PURPOSES OF PART 6D.2 OF THE 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 UNDER THE CORPORATIONS ACT AS EACH OFFER FOR THE ISSUE, ANY INVITATION TO APPLY FOR THE ISSUE, AND ANY OFFER FOR THE SALE OF, AND ANY INVITATION FOR OFFERS TO PURCHASE, THE OFFERED NOTES TO A PERSON UNDER THIS OFFERING CIRCULAR:

- (I) WILL BE FOR A MINIMUM AMOUNT PAYABLE, BY EACH PERSON (AFTER DISREGARDING ANY AMOUNT LENT BY THE PERSON OFFERING THE OFFERED 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) OF 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); OR
- (II) DOES NOT OTHERWISE REQUIRE DISCLOSURE TO INVESTORS UNDER PART 6D.2 OF THE CORPORATIONS ACT AND IS NOT MADE TO A RETAIL CLIENT FOR THE PURPOSES OF CHAPTER 7 OF THE CORPORATIONS ACT.

## NOTICE TO INVESTORS: EUROPEAN ECONOMIC AREA

THE OFFERED 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 EEA RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA"). FOR THESE PURPOSES, AN "EEA 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 DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED), 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 (AN "EU QUALIFIED INVESTOR") (AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 (AS AMENDED, THE "EU PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "EU PRIIPS REGULATION") FOR OFFERING OR SELLING THE OFFERED NOTES OR OTHERWISE MAKING THEM AVAILABLE TO EEA RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED; AND THEREFORE OFFERING OR SELLING THE OFFERED NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY EEA RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

THIS OFFERING CIRCULAR IS NOT A PROSPECTUS FOR THE PURPOSES OF THE EU PROSPECTUS REGULATION. THIS OFFERING CIRCULAR HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF OFFERED NOTES IN THE EEA WILL BE MADE ONLY TO A PERSON OR ENTITY QUALIFYING AS AN EU QUALIFIED INVESTOR. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE EEA OF OFFERED NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS OFFERING CIRCULAR MAY ONLY DO SO TO ONE OR MORE EU QUALIFIED INVESTORS. NONE OF THE TRUST MANAGER, THE TRUSTEE NOR ANY OF THE LEAD MANAGERS HAVE AUTHORISED, NOR DO THEY AUTHORISE, THE

MAKING OF ANY OFFER OF OFFERED NOTES IN THE EEA OTHER THAN TO ONE OR MORE EU QUALIFIED INVESTORS.

### **NOTICE TO INVESTORS: UNITED KINGDOM**

THE OFFERED 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 UK RETAIL INVESTOR IN THE UNITED KINGDOM (THE “**UK**”). FOR THESE PURPOSES, A “**UK RETAIL INVESTOR**” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF COMMISSION DELEGATED REGULATION (EU) 2017/565 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED, THE “**EUWA**”) AND AS AMENDED; OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE “**FSMA**”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA (SUCH RULES AND REGULATIONS AS AMENDED) TO IMPLEMENT DIRECTIVE (EU) 2016/97 (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA AND AS AMENDED; OR (III) NOT A QUALIFIED INVESTOR (A “**UK QUALIFIED INVESTOR**”), AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA AND AS AMENDED (THE “**UK PROSPECTUS REGULATION**”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA AND AS AMENDED (THE “**UK PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE OFFERED NOTES OR OTHERWISE MAKING THEM AVAILABLE TO UK RETAIL INVESTORS IN THE UK HAS BEEN PREPARED; AND THEREFORE OFFERING OR SELLING THE OFFERED NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFERING CIRCULAR IS NOT A PROSPECTUS FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION. THIS OFFERING CIRCULAR HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF OFFERED NOTES IN THE UK WILL BE MADE ONLY TO A UK QUALIFIED INVESTOR. ACCORDINGLY ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE UK OF OFFERED NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS OFFERING CIRCULAR MAY ONLY DO SO TO ONE OR MORE UK QUALIFIED INVESTORS. NONE OF THE TRUST MANAGER, THE TRUSTEE, ANY OF THE LEAD MANAGERS HAVE AUTHORISED, NOR DO THEY AUTHORISE, THE MAKING OF ANY OFFER OF OFFERED NOTES IN THE UK OTHER THAN TO ONE OR MORE UK QUALIFIED INVESTORS.

IN THE UK, THIS OFFERING CIRCULAR IS ONLY BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS WHO (A) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE INVESTMENT PROFESSIONALS WITHIN THE MEANING OF ARTICLE 19(5) (“**INVESTMENT PROFESSIONALS**”) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE “**FPO**”); OR (B) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“**HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC**”) OF THE FPO; OR (C) ARE PERSONS TO WHOM THIS OFFERING CIRCULAR MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS OFFERING CIRCULAR MUST NOT BE ACTED ON OR RELIED ON BY PERSONS IN THE UK WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING CIRCULAR RELATES, INCLUDING THE OFFERED

NOTES, IS AVAILABLE IN THE UK ONLY TO RELEVANT PERSONS AND, IN THE UK, WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

### **NOTICE TO INVESTORS IN JAPAN**

THE OFFERED 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**”) AND, ACCORDINGLY, THE OFFERED NOTES ARE NOT BEING AND MAY NOT BE OFFERED OR SOLD 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 THE ABOVE PARAGRAPH, “**JAPANESE PERSON**” MEANS A “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). ANY BRANCH OR OFFICE IN JAPAN OF A NON-RESIDENT WILL BE DEEMED TO BE A RESIDENT IRRESPECTIVE OF WHETHER SUCH BRANCH OFFICE HAS THE POWER TO REPRESENT SUCH NON-RESIDENT.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT INVESTIGATION AND SEEK THEIR OWN INDEPENDENT ADVICE (I) AS TO THE SCOPE AND APPLICABILITY OF THE JAPAN DUE DILIGENCE AND RETENTION RULES; (II) AS TO THE SUFFICIENCY OF THE INFORMATION DESCRIBED IN THIS OFFERING CIRCULAR AND (III) AS TO THE COMPLIANCE WITH THE JAPAN DUE DILIGENCE AND RETENTION RULES IN RESPECT OF THE TRANSACTIONS CONTEMPLATED BY THIS OFFERING CIRCULAR.

## **1. IMPORTANT INFORMATION**

### **1.1 Important Notice**

Unless the context otherwise requires, in this section, references to Permanent Custodians Limited are to that company in its capacity as trustee of the Pepper Residential Securities Trust No. 39, and not its personal capacity or as trustee of any other trust.

Pepper Money Limited is responsible and liable for this Offering Circular in each jurisdiction in which this Offering Circular is distributed, including in Australia, the United Kingdom (the “**UK**”) the European Economic Area (“**EEA**”) and the United States of America (“**U.S.**”). Pepper Money Limited accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of Pepper Money Limited which has taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of that information.

Permanent Custodians Limited, as Trustee, accepts responsibility for the information contained in Section 4.1 (“The Trustee”). To the best of the knowledge and belief of Permanent Custodians Limited, which has taken all reasonable care to ensure that such is the case, the information contained in Section 4.1 (“The Trustee”) is in accordance with the facts and does not omit anything likely to affect the import of that information.

BTA Institutional Services Australia Limited, as Security Trustee, accepts responsibility for the information contained in Section 4.2 (“The Security Trustee”). To the best of the knowledge and belief of BTA Institutional Services Australia Limited, which has taken all reasonable care to ensure that such is the case, the information contained in Section 4.2 (“The Security Trustee”) is in accordance with the facts and does not omit anything likely to affect the import of that information.

BNY Trust Company of Australia Limited, as Backup Servicer, accepts responsibility for the information contained in Section 4.3 (“The Backup Servicer”). To the best of the knowledge and belief of BNY Trust Company of Australia Limited, which has taken all reasonable care to ensure that such is the case, the information contained in Section 4.3 (“The Backup Servicer”) is in accordance with the facts and does not omit anything likely to affect the import of that information.

Commonwealth Bank of Australia, as Liquidity Facility Provider, accepts responsibility for the information contained in the first six paragraphs of Section 7 (“Description of the Liquidity Facility Provider”). To the best of the knowledge and belief of Commonwealth Bank of Australia, which has taken all reasonable care to ensure that such is the case, the information contained in the first six paragraphs of Section 7 (“Description of the Liquidity Facility Provider”) is in accordance with the facts and does not omit anything likely to affect the import of that information.

Each of Commonwealth Bank of Australia, in its individual capacity and as Arranger, Lead Manager and Liquidity Facility Provider, National Australia Bank Limited, in its individual capacity and as Lead Manager, Royal Bank of Canada, Sydney Branch, in its individual capacity and as Lead Manager, Standard Chartered Bank, in its individual capacity and as Lead Manager, Westpac Banking Corporation, in its individual capacity and as Lead Manager, BTA Institutional Services Australia Limited, in its individual capacity, Security Trustee and as trustee of any trust, BNY Trust Company of Australia Limited, in its individual capacity, as Backup Servicer and Custodian, Moody’s and S&P:

- has not authorised or caused the issue of this Offering Circular or made or authorised the application for admission to listing and/or trading or any offer of any Notes to the public and has not separately verified the information contained in this Offering Circular;
- does not accept any responsibility for the admission to listing and/or trading of any of the Offered Notes; and
- does not accept any responsibility for any information contained in this Offering Circular and has not separately verified the information contained in this Offering Circular and makes no representation, warranty or undertaking, express or implied, as to the accuracy or completeness of any information contained in this Offering Circular or any other information supplied in connection with the Offered Notes except with respect to the information for which it accepts responsibility in the preceding paragraphs (if any).

Commonwealth Bank of Australia in its individual capacity and as Arranger, Lead Manager and Liquidity Facility Provider, National Australia Bank Limited in its individual capacity and as Lead Manager, Royal Bank of Canada, Sydney Branch in its individual capacity and as Lead Manager, Standard Chartered Bank in its individual capacity and as Lead Manager and Westpac Banking Corporation in its individual capacity and as Lead Manager have no responsibility to or liability for and do not owe any duty to any person who purchases or intends to purchase Offered Notes.

Pepper Money Limited, in its individual capacity and as Trust Manager, Servicer, Calculation Agent, Loss Reserve Loan Provider and Extraordinary Expense Reserve Loan Provider, Commonwealth Bank of Australia, in its individual capacity and as Arranger, Lead Manager and Liquidity Facility Provider, National Australia Bank Limited, in its individual capacity and as Lead Manager, Royal Bank of Canada, Sydney Branch in its individual capacity and as Lead Manager, Standard Chartered Bank, in its individual capacity and as Lead Manager, Westpac Banking Corporation, in its individual capacity and as Lead Manager, Permanent Custodians Limited, in its individual capacity, as Trustee and as trustee of any trust or as Registrar, BTA Institutional Services Australia Limited, in its individual capacity, Security Trustee and as trustee of any trust, BNY Trust Company of Australia Limited, in its individual capacity, as Backup Servicer or as Custodian, Moody's and S&P do not recommend that any person should purchase any of the Offered Notes and do not accept any responsibility or make any representation as to the tax consequences of investing in the Offered Notes.

Each of Commonwealth Bank of Australia, in its individual capacity and as Arranger, Lead Manager and Liquidity Facility Provider, National Australia Bank Limited, in its individual capacity and as Lead Manager, Royal Bank of Canada, Sydney Branch in its individual capacity and as Lead Manager, Standard Chartered Bank, in its individual capacity and as Lead Manager and Westpac Banking Corporation, in its individual capacity and as Lead Manager have no responsibility to or liability for and do not owe any duty to any person who purchases or intends to purchase Offered Notes in respect of this transaction, including but not limited to the preparation and due execution of the Transaction Documents and the power, capacity or due authorisation of any other party to enter into and execute the Transaction Documents.

Each person receiving this Offering Circular acknowledges that he or she has not relied on the entities listed in the preceding paragraph nor on any person affiliated with any of them in connection with his or her investigation of the accuracy of the information in this Offering Circular or his or her investment decisions; acknowledges that this Offering Circular and any other information supplied in connection with the Offered Notes is not intended to provide the basis of any credit or other evaluation; acknowledges that the Arranger and the Lead Managers have expressly not undertaken to review the financial condition or affairs of the Trust or any

party named in this Offering Circular during the life of the Offered Notes; should make his or her own independent investigation of the Trust and the Offered Notes; and should seek its own tax, accounting and legal advice as to the consequences of investing in any of the Offered Notes.

Neither the delivery of this Offering Circular nor any sale made in connection with this Offering Circular shall, under any circumstances, create any implication that:

- there has been no material change in the affairs of the Trust or any party named in this Offering Circular since the date of this Offering Circular or the date upon which this Offering Circular has been most recently amended or supplemented; or
- any other information supplied in connection with the Offered Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing such information.

The Trustee enters into the Transaction Documents and issues the Offered Notes 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 or the Offered Notes 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 and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to any Transaction Document.

A Noteholder may not sue the Trustee in any capacity other than as trustee of the Trust, including to 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 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 misconduct in relation to the Trust.

A credit rating is not a recommendation to buy, sell or hold securities. A rating does not address the market price or suitability of the Offered Notes for you. A rating may be subject to revision or withdrawal at any time by the rating agencies. The rating does not address the expected schedule of principal repayments other than to say that principal will be returned no later than the Maturity Date of the Offered Notes. None of the rating agencies have been involved in the preparation of this Offering Circular.

Each rating agency may revise, suspend, qualify or withdraw an assigned rating at any time. Additionally, a rating agency not hired to rate the Offered Notes may provide an unsolicited rating that differs from (or is lower than) the rating provided by any rating agency hired to rate the Offered Notes. Similarly, any rating action taken by one rating agency may not necessarily be taken by the other rating agency. No transaction party will be responsible for monitoring any changes to the ratings on the Offered Notes.

The Offered Notes will be offered by the Lead Managers, subject to prior sale, if and when they are issued to and accepted by them. The Lead Managers reserve the right to reject an offer in whole or in part and to withdraw, cancel or modify the offer without notice.

Pepper Money Limited, Commonwealth Bank of Australia in its individual capacity and as Arranger, Lead Manager and Liquidity Facility Provider, National Australia Bank Limited in its individual capacity and as Lead Manager, Royal Bank of Canada, Sydney Branch, in its individual capacity and as Lead Manager, Standard Chartered Bank in its individual capacity and as Lead Manager, Westpac Banking Corporation in its individual capacity and as Lead Manager, Permanent Custodians Limited, in its individual capacity, as Trustee and as trustee of any trust, BTA Institutional Services Australia Limited, in its individual capacity, Security Trustee and as trustee of any trust, BNY Trust Company of Australia Limited, in its individual capacity, as Backup Servicer and as Custodian, 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 Offering Circular or as contemplated in the Transaction Documents (each a “**Transaction Party**”) it or any of its Related Entities, subsidiaries, directors and employees (each a “**Relevant Person**”):

- 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
- will receive or may pay fees, brokerage, commissions or other benefits, and act as principal with respect to any dealing with respect to any Notes (including, without limitation, any investment in certain classes of Notes on their initial issue),

(the “**Note Interests**”).

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

- each Relevant Person 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 Person’s own account and/or for the account of other persons (the “**Other Transaction Interests**”); and
- each Relevant Person may indirectly receive proceeds of the Notes in repayment of debt financing arrangements involving a Relevant Person. For example, this could occur if the proceeds of the Notes form the purchase price used to acquire the assets that are currently financed under existing debt financing arrangements involving a Relevant Person and that purchase price is in turn used to repay any of the debt financing owing to that Relevant Person; and
- each Relevant Person 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 Offering Circular relates; and
- each Relevant Person 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 Person; and

- to the maximum extent permitted by applicable law, no Relevant Person has any duties or liabilities (including, without limitation, any advisory or fiduciary duty) to any person other than any contractual obligations of the Relevant Person as set out in the relevant Transaction Documents; and
- a Relevant Person may have or come into possession of information not contained in this Offering Circular 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**”); and
- to the maximum extent permitted by applicable law, no Relevant Person is under any obligation to disclose any Relevant Information to any potential investor and this Offering Circular and any subsequent course of conduct by a Relevant Person should not be construed as implying that the Relevant Person is not in possession of such Relevant Information or that any information in this Offering Circular or otherwise is accurate or up to date; and
- each Relevant Person 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 Transaction Party arising from the Transaction Document Interests (for example, by a dealer, an arranger or a provider of liquidity or other facilities) or from an Other Transaction may affect the ability of a Transaction Party 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 Person (in another capacity) (for example, as a Noteholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of a Transaction Party, a potential investor or a Noteholder, and a Transaction Party, a potential investor or a Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Person 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, potential investors or a Transaction Party, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

This is not a comprehensive or definitive list of all actual or potential conflicts of interest.

## **1.2 Offeree Acknowledgements**

In making an investment decision, investors must rely on their own examination of the Offered Notes and the terms of the placement, including the merits and risks involved.

Each person receiving this Offering Circular is deemed to have acknowledged that:

- such person has been afforded an opportunity to request and to review, and has received and reviewed, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information in this Offering Circular;
- such person has not relied on any of the entities set forth in the eleventh paragraph of Section 1.1 (“Important Notice”), the Lead Managers or any person affiliated with the Lead Managers in connection with its investigation of the accuracy of such information or its investment decision; and

- no person has been authorised to give any information or to make any representation concerning the Offered Notes other than as contained in this Offering Circular and, if given or made, any such other information or representation has not been relied upon.

The Lead Managers reserve the right to reject any offer to purchase the Offered Notes, in whole or in part, for any reason and to sell less than the aggregate amount of the Offered Notes. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Offered Notes.

All information contained in this Offering Circular is given as of the date of this Offering Circular. Neither the delivery of this Offering Circular nor any sale made in connection with it will, under any circumstances, create any implication that there has been no change in the information contained in this Offering Circular since the date of this Offering Circular.

No person is authorised to give any information or to make any representation other than as contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Trustee, in its individual capacity, as Trustee, or as trustee of any trust, the Custodian, the Trust Manager, the Servicer, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Liquidity Facility Provider, the Security Trustee, in its individual capacity, as Security Trustee, or as trustee of any trust, the Registrar, the Calculation Agent, the Arranger or the Lead Managers.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Trustee, in its individual capacity, as Trustee, or as trustee of any trust, the Trust Manager, the Servicer, the Backup Servicer, the Liquidity Facility Provider, the Custodian, the Security Trustee, in its individual capacity, as Security Trustee, or as trustee of any trust, the Registrar, the Calculation Agent, the Arranger or the Lead Managers (or any of them) to subscribe for or purchase any of the Offered Notes in any jurisdiction where it is unlawful to make such an offer or invitation.

This Offering Circular contains summaries of certain documents, but reference is made to the actual documents (copies of which will be made available upon request free of charge to investors by the Trust Manager) for complete information with respect thereto, and all such summaries are qualified in their entirety by such reference.

Nothing in this Offering Circular shall be deemed to constitute a promise or representation by any of the Trustee, in its individual capacity, as Trustee, or as trustee of any trust, the Custodian, the Trust Manager, the Servicer, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Liquidity Facility Provider, the Security Trustee, in its individual capacity, as Security Trustee, or as trustee of any trust, the Registrar, the Calculation Agent, the Arranger or the Lead Managers as to the future performance of the Offered Notes, the Mortgage Loans or the other related authorised assets.

None of the Trustee, in its individual capacity, as Trustee, or as trustee of any trust, the Custodian, the Trust Manager, the Servicer, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Liquidity Facility Provider, the Security Trustee, in its individual capacity, as Security Trustee, or as trustee of any trust, the Registrar, the Calculation Agent, the Arranger or the Lead Managers undertake to review the financial condition or affairs of the Trust during the life of the Offered Notes or to advise any investor or potential investor in the Offered Notes of any changes in, or matters arising or coming to their attention which may affect, anything referred to this Offering Circular.

The Offered Notes are being offered pursuant to the exemptions from registration under the U.S. Securities Act of 1933, as amended (“**Securities Act**”) described in Section 1.6 (“Notice to investors – transfer restrictions in respect of the Offered Notes”) and have not been nor will they be registered under the Securities Act, or the securities laws of any other jurisdiction. The Offered Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as described in Section 1.6 (“Notice to investors – transfer restrictions in respect of the Offered Notes”) and the applicable state securities laws pursuant to registration or exemption therefrom. There can be no assurance that a meaningful secondary market for the Offered Notes will develop. See Section 1.6 (“Notice to investors – transfer restrictions in respect of the Offered Notes”) and Section 3 (“Risk Factors”) under the heading “You may not be able to resell your Offered Notes”.

The Offered Notes have not been recommended by ASIC or any state securities commission or regulatory authority. Furthermore, the foregoing authorities have not reviewed or confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

Prospective investors should not rely on information other than that contained in this Offering Circular. In making a purchase of Offered Notes, investors will be deemed to have made their investment decision and analysis, including the merits and risks involved, and their own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors which may be relevant in connection with such investment, based solely upon this Offering Circular and not to have relied on any other information and will also be deemed to have made the acknowledgments, representations and agreements provided under Section 1.6 (“Notice to investors – transfer restrictions in respect of the Offered Notes”).

You should not invest in the Offered Notes unless you are able to bear the economic risk of such investment for an indefinite period of time.

None of the Trustee, in its individual capacity, as Trustee, or as trustee of any trust, the Custodian, the Trust Manager, the Servicer, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Liquidity Facility Provider, the Security Trustee, in its individual capacity, as Security Trustee, or as trustee of any trust, the Registrar, the Calculation Agent, the Arranger or the Lead Managers make any representation to any investor in the Offered Notes regarding the legality of its investment under any applicable law.

The contents of this Offering Circular should not be construed as providing legal, business, accounting, financial or tax advice. Each prospective investor should consult its own legal, business, financial, accounting and tax advisers prior to making a decision to invest in the Offered Notes.

Neither this Offering Circular nor any other information supplied in connection with the Offered Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any person that any recipient of this Offering Circular, or of any other information supplied in connection with the Offered Notes, should purchase any of the Offered Notes.

None of the Trustee, in its individual capacity, as Trustee or as trustee of any trust, the Custodian, the Trust Manager, the Servicer, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Liquidity Facility Provider, the Security Trustee in its individual capacity or as security trustee of any other trust, the Registrar, the Calculation Agent, the Arranger or the Lead Managers accepts any

responsibility for, or makes any representation as to the tax consequences of investing in the Offered Notes.

### **1.3 Reliance and Selling Restrictions**

You should rely only on the information contained in this Offering Circular. No one has been authorised to provide you with any other, or different, information. This Offering Circular may only be used where it is legal to sell the Offered Notes. The information in this Offering Circular may only be accurate on the date of this Offering Circular.

No person has taken or will take any action that would permit a public offer of the Offered Notes in any country or jurisdiction where action for that purpose is required. The Offered Notes will be offered non-publicly pursuant to certain exemptions from the Securities Act. The Offered Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction, unless permitted under all applicable laws and regulations. The distribution of this Offering Circular and the offer or sale of the Offered Notes may be restricted in some jurisdictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer and sale of the Offered Notes in the UK, the EEA, Australia and in the U.S. You should inform yourself about and observe any of these restrictions. For a description of further restrictions on offers and sales of the Offered Notes, see Section 1.6 (“Notice to investors – transfer restrictions in respect of the Offered Notes”).

This Offering Circular does not and is not intended to constitute an offer to sell or a solicitation of any offer to buy any of the Offered Notes by or on behalf of Pepper Money Limited or Permanent Custodians Limited in any capacity in any jurisdiction in which the offer or solicitation is not authorised or in which the person making the offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Lead Manager, or any affiliates of a Lead Manager, is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Lead Manager, or any such affiliates, on behalf of the Trustee in such jurisdiction.

### **1.4 Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore Notification**

In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Trust Manager has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Offered Notes are capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **1.5 Notice to investors in Singapore**

At no time shall the Offered Notes be offered or sold, or caused to be made the subject of an invitation for subscription or purchase, nor shall this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Offered Notes be circulated or distributed to any person in Singapore in any subsequent offer except to (I) an institutional investor (as defined in Section 4A of the SFA) or (II) an accredited

investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

### **1.6 Notice to investors – transfer restrictions in respect of the Offered Notes**

Because of the following restrictions on transfer, prospective investors are advised to consult legal counsel prior to making any resale, pledge or transfer of any of the Offered Notes.

#### ***Offers and Sales of the Offered Notes***

The Offered Notes have not been and will not be registered under the Securities Act and may not be offered or sold except to non-U.S. persons in reliance upon Regulation S under the Securities Act (“**Regulation S**”) or pursuant to an exemption from the registration requirements of the Securities Act. The Offered Notes are being offered for sale only outside the United States in accordance with Regulation S.

#### ***Investor Representations and Restrictions on Resale***

Each purchaser of Offered Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to, warranted and agreed with the Trustee, the Trust Manager or the Lead Managers as follows:

- 1) The purchaser is not a “U.S. person” within the meaning of Rule 902(k) of Regulation S under the Securities Act (“**U.S. person**”) and is purchasing such Offered Notes in an offshore transaction complying with Rule 903 and Rule 904 of Regulation S under the Securities Act.
- 2) The purchaser understands that the Offered Notes have not been registered under the Securities Act or any U.S. securities laws. It acknowledges that an interest in the Offered Notes may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, a U.S. Person at any time except pursuant to an exemption from the registration requirements of the Securities Act.
- 3) The purchaser understands that this Offering Circular is not a “Prospectus” or “Offer Information Statement” for the purposes of Part 6D.2 of the 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 under the Corporations Act.
- 4) The purchaser is not an “associate” (as defined in Section 128F(9) of the Income Tax Assessment Act of 1936 of Australia) of the Trustee.
- 5) The purchaser is not a “retail client” for the purposes of Chapter 7 of the Corporations Act.
- 6) The purchaser is relying on the information contained in this Offering Circular in making its investment decision with respect to the Offered Notes. It acknowledges that no representation or warranty is made by any Lead Manager as to the accuracy or completeness of such materials. It further acknowledges that none of the Trustee, the Custodian, the Trust Manager, the Servicer, the Calculation Agent, the Registrar, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Security Trustee, the Liquidity Facility Provider, the Arranger or any Lead Manager or any person representing them has made any representation to it with respect to the Trustee, the Security Trustee, the Custodian, the Backup Servicer,

the Liquidity Facility Provider, the Trust Manager, the Servicer, the Calculation Agent, the Registrar, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Arranger or the Lead Managers or the offering or sale of any Offered Notes. It has had access to such financial and other information concerning the Trustee, the Custodian, the Trust Manager, the Servicer, the Calculation Agent, the Registrar, the Backup Servicer, the Liquidity Facility Provider, the Security Trustee, the Trust, the Arranger, the Lead Managers and the Offered Notes as it has deemed necessary in connection with its decision to purchase any of the Offered Notes, including an opportunity to ask questions of and request information from the Trustee, the Custodian, the Trust Manager, the Servicer, the Calculation Agent, the Registrar, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Security Trustee, the Liquidity Facility Provider, the Arranger and each Lead Manager.

Each purchaser of Offered Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Offered Notes or possesses or distributes this Offering Circular or any part of it and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Offered Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and none of the Trustee, the Custodian, the Trust Manager, the Servicer, the Calculation Agent, the Registrar, the Loss Reserve Loan Provider, the Extraordinary Expense Reserve Loan Provider, the Backup Servicer, the Security Trustee, the Liquidity Facility Provider, the Arranger or any Lead Manager nor any of their affiliates shall have any responsibility therefor. Each purchaser of Offered Notes should inform itself about and observe any restrictions which apply in respect of any jurisdiction in which it purchases, offers or sells Offered Notes or possesses or distributes this Offering Circular or any part of it. For a description of further restrictions on offers and sales of the Offered Notes, see Section 20 (“Plan of Distribution”) and Section 1.6 (“Notice to Investors – transfer restrictions in respect of the Offered Notes”).

## 1.7 Ratings

Credit ratings in respect of the Offered Notes are for distribution only to persons who are not “retail clients” within the meaning of section 761G of the Corporations Act and are also sophisticated, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Offering Circular and anyone who receives this Offering Circular must not distribute it to any person who is not entitled to receive it.

It is expected that the Offered Notes will, when issued, be assigned (in the case of the Class A1 Notes and the Class A2 Notes) a rating of “Aaa(sf)” by Moody’s and “AAA(sf)” by S&P, (in the case of the Class B Notes) a rating of “Aa2(sf)” by Moody’s, (in the case of the Class C Notes) a rating of “A2(sf)” by Moody’s, (in the case of the Class D Notes) a rating of “Baa2(sf)” by Moody’s, (in the case of the Class E Notes) a rating of “Ba2(sf)” by Moody’s and (in the case of the Class F Notes) a rating of “B2(sf)” by Moody’s. The Class G Notes and Class L Notes will not be rated by S&P or Moody’s. Each of Moody’s and S&P is not established in the European Union (the “EU”) or in the UK and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “EU CRA Regulation”) or under such regulation as it forms part of the UK domestic law (the “UK CRA Regulation”). The ratings have been endorsed by S&P Global Ratings Europe Limited in accordance with the EU CRA Regulation and by S&P Global Ratings UK Limited and Moody’s Investors Service Ltd, respectively, in accordance with the UK CRA Regulation. S&P Global Ratings Europe Limited is established in the EU and registered under the EU CRA Regulation. Each of S&P Global Ratings UK

Limited and Moody's Investors Service Ltd is established in the UK and registered under the UK CRA Regulation. As such S&P Global Ratings Europe Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation and S&P Global Ratings UK Limited and Moody's Investors Service Ltd are included in the list of credit rating agencies published by the Financial Conduct Authority on its website in accordance with the UK CRA Regulation.

### **1.8 Eurosystem eligibility**

As at the date of this Offering Circular, the Notes are not recognised as eligible collateral (or recognised to fall into any specific category of eligible collateral) for the purposes of monetary policy and intra-day credit operations by the European Central Bank's liquidity scheme ("**Eurosystem**") either upon issue or at any or all times while any Notes are outstanding, and there is no guarantee that any of the Notes will be so recognised at a future date. Eurosystem eligibility may affect the marketability of the Notes. Any potential investor in the Notes should make its own determinations and seek its own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral.

### **1.9 Benchmark Amendments**

If, at any time, a Permanent Discontinuation Trigger occurs with respect to the Applicable Benchmark Rate that applies to the Notes at that time (a "**Benchmark Event**") and the Trust Manager determines that amendments to any Transaction Documents are necessary to give effect to the application of the applicable Fallback Rate as contemplated by Section 12.29 ("Interest on the Notes – Permanent Discontinuation Fallback") ("**Benchmark Amendments**"), the parties to the relevant Transaction Documents may make such Benchmark Amendments as may be necessary to give effect to the application of the applicable Fallback Rate without the requirement of any approval from the Secured Creditors, provided that such Benchmark Amendments may only take effect on or after the Permanent Fallback Effective Date in respect of the Permanent Discontinuation Trigger for the Applicable Benchmark Rate. In relation to making any Benchmark Amendments, the Trustee will act at the direction of the Trust Manager and the Security Trustee will agree to any Benchmark Amendments agreed to by the Trustee.

None of the Trust Manager, the Trustee, the Security Trustee or any other party to the Transaction Documents have any liability to any Noteholder for either any determination of any Fallback Rate in accordance with Section 12.29 ("Interest on the Notes – Permanent Discontinuation Fallback") or the execution or application of any Benchmark Amendments made in accordance with the procedures described above.

## TABLE OF CONTENTS

<b>1.</b>	<b>IMPORTANT INFORMATION .....</b>	<b>7</b>
1.1	IMPORTANT NOTICE .....	7
1.2	OFFEREE ACKNOWLEDGEMENTS .....	11
1.3	RELIANCE AND SELLING RESTRICTIONS .....	14
1.4	SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE NOTIFICATION .....	14
1.5	NOTICE TO INVESTORS IN SINGAPORE.....	14
1.6	NOTICE TO INVESTORS – TRANSFER RESTRICTIONS IN RESPECT OF THE OFFERED NOTES.....	15
1.7	RATINGS .....	16
1.8	EUROSYSTEM ELIGIBILITY.....	17
1.9	BENCHMARK AMENDMENTS .....	17
<b>2.</b>	<b>OVERVIEW OF THE TRANSACTION .....</b>	<b>22</b>
2.1	CAPITALISED TERMS .....	22
2.2	PARTIES TO THE TRANSACTION.....	22
2.3	STRUCTURAL DIAGRAM .....	25
2.4	OVERVIEW OF THE NOTES .....	26
2.5	STRUCTURAL OVERVIEW .....	30
2.6	SECURITISATION REGULATION RULES .....	44
2.7	US CREDIT RISK RETENTION .....	56
2.8	JAPANESE RISK RETENTION .....	58
2.9	REPO-ELIGIBILITY.....	60
2.10	LISTING .....	60
2.11	POST-ISSUANCE INFORMATION .....	61
2.12	WEBSITES.....	61
<b>3.</b>	<b>RISK FACTORS.....</b>	<b>62</b>
<b>4.</b>	<b>DESCRIPTION OF THE TRUSTEES AND BACKUP SERVICER.....</b>	<b>95</b>
4.1	THE TRUSTEE .....	95
4.2	THE SECURITY TRUSTEE.....	95
4.3	THE BACKUP SERVICER.....	96
<b>5.</b>	<b>DESCRIPTION OF PEPPER, THE SERVICER, THE ORIGINATOR AND THE TRUST MANAGER .....</b>	<b>98</b>
5.1	CORPORATE HISTORY AND PEPPER STRUCTURE.....	98
5.2	PORTFOLIO ACQUISITIONS .....	99
5.3	SERVICING AND BUSINESS ACQUISITIONS .....	99
5.4	OBLIGATIONS OF THE SERVICER AND TRUST MANAGER.....	99

<b>6.</b>	<b>DESCRIPTION OF THE CALCULATION AGENT .....</b>	<b>100</b>
<b>7.</b>	<b>DESCRIPTION OF THE LIQUIDITY FACILITY PROVIDER.....</b>	<b>101</b>
<b>8.</b>	<b>DESCRIPTION OF THE TRUST .....</b>	<b>102</b>
8.1	MASTER TRUST DEED .....	102
8.2	PEPPER RESIDENTIAL SECURITIES TRUST NO. 39.....	102
8.3	AFFILIATIONS AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.....	102
<b>9.</b>	<b>DESCRIPTION OF THE TRUST ASSETS .....</b>	<b>104</b>
9.1	TRUST ASSETS .....	104
9.2	THE MORTGAGE LOANS.....	104
9.3	REPRESENTATIONS AND WARRANTIES OF THE TRUST MANAGER AND ELIGIBILITY CRITERIA .....	105
9.4	FEATURES OF THE MORTGAGE LOANS .....	108
9.5	DETAILS OF THE MORTGAGE LOAN POOL.....	110
9.6	MORTGAGE LOANS HAVE CAPACITY TO PRODUCE FUNDS .....	122
<b>10.</b>	<b>PEPPER RESIDENTIAL LOAN PORTFOLIO .....</b>	<b>123</b>
10.1	ORIGINATION .....	123
10.2	APPROACH TO CREDIT ASSESSMENT.....	126
10.3	SERVICING .....	126
<b>11.</b>	<b>DESCRIPTION OF THE OFFERED NOTES.....</b>	<b>129</b>
11.1	GENERAL .....	129
11.2	OFFERED NOTES.....	129
<b>12.</b>	<b>CASHFLOW ALLOCATION METHODOLOGY .....</b>	<b>131</b>
12.1	COLLECTIONS.....	131
12.2	DISTRIBUTIONS MADE DURING A COLLECTION PERIOD .....	131
12.3	DETERMINATION OF AVAILABLE PRINCIPAL.....	132
12.4	DETERMINATION OF TOTAL AVAILABLE PRINCIPAL .....	132
12.5	APPLICATION OF TOTAL AVAILABLE PRINCIPAL (PRIOR TO AN EVENT OF DEFAULT) 133	
12.6	STEPDOWN CRITERIA.....	135
12.7	DISTRIBUTION OF TURBO PRINCIPAL ALLOCATION .....	136
12.8	DISTRIBUTION OF YIELD ENHANCEMENT RESERVE .....	136
12.9	DETERMINATION OF AVAILABLE INCOME .....	137
12.10	EXTRAORDINARY EXPENSE RESERVE DRAW.....	138
12.11	PRINCIPAL DRAW .....	138
12.12	LIQUIDITY DRAW.....	139
12.13	DETERMINATION OF PRELIMINARY TOTAL AVAILABLE INCOME .....	139
12.14	YIELD ENHANCEMENT RESERVE DRAW.....	139
12.15	DETERMINATION OF TOTAL AVAILABLE INCOME.....	139

12.16	APPLICATION OF TOTAL AVAILABLE INCOME (PRIOR TO AN EVENT OF DEFAULT)	139
12.17	ALLOCATION OF CHARGE-OFFS AND PRINCIPAL DRAWS	143
12.18	RE-INSTATEMENT OF CARRYOVER CHARGE-OFFS AND PRINCIPAL DRAWS	144
12.19	APPLICATION OF PROCEEDS FOLLOWING AN EVENT OF DEFAULT	144
12.20	CASH COLLATERAL	146
12.21	AMORTISATION LEDGER	146
12.22	RETENTION AMOUNT LEDGER	147
12.23	EXTRAORDINARY EXPENSE RESERVE ACCOUNT	147
12.24	YIELD ENHANCEMENT RESERVE	148
12.25	YIELD ENHANCEMENT LEDGER	148
12.26	ACCRUED INTEREST ADJUSTMENT	148
12.27	LOSS RESERVE ACCOUNT	148
12.28	REALLOCATION OR SALE	149
12.29	INTEREST ON THE NOTES	150
12.30	CALCULATION OF INTEREST ON THE NOTES	152
12.31	WITHHOLDING OR TAX DEDUCTIONS	153
12.32	CALL OPTION	153
12.33	FINAL REDEMPTION OF THE NOTES	154
12.34	REDEMPTION OF THE NOTES FOR TAXATION OR OTHER REASONS	154
12.35	PRESCRIPTION	154
12.36	THRESHOLD RATE	155
12.37	SERVICER ADVANCES	155
<b>13.</b>	<b>DESCRIPTION OF THE TRANSACTION DOCUMENTS</b>	<b>156</b>
13.1	GENERAL FEATURES OF THE TRUST	156
13.2	MASTER TRUST DEED	157
13.3	MASTER SECURITY TRUST DEED	163
13.4	GENERAL SECURITY AGREEMENT	169
13.5	MASTER SERVICER DEED	173
13.6	MASTER MANAGEMENT DEED	177
13.7	LIQUIDITY FACILITY AGREEMENT	179
13.8	BACKUP SERVICER DEED	186
13.9	CUSTODY DEED	189
13.10	EXTRAORDINARY EXPENSE RESERVE LOAN AGREEMENT	192
<b>14.</b>	<b>PREPAYMENT AND YIELD CONSIDERATIONS</b>	<b>194</b>
14.1	GENERAL	194
14.2	PREPAYMENTS	194
<b>15.</b>	<b>USE OF PROCEEDS</b>	<b>196</b>
<b>16.</b>	<b>LEGAL ASPECTS OF THE MORTGAGE LOANS</b>	<b>197</b>

16.1	GENERAL .....	197
16.2	NATURE OF HOUSING LOANS AS SECURITY .....	197
16.3	STRATA TITLE .....	197
16.4	URBAN LEASEHOLD .....	198
16.5	TAKING SECURITY OVER LAND.....	198
16.6	ENFORCEMENT OF REGISTERED MORTGAGES .....	199
16.7	BANKRUPTCY.....	200
16.8	ENVIRONMENTAL .....	200
16.9	INSOLVENCY CONSIDERATIONS .....	201
16.10	CONSUMER CREDIT LEGISLATION .....	201
<b>17.</b>	<b>AUSTRALIAN TAX MATTERS .....</b>	<b>202</b>
17.1	INTEREST WITHHOLDING TAX.....	202
17.2	OTHER TAX MATTERS .....	204
17.3	FATCA.....	206
17.4	COMMON REPORTING STANDARD .....	207
<b>18.</b>	<b>U.S. LEGAL INVESTMENT CONSIDERATIONS .....</b>	<b>208</b>
<b>19.</b>	<b>RATINGS OF THE OFFERED NOTES .....</b>	<b>209</b>
<b>20.</b>	<b>PLAN OF DISTRIBUTION.....</b>	<b>210</b>
20.1	OFFERED NOTES.....	210
20.2	OFFERING RESTRICTIONS.....	211
<b>21.</b>	<b>GENERAL INFORMATION .....</b>	<b>217</b>
21.1	AUTHORISATION.....	217
21.2	LITIGATION .....	217
<b>22.</b>	<b>GLOSSARY .....</b>	<b>218</b>

## 2. OVERVIEW OF THE TRANSACTION

*This overview highlights selected information from this Offering Circular and does not contain all of the information that you need to consider in making your investment decision. This overview contains a summary of some of the concepts and other information to aid your understanding. All of the information contained in this overview is qualified by the more detailed explanations in other parts of this Offering Circular and by the terms of the Transaction Documents. Any decision to invest in the Offered Notes should be based on a consideration of this Offering Circular as a whole.*

### 2.1 Capitalised Terms

Capitalised terms used in this Offering Circular, unless defined elsewhere in this Offering Circular, have the meanings set forth in Section 22 (“Glossary”).

### 2.2 Parties to the Transaction

<b>Trust:</b>	Pepper Residential Securities Trust No. 39
<b>Trustee:</b>	Permanent Custodians Limited (ABN 55 001 426 384) in its capacity as trustee of the Pepper Residential Securities Trust No. 39
<b>Trust Manager:</b>	Pepper Money Limited (ABN 55 094 317 665)
<b>Servicer:</b>	Pepper Money Limited (ABN 55 094 317 665)
<b>Backup Servicer and Custodian:</b>	BNY Trust Company of Australia Limited (ABN 49 050 294 052)
<b>Security Trustee:</b>	BTA Institutional Services Australia Limited (ABN 48 002 916 396) in its capacity as trustee of the Pepper Residential Securities Security Trust No. 39
<b>Calculation Agent:</b>	Pepper Money Limited (ABN 55 094 317 665)
<b>Registrar:</b>	Permanent Custodians Limited (ABN 55 001 426 384) in its capacity as trustee of the Pepper Residential Securities Trust No. 39
<b>Lead Managers:</b>	Each of: <ul style="list-style-type: none"><li>(a) Commonwealth Bank of Australia (ABN 48 123 123 124);</li><li>(b) National Australia Bank Limited (ABN 12 004 044 937);</li><li>(c) Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880);</li><li>(d) Standard Chartered Bank (ARBN 097 571 778); and</li></ul>

	(e) Westpac Banking Corporation (ABN 33 007 457 141).
<b>Arranger:</b>	Commonwealth Bank of Australia (ABN 48 123 123 124)
<b>Liquidity Facility Provider:</b>	Commonwealth Bank of Australia (ABN 48 123 123 124)
<b>Extraordinary Expense Reserve Loan Provider:</b>	Pepper Money Limited (ABN 55 094 317 665)
<b>Loss Reserve Loan Provider:</b>	Pepper Money Limited (ABN 55 094 317 665)
<b>Disposing Trustee:</b>	Each of:
	(a) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper Mortgage Warehouse Trust 2009-2;
	(b) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper Mortgage Warehouse Trust 2010-1;
	(c) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper Prime Mortgage Origination Trust 2013-3;
	(d) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper NC Mortgage Warehouse Trust 2021-1;
	(e) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper Prime Mortgage Origination Trust 2021-1;
	(f) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper Prime Mortgage Origination Warehouse Trust 2021-3;
	(g) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper Mortgage Innovation Trust No. 1;
	(h) Pepper Finance Corporation Limited (ABN 51 094 317 647) in its capacity as trustee of the Pepper NC Mortgage Trust 2022-2; and
	(i) Permanent Custodians Limited (ABN 55 001 426 384) in its capacity as trustee of the Pepper

Prime Mortgage Origination Warehouse Trust  
No.2.

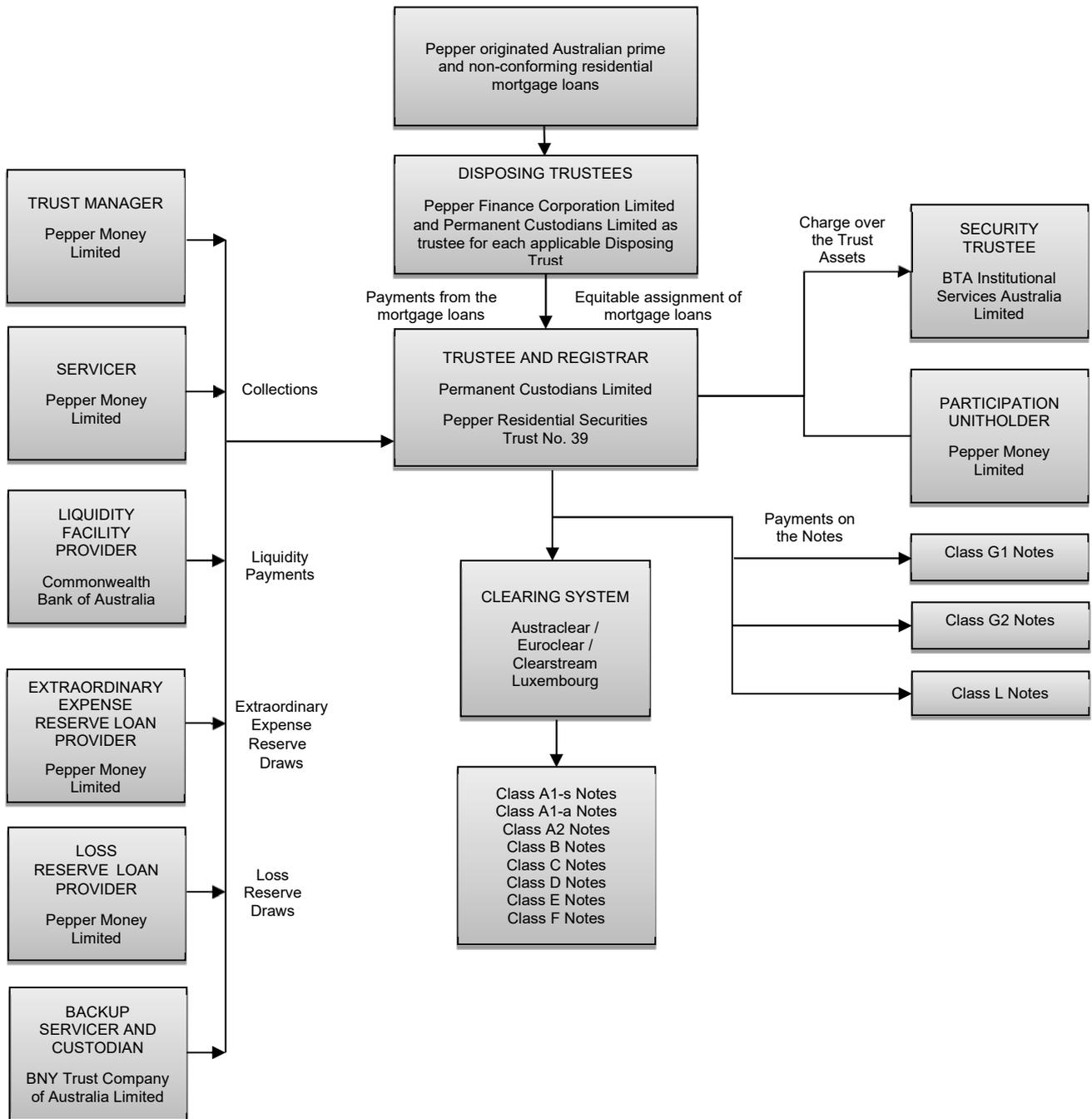
**Designated Rating  
Agencies:**

Moody's Investors Service Pty Ltd ("**Moody's**") and S&P Global Ratings Australia Pty Limited ("**S&P**").

The expected ratings presented are those of Moody's and S&P, which the Trust Manager hired to rate the Offered Notes. See Section 3 ("Risk Factors - The ratings on the Offered Notes should be evaluated independently") and Section 19 ("Ratings of the Offered Notes").

Moody's and S&P each use an "sf" designation to identify structured finance ratings.

## 2.3 Structural Diagram



## 2.4 Overview of the Notes

The Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (the “**Offered Notes**”) are offered pursuant to this Offering Circular.

Class G Notes and Class L Notes will also be issued. The Class G1 Notes, the Class G2 Notes and the Class L Notes are not being offered by this Offering Circular and are described in this Offering Circular solely for the information of investors in the Offered Notes.

The proceeds of the issue of the Class L Notes will be used to pay the Accrued Interest Adjustment to the Disposing Trustee and otherwise allocated to Available Income on the first and second Determination Dates (as determined by the Trust Manager). The Class L Notes are to be repaid (prior to an Event of Default) from Total Available Income and do not bear interest.

An overview of certain details in respect of the Offered Notes and the Class G Notes are set out in the following table.

	Offered Notes and Class G Notes									
	Class A1-s Notes	Class A1-a Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G1 Notes	Class G2 Notes
Denomination	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Aggregate Initial Invested Amount	AUD150,000,000	AUD412,500,000	AUD97,500,000	AUD50,250,000	AUD5,250,000	AUD12,750,000	AUD6,750,000	AUD9,750,000	AUD3,675,000	AUD1,575,000
% of the total Aggregate Initial Invested Amount of all Offered Notes and Class G Notes	20.0%	55.0%	13.0%	6.7%	0.7%	1.7%	0.9%	1.3%	0.49%	0.21%
Issue price	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Interest frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Interest Payment Dates	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)	The 16 <sup>th</sup> day of each calendar month provided that the first Payment Date occurs in April 2024 (subject to the Business Day Convention)
Interest Rate	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin	BBSW Rate + Note Margin
Note Margin	0.90%	1.35%	1.60%	2.15%	2.60%	3.10%	5.70%	6.90%	As notified by the Trust Manager to the Trustee on or prior to the Closing Date	As notified by the Trust Manager to the Trustee on or prior to the Closing Date
Day count	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365
Ratings										
Moody's	Aaa(sf)	Aaa(sf)	Aaa(sf)	Aa2(sf)	A2(sf)	Baa2(sf)	Ba2(sf)	B2(sf)	Not rated	Not rated
S&P	AAA(sf)	AAA(sf)	AAA(sf)	Not rated	Not rated	Not rated	Not rated	Not rated	Not rated	Not rated
Maturity Date	July 2065	July 2065	July 2065	July 2065	July 2065	July 2065	July 2065	July 2065	July 2065	July 2065

	<b>Offered Notes and Class G Notes</b>									
	<b>Class A1-s Notes</b>	<b>Class A1-a Notes</b>	<b>Class A2 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class F Notes</b>	<b>Class G1 Notes</b>	<b>Class G2 Notes</b>
Governing law	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales
Clearance	Austraclear / Euroclear/ Clearstream, Luxembourg	Austraclear / Euroclear/ Clearstream, Luxembourg	Austraclear / Euroclear/ Clearstream, Luxembourg	Austraclear / Euroclear/ Clearstream, Luxembourg	Austraclear / Euroclear/ Clearstream, Luxembourg	Austraclear / Euroclear/ Clearstream, Luxembourg	Austraclear / Euroclear/ Clearstream, Luxembourg	Austraclear / Euroclear/ Clearstream, Luxembourg	Not applicable	Not applicable
ISIN	AU3FN0084869	AU3FN0084877	AU3FN0084885	AU3FN0084893	AU3FN0084919	AU3FN0084935	AU3FN0084943	AU3FN0084976	Not applicable	Not applicable
Common Code	276540513	276540521	276540530	276540548	276540556	276540564	276540572	276540599	Not applicable	Not applicable

The expected ratings presented are those of Moody's and S&P, which the Trust Manager hired to rate the relevant Offered Notes. See Section 3 ("Risk Factors - The ratings on the Offered Notes should be evaluated independently") and Section 19 ("Ratings of the Offered Notes"). Moody's and S&P each use a "sf" designation to identify structured finance ratings.

Each of Moody's and S&P is not established in the EU or in the UK and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**"), or under such regulation as it forms part of the UK domestic law (the "**UK CRA Regulation**"). The ratings have been endorsed by S&P Global Ratings Europe Limited in accordance with the EU CRA Regulation and by S&P Global Ratings UK Limited and Moody's Investors Service Ltd, respectively, in accordance with the UK CRA Regulation. S&P Global Ratings Europe Limited is established in the EU and registered under the EU CRA Regulation. Each of S&P Global Ratings UK Limited and Moody's Investors Service Ltd is established in the UK and registered under the UK CRA Regulation. As such S&P Global Ratings Europe Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation and S&P Global Ratings UK Limited and Moody's Investors Service Ltd are included in the list of credit rating agencies published by the Financial Conduct Authority on its website in accordance with the UK CRA Regulation.

## 2.5 Structural Overview

### Overview

A master trust deed dated 2 May 2012 between Pepper Finance Corporation Limited and the Trust Manager (“**Master Trust Deed**”) provides a framework and the general terms for each trust established under it to securitise assets including mortgage loans pursuant to its terms. The Series Notice between the Trustee, Security Trustee, Trust Manager, Servicer, Backup Servicer and Custodian will set out the specific details of the Pepper Residential Securities Trust No. 39 and the Notes. The assets of the Pepper Residential Securities Trust No. 39 will not be available to pay the obligations of any other trusts established under the Master Trust Deed, and the assets of other trusts will not be available to pay the obligations of the Pepper Residential Securities Trust No. 39. See Section 8 (“Description of the Trust”).

Each securitisation under the Master Trust Deed is a separate transaction with a separate trust.

The Pepper Residential Securities Trust No. 39 involves the securitisation of prime and non-conforming mortgage loans originated by Pepper Homeloans Pty Limited. The mortgage loans are secured by mortgages over residential property located in Australia. Non-conforming mortgage loans refer to a mortgage loan which is provided to an Obligor who does not satisfy the typical standard lending requirements of mainstream lenders (including authorised deposit-taking institutions), non-bank lenders and/or lenders’ mortgage insurers.

The Trustee will grant a security interest over all of the Trust Assets under the General Security Agreement in favour of BTA Institutional Services Australia Limited, as security trustee, to secure the Trustee’s payment obligations to the Noteholders and its other creditors. The terms of the Series Notice and the General Security Agreement will permit the Trustee to exercise certain rights with respect to the

Trust Assets in accordance with the Transaction Documents.

Payments of interest and principal on the Notes will come only from the Mortgage Loans and other Trust Assets. If there are losses on the Mortgage Loans or other Trust Assets, the Trustee may not have sufficient assets to repay the Notes.

### Credit Enhancements

Payments of interest and principal on the Offered Notes will be supported by the following forms of credit enhancement:

### *Subordination and Allocation of Losses*

Prior to an Event of Default and enforcement of the General Security Agreement, principal payments in respect of the Notes (other than the Class L Notes) will be made in the order described in Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”) and (in respect of the application of any Turbo Principal Allocation) in the order described in Section 12.7 (“Distribution of Turbo Principal Allocation”) and interest payments in respect of the Notes and principal payments in respect of the Class L Notes will be made in the order described in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”).

The order of repayment of principal of the Notes (other than the Class L Notes) on a Payment Date will depend on whether the Stepdown Criteria are satisfied and whether the Payment Date is prior to or on or after the first Call Option Date.

Prior to an Event of Default and enforcement of the General Security Agreement, if the Stepdown Criteria are not satisfied with respect to a Payment Date, the Class A1-s Notes will receive principal payments in priority to the other Classes of Notes and if that Payment Date is prior to the first Call Option Date:

- the Class A1-a Notes and the Class A2 Notes will receive principal

payments pari passu and rateably between themselves;

- the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will always be subordinated to the Class A1 Notes and the Class A2 Notes in their right to receive principal payments; and
- the Classes of Notes (other than Class A Notes) will be subordinated to the Class A1 Notes and the Class A2 Notes and other Classes of Notes having a higher alphanumeric Class designation in their right to receive principal payments (except to the extent any Turbo Principal Allocation of Total Available Income is allocated to any such Class of Notes (except Class G Notes and Class L Notes) in reverse order of seniority in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) and Section 12.7 (“Distribution of Turbo Principal Allocation”)).

Prior to an Event of Default and enforcement of the General Security Agreement, if the Stepdown Criteria are not satisfied with respect to a Payment Date, the Class A1-s Notes will receive principal payments in priority to the other Classes of Notes and if that Payment Date is on or after the first Call Option Date:

- the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will always be subordinated to the Class A1 Notes in their right to receive principal payments; and
- the other Classes of Notes will be subordinated to the Class A1 Notes and other Classes of Notes having a higher alphanumeric Class designation in their right to receive principal payments (except to the extent any Turbo Principal Allocation of Total Available Income

is allocated to any such Class of Notes (except Class G Notes and Class L Notes) in reverse order of seniority in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) and Section 12.7 (“Distribution of Turbo Principal Allocation”)).

Prior to an Event of Default and enforcement of the General Security Agreement, when the Stepdown Criteria are satisfied with respect to a Payment Date and except with respect to a Turbo Principal Allocation, the Class A1-a Notes, Class A2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes will receive their principal payments (based on their respective Aggregate Stated Amounts) pari passu with each other.

Prior to an Event of Default and enforcement of the General Security Agreement and irrespective of whether or not the Stepdown Criteria are satisfied with respect to a Payment Date, the Turbo Principal Allocation (if any) in respect to a Payment Date will be applied on that Payment Date towards repayments of principal on all classes of Notes (except the Class G Notes and the Class L Notes) in reverse order of seniority as described in Section 12.7 (“Distribution of Turbo Principal Allocation”). If the Stepdown Criteria are satisfied with respect of a Payment Date, the amount of the Turbo Principal Allocation (if any) will increase by the amount (if any) allocated to the Turbo Principal Allocation under Section 12.5(c)(ii)(H) (“Application of Total Available Principal (prior to an Event of Default)”).

Prior to an Event of Default and enforcement of the General Security Agreement:

- the Class A1 Notes will be entitled to receive interest payments on a pari passu and rateable basis;
- the Class A2 Notes, Class B Notes, Class C Notes, Class D Notes,

Class E Notes, Class F Notes and Class G Notes will be subordinated to the Class A1 Notes in their right to receive interest payments; and

- the other Classes of Notes will be subordinated to the Class A1 Notes and any other Class of Notes having a higher alphanumeric Class designation in their right to receive interest payments.

Any losses on the Mortgage Loans (which remain after the application of available Total Available Income and any Loss Reserve Draw towards reimbursement of such losses) and any Principal Draws in respect of the immediately preceding Payment Date will be allocated in the following order of priority:

- first, as a debit to the Retention Amount Ledger until it is reduced to zero;
- next, as a debit to the Amortisation Ledger until it is reduced to zero;
- next, as a debit to the Yield Enhancement Ledger until it is reduced to zero; and
- next, to the Notes then outstanding as described below.

The Class G Notes, Class F Notes, Class E Notes, Class D Notes, Class C Notes, Class B Notes and Class A2 Notes will bear all losses on the Mortgage Loans, in that order, in each case until the Aggregate Stated Amount of such Class reaches zero, before losses on the Mortgage Loans are borne by the Class A1 Notes.

Any losses allocated to the outstanding Class A1 Notes will be allocated pro rata between the outstanding Class A1 Notes (based on the Aggregate Stated Amount of such Class A1 Notes).

The amount of credit enhancement provided through the subordination (determined by reference to and subject to the allocation of Charge-Offs and Principal

Draws in Section 12.17 (“Allocation of Charge-Offs and Principal Draws”)) of:

- the Class A2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, any amounts standing to the credit of the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger to the Class A1 Notes is limited and could be depleted prior to the payment in full of the Class A1 Notes in which case the Class A1 Noteholders may suffer losses on their respective Notes; and
- the Classes of Notes (other than the Class A1 Notes), any amounts standing to the credit of the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger to any Class of Notes having a higher alphanumeric designation is limited and could be depleted prior to the payment in full of any Class of Notes having a higher alphanumeric designation, in which case the Noteholders of such more senior Class may suffer losses on their Notes.

The following table describes the initial credit support provided by the relevant classes of Offered Notes and Class G Notes on the Closing Date:

<b>Classes</b>	<b>Credit Support is provided by</b>	<b>Initial Credit Support Percentage</b>
Class A1-s and Class A1-a	Class A2, Class B, Class C, Class D, Class E, Class F, Class G, the Retention Amount Ledger, the Amortisation Ledger and the	25.0%

Classes	Credit Support is provided by	Initial Credit Support Percentage
	Yield Enhancement Ledger	
Class A2	Class B, Class C, Class D, Class E, Class F, Class G, the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger	12.0%
Class B	Class C, Class D, Class E, Class F, Class G, the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger	5.3%
Class C	Class D, Class E, Class F, Class G, the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger	4.6%
Class D	Class E, Class F, Class G, the Retention Amount Ledger, the Amortisation	2.9%

Classes	Credit Support is provided by	Initial Credit Support Percentage
	Ledger and the Yield Enhancement Ledger	
Class E	Class F, Class G, the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger	2.0%
Class F	Class G, the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger	0.7%

The initial credit support percentage in the preceding table is the aggregate Initial Invested Amount of the relevant classes of Offered Notes and the Class G Notes which provide the credit support, as a percentage of the aggregate Initial Invested Amount of all Offered Notes and the Class G Notes on the Closing Date.

The Class L Notes do not provide any credit enhancement to any Class of Notes.

No individual mortgage policy or any pool mortgage insurance policy will be issued or be available to insure Losses in respect of the Mortgage Loans.

### ***Excess Interest Collections***

Any interest collections on the Mortgage Loans remaining after payments of interest on the Notes (excluding the Class G Notes and the Class L Notes) and other Trust

expenses will be available to cover any losses on the Mortgage Loans.

### ***Yield Enhancement Ledger***

Prior to an Event of Default and enforcement of the General Security Agreement, if any Class A Notes or Class B Notes remain outstanding on a Payment Date (after the application of Total Available Principal on that Payment Date) an amount of the Total Available Income in respect of such Payment Date equal to the Yield Enhancement Amount will (after payment of all prior ranking amounts in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) be allocated to the Yield Enhancement Reserve in respect of that Payment Date.

On the Payment Date immediately following the Payment Date that the Aggregate Invested Amount of Class A Notes and Class B Notes are reduced to zero, the amount standing to the credit of the Yield Enhancement Reserve will be paid to reduce the Stated Amount of the Notes then outstanding and having the lowest alphanumeric Class designation (other than the Class G Notes or Class L Notes) in accordance with Section 12.8 (“Distribution of Yield Enhancement Reserve”).

The release of the Yield Enhancement Reserve Balance will be recorded as a credit in the Yield Enhancement Ledger. The credit balance of the Yield Enhancement Ledger represents a reduction in the Aggregate Invested Amount of the Notes relative to the aggregate Outstanding Balance of the Mortgage Loans.

Any amounts standing to the credit of the Yield Enhancement Ledger will provide credit enhancement to all Classes of Notes as described in this Offering Circular.

### ***Loss Reserve Draw***

Amounts may be deposited to the Loss Reserve Account at the absolute discretion of the Loss Reserve Loan Provider. The

Loss Reserve Loan Provider has no obligation to make any such deposit. As at the Closing Date, no amount will be deposited to the Loss Reserve Account.

If, on any Determination Date, the losses on the Mortgage Loans for the preceding Collection Period exceed the amount available to be applied from Total Available Income on the immediately following Payment Date towards reimbursing such losses, the Trust Manager must direct the Trustee to make a drawing from the Loss Reserve Account (to the extent amounts are then on deposit to the Loss Reserve Account) in respect of that loss shortfall on that Payment Date.

### ***Retention Amount Ledger***

Prior to an Event of Default and enforcement of the General Security Agreement if any Notes (other than the Class G Notes and the Class L Notes) are outstanding on the immediately preceding Determination Date, the Total Available Income in respect of the Payment Date will (after payment of all prior ranking amounts in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) be allocated to the Retention Amount, to be applied as part of the Turbo Principal Allocation for that Payment Date.

Such Turbo Principal Allocation will be applied towards repayments of principal on all classes of Notes (except the Class G Notes and the Class L Notes) in reverse order of seniority as described in Section 12.7 (“Distribution of Turbo Principal Allocation”).

Any such Retention Amount applied to the Turbo Principal Allocation will be recorded as a credit in the Retention Amount Ledger. The credit balance of the Retention Amount Ledger represents a reduction in the Aggregate Invested Amount of the Notes relative to the aggregate Outstanding Balance of the Mortgage Loans.

Any amounts standing to the credit of the Retention Amount Ledger will provide credit

enhancement to all Classes of Notes as described in this Offering Circular.

### ***Amortisation Ledger***

Prior to an Event of Default and enforcement of the General Security Agreement and where an Amortisation Event is then subsisting on any Payment Date, the Total Available Income in respect of such Payment Date will (after payment of all prior ranking amounts in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) be allocated to the Amortisation Amount, to be applied as part of the Total Available Principal for that Payment Date.

Any such Amortisation Amount will be recorded as a credit in the Amortisation Ledger. The credit balance of the Amortisation Ledger represents a reduction in the Aggregate Invested Amount of the Notes relative to the aggregate Outstanding Balance of the Mortgage Loans.

Any amounts standing to the credit of the Amortisation Ledger will provide credit enhancement to all Classes of Notes as described in this Offering Circular.

### ***Liquidity Enhancement***

To cover possible timing mismatches and/or shortfalls between interest collections on the Mortgage Loans and the payment obligations of the Trustee in respect of the Trust, the Trustee will have liquidity enhancement in the form of Principal Draws, Liquidity Draws, Yield Enhancement Reserve Draws and (in respect of Extraordinary Expenses only) Extraordinary Expense Reserve Draws.

### ***Extraordinary Expense Reserve Draw***

If, on any Determination Date, there are any Extraordinary Expenses in relation to the immediately preceding Collection Period, the Trust Manager must direct the Trustee to withdraw an amount from the Extraordinary Expense Reserve Account in order to cover those Extraordinary Expenses.

### ***Principal Draws***

The Trust Manager must direct the Trustee to allocate on a Payment Date the Available Principal from the Mortgage Loans in respect of that Payment Date to cover any payment shortfalls in the payment of certain obligations of the Trustee in respect of interest and the expenses of the Trust on that Payment Date.

### ***Liquidity Draws***

If the Available Principal for a Payment Date from the Mortgage Loans is insufficient to cover any payment shortfalls in the payment of certain obligations of the Trustee in respect of interest and the expenses of the Trust on a Payment Date as described under “Principal Draws” above, the Trust Manager must direct the Trustee to make a drawing under the Liquidity Facility in respect of that payment shortfall (as applicable) on the relevant Payment Date.

### ***Yield Enhancement Reserve Draw***

If the aggregate of the Available Income, any Principal Draws and any Liquidity Draws on a Payment Date is insufficient to cover any payment shortfalls in the payment of Required Payments on a Payment Date, the Trust Manager must direct the Trustee to make a drawing from the Yield Enhancement Reserve in respect of that payment shortfall (as applicable) on the relevant Payment Date.

### ***Redraws***

If permitted under the terms of a Mortgage Loan, a borrower may, at the discretion of the Servicer, redraw previously prepaid principal. A borrower may redraw an amount equal to the excess, if any, of the scheduled principal balance of his or her Mortgage Loan over the current principal balance of the Mortgage Loan. The Servicer may (but is not obliged to) apply its own funds towards funding that redraw on behalf of the Trustee (“**Servicer Advance**”). Each Servicer Advance shall

constitute a non-interest bearing loan from the Servicer to the Trustee.

The Trustee may fund redraws advanced to borrowers, or fund repayments of Servicer Advances, from Available Principal. See Section 12.2 (“Distributions made during a Collection Period”).

The use of Available Principal to fund redraws to borrowers or to repay Servicer Advances will mean that the Trustee will have less funds available to pay, or allocate, principal to the Noteholders on the immediately following Payment Date but will have a corresponding greater amount of assets with which to make future payments. The amount that may be advanced to a borrower 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.

### **Optional Redemption**

The Trustee will, if the Trust Manager directs it to do so, redeem all of the Notes then outstanding, on any Payment Date on or after the earlier of (i) the Payment Date occurring in February 2029; or (ii) the Payment Date following the first Payment Date on which the Aggregate Invested Amount of all Notes (excluding the Class L Notes) is less than 10% of the Aggregate Invested Amount of all Notes (excluding the Class L Notes) on the Closing Date.

If the Trustee redeems the Notes then outstanding, the Noteholders will receive a payment equal to the total Initial Invested Amount of the Notes then outstanding as reduced by principal payments, or, if the related Noteholders so agree by way of extraordinary resolution, the total Initial Invested Amount of the Notes (excluding the Class L Notes) then outstanding, as reduced by principal payments and losses allocated against such Notes, in each case together with accrued interest to, but excluding, the date of redemption.

### **Withholding Tax on Offered Notes**

Payments of principal and interest on the Offered Notes will be reduced by any applicable withholding taxes assessed against the Trust. The Trustee is not obligated to pay any additional amounts to the Noteholders of Offered Notes to cover any withholding taxes.

Under the Australian Income Tax Assessment Act 1936, the relevant applicable Australian law, the Offered Notes will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions. The Trustee will seek to issue the Offered Notes in a manner which will satisfy the conditions for an exemption from Australian withholding tax. One of these conditions is that the Trustee must not know or have reasonable grounds to suspect that an Offered Note, or an interest in an Offered Note, was being, or would later be, acquired directly or indirectly by “offshore associates” of the Trustee or Pepper Money Limited. Accordingly, offshore associates of the Trustee or Pepper Money Limited should not acquire any Notes. See Section 17 (“Australian Tax Matters”) for more information regarding the meaning of “offshore associate” and the conditions that must be satisfied in order for the issue of the Offered Notes to qualify for an exemption from Australian withholding tax.

If a law of the Commonwealth of Australia requires the withholding of taxes, duties, assessments or other governmental charges from payment of principal or interest to the Noteholders of Offered Notes the Trust Manager may (but is not obliged to) direct the Trustee to redeem all of the Notes.

The Trustee may be required to deduct tax from a payment of interest on the Offered Notes to a Noteholder of Offered Notes if the Noteholder of Offered Notes does not supply the Trustee with their Tax File Number, Australian Business Number (where applicable) or proof of an exemption. See Section 17 (“Australian Tax Matters”) for more information.

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

For further details, see Section 17 (“Australian Tax Matters”).

### **U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard**

For a summary of the impact of the U.S. Foreign Account Tax Compliance Act and the OECD Common Reporting Standard on an investment in the Offered Notes, see Section 17.3 (“FATCA”) and Section 17.4 (“Common Reporting Standard”).

### **EU Securitisation Regulation Rules and UK Securitisation Regulation Rules**

On the Closing Date and thereafter on an ongoing basis for so long as any Offered Notes remain outstanding, Pepper will, as an “originator”, as such term is defined for the purposes of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation and amending certain other EU directives and regulations (as amended, the “**EU Securitisation Regulation**”) and together with all relevant implementing regulations in relation thereto, all regulatory and/or implementing technical standards in relation thereto or applicable in relation thereto pursuant to any transitional arrangements made pursuant to the EU Securitisation Regulation and, in each case, any relevant guidance and directions published in relation thereto by the European Banking Authority (the “**EBA**”), the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority (or in each case, any predecessor or any other applicable regulatory authority) or by the European Commission, in each case as amended and in effect from time to time (the “**EU Securitisation Regulation Rules**”), subscribe for and retain a material

net economic interest of not less than 5% in this securitisation transaction in accordance with Article 6(1) of the EU Securitisation Regulation, as in effect on the Closing Date (the “**EU Retention**”).

On the Closing Date and thereafter on an ongoing basis for so long as any Offered Notes remain outstanding, Pepper will, as an “originator”, as such term is defined for the purposes of Regulation (EU) 2017/2402 as it forms part of the domestic laws of UK law as “retained EU law”, by operation of the European Union (Withdrawal) Act 2018 (as amended, the “**EUWA**”) and as amended by the Securitisation (Amendment) (EU Exit) Regulations 2019 (and as further amended from time to time, the “**UK Securitisation Regulation**” and, together with (a) all applicable binding technical standards made under the UK Securitisation Regulation, (b) any EU regulatory technical standards or implementing technical standards relating to the EU Securitisation Regulation (including, without limitation, such regulatory technical standards or implementing technical standards which are applicable pursuant to any transitional provisions of the EU Securitisation Regulation) forming part of the domestic law of the UK by operation of the EUWA; (c) all relevant guidance, policy statements or directions relating to the application of the UK Securitisation Regulation (or any binding technical standards) published by the Financial Conduct Authority (the “**FCA**”) and/or the Prudential Regulation Authority (the “**PRA**”) (or their successors), (d) any guidelines relating to the application of the EU Securitisation Regulation which are applicable in the UK, (e) any other relevant transitional, saving or other provision relevant to the UK Securitisation Regulation by virtue of the operation of the EUWA, and (f) any other applicable laws, acts, statutory instruments, rules, guidance or policy statements published or enacted relating to the UK Securitisation Regulation, in each case as amended and in effect from time to time, the “**UK Securitisation Regulation Rules**”), subscribe for and retain a material net economic interest of not less than 5% in this securitisation transaction in accordance with Article 6(1) of the UK

Securitisation Regulation, as in effect on the Closing Date (the "**UK Retention**").

The EU Securitisation Regulation and the UK Securitisation Regulation are referred to together herein as the "**Securitisation Regulations**", and the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules are referred to together herein as the "**Securitisation Regulation Rules**").

As at the Closing Date, (i) the EU Retention will be in the form of a pro-rata retention in each of the tranches sold or transferred to investors as provided in paragraph (a) of Article 6(3) of the EU Securitisation Regulation, as in effect on the Closing Date, and (ii) the UK Retention will be in the form of a pro-rata retention in each of the tranches sold or transferred to investors as provided in paragraph (a) of Article 6(3) of the UK Securitisation Regulation, as in effect on the Closing Date; and, in each case, will be held by way of (1) Pepper directly holding 100% of the shares in the Retention Vehicles, which together will hold not less than 5% of the Aggregate Invested Amount of the Class A1-s Notes, the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes issued on the Closing Date (together the "**RV Retention Notes**") and (2) Pepper directly holding not less than 5% of Aggregate Invested Amount of the Class G Notes issued on the Closing Date. Any change in the manner in which the EU Retention or the UK Retention is held (which, in any case, will be only as permitted by the Securitisation Regulation Rules) will be notified to the Offered Noteholders.

Pepper and each relevant Retention Vehicle will give certain other representations, warranties and undertakings with respect to the EU Securitisation Regulation Rules and (to a limited extent) with respect to the UK Securitisation Regulation Rules, all as summarised in Section 2.6 ("Securitisation Regulation Rules") in this Offering Circular. Prospective investors should be aware that the EU Securitisation Regulation Rules and

the UK Securitisation Regulation 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 and the UK Securitisation Regulation, respectively).

In particular, prospective investors should be aware that (a) neither Pepper nor any other party to the securitisation transaction described in this Offering Circular (i) intends to take any action specifically for purposes of, or in connection with, any requirement of Article 7 of the UK Securitisation Regulation, or (ii) otherwise intends to make any information available to any person specifically for purposes of, or in connection with, any requirement of the UK Securitisation Regulation Rules; and (b) except as expressly described in this Offering Circular with regard to the UK Retention and the UK Credit-Granting Requirements, neither Pepper nor any other party to the securitisation transaction described in this Offering Circular (i) intends to take or refrain from taking any other action with regard to this transaction in a manner prescribed or contemplated by the UK Securitisation Regulation Rules, or to take any other action for purposes of, or in connection with, facilitating or enabling compliance by any person with any applicable UK Investor Requirements (as defined below), or (ii) gives, or intends to give, any undertaking, representation or warranty with regard to any requirement of the UK Securitisation Regulation Rules.

Prospective investors and Noteholders are responsible for analysing their own legal and regulatory position; and are encouraged (where relevant) to consult their own legal, accounting and other advisors and/or any relevant regulator or other authority regarding (i) the suitability of the Notes for investment, and, in particular, the scope and applicability of the EU Securitisation Regulation Rules (and any implementing rules in relation to any relevant jurisdiction) and the UK Securitisation Regulation Rules; (ii) the potential implications of any financing that

may be entered into in respect of the Notes comprised in the EU Retention and the UK Retention, (iii) whether the undertakings by Pepper and each relevant Retention Vehicle to retain the EU Retention and the UK Retention as described above and in this Offering Circular generally and the information in this Offering Circular and which may otherwise be made available to investors are, or will be, sufficient for the purposes of complying with the EU Investor Requirements (as defined below) and any corresponding national measures which may be relevant or the UK Investor Requirements; and (iv) their compliance generally with any applicable EU Investor Requirements or UK Investor Requirements.

Any failure by an Affected Investor to comply with the applicable Investor Requirements with respect to an investment in the Notes may result in the imposition of a penalty regulatory capital charge on that investment or of other regulatory sanctions by the competent authority of such Affected Investor. The Securitisation Regulation Rules and any other changes to the regulation or regulatory treatment of the notes for some or all investors may negatively impact the regulatory position of Noteholders or prospective investors and have an adverse impact on the value and liquidity of the Notes.

For further details, see Section 2.6 (“Securitisation Regulation Rules”).

### **US risk retention rules**

No party to this transaction undertakes to retain at least 5 per cent of the credit risk of the Receivables for the purposes of Section 15G of the Securities Exchange Act of 1934 of the United States of America (as amended) as added by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “**U.S. Risk Retention Rules**”). It is intended that the Offered Notes will be issued pursuant to an exemption to the risk retention rules set out in Section 15G of the Exchange Act as added by Section 941 of the Dodd-Frank Act regarding non-U.S. transactions that

meet certain requirements. Consequently, the Offered Notes sold in this offering may not be purchased by any person except for (a) persons that are not “U.S. persons” as defined in the U.S. Risk Retention Rules (“**Risk Retention U.S. Persons**”) or (b) persons that have obtained a waiver with respect to the U.S. Risk Retention Rules from the Trust Manager (“**U.S. Risk Retention Waiver**”). 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” in Regulation S under Regulation S. Each purchaser of Offered Notes, including beneficial interests therein, in the offering will be deemed, and in certain circumstances will be required, to have made certain representations and agreements, including that it (1) either (a) is not a Risk Retention U.S. Person or (b) has received a U.S. Risk Retention Waiver from the Trust Manager, (2) is acquiring such Offered Note for its own account and not with a view to distribution of such Offered Note, and (3) is not acquiring such Offered 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 the U.S. Risk Retention Rules.

For further details, see Section 2.7 (“US Credit Risk Retention”).

### **Japanese Risk Retention rules**

On 15 March 2019 the Japanese Financial Services Agency published new due diligence and risk retention rules under various Financial Services Agency Notices in respect of Japanese banks and certain other financial institutions (“**Japan Due Diligence and Retention Rules**”). The Japan Due Diligence and Retention Rules became applicable to such Japanese financial institutions from 31 March 2019. The Japan Due Diligence and Retention Rules apply to all Japanese banks, all

Japanese credit unions and credit cooperatives, the Norinchukin Bank, the Shoko Chukin Bank and ultimate parent companies of large securities companies (each, a "**Japan Obligated Entity**").

For the purposes of the Japan Due Diligence and Retention Rules, Pepper will undertake that, as at the Closing Date, it and any relevant Retention Vehicle, each of which is a 100% owned subsidiary of Pepper, will between them hold not less than 5% of the Aggregate Invested Amount of each Class of Notes issued.

None of Pepper, any Retention Vehicle, the Arranger, the Lead Managers or any other party to the Transaction Documents (i) makes any representation that the performance of the undertakings described above, and the information described in this Offering Circular, or any other information which may be made available to investors, are or will be sufficient for the purposes of compliance with the Japan Due Diligence and Retention Rules; (ii) has any liability to any prospective investor or any other person for any insufficiency of such information or any non-compliance with the Japan 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 to enable compliance with the requirements of any compliance with the Japan Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements.

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

For further details, see Section 2.8 ("**Japanese Risk Retention**").

## **Certain Investment Company Act Considerations**

The Trust is not registered or required to be registered as an "investment company" under the Investment Company Act of 1940, as amended ("**Investment Company Act**"). In determining that the Trust is not required to be registered as an investment company, the Trust does not rely on the exemption from the definition of "investment company" set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. As of the Closing Date, the Trust is intended to be structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (as defined herein) (such statutory provision together with such implementing regulations commonly referred to as the "**Volcker Rule**").

## **Denominations**

The Offered Notes will be issued in minimum denominations of A\$10,000.

The Class G Notes and Class L Notes will be issued in minimum denominations of A\$1,000.

## **Registration of Offered Notes**

Persons acquiring beneficial ownership interests in the Offered Notes will hold their Offered Notes through Austraclear in Australia or Clearstream, Luxembourg or Euroclear outside of Australia.

Crossmarket transfers between persons holding directly or indirectly through Austraclear, on the one hand, and persons holding directly or indirectly through Clearstream, Luxembourg or Euroclear, on the other hand, will take place in Austraclear through the relevant depositories of Clearstream, Luxembourg or Euroclear.

## **Registration Details**

The offering of the Offered Notes will not be registered with the Securities and Exchange Commission under the

Securities Act of 1933, as amended, or with any state securities commission.

Except as described in this Offering Circular, the Trust Manager has not made, and does not propose to make, any application to list the Offered Notes on the Australian Securities Exchange or any other stock exchange.

### **Collections and Collection Period Distributions**

The Trustee will receive for each monthly Collection Period certain amounts (known as “**Collections**”) in respect of the Mortgage Loans including without limitation the following amounts:

- payments of interest, principal and fees under the Mortgage Loans;
- proceeds recovered from the enforcement of the Mortgage Loans and Related Security relating to those Mortgage Loans;
- amounts received on any sale or reallocation of a Mortgage Loan;
- amounts received under any General Insurance Policy or Title Insurance Policy;
- amounts received as damages for breaches of representations or warranties;
- any Prepayment Costs under the Mortgage Loans; and
- any Recoveries received in respect of a Mortgage Loan or its Related Security,

after deduction of all Taxes (other than any Taxes payable in relation to the Trust) and bank and government charges.

The Trust Manager may, on any day during a monthly Collection Period, other than on a Payment Date, direct the Trustee (and the Trustee must, on that direction, apply) to apply Collections received during that period towards funding the making of

redraws in respect of the Mortgage Loans and Collections received during that period towards funding the payment of Trust Expenses (such payments, “**Collection Period Distributions**”).

On each Determination Date, the Trust Manager will allocate the Collections in respect of the immediately preceding monthly Collection Period (less any Collection Period Distributions during that period) between income and principal. Collections attributable to interest, plus interest received on Authorised Investments and any other miscellaneous income received by the Trustee, are known as “**Available Income**” (see Section 12.3 (“Determination of Available Principal”) for further details). The Collections attributable to principal, less certain amounts, are known as “**Available Principal**” (see Section 12.3 (“Determination of Available Principal”) for further details).

Available Income is normally used to pay fees and expenses of the Trust and interest on the interest-bearing Notes. Available Principal is normally used to pay principal on the Notes (other than the Class L Notes). However, if there is not enough Available Income to pay, or allocate to, fees and expenses of the Trust and interest on the interest-bearing Notes on a Payment Date, Available Principal will be treated as income and applied in the income stream to pay, or allocate to, unpaid fees and expenses of the Trust and interest on the interest-bearing Notes. If there is an excess of Available Income after payment of fees, expenses and interest on the relevant Notes on subsequent Payment Dates, this excess Available Income will be allocated on Payment Dates, to, among other things offset losses in respect of Mortgage Loans, to reimburse any Charge-Offs on the Notes, to reimburse Principal Draws and to pay any Amortisation Amount or Retention Amount.

### **Interest on the Notes**

Interest on the Notes (excluding the Class L Notes) is payable monthly in arrears on each Payment Date.

If an Amortisation Event of the type described in paragraph (a) of the definition of that term has occurred, interest will cease to accrue or be due and payable on the Class G Notes.

The Class L Notes do not bear interest.

See Section 12.29 (“Interest on the Notes”) for a detailed description of the calculation and payment of interest in respect of the Offered Notes.

### Principal on the Notes

Principal on the Notes will be payable on each Payment Date to the extent of funds available to be applied for that purpose.

At any time, the sum, order of repayment of principal and allocation of amounts of available funds for distribution in respect of each class of Notes will depend upon matters such as whether an Event of Default has occurred, whether the first Call Option Date has occurred and the General Security Agreement has been enforced and whether or not the Stepdown Criteria have been satisfied.

See Section 12 (“Cashflow Allocation Methodology”) for a detailed description of the repayment of principal in respect of the Notes.

### The Mortgage Loan Pool

The Mortgage Loan Pool will consist of fixed and variable-rate prime and non-conforming residential mortgage loans secured by mortgages on owner-occupied and non-owner-occupied residential properties. The Mortgage Loans will have original terms to stated maturity of no more than forty (40) years. The pool of Mortgage Loans has the following characteristics:

*Selected Mortgage Loan Pool Data as of Close of Business on 31 December 2023 (“Cut-Off Date”)*

Total Pool Size	A\$749,999,961
Total Number of Consolidated Mortgage Loans	1,554

Average Consolidated Mortgage Loan Balance	A\$482,625
Maximum Consolidated Mortgage Loan Balance	A\$2,497,241
Weighted Average Remaining Term to Maturity (months)	342.37
Weighted Average Seasoning (months)	18.18
Weighted Average Current LVR	66.99%
Maximum Current Full Doc LVR	94.97%
Weighted Average Mortgage Rate	7.97%
Percentage of Mortgage Loans that are Principal & Interest	83.20%
Percentage of Mortgage Loans that are Owner Occupied	66.08%
Percentage of Mortgage Loans that are Investment	33.92%
Percentage of Mortgage Loans that are Full Doc Loans	60.34%
Percentage of Mortgage Loans that are fixed rate loans	0.00%

\* See Section 2.5 (“Structural overview”) for a detailed description of Redraws.

In the above table, the Current LVR of a Mortgage Loan is calculated by comparing the Outstanding Balance of the Mortgage Loan as of the Cut-Off Date to the valuation of the property that secured the Mortgage Loan assigned by Pepper in accordance with its Servicing Guidelines. A valuation after the time of origination is typically only obtained in connection with the approval of a Further Advance (or other significant variation) in respect of a Mortgage Loan.

Before the issuance of the Notes, Mortgage Loans may be added to or removed from the Mortgage Loan Pool (including Mortgage Loans substituted for Mortgage Loans that are removed from the Mortgage Loan Pool). This addition, removal or substitution of Mortgage Loans may result in changes in the Mortgage Loan Pool characteristics shown in the preceding table and could affect the weighted average lives and yields of the Notes. Pepper will not add, remove or substitute any Mortgage

Loan prior to the Closing Date if this would result in a change of more than 5% in any of the characteristics of the Mortgage Loan Pool described in the table above, other than a change in the number of Mortgage Loans, the Mortgage Loan Pool size or total valuation of the properties, unless a revised offering circular is delivered to prospective investors.

Pepper will select Mortgage Loans from its pool of eligible loans based on its selection criteria. The Mortgage Loans are selected in accordance with the representations and warranties set out in Section 9.3 (“Representations and Warranties of the Trust Manager and Eligibility Criteria”) from Pepper’s portfolio of mortgage loans currently held by the Disposing Trustee. The Trust Manager will represent and warrant that each Mortgage Loan included in the Mortgage Loan Pool will satisfy the Eligibility Criteria on the Cut-Off Date.

#### **Allocation of Cash Flows**

On each Payment Date, the Trustee will, at the direction of the Trust Manager, allocate or pay, as applicable, principal and interest payable to each relevant Noteholder to the extent that there are collections received for those payments on that date.

See Section 12 (“Cashflow Allocation methodology”) for a detailed description of the cash flows.

## 2.6 Securitisation Regulation Rules

The EU Securitisation Regulation is directly applicable in member states of the EU and will be applicable in any non-EU states of the EEA in which it has been implemented. The EU Securitisation Regulation Rules impose certain restrictions and obligations with regard to securitisations (as such term is defined for purposes of the EU Securitisation Regulation).

With respect to the United Kingdom, the UK Securitisation Regulation Rules impose certain restrictions and obligations with regard to securitisations (as such term is defined for the purposes of the UK Securitisation Regulation).

### *EU Investor Requirements*

Article 5 of the EU Securitisation Regulation places certain conditions (the “**EU Investor Requirements**”) on investments in securitisations (as defined in the EU Securitisation Regulation) by “institutional investors”, defined in the EU Securitisation Regulation to include: (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 “**EU 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 (e) with certain exceptions an institution for occupational retirement provision 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. Pursuant to Article 14 of the EU CRR, the EU Investor Requirements also apply to investments by certain consolidated affiliates, wherever established or located, of institutions regulated under the EU CRR (such affiliates, together with all such institutional investors, “**EU Affected Investors**”).

The EU Investor Requirements apply to investments by EU Affected Investors regardless of whether any party to the relevant securitisation is subject to any EU Transaction Requirement (as defined below).

The EU Investor Requirements provide that, prior to investing in (or otherwise holding an exposure to) a “securitisation position” (as defined in the EU Securitisation Regulation), an EU Affected Investor, other than the originator, sponsor or original lender (each as defined in the EU Securitisation Regulation) must, among other things: (a) verify that, 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, if the originator, the original lender or the sponsor is established in a third country (that is, not within the EU or the EEA), the originator, the original lender or the sponsor 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 of the EU Securitisation Regulation, and discloses the risk retention to EU Affected Investors, (c) verify that the originator, sponsor or securitisation special purpose entity (“**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 Securitisation Regulation Rules which enables the EU Affected 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 Affected Investor, while holding a securitisation position, to (a) establish appropriate written procedures in order to monitor, on an ongoing basis, its compliance with the foregoing requirements 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.

It remains unclear what is and will be required for EU Affected Investors to demonstrate compliance with certain aspects of the EU Investor Requirements.

If any EU Affected Investor fails to comply with the EU Investor Requirements with respect to an investment in the Offered Notes offered by this Offering Circular, it may be subject (where applicable) to a penalty 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 by the competent authority of such EU Affected Investor or may be required to take corrective action. The EU Securitisation Regulation Rules and any other changes to the regulation or regulatory treatment of the Offered Notes for some or all investors may negatively impact the regulatory position of an EU Affected Investor and have an adverse impact on the value and liquidity of the Offered Notes offered by this Offering Circular. Prospective investors should analyse their own regulatory position, and should consult with their own investment and legal advisors regarding application of, and compliance with, the EU Securitisation Regulation Rules or other applicable regulations and the suitability of the Offered Notes for investment.

### ***UK Investor Requirements***

Article 5 of the UK Securitisation Regulation places certain conditions (the “**UK Investor Requirements**”, and together with the EU Investor Requirements, the “**Investor Requirements**”) on investments in securitisations (as defined in the UK Securitisation Regulation) by “institutional investors”, defined in the UK Securitisation Regulation to include: (a) an insurance undertaking as defined in section 417(1) of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”); (b) a reinsurance undertaking as defined in section 417(1) of FSMA; (c) an occupational pension scheme as defined in section 1(1) of the Pension Schemes Act 1993 that has its main administration in the UK, or a fund manager of such a scheme appointed under section 34(2) of the Pensions Act 1995 that, in respect of activity undertaken pursuant to that appointment, is authorised for the purposes of section 31 of FSMA; (d) an AIFM as defined in regulation 4(1) of the Alternative Investment Fund Managers Regulations 2013 which markets or manages AIFs (as defined in regulation 3 of those Regulations) in the UK; (e) a management company as defined in section 237(2) of FSMA; (f) a UCITS as defined by section 236A of FSMA, which is an authorised open ended investment company as defined in section 237(3) of FSMA; (g) a CRR firm as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013, as it forms part of UK domestic law by virtue of the EUWA and as amended (“**UK CRR**”); and (h) an FCA investment firm as defined by Article 4(1)(2AB) of the UK CRR. The UK Investor Requirements also apply to investments by certain consolidated affiliates, wherever established or located, of such CRR firms (such affiliates, together with all such institutional investors, “**UK Affected Investors**” and, together with EU Affected Investors, “**Affected Investors**”).

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

The UK Investor Requirements provide that, prior to investing in (or otherwise holding an exposure to) a "securitisation position" (as defined in the UK Securitisation Regulation), a UK Affected Investor, other than the originator, sponsor or original lender (each as defined in the UK Securitisation Regulation) must, among other things: (a) verify that, where the originator or original lender is established in a third country (that is, not in the UK), 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, if the originator, the original lender or the sponsor is established in a third country (that is, not in the UK), 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 of the UK Securitisation Regulation, and discloses the risk retention to UK Affected Investors, (c) verify that, if the originator, sponsor or SSPE is established in a third country (that is, not in the UK), the originator, sponsor or SSPE has, where applicable, made available information which is substantially the same as that which it would have made available under Article 7 of the UK Securitisation Regulation (which sets out transparency requirements for originators, sponsors and SSPEs) if it had been established in the UK and has done so with such frequency and modalities as are substantially the same as those with which it would have made information available in accordance with that Article if it had been established in the UK, and (d) carry out a due-diligence assessment in accordance with the UK Securitisation Regulation Rules which enables the UK Affected 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 UK Investor Requirements oblige each UK Affected Investor, while holding a securitisation position, to (a) establish appropriate written procedures in order to monitor, on an ongoing basis, its compliance with the foregoing requirements 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.

The UK Securitisation Regulation largely mirrors (with some adjustments) the EU Securitisation Regulation as it applied in the EU at the end of 2020. The UK Securitisation Regulation regime is currently subject to a review. HM Treasury issued a report on this review in December 2021 outlining a number of areas where legislative reforms may be introduced in due course. The legislative reforms affecting the UK Securitisation Regulation regime are being introduced under the Financial Services and Markets Act 2023 which received Royal Assent on 29 June 2023 and the "Edinburgh Reforms" of UK financial services unveiled on 9 December 2022. In July 2023, HM Treasury published a near-final version of a draft statutory instrument for final checks and technical comment. The timing and all of the details for the implementation of securitisation-specific reforms are not yet known, but these are expected to become clearer in the course of 2023 to 2024. Therefore, some divergence between EU and UK regimes exists already and the risk of more divergence in the future between EU and UK regimes cannot be ruled out.

Prospective investors that are UK Affected Investors should note the differences in the wording of the EU Investor Requirements and the UK Investor Requirements as each relates to the

verification of certain transparency requirements. Article 5(1)(f) of the UK Securitisation Regulation requires any UK Affected Investor to verify that "the originator, sponsor or SSPE has, where applicable: (i) made available information which is substantially the same as that which it would have made available in accordance with point (e) if it had been established in the UK; and (ii) has done so with such frequency and modalities as are substantially the same as those with which it would have made information available in accordance with point (e) if it had been so established". There remains considerable uncertainty as to how UK Affected Investors should ensure compliance with the UK Investor Requirements. This includes uncertainty as to the extent (if any) to which, in the absence of any information being made available specifically for purposes of, or in connection with, any requirement of the UK Securitisation Regulation Rules (as noted below), any information to be provided by Pepper with regard to Article 7 of the EU Securitisation Regulation and the EU Disclosure Technical Standards (as described under "EU Disclosure" below) could be determined to be "substantially the same" within the meaning of Article 5(1)(f) of the UK Securitisation Regulation, delivered with the frequency and modality required by Article 5(1)(f) and otherwise sufficient to satisfy the relevant elements of the UK Investor Requirements, and also what view the relevant UK regulator of any UK Affected Investor might take as regards such matters. In the UK, the UK regulators are yet to publicly clarify the parameters for satisfying the "substantially the same as" test for the purposes of the UK Investor Requirements.

Prospective investors should be aware that (a) neither Pepper nor any other party to the securitisation transaction described in this Offering Circular (i) intends to take any action specifically for purposes of, or in connection with, any requirement of Article 7 of the UK Securitisation Regulation, or (ii) otherwise intends to make any information available to any person specifically for purposes of, or in connection with, any requirement of the UK Securitisation Regulation Rules; and (b) except as expressly described in this Offering Circular with regard to the UK Retention and the UK Credit-Granting Requirements (as each such term is defined below), neither Pepper nor any other party to the securitisation transaction described in this Offering Circular (i) intends to take or refrain from taking any other action with regard to this transaction in a manner prescribed or contemplated by the UK Securitisation Regulation Rules, or to take any other action for purposes of, or in connection with, facilitating or enabling compliance by any person with any applicable UK Investor Requirements (as defined below), or (ii) gives, or intends to give, any undertaking, representation or warranty with regard to any requirement of the UK Securitisation Regulation Rules.

If any UK Affected Investor fails to comply with the UK Investor Requirements with respect to an investment in the Offered Notes offered by this Offering Circular, it may be subject (where applicable) to a penalty 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 by the competent authority of such UK Affected Investor or may be required to take corrective action. The UK Securitisation Regulation Rules and any other changes to the regulation or regulatory treatment of the Offered Notes for some or all investors may negatively impact the regulatory position of a UK Affected Investor and have an adverse impact on the value and liquidity of the Offered Notes offered by this Offering Circular. Prospective investors should analyse their own regulatory position, and should consult with their own investment and legal advisors regarding application of, and compliance with, the UK Securitisation Regulation Rules or other applicable regulations and the suitability of the Offered Notes for investment.

### ***Transaction Requirements***

The EU Securitisation Regulation imposes certain requirements (the "**EU Transaction Requirements**") with respect to originators, original lenders, sponsors and SSPEs (as each such term is defined for the purposes of the EU Securitisation Regulation).

The EU Transaction Requirements include provisions with regard to, amongst other things:

- (a) a requirement under Article 6 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, relevant competent authorities and (upon request) potential investors certain prescribed information (the “**EU Transparency Requirements**”) prior to pricing as well as in quarterly portfolio level disclosure reports and quarterly investor reports; 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**”).

The EU Securitisation Regulation provides for certain aspects of the EU Transaction Requirements to be further specified in regulatory technical standards and implementing technical standards to be adopted by the European Commission as delegated regulations. In respect of Article 6 of the EU Securitisation Regulation, the EBA has published final draft regulatory technical standards dated 1 April 2022, which were adopted (with some amendments) on 7 July 2023 by the European Commission and then finalised (without material changes) as Commission Delegated Regulation (EU) 2023/2175 (the “**EU Recast Retention RTS**”). The final text of the EU Recast Retention RTS is set out in Commission Delegated Regulation (EU) 2023/2175 which entered into force on 7 November 2023 and which applies to all existing and new securitisations in scope of the EU Securitisation Regulation. Therefore, from 7 November 2023, the transitional provisions of Article 43(7) of the EU Securitisation Regulation fall away and, under Article 20 of the EU Recast Retention RTS, the application on the transitional basis of the pre-2019 risk retention technical standards set out in Commission Delegated Regulation (EU) 625/2014 is repealed. In respect of Article 7 of the EU Securitisation Regulation, the relevant technical standards are comprised in Commission Delegated Regulation (EU) 2020/1224 and Commission Implementing Regulation (EU) 2020/1225 (together, the “**EU Disclosure Technical Standards**”). The EU Disclosure Technical Standards make provision as to (amongst other things) the data to be made available, and the format in which information must be presented, for purposes of satisfying the EU Transparency Requirements. However, there still remains some uncertainty at the current time as to, amongst other things, how some of the fields in the reporting templates prescribed by the EU Disclosure Technical Standards should be completed.

On 10 October 2022, the European Commission published its report to the European Parliament and the Council on the Functioning of the Securitisation Regulation (COM(2022) 517) (the “**Report**”) in which it expressed its views on the jurisdictional scope of application of the EU Investor Requirements and EU Transparency Requirements in the context of a non-EU securitisation for the purposes of the EU Transaction Requirements. In particular, the Report provides guidance on the interpretation of Article 5(1)(e) of the EU Investor Requirements (which requires that EU Affected Investors verify, prior to holding a securitisation position, that the originator, sponsor or SSPE has, where applicable, made available the information described above) in respect of scenarios where none of the originator, sponsor or SSPE are located in the EU. In the Report, the European Commission considers that differentiating the scope of information provided under the EU Investor Requirements based on whether a securitisation is issued by originators, original lenders, sponsors and SSPEs supervised or established in the EU, or entities based in third countries, is not in line with the

legislative intent and, as such, that the jurisdiction of the originator, sponsor or SSPE should not affect the interpretation of Article 5(1)(e) of the EU Investor Requirements. It is unclear whether any amendments to the EU Securitisation Regulation which reflect this interpretative guidance will be adopted. In addition, the European Commission proposed to amend the EU Disclosure Technical Standards in order to introduce new simplified reporting templates for private securitisations to make it easier for issuers from third countries to provide the required information for the purposes of the EU Transaction Requirements. The content of such new reporting templates and the timing of when they will be introduced and become applicable is unclear at this stage. On 21 December 2023, the European Securities and Markets Authority issued a consultation paper on the reporting templates under Article 7 of the EU Securitisation Regulation. The deadline for comments on the consultation paper is 15 March 2024.

The EU Securitisation Regulation 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 Section 5 (“Description of Pepper, the Servicer, the Originator and the Trust Manager”) in this Offering Circular for information regarding Pepper, its business and activities.

For information on the credit granting standards applied in relation to the origination and servicing of the Mortgage Loans, see Section 10.2 (“Approach to Credit Assessment”) in this Offering Circular.

The UK Securitisation Regulation imposes certain requirements (the “**UK Transaction Requirements**”, and together with the EU Transaction Requirements, the “**Transaction Requirements**”) with respect to originators, original lenders, sponsors and SSPEs (as each such term is defined for the purposes of the UK Securitisation Regulation).

The UK Transaction Requirements include provisions with regard to, amongst other things:

- (a) a requirement under Article 6 of the UK 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 “**UK Retention Requirement**”);
- (b) a requirement under Article 7 of the UK Securitisation Regulation that the originator, sponsor and SSPE of a securitisation make available to holders of a securitisation position, the competent authority and (upon request) potential investors certain prescribed information (the “**UK Transparency Requirements**”) prior to pricing as well as in quarterly portfolio level disclosure reports and quarterly investor reports; and
- (c) a requirement under Article 9 of the UK 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 “**UK Credit-Granting Requirements**”).

The UK Securitisation Regulation provides for certain aspects of the UK Transaction Requirements to be further specified in technical standards to be adopted by the PRA and/or the FCA. In respect of Article 6 of the UK Securitisation Regulation, certain aspects of the UK Retention Requirement are to be further specified in technical standards to be made by the FCA and the PRA, acting jointly. Pursuant to Article 43(7) of the UK Securitisation Regulation, until these technical standards apply, certain provisions of Commission Delegated Regulation (EU) No. 625/2014, as they form part of the domestic law of the UK pursuant to the EUWA,

shall continue to apply. In respect of Article 7 of the UK Securitisation Regulation, the EU Disclosure Technical Standards, as they form part of the domestic law of the UK pursuant to the EUWA and as amended by the Technical Standards (Specifying the Information and the Details of the Securitisation to be made Available by the Originator, Sponsor and SSPE) (EU Exit) Instrument 2020 (the "**UK Disclosure Technical Standards**"), apply, subject to certain transitional provisions. However, there still remains some uncertainty at the current time as to, amongst other things, how some of the fields in the reporting templates prescribed by such technical standards should be completed.

The UK Securitisation Regulation Rules provide that an entity shall not be considered an "originator" (as defined for purposes of the UK Securitisation Regulation) if it has been established or operates for the sole purpose of securitising exposures. See Section 5 ("Description of Pepper, the Servicer, the Originator and the Trust Manager") in this Offering Circular for information regarding Pepper, its business and activities.

For information on the credit granting standards applied in relation to the origination and servicing of the Mortgage Loans, see Section 10.2 ("Approach to Credit Assessment") in this Offering Circular.

### ***EU Risk Retention and UK Risk Retention***

The EU Securitisation Regulation is silent as to the jurisdictional scope of the EU Retention Requirement and consequently, whether, for example, it imposes a direct obligation upon non-EU established entities, such as Pepper. However (i) the explanatory memorandum to the original European Commission proposal for legislation that was ultimately enacted as the EU Securitisation Regulation stated that "The current proposal thus imposes a direct risk retention requirement and a reporting obligation on the originator, sponsor or the original lenders...For securitisations notably in situations where the originator, sponsor nor original lender is not established in the EU the indirect approach will continue to fully apply."; and (ii) the EBA, in a paper published on 31 July 2018 in relation to the draft regulatory technical standards then proposed to be made pursuant to Article 6 of the EU Securitisation Regulation, said: "The EBA agrees however that a 'direct' obligation should apply only to originators, sponsors and original lenders established in the EU as suggested by the [European] Commission in the explanatory memorandum". This interpretation (the "**EBA Guidance Interpretation**") is, however, non-binding and not legally enforceable. Notwithstanding the above, Pepper as "originator", will agree to retain a material net economic interest in the securitisation transaction described in this Offering Circular in accordance with Article 6(1) of the EU Securitisation Regulation, as in effect on the Closing Date, as described below and in this Offering Circular.

The UK Securitisation Regulation is also silent as to the jurisdictional scope of the UK Retention Requirement and consequently, whether, for example, it imposes a direct obligation upon non-UK established entities such as Pepper. The wording of the UK Securitisation Regulation with regard to the UK Retention Requirement is similar to that in the EU Securitisation Regulation with regard to the EU Retention Requirement, and the EBA Guidance Interpretation may be indicative of the position likely to be taken by the UK regulators in the future in this respect. However, the EBA Guidance Interpretation is non-binding and not legally enforceable, and the FCA and the PRA have not, at the date of this Offering Circular, published or released any guidance or interpretation as to the jurisdictional scope of the direct risk retention obligation provided under the UK Securitisation Regulation. Notwithstanding the above, Pepper as "originator", will agree to retain a material net economic interest in the securitisation transaction described in this Offering Circular in accordance with Article 6(1) of the UK Securitisation Regulation, as in effect on the Closing Date, as described below and in this Offering Circular.

On the Closing Date and thereafter on an ongoing basis for so long as any Offered Notes remain outstanding, Pepper will, as an "originator" (as such term is defined for the purposes of the EU Securitisation Regulation), undertake in favour of the Trustee and the Lead Managers

to subscribe for and retain a material net economic interest of not less than 5% in this securitisation transaction in accordance with Article 6(1) of the EU Securitisation Regulation, as in effect on the Closing Date (the “**EU Retention**”).

On the Closing Date and thereafter on an ongoing basis for so long as any Offered Notes remain outstanding, Pepper will, as an “originator” (as such term is defined for the purposes of the UK Securitisation Regulation), undertake in favour of the Trustee and the Lead Managers to subscribe for and retain a material net economic interest of not less than 5% in this securitisation transaction in accordance with Article 6(1) of the UK Securitisation Regulation, as in effect on the Closing Date (the “**UK Retention**”).

As at the Closing Date, (i) the EU Retention will be in the form of a pro-rata retention in each of the tranches sold or transferred to investors as provided in paragraph (a) of Article 6(3) of the EU Securitisation Regulation as in effect on the Closing Date, and (ii) the UK Retention will be in the form of a pro-rata retention in each of the tranches sold or transferred to investors as provided in paragraph (a) of Article 6(3) of the UK Securitisation Regulation as in effect on the Closing Date; and, in each case, will be comprised by (1) Pepper directly holding 100% of the shares in the Retention Vehicles, which together will hold not less than 5% of the Aggregate Invested Amount of the Class A1-s Notes, the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes issued on the Closing Date (together, the “**RV Retention Notes**”) and (2) Pepper directly holding not less than 5% of the Aggregate Invested Amount of the Class G Notes issued on the Closing Date (the “**Pepper Retention Notes**” and, together with the RV Retention Notes, the “**Retention Notes**”).

For so long as any Offered Notes remain outstanding, Pepper will undertake in favour of the Trustee and the Lead Managers (in each case with reference to the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules as in effect on the Closing Date):

- (a) not to change the manner or form in which it retains, or the method of calculating, the EU Retention or the UK Retention (as described above), except as permitted by the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules;
- (b) not to dispose of, assign, sell, transfer, and not to otherwise surrender, all or any part of the rights, benefits or obligations arising from (1) its 100% interest in any relevant Retention Vehicle or (2) the Pepper Retention Notes, except (in each case) as permitted by the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules;
- (c) not to utilise or enter into any credit risk mitigation techniques or any other hedge against the credit risk under or associated with (1) its 100% interest in any relevant Retention Vehicle or (2) the Pepper Retention Notes, except (in each case) as permitted by the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules; and
- (d) to promptly notify the Trustee in writing if for any reason it fails to comply with any of its obligations in paragraphs (a), (b) and (c) above.

For so long as any Offered Notes remain outstanding, each relevant Retention Vehicle will undertake in favour of the Trustee and the Lead Managers (in each case with reference to the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules as in effect on the Closing Date):

- (a) that it will continue to hold, on an ongoing basis, the RV Retention Notes unless otherwise instructed by Pepper in accordance with the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules;

- (b) except to the extent permitted by or provided for in the Transaction Documents, not to carry on any other trade or business or any activities or hold shares in any company or hold any other assets, other than any RV Retention Notes and any other Permitted Retention;
- (c) not to take any action which would reduce Pepper's exposure to the economic risk of the RV Retention Notes in such a way that Pepper would cease to hold the EU Retention or the UK Retention, including (without limitation) not to dispose of, assign, sell, transfer or otherwise surrender all or any part of the rights, benefits or obligations arising from the RV Retention Notes, and not to utilise or enter into any credit risk mitigation techniques or any other hedge against the credit risk under or associated with the RV Retention Notes, except (in each case) as permitted by the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules;
- (d) not to issue any further shares in addition to those that were in issue to Pepper as at the Closing Date; and
- (e) to immediately notify Pepper if it fails to comply with any of its obligations under paragraphs (a) to (d) above. To the extent that no notice is provided to Pepper in accordance with this sub-paragraph (e), Pepper shall be entitled to assume (without further enquiry) compliance by each relevant Retention Vehicle with sub-paragraphs (a) to (d) above.

Article 6(1) of the EU Securitisation Regulation provides that “[w]hen measuring the material net economic interest, the retainer shall take into account any fees that may in practice be used to reduce the effective material net economic interest”. It is uncertain how this requirement of the EU Securitisation Regulation would apply in the context of the transaction described in this Offering Circular with regard to any Servicer's fee or other fees or amounts payable to, or collected by, Pepper in its capacity as Servicer, any fees payable to Pepper in any other capacity or any fees payable to any other party.

Pepper may obtain debt financing (including by way of a repurchase facility) to finance the holding of the Retention Notes with one or more lenders, including the Lead Managers or their respective affiliates. If Pepper obtains any such debt financing in respect of the RV Retention Notes, the relevant Retention Vehicle will grant a security interest over the relevant RV Retention Notes and Pepper will provide a full recourse guarantee in respect of that Retention Vehicle's obligations under the debt financing arrangements supported by a security interest over its interests in that Retention Vehicle to secure such debt financing. The grant of such security interests would result in the lender (or other financing counterparty) having enforcement rights in the case of an event of default under the relevant financing, which may include the right to appropriate or sell the relevant RV Retention Notes or Pepper's interest in the relevant Retention Vehicle (as applicable). If Pepper obtains any such financing in the form of a repurchase agreement for the Pepper Retention Notes, Pepper will transfer its Pepper Retention Notes to the financing counterparty, with an obligation to repurchase the Pepper Retention Notes upon certain repurchase events, in accordance with the repurchase agreement. The entry into such repurchase financing arrangements would result in the financing counterparty holding and having the right to transfer the Pepper Retention Notes. In carrying out any such enforcement action or transfers, the lender (or other financing counterparty) would not be required to have regard to the provisions of the EU Securitisation Regulation Rules or the UK Securitisation Regulation Rules, and any such enforcement or transfer could result in an Affected Investor being unable to comply with the applicable Investor Requirements.

None of the Trustee, the Security Trustee, the Arranger, the Lead Managers or the Liquidity Facility Provider or any other party to the Transaction Documents has any responsibility to maintain or enforce compliance with the EU Retention or the UK Retention.

## **EU Disclosure**

Pepper will also give various representations, warranties and further undertakings in favour of the Trustee and the Lead Managers with respect to the EU Securitisation Regulation, as in effect on the Closing Date as follows:

- (a) With reference to Article 4 of the EU Securitisation Regulation, Pepper will represent and warrant that the Trustee, being the SSPE in respect of this securitisation transaction, is established in Australia, which is a country that:
  - (i) is not listed as a high-risk third country having strategic deficiencies in its regime on anti-money laundering and counter-terrorist financing, in accordance with Article 9 of Directive (EU) 2015/849 of the European Parliament and of the Council;
  - (ii) is not included on the EU list of non-cooperative jurisdictions for tax purposes; and
  - (iii) has signed an agreement with a member state of the EU that fully complies with the standards provided for in Article 26 of the Organisation for Economic Cooperation and Development (OECD) Model Tax Convention on Income and on Capital.
- (b) With reference to Article 5(3) of the EU Securitisation Regulation, Pepper, as an originator (as such term is defined for the purposes of the EU Securitisation Regulation), will undertake to make available to potential investors (in the manner described in paragraph (f) below) sufficient information so as to enable those potential investors to comply with Article 5(3) of the EU Securitisation Regulation.
- (c) With reference to Article 5(4) of the EU Securitisation Regulation, Pepper, as an originator (as such term is defined for the purposes of the EU Securitisation Regulation), will undertake to make available to Noteholders (in the manner described in paragraph (f) below) quarterly investor reports, containing, at a minimum, sufficient information so as to permit Noteholders to determine the percentage of loans more than 30, 60 and 90 days past due, default rates, prepayment rates, loans in foreclosure, recovery rates, repurchases, loan modifications, payment holidays, collateral type, and frequency distribution of credit scores or other measures of credit worthiness across underlying exposures, industry and geographical diversification. The material referred to in this paragraph shall be made available at the latest one month after the end of the period the report covers.
- (d) With reference to Article 6(2) of the EU Securitisation Regulation, Pepper will represent and warrant that, as an originator (as such term is defined for the purposes of the EU Securitisation Regulation), it has not selected assets to be acquired by the Trustee with the aim of rendering losses on the assets transferred to the Trustee, measured over the life of the transaction, or over a maximum of 4 years where the life of the transaction is longer than four years, higher than the losses over the same period on comparable assets held on the balance sheet of Pepper.
- (e) With reference to Article 7(1) of the EU Securitisation Regulation, Pepper, as an originator (as such term is defined for the purposes of the EU Securitisation Regulation), will (subject to the condition noted at the end of this paragraph (e)) undertake to make available (in the manner described in paragraph (f) below) to Noteholders and, to the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, to potential investors:

- (i) with reference to Article 7(1)(a) of the EU Securitisation Regulation, quarterly portfolio reports containing loan level data as required by Article 7(1)(a) of the EU Securitisation Regulation in relation to the pool of Mortgage Loans held by the Trustee. The information referred to in this paragraph shall be made available at the latest one month after the end of the period the portfolio report covers;
- (ii) all documentation required to be provided by an originator subject to Article 7(1)(b) of the EU Securitisation Regulation, including but not limited to the Transaction Documents and this Offering Circular. The material referred to in this paragraph shall be made available before pricing of the Offered Notes;
- (iii) with reference to Article 7(1)(e) of the EU Securitisation Regulation, quarterly investor reports as required by Article 7(1)(a) of the EU Securitisation Regulation, containing the following information:
  - (A) all materially relevant data on the credit quality and performance of the Mortgage Loans;
  - (B) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and data on the cash flows generated by the Mortgage Loans and by the liabilities of the securitisation; and
  - (C) information about the risk retained, including information on which of the modalities provided for in Article 6(3) of the EU Securitisation Regulation has been applied, in accordance with Article 6 of the EU Securitisation Regulation.

Each investor report referred to in this paragraph shall be made available at the latest one month after the end of the period the investor report covers;

- (iv) with reference to Article 7(1)(f) of the EU Securitisation Regulation (if applicable), any inside information relating to the securitisation that Pepper (as the originator (as such term is defined for the purposes of the EU Securitisation Regulation)) or the Trustee (as the SSPE in respect of this securitisation transaction) is (or would be, in the event that such Article actually applied to it) obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation. The information referred to in this paragraph shall be made available without delay; and
- (v) with reference to Article 7(1)(g) of the EU Securitisation Regulation, information as to any significant event such as:
  - (A) a material breach of the obligations provided for in the Transaction Documents, including any remedy, waiver or consent subsequently provided in relation to such a breach;
  - (B) a change in the structural features that can materially impact the performance of the securitisation;
  - (C) a change in the risk characteristics of the securitisation or of the Mortgage Loans that can materially impact the performance of the securitisation; and
  - (D) any material amendment to any Transaction Document.

The information referred to in this paragraph shall be made available without delay.

The condition referred to in the introduction to this paragraph (e) is that Pepper will not be obliged to make available any information or documents in accordance with this paragraph (e) if, at the relevant time, the EU Securitisation Regulation Rules provide that, in any transaction in which the originator, sponsor and SSPE are established outside the EU, EU Affected Investors are not required by Article 5(1)(e) of the EU Securitisation Regulation (or otherwise) to verify that the originator, sponsor or SSPE, which is not established in the EU, has made available the information required by Article 7 of the EU Securitisation Regulation. As at the date of this Offering Circular, the EU Securitisation Regulation Rules include no such provision.

- (f) With reference to Article 7(2) of the EU Securitisation Regulation, to the extent required, Pepper as the originator (as such term is defined for the purposes of the EU Securitisation Regulation) is designated as the entity required to provide the information referred to in Article 7(1) of the EU Securitisation Regulation. Pepper shall make such information available by posting it to the following website: <https://dealroom.perpetualintelligence.com.au/>, which Pepper will represent and warrant satisfies the criteria specified in Article 7(2) of the EU Securitisation Regulation.

### ***Credit-Granting***

Although Pepper believes that neither Pepper nor the Trustee is subject to the EU Credit-Granting Requirements or the UK Credit-Granting Requirements, Pepper will also represent in favour of the Trustee and the Lead Managers on the Closing Date, that it has granted all the credits giving rise to the Mortgage Loans to be acquired by the Trustee on the basis of sound and well-defined criteria and clearly established processes for approving and, where relevant, amending, renewing and financing those credits and it has 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.

Information about the origination and servicing procedures of Pepper in connection with the approval, amendment, renewing and financing of credits giving rise to the underlying exposures to be included in the Trust is set out in Section 10 ("Pepper Residential Loan Portfolio").

### ***Additional information***

Neither Pepper nor any other party to the securitisation transaction described in this Offering Circular (i) intends to take any action specifically for purposes of, or in connection with, any requirement of Article 7 of the UK Securitisation Regulation, or (ii) otherwise intends to make any information available to any person specifically for purposes of, or in connection with, any requirement of the UK Securitisation Regulation Rules. In addition, except as expressly described in this Offering Circular with regard to the UK Retention and the UK Credit-Granting Requirements, neither Pepper nor any other party to the securitisation transaction described in this Offering Circular (i) intends to take or refrain from taking any other action with regard to this transaction in a manner prescribed or contemplated by the UK Securitisation Regulation Rules, or to take any other action for purposes of, or in connection with, facilitating or enabling compliance by any person with any applicable UK Investor Requirements, or (ii) gives, or intends to give, any undertaking, representation or warranty with regard to any requirement of the UK Securitisation Regulation Rules.

In addition, except as expressly described in this Offering Circular, no party to the securitisation transaction described in this Offering Circular intends to take or refrain from taking any action with regard to such transaction in a manner prescribed or contemplated by the EU

Securitisation Regulation Rules, or to take any action for purposes of, or in connection with, compliance by any EU Affected Investor with any applicable EU Investor Requirement or any corresponding national measures that may be relevant.

Any failure to comply with the EU Securitisation Regulation Rules or the UK Securitisation Regulation Rules may, amongst other things, have a negative impact on the value and liquidity of the Offered Notes, and otherwise affect the secondary market for the Offered Notes.

Prospective investors should make their own independent investigation and seek their own independent advice as to (i) the scope and applicability of the EU Securitisation Regulation Rules (and any implementing rules in relation to any relevant jurisdiction) and the UK Securitisation Regulation Rules; (ii) the potential implications of any financing that may be entered into in respect of the Retention Notes (as described above); (iii) whether the undertakings by Pepper and any relevant Retention Vehicle to retain the EU Retention and the UK Retention, each as described above and in this Offering Circular generally, and the information in this Offering Circular, and which may otherwise be made available to investors are, or will be, sufficient for the purposes of complying with the EU Investor Requirements and any corresponding national measures which may be relevant or the UK Investor Requirements; and (iv) their compliance generally with any applicable Investor Requirements.

None of Pepper, any Retention Vehicle, the Arranger, the Lead Managers, and their respective affiliates 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 in this Offering Circular, or any other information which may be made available to investors, are or will be sufficient in all circumstances for the purposes of any person's compliance with any applicable Investor Requirements, or that the structure of the Offered Notes, Pepper (including its holding of the EU Retention and the UK Retention) and the transactions described in this Offering Circular are compliant with the EU Securitisation Regulation Rules or the UK Securitisation Regulation Rules or with any other applicable legal, regulatory or other requirements, (ii) has any liability to any prospective investor or any other person for any deficiency in or insufficiency of such information or any failure of the transactions or structure contemplated in this Offering Circular to comply with or otherwise satisfy the requirements of the EU Securitisation Regulation Rules, the UK Securitisation Regulation Rules, any subsequent change in law, rule or regulation or any other applicable legal, regulatory or other requirements (other than, in each case, any liability arising as a result of a breach by the relevant person of the undertakings described above), or (iii) has any obligation to provide any further information or take any other steps that may be required by any person to enable compliance by such person with the requirements of any applicable Investor Requirement or any other applicable legal, regulatory or other requirements (other than, in each case, the specific obligations undertaken and/or representations made by Pepper and any Retention Vehicle in that regard as described above).

None of the Trustee, the Security Trustee, the Arranger, the Lead Managers or the Liquidity Facility Provider has any responsibility to maintain or enforce compliance with the EU Securitisation Regulation Rules or the UK Securitisation Regulation Rules.

## **2.7 US Credit Risk Retention**

Section 15G of the Exchange Act as added by Section 941 of the Dodd-Frank Act ("**U.S. Risk Retention Rules**") came into effect on 24 December 2016 with respect to transactions such as this offering 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 the purposes of the U.S. Risk Retention Rules, 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.

None of Pepper nor any other party to the transactions described in this Offering Circular intends to retain at least 5 per cent of the credit risk of the securitised assets for the purposes of the U.S. Risk Retention Rules. It is intended that Pepper will rely on an exemption provided for in the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitization transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Offering Circular as “**Risk Retention U.S. Persons**”); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Offered Notes may not be purchased by U.S. persons unless such limitation is waived by the Trust Manager. 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.

The Offered Notes may not be purchased by, and will not be sold to any person except for (a) persons that are not Risk Retention U.S. Persons or (b) persons that have obtained a U.S. Risk Retention Waiver from the Trust Manager. Each holder of an Offered Note or a beneficial interest therein acquired in the initial syndication of the Offered Notes, by its acquisition of a Note or a beneficial interest in an Offered Note, will be deemed to represent to Pepper that it (1) either (a) is not a Risk Retention U.S. Person or (b) has received a waiver with respect to the U.S. Risk Retention rules from the Trust Manager, (2) is acquiring such Offered Note for its own account and not with a view to distribution of such Note, and (3) is not acquiring such Offered 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 the U.S. Risk Retention Rules described above. The Trust Manager is not obliged to provide any waiver in respect of the U.S. Risk Retention rules.

None of Pepper, the Retention Vehicles, the Arranger, the Lead Managers or any other party to the Transaction Documents shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in the U.S. Risk Retention Rules, and none of Pepper, the Retention Vehicles, the Arranger, the Lead Managers or any other party to the Transaction Documents accepts any liability or responsibility whatsoever for any such determination, it being understood by Pepper, the Retention Vehicles, the Arranger and the Lead Managers that the characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in the U.S. Risk Retention Rules shall be made on the basis of certain representations that are deemed to be made by each prospective investor.

There can be no assurance that the exemption provided for in the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. In particular, investment by Risk Retention U.S. Persons may not be limited to no more than 10 per cent. This may result from misidentification of Risk Retention U.S. Person investors as non-Risk Retention U.S. Person investors, or may result from market movements or other matters that affect the calculation of the 10 per cent value on the Closing Date.

Failure 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 Offered 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 U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Offered Notes.

In addition, after the Closing Date, the U.S. Risk Retention Rules may have adverse effects on the Trustee and/or the holders of the Offered Notes. Unless the exemption provided for in the U.S. Risk Retention Rules regarding non-U.S. transactions or another exemption is available, the U.S. Risk Retention Rules would apply to a refinancing of the Offered Notes or in connection with material amendments to the terms of the Offered Notes.

None of Pepper, the Retention Vehicles, the Arranger, the Lead Managers or any other party to the Transaction Documents has any responsibility to maintain or enforce compliance with the U.S. Risk Retention Rules.

## 2.8 Japanese Risk Retention

On 15 March 2019 the Japanese Financial Services Agency (“**JFSA**”) published new due diligence and risk retention rules under various Financial Services Agency Notices in respect of Japanese banks and certain other financial institutions (the “**Japan Due Diligence and Retention Rules**”). The Japan Due Diligence and Retention Rules became applicable to such Japanese financial institutions from 31 March 2019.

The Japan Due Diligence and Retention Rules apply to all Japanese banks, bank holding companies, credit unions, credit cooperatives, labour credit unions, agricultural credit cooperatives, ultimate parent companies of large securities companies and certain other financial institutions regulated in Japan (each, a “**Japan Obligated Entity**”).

Under the Japan Due Diligence and Retention Rules, in order for a Japan Obligated Entity to apply a lower capital charge against a securitisation exposure, it has to:

- (a) establish an appropriate risk assessment system to be applied to the relevant securitisation exposure and the underlying assets of such securitisation exposure; and
- (b) either:
  - (i) confirm that the originator of the securitisation transaction in respect of the securitisation exposure retains not less than 5% interest in an appropriate form (the “**Originator Retention Requirement**”); or
  - (ii) determine that the underlying assets of the securitisation transaction in respect of the securitisation exposure are appropriately originated, considering the originator’s involvement with the underlying assets, the nature of the underlying assets or any other relevant circumstances (the “**Appropriate Origination Requirement**”).

On 15 March 2019, the JFSA published certain guidelines (the “**Guidelines**”) which also came into effect on 31 March 2019 on the applicability and scope of the Japan Due Diligence and Retention Rules.

There remains, nonetheless, a relative level of uncertainty at the current time as to how the Japan Due Diligence and Retention Rules will be interpreted and applied to any specific securitisation transaction. At this time, prospective investors should understand that there are a number of unresolved questions and no established line of authority, precedent or market practice that provides definitive guidance with respect to the Japan Due Diligence and Retention Rules, and no assurances can be made as to the content, impact or interpretation of the Japan Due Diligence and Retention Rules. In particular, the basis for the determination of whether an asset is “inappropriately originated” remains unclear, and therefore unless the JFSA provides further specific clarification, it is possible that this transaction may contain

assets deemed to be “inappropriately originated” and as a result not satisfying the Appropriate Origination Requirement (as defined in Section 3 (“Risk Factors - Japanese Risk Retention rules”)). Whether and to what extent the JFSA may provide further clarification or interpretation as to the Japan Due Diligence and Retention Rules is unknown.

Failure by the Japan Obligated Entity to satisfy the Japan Due Diligence and Retention Rules will require it to hold a full capital charge against that securitisation exposure of the securitisation transaction which it has invested in.

For the purposes of the Japan Due Diligence and Retention Rules, Pepper will undertake that, as at the Closing Date, it and any relevant Retention Vehicle, each of which is a 100% owned subsidiary of Pepper, will between them hold not less than 5% of the Aggregate Invested Amount of each Class of Notes issued.

None of Pepper, the Security Trustee, the Arranger, the Lead Managers or any other party to the Transaction Documents:

- (a) makes any representation that the performance of the undertakings described above and the information described in this Offering Circular or any other information which may be made available to investors, are or will be sufficient for the purposes of any Japan Obligated Entity’s compliance with the Japan Due Diligence and Retention Rules;
- (b) 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 Japan Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements; or
- (c) has any obligation to provide any further information or take any other steps that may be required by any Japan Obligated Entity to enable compliance by such person with the requirements of the Japan Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements.

Under its Guidelines accompanying the Japan Due Diligence and 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 Pepper’s and each relevant Retention Vehicle’s retention of the relevant Retention Notes complies with the Japan Due Diligence and Retention Rules.

A Retention Vehicle may obtain debt financing from a lender to finance the holding of the RV Retention Notes to be held by it and such financing may include granting security over such RV Retention Notes and Pepper guaranteeing such financing. Under the Japan Due Diligence and Retention Rules, there is no express prohibition on financing the holding of the Retention Notes.

Any failure to satisfy the Japan Due Diligence and Retention Rules may, amongst other things, have a negative impact on the value and liquidity of the Offered Notes, and otherwise affect the secondary market for the Offered Notes. Failure by the Japan Obligated Entity to satisfy the Japan Due Diligence and Retention Rules may occur if (amongst other things) there is a change in the Japan Due Diligence and Retention Rules or if insufficient interest is held by the originator in the Retention Notes.

Prospective investors should make their own independent investigation and seek their own independent advice (i) as to the applicability and scope of the Japan Due Diligence and Retention Rules; (ii) as to the potential implications of any financing entered into in respect of the Retention Notes; (iii) as to the sufficiency of the information described in this Offering

Circular, and which may otherwise be made available to investors and (iv) as to their compliance with the Japan Due Diligence and Retention Rules.

None of Pepper, the Retention Vehicles, the Arranger, the Lead Managers, or any other party to the Transaction Documents:

- (a) makes any representation that the performance of the undertakings described above and the information described in this Offering Circular or any other information which may be made available to investors, are or will be sufficient for the purposes of any Japan Obligated Entity's compliance with the Japan Due Diligence and Retention Rules;
- (b) 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 Japan Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements; or
- (c) has any obligation to provide any further information or take any other steps that may be required by any Japan Obligated Entity to enable compliance by such person with the requirements of the Japan Due Diligence and Retention Rules or any other applicable legal, regulatory or other requirements.

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

None of the Trustee, the Security Trustee, the Lead Managers, the Arranger, the Liquidity Facility Provider or any other party to the Transaction Documents has any responsibility to maintain or enforce compliance with the Japan Due Diligence and Retention Rules.

## **2.9 Repo-eligibility**

The Trust Manager intends, but is under no obligation, to make an application to the Reserve Bank of Australia ("**RBA**") for the Class A1 Notes and Class A2 Notes to be listed as "eligible securities" (or "**repo eligible**") for the purposes of repurchase agreements with the RBA.

The criteria for repo eligibility published by the RBA criteria require, amongst other things, that certain information be provided by the Trust Manager to the RBA at the time of seeking repo-eligibility and during the term of the Class A1 Notes or Class A2 Notes in order for the Class A1 Notes or Class A2 Notes to be (and to continue to be) repo eligible. No assurance can be given that the application by the Trust Manager (if any) for the Class A1 Notes or Class A2 Notes to be repo eligible will be successful, or that the relevant Notes will continue to be repo eligible at all times even if they are eligible at the time of their initial issue. For example, subsequent changes by the RBA to its criteria could affect whether the Class A1 Notes or Class A2 Notes continue to be repo-eligible.

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

## **2.10 Listing**

Subject to investor requests for such a listing, the Trust Manager may, at its sole discretion, make an application for the Class A1 Notes, the Class A2 Notes or the Class B Notes to be listed and admitted for trading on the Australian Securities Exchange after the Closing Date. Such listing approval, if sought by the Trust Manager and obtained, would relate only to the

Class A1 Notes, the Class A2 Notes or the Class B Notes and not to any other Notes. The Trust Manager will pay the initial listing fees and associated expenses of such a listing. There can be no assurance that any such approval will, if sought by the Trust Manager, be obtained. Accordingly, the issuance and settlement of the Offered Notes on the Closing Date is not conditional on the listing of the Class A1 Notes, the Class A2 Notes or the Class B Notes on the Australian Securities Exchange or the admission of the Class A1 Notes, the Class A2 Notes or the Class B Notes to trading on any regulated or unregulated market.

Neither the Trust Manager nor the Trustee has made or authorised any application for admission to listing and/or trading of any other Class of Notes.

### **2.11 Post-issuance Information**

Pepper Money Limited intends to provide post-issuance information in relation to the Offered Notes and the Mortgage Loans on a monthly basis on the following website at <https://dealroom.perpetualintelligence.com.au/>.

### **2.12 Websites**

The contents of any websites detailed or otherwise referred to in this Offering Circular do not form part of this Offering Circular.

### 3. RISK FACTORS

The Offered Notes are complex securities. The purchase and holding of the Offered Notes is not free from risk. This section describes some of the principal risks associated with the Offered Notes. It is only a summary of some material risks. There can be no assurance that the structural protection available to Offered 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 read 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 Offered Notes. All statistical information referred to in this Section 3 is based on the Mortgage Loan Pool (by loan balance as at the Cut-Off Date).

#### **Risks relating to the nature of the Offered Notes and other structural features**

##### **The Offered Notes will be paid only from the Trust Assets**

The Offered Notes are debt obligations of the Trustee only in its capacity as trustee of the Trust and in respect of the Trust. The Offered 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 Offered Notes.

An Offered Noteholder's recourse against the Trustee with respect to the Offered 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 misconduct 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 Offered Notes.

##### **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 Charge-Offs and Principal Draws described in Section 12.17 ("Allocation of Charge-Offs and Principal Draws")) of:

- the Class A2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes to the Class A1 Notes is limited and could be depleted prior to the payment in full of the Class A1 Notes;
- the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes to the Class A2 Notes is limited and could be depleted prior to the payment in full of the Class A2 Notes;

- the Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes to the Class B Notes is limited and could be depleted prior to the payment in full of the Class B Notes;
- the Class D Notes, Class E Notes, Class F Notes and Class G Notes to the Class C Notes is limited and could be depleted prior to the payment in full of the Class C Notes;
- the Class E Notes, Class F Notes and Class G Notes to the Class D Notes is limited and could be depleted prior to the payment in full of the Class D Notes;
- the Class F Notes and Class G Notes to the Class E Notes is limited and could be depleted prior to the payment in full of the Class E Notes; and
- the Class G Notes to the Class F Notes is limited and could be depleted prior to the payment in full of the Class F Notes.

Losses on the Mortgage Loans will reduce the loss protection provided by the more subordinate Classes of Offered Notes to the more senior Classes of Offered Notes and will increase the likelihood that the yields on the more senior Classes of Offered Notes will be reduced and such Classes will not receive all of their expected principal payments.

**The use of Total Available Principal or a draw upon the Liquidity Facility to cover Liquidity Shortfalls may lead to principal losses**

If Total Available Principal or the Liquidity Facility are drawn upon to cover shortfalls in interest collections, and there is insufficient excess interest collections in succeeding monthly Collection Periods to repay those Principal Draws or Liquidity Draws (as the case may be), the Offered Noteholders may not receive full repayment of principal on the Offered Notes.

**The Call Option may not be exercised which may affect the return on the Offered Notes**

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

The Trust Manager has the right under the Series Notice to direct the Trustee to sell Mortgage Loans in order to raise funds to redeem the Offered Notes on a Call Option Date. However, there is no guarantee that the Mortgage Loans will be able to be sold in order to raise sufficient funds to redeem the Offered Notes on that Call Option Date.

**You will not receive physical notes representing your Offered Notes, which can cause delays in receiving distributions and hamper your ability to pledge or resell your Offered Notes**

- Your interest in the Offered Notes will be held, directly, or indirectly, through Austraclear. Consequently:
- your Offered Notes will not be registered in your name;
  - you will only be able to exercise the rights of a Noteholder indirectly through Austraclear and its participating organisations; and

- you may be limited in your ability to resell the Offered Notes to a person or entity that does not participate in Austraclear.

You will not receive physical notes. The lack of physical certificates could cause you to experience delays in receiving payments on the Offered Notes because the Trustee will be sending distributions on the Offered Notes to Austraclear (as applicable) instead of directly to you.

**If the Trust Manager directs the Trustee to redeem the Offered Notes, you could suffer losses and the yield on your Offered Notes could be lower than expected**

If the Trust Manager directs the Trustee to redeem the Offered Notes earlier than the Maturity Date as described in Section 12.32 (“Call Option”) and Section 12.34 (“Redemption of the Notes for Taxation or Other Reasons”) and Charge-Offs have occurred, the Noteholders may by Extraordinary Resolution consent to receiving an amount equal to the outstanding Invested Amount of the Notes, less Charge-Offs, plus accrued interest. As a result, the Offered Noteholders may not fully recover their investment. In addition, such early redemption will shorten the average lives of the Offered Notes and potentially lower the yield on the Offered Notes.

**The imposition of a withholding tax will reduce payments to you and may lead to an early redemption of the Offered Notes**

If withholding tax is imposed on payments of interest on the Offered Notes, the Offered Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax. Thus, the Offered Noteholders would receive less interest than is scheduled to be paid on the Offered Notes. If the Trustee exercises its rights of optional redemption of the Offered Notes as a result of the imposition of withholding tax, the Offered Noteholders may not be able to reinvest the redemption payments at a comparable interest rate.

**In the event the Trust Manager breaches its representations and warranties to the Trustee in relation to the Mortgage Loans, the Trustee’s remedies are limited**

The Trust Manager will represent and warrant to the Trustee as of the Cut-Off Date, with respect to each Mortgage Loan which is assigned to the Trustee on the Closing Date, that each such Mortgage Loan will satisfy the Eligibility Criteria on the Cut-Off Date. The Trust Manager will not repeat this representation and warranty with respect to satisfaction of the Eligibility Criteria as of the Closing Date, although it will make certain other representations and warranties relating to the Mortgage Loans on both the Cut-Off Date and the Closing Date. See Section 9.3 (“Representations and Warranties of the Trust Manager and Eligibility Criteria”) for further details.

If at any time the Trustee notifies the Trust Manager that any representation or warranty from the Trust Manager relating to any Mortgage Loan has been breached or the Trust Manager otherwise becomes aware of such breach, the Trust Manager must, on demand from the Trustee, pay to the Trustee the amount which is determined by the Trustee to be the Trustee’s loss as a result of the breach of the representation and warranty.

Besides this remedy, there is no other express remedy available to the Trustee in respect of a breach by the Trust Manager of its representations and warranties in respect of the Mortgage Loans. In particular, the Trust Manager is under no

obligation to purchase the relevant Mortgage Loan from the Trustee or substitute for the relevant Mortgage Loan.

The Trustee has not investigated or made any inquiries regarding the accuracy of the representations and warranties of the Trust Manager in respect of the Mortgage Loans.

The Trust Manager makes no express representation to the effect that each Mortgage Loan and the related mortgage documents and the steps taken or not taken in the Mortgage Loan origination process complied in all material respects with all applicable laws. In the event any Mortgage Loan fails to satisfy such requirements no remedy will be available to the Trustee.

If the Trust Manager fails to pay damages in respect of any Mortgage Loan in respect of which the Trust Manager's representations and warranties are incorrect, you may suffer a loss on your Offered Notes. If that failure constitutes, in the particular circumstances, a failure by the Trust Manager to comply with a material obligation under the Transaction Documents, such failure would constitute a Trust Manager Default (entitling the Trustee to remove the Trust Manager as manager of the Trust) if the Trust Manager does not remedy the non-compliance within 30 days after becoming aware of it.

**Listing on the Australian Securities Exchange**

Subject to investor requests for such a listing, the Trust Manager may, at its sole discretion, make an application for the Class A1 Notes, the Class A2 Notes or the Class B Notes to be listed and admitted for trading on the Australian Securities Exchange after the Closing Date. There can be no assurance that any such listing will be obtained. The issuance and settlement of the Class A1 Notes, the Class A2 Notes or the Class B Notes on the Closing Date is not conditioned on listing the Class A1 Notes, the Class A2 Notes or the Class B Notes on the Australian Securities Exchange.

**The regulation and reform of BBSW may adversely affect the value or liquidity of Offered Notes**

Interest rate benchmarks (such as BBSW) 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 Offered Notes.

In Australia, examples of reforms that are already effective include the replacement of the Australian Financial Markets Association as BBSW administrator with ASX Benchmarks Pty Limited (ABN 38 616 075 417), changes to the methodology for calculation of BBSW, and amendments to the Corporations Act 2001 (Cth) 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 Offered Notes.

Investors should be aware that the Reserve Bank of Australia (“**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.

The RBA has also recently amended its criteria for repo eligibility to include a requirement that floating rate notes and marketed asset-backed securities issued on or after 1 December 2022 that reference BBSW must contain at least one “robust” and “reasonable and fair” fallback rate for BBSW in the event that it permanently ceases to exist, if such securities are to be accepted by the RBA as being eligible collateral for the purposes of any repurchase agreements to be entered into with the RBA. The Australian Securitisation Forum published the “ASF Market Guideline on BBSW fallback provisions” on 11 November 2022 (“**ASF Market Guideline**”) for voluntary use in contracts that reference BBSW to assist market participants to meet the requirements of the RBA’s updated criteria, with a view to these becoming standardised fallback provisions for BBSW-linked securitisation issuances.

The Conditions of the Offered Notes incorporate fallback provisions that are consistent with the ASF Market Guidelines and which apply in the event of a temporary disruption or permanent discontinuation of the benchmark rate. The fallback methodology involves the use of alternative benchmark rates (to the extent available) as the benchmark rate applicable to the Offered Notes, including (i) in the case of a Permanent Discontinuation Trigger affecting BBSW, AONIA Fallback Rate; (ii) in the event of a Permanent Discontinuation Trigger affecting AONIA, the RBA Recommended Rate; and (iii) in the event of a Permanent Discontinuation Trigger affecting the RBA Recommended Rate, the Final Fallback Rate. Any such alternative benchmark rates may, 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.

For example, whereas BBSW is expressed on the basis of a forward-looking term and is based on observed bid and offer rates for Australian prime bank eligible securities (which bid and offer rates may incorporate a premium for credit risk) AONIA is an overnight, 'risk-free' cash rate and will be applied to calculate interest on the Offered Notes by methodology involving compounding in arrears using observed rates and the application of a spread adjustment. Accordingly, where AONIA (or any other benchmark rate determined by compounding in arrears) applies in respect of the Offered Notes, it may be difficult for investors in the Offered Notes to estimate reliably in advance the amount of interest which will be payable on those Offered Notes for a particular Interest Period.

No assurances can be provided that AONIA or any other alternate rate applied to the Offered Notes as described above will have characteristics that are similar to, or be sufficient to produce the economic equivalent of, BBSW or any other alternate rate which may have previously applied at any time under the framework described above.

Prospective investors should be aware that the market is still developing in relation to AONIA as a reference rate in the capital markets. It is not possible to predict what effect the application of AONIA (or any other alternative benchmark rate for the Offered Notes) in determining the interest on the Offered Notes may have on the price, value or liquidity of the Offered Notes.

Certain amendments may be made to the Transaction Documents without the approval of the Offered Noteholders or other Secured Creditors if at any time a Permanent Discontinuation Trigger occurs with respect to BBSW (or other Applicable Benchmark Rate) and the Trust Manager determines that such amendments to the Transaction Documents are necessary to give effect to the application of the applicable Fallback Rate in the manner contemplated by Section 12.29 ("Interest on the Notes – Permanent Discontinuation Fallback"). See Section 1.9 ("Benchmark Amendments") for further details.

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 and the potential application and risks associated with the potential application of the AONIA Fallback Rate and other Applicable Benchmark Rates in making any investment decision with respect to any Offered Notes.

**The ratings on the Offered Notes should be evaluated independently**

It is a condition precedent to the issuance of the Offered Notes that the Offered Notes receive certain prescribed credit ratings from the Designated Rating Agencies

The credit ratings of the Offered Notes should be evaluated independently from similar ratings on other types of notes or securities.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, qualification or withdrawal at any time by a Designated Rating Agency. A rating does not address the market price or suitability of the Offered Notes for you. There is no assurance that a rating will remain for any given period of time. A revision, suspension, qualification or withdrawal of the rating of the Offered Notes may adversely affect the price of the Offered Notes. If a Designated Rating Agency changes its rating or withdraws its rating, no one has any obligation to provide additional credit enhancement or restore the original rating.

In addition, the credit ratings of the Offered Notes do not address the expected timing of principal repayments under the Offered Notes, only the likelihood that principal will be received no later than the Maturity Date of that Offered Note.

The ratings of the Offered Notes entail substantial risks and may be unreliable as an indication of the creditworthiness of your Offered Notes. The Designated Rating Agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of the Offered Notes and, therefore, the assigned credit rating may not fully reflect the true risks of an investment in the Offered Notes. The Designated Rating Agencies may change their methods of evaluating credit risk and determining ratings on securities backed by mortgage loans. These changes may occur quickly and often.

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

No party will have any obligation to cause any rating of any of the Offered Notes to be maintained. Changes affecting the Mortgage Loans, the parties to the Transaction Documents or other persons may have an adverse effect on the ratings of the Offered Notes and their market value. Any such adverse changes (including a rating downgrade of the Offered Notes) do not by themselves constitute a default under the Transaction Documents.

**You may not be able to  
resell your Offered Notes**

The Lead Managers are not required to assist the Offered Noteholders in reselling the Offered Notes. There is currently no secondary market for the Offered Notes. An application may be made to list the Class A1 Notes, the Class A2 Notes and the Class B Notes on the Australian Securities Exchange (as described in more detail in Section 2.10 (“Listing”). A secondary market for the Offered Notes may not develop. If a secondary market does develop, it might not continue or might not be sufficiently liquid to allow the Offered Noteholders to resell any of the Offered Notes readily or at the price the

Offered Noteholders desire. The market value of the Offered Notes is likely to fluctuate, which could result in significant losses to the Offered 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 your Offered Notes and/or limit your ability to resell your Offered Notes.

The Offered Notes have not been, and will not be, registered under the Securities Act of 1933, as amended, or qualified under any state securities laws.

The Offered Notes may not be offered or sold except in an offshore transaction in compliance with Regulation S under the Securities Act of 1933, as amended. See Section 1.6 (“Notice to investors – transfer restrictions in respect of the Offered Notes”) for further details. As a result of these restrictions on transfer, there can be no assurance that a meaningful secondary market for the Offered Notes will develop or, if a secondary market does develop with respect to the Offered Notes, that it will provide the Offered Noteholders with liquidity of investment or that it will continue for the life of the Offered Notes.

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

The Offered 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 Offered Notes, usually produce faster rates of return of principal to investors when market interest rates fall below the interest rates on the Mortgage Loans and produce slower rates of return of principal when market interest rates rise above the interest rates on the Mortgage Loans. If borrowers refinance their Mortgage Loans as a result of lower interest rates, Offered Noteholders may receive an unanticipated payment of principal. As a result, Offered 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 Offered Notes and are likely to receive less money to reinvest when other investments generally are producing a higher yield than that on the Offered Notes. Offered Noteholders will bear the risk that the timing and amount of payments on the Offered Notes will prevent you from attaining the desired yield.

**Collections Trust arrangements present certain risks**

The Collections Trust has been designed to provide a framework for the remittance of Collections on some of the Mortgage Loans through a series of accounts to the Collection Account. These arrangements have been established so that the Collections on the Mortgage Loans are received by Pepper Finance Corporation Limited as the trustee of the Collections Trust and distributed to the Collection Account on a daily basis, in accordance with the provisions of the Collections Trust Trust Deed. Prior to being distributed to the Collection Account, such amounts will be commingled with other amounts held in the Collections Trust under the Collections Trust Trust Deed. The Trust will accede as a Beneficiary to the Collections Trust by way of the Collections Trust Beneficiary Notice.

While the framework is designed to withstand the insolvency risk of the parties in whose name each account is held there remain risks associated with the arrangements. For instance there may be administrative errors in identifying the Mortgage Loans to which Collections relates, there may be delays in identifying and remitting Collections, the insolvency of the trustee of the relevant bank accounts may lead to a challenge to the arrangements and possible delays and errors may occur in the processing of instructions in relation to the Collections. If any risks such as these materialise it could lead to a delays or losses in relation to payment of amounts to Noteholders.

**Certain fees may be adjusted and will be made prior to payments on your Offered Notes**

The fees payable to certain transaction parties (such as the Trust Manager, the Servicer, the Calculation Agent, the Trustee, the Security Trustee, the Custodian, the Backup Servicer and the Liquidity Facility Provider) and the interest rate on draws repayable to the Liquidity Facility Provider may be increased without the consent of the Offered Noteholders (but provided that a Rating Notification has been provided in respect of the increase) and will be paid in priority to interest on the Offered Notes. See "Certain proposed actions under the Transaction Documents may be taken on the condition that Rating Notification be given by the Trust Manager" in this Section 3 ("Risk Factors"). Further, certain indemnity and reimbursement amounts payable by the Trustee under the Transaction Documents will be paid in priority to interest on the Offered Notes. Such fees and indemnities are not capped under the priority of payments. See Section 12 ("Cashflow Allocation Methodology") for more details.

**Certain proposed actions under the Transaction Documents may be taken on the condition that Rating Notification be given by the Trust Manager**

Certain events and circumstances and the taking of certain proposed actions, including an increase in the fees of certain service providers, the reduction of the Liquidity Limit or the reduction at any time in the minimum rating requirement of the Liquidity Facility Provider, may be taken solely upon:

- the agreement with such party; and
- the satisfaction of the condition that the Trust Manager has confirmed to the Trustee that it has notified each Designated Rating Agency of the event or a

circumstance and that the Trust Manager is satisfied that the event or circumstance is unlikely to result in an Adverse Rating Effect. Such determination may be made in the Trust Manager's sole discretion.

Notwithstanding delivery of any such Rating Notification by the Trust Manager, there can be no assurance that the related proposed action will not result in a downgrade, withdrawal or qualification of the ratings on one or more Classes of Offered Notes.

**There may be conflicts of interest among various Classes of Notes; not all Noteholders will have equal voting rights**

Among Noteholders, there may be conflicts of interest due to different priorities and terms. Investors in the Offered Notes should consider that certain decisions may not be in the best interests of each Class of Noteholders and that any conflict of interest among different Noteholders may not be resolved in favour of all investors in the Notes. Moreover, if any Event of Default has occurred and is continuing, and a meeting of the Secured Creditors is held in accordance with the terms of the Master Security Trust Deed, only those Noteholders that are Ruling Secured Creditors at such time have the right to vote.

**Risks relating to the Mortgage Loans and other Trust Assets**

**Losses and delinquent payments on the Mortgage Loans and Authorised Investments may affect the return on your Offered Notes**

If borrowers fail to make payments of interest and principal under the Mortgage Loans when due, or Authorised Investments purchased by the Trustee fail to perform in accordance with their terms, and the credit enhancement described in this Offering Circular is not enough to protect the Offered Notes from the borrowers' failure to pay on the Mortgage Loans or the failure of the Authorised Investments to perform, then the Trustee may not have enough funds to make full payments of interest due on the Offered Notes.

Losses on residential mortgage loans can occur for many reasons, including: poor origination practices; fraud; inaccurate appraisals; documentation errors; poor underwriting; legal errors; poor servicing practices; weak economic conditions; increases in payments required to be made by borrowers; declines in the value of homes; natural disasters (including but not limited to bushfires, cyclones and floods); uninsured property loss; over-leveraging of the borrower; costs of remediation of environmental conditions, such as indoor mould; changes in zoning or building codes and the related costs of compliance; acts of war or terrorism; pandemics (such as the COVID-19 pandemic) changes in legal protections for lenders; and other personal events affecting borrowers, such as reduction in income, job loss, divorce or health problems. To the extent your Offered Notes are not covered by credit enhancements, you will bear all of the risks resulting from losses on the Mortgage Loans. In addition, the types of residential mortgage loans that make up the Trust Assets generally have higher than average rates of default and loss and include adjustable rate, interest-only, high

loan-to-value ratio, Low Doc Loans, Alt Doc Loans and high balance mortgage loans.

Consequently, the yield on the Offered Notes could be lower than you expect and you could suffer losses.

**The Trust Assets are limited**

The Trust Assets consist primarily of the Mortgage Loans and Related Securities as well as Authorised Investments which may be acquired by the Trustee from time to time. If the Mortgage Loans, Related Securities, Authorised Investments and other Trust Assets are not sufficient to make payments of interest or principal in respect of the Offered Notes in accordance with the cashflow allocation methodology (as described in more detail in Section 12 (“Cashflow Allocation Methodology”)), then payments to Offered Noteholders will be reduced.

**Mortgage Loans with high loan-to-value ratios may present a greater risk of loss**

Approximately 20.01% of the Mortgage Loans in the Mortgage Loan Pool (by loan balance as of the Cut-Off Date) have Current LVRs of greater than 80%. Mortgage Loans with high loan-to-value ratios may be more likely to experience default and foreclosure than mortgage loans with low original loan-to-value ratios.

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

Approximately 35.95% of the Mortgage Loans in the Mortgage Loan Pool (by loan balance as of the Cut-Off Date) are secured by properties located in New South Wales.

Approximately 21.66% of the Mortgage Loans in the Mortgage Loan Pool (by loan balance as of the Cut-Off Date) are secured by properties located in Victoria.

Approximately 23.37% of the Mortgage Loans in the Mortgage Loan Pool (by loan balance as of the Cut-Off Date) are secured by properties located in Queensland.

Any deterioration in the real estate values or the economy of New South Wales, Victoria or Queensland could result in higher rates of delinquencies, enforcements, foreclosures and loss than expected on the Mortgage Loans. In addition, New South Wales, Victoria and Queensland 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 Trustee, which could cause the Offered Noteholder to suffer losses.

**The spread of COVID-19 may adversely affect investors in the Offered Notes**

While the restrictions designed to stop the spread of COVID-19 have been removed in many countries, the measures taken by governments continue to have residual impacts on local economies and international markets. In Australia, certain sectors continue to recover (at varying rates) from the effects of prolonged restrictions. The long-term impacts of these measures, and whether there will be a need for such measures to be re-instated (across Australia and/or across the world), remains uncertain. The increased credit risk in affected sectors and elevated levels of household financial stress may

result in an increase in losses if customers default on their loan obligations and/or higher capital requirements through an increase in the probability of default.

Globally, governments and central banks (including in Australia) introduced fiscal and monetary stimulus packages designed to counter the negative impacts of COVID-19. The unwinding of these stimulatory policies and measures over time presents downside risk to economies, with the potential to exacerbate existing negative effects on businesses and households.

Deterioration of, or instability in Australian and international capital and credit markets, and economies generally, may adversely affect the liquidity, performance and/or market value of asset-backed securities, including the Offered Notes.

In circumstances where an Obligor has difficulties in making the scheduled payments on his or her loan, the Servicer may elect that the loan be varied on the grounds of hardship (including to defer scheduled payments of principal and interest on the loan for an agreed period). Any failure to make scheduled payments by an Obligor, or a variation of the terms of such scheduled payments in respect of a Trust Receivable on the grounds of hardship, may affect the ability of the Issuer to make payments, and the timing of those payments, in respect of the Offered Notes.

**Non-Conforming Loans may demonstrate greater risk of loss**

The Mortgage Loans are prime and non-conforming mortgage loans. Non-conforming mortgage loans refer to a mortgage loan which is provided to an Obligor who does not satisfy the typical standard lending requirements of mainstream lenders (including authorised deposit-taking institutions), non-bank lenders and/or lenders' mortgage insurers. Loans made to such non-conforming Obligors generally entail a higher risk of delinquency and higher losses than mortgage loans made to borrowers who utilise conventional mortgage sources. Delinquency, foreclosures and losses generally increase during economic slowdowns or recessions. The actual risk of delinquencies, foreclosures and losses on loans made to non-conforming borrowers could be higher under adverse economic conditions than those currently experienced in the mortgage lending industry in general.

**Mortgage Loans made to Obligors who are self-employed may demonstrate greater risk of loss**

Mortgage Loans made to Obligors who are self-employed, which constitute approximately 51.03% of the Mortgage Loan Pool by loan balance as of the Cut-Off Date, may present a greater risk that the Obligor will default on the Mortgage Loan than mortgage loans made to salaried or commissioned borrowers, because self-employed Obligors frequently have less predictable income, and self-employed Obligors who are small business owners may be personally liable for their business debt.

**The delinquencies on the Mortgage Loans are high, which may**

Some of the Mortgage Loans are either currently delinquent or have been delinquent in the past. As of the Cut-Off Date, approximately 0.56% of the Mortgage Loan Pool by loan

**increase the risk of loss on the Mortgage Loans**

balance are greater than 30 days delinquent in the payment of principal and interest under the terms of the Mortgage Loan Documents and may be subject to a performing arrangement. Mortgage Loans with a history of delinquencies are more likely to experience delinquencies in the future, even if these Mortgage Loans are current as of the Cut-Off Date.

**Interest Only Loans may demonstrate greater risk of loss**

Approximately 16.80% of the Mortgage Loans in the Mortgage Loan Pool (by loan balance as of the Cut-Off Date) have remaining interest-only periods of up to 5 years. Interest Only Loans can demonstrate a higher propensity of default as the accumulation of equity over time can be less due to a shorter amortisation period than that of mortgage loans where repayments are made on a principal and interest basis.

**There is no way to predict the actual rate and timing of payments on the Mortgage Loans**

Whilst the Trustee is obliged to repay the Offered Notes by the Maturity Date for such Offered Notes, principal collections on the Mortgage Loans will be applied on each Payment Date towards repayment of the Invested Amount of the Offered Notes in accordance with the cashflow allocation methodology (as described in more detail in Section 12 (“Cashflow Allocation Methodology”)).

However, there is no guarantee as to the rate at which principal collections on the Mortgage Loans will be received by the Trustee. Accordingly, the actual date by which Offered Notes are repaid cannot be precisely determined and there is no guarantee that the actual rate of principal payments on the Offered Notes will conform to any particular model or that you will achieve the yield you expected on your investment in the Offered Notes.

For example, Total Available Principal will be used:

- to fund Principal Draws; and
- to fund Redraws and repay Servicer Advances.

The utilisation of Total Available Principal for these purposes will slow the rate at which principal will be paid to Offered Noteholders.

The timing and amount of principal which will be paid to Offered Noteholders will be affected by the rate at which the Mortgage Loans repay or prepay principal, which may be influenced by a wide range of local or international developments of a legal, economic, social, political or other nature including:

- the level of interest rates applicable to the Mortgage Loans relative to prevailing interest rates in the market;
- the delinquencies and default rate of borrowers under the Mortgage Loans;

- demographic and social factors such as unemployment, death, divorce and changes in employment of borrowers;
- the rate at which borrowers sell or refinance their properties;
- the degree of seasoning of the Mortgage Loans;
- the loan-to-value ratio of the borrowers' properties at the time of origination of the relevant Mortgage Loans; and
- the performance of the Australian economy.

The Offered Noteholders may receive repayments of principal on the Offered 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 Offered Noteholders include:

- exercise of the Call Option on a Call Option Date;
- receipt of proceeds of enforcement of the General Security Agreement prior to the Maturity Date of the Offered Notes;
- the sale by the Trustee of certain Mortgage Loans in respect of which the relevant borrower has requested a Further Advance or the conversion of a variable interest rate to a fixed rate (see Section 12.28 ("Reallocation or Sale") for more details);
- receipt by the Trustee of proceeds of enforcement due to an obligor having defaulted on its Mortgage Loan; and
- receipt by the Trustee of damages payments from the Trust Manager as a result of any loss arising from breach of representations and warranties made by the Trust Manager in respect of the Mortgage Loans.

**Reinvestment risk on payments received during a Collection Period**

If a prepayment is received on a Mortgage Loan during a Collection Period, then to the extent it is not applied towards funding Redraws where permitted at any time, then interest will cease to accrue on that part of the Mortgage Loan prepaid from the date of the prepayment. The amount repaid will be deposited into the Collection Account or invested in Authorised Investments and may earn interest at a rate less than the then current rate on the Mortgage Loans. Accordingly, this would result in less funds being available to make payments of interest on the Offered Notes.

**The features of the Mortgage Loans may change, which could affect the timing and amount of payments by borrowers**

The features of the Mortgage Loans, including their interest rates, may be changed by the Servicer, either on its own initiative or at a borrower's request. Some of these changes may include the addition of features not yet developed or offered to borrowers and which are not described in this Offering Circular. As a result of these changes and borrower

payments of principal, the concentration of Mortgage Loans with specific characteristics is likely to change over time, which may affect the timing and amount of payments to the Noteholders.

If the Servicer changes the features of the Mortgage Loans, borrowers may elect to refinance their loan with another lender to obtain more favourable features. In addition, for so long as a Mortgage Loan is included in the Trust, the Transaction Documents prescribe certain restrictions on the Servicer consenting to certain feature changes which a borrower may request in respect of that Mortgage Loan (such as the making of a Further Advance, fixing the interest rate payable on the Mortgage Loan or the Mortgage Loan is varied in any other way where such variation would result in the Mortgage Loan ceasing to satisfy the Eligibility Criteria (were such Eligibility Criteria to be retested at that time)). If such restrictions would prevent the Servicer from consenting to the borrower's request, the Trust Manager may direct the Trustee to sell the Mortgage Loan in which case the Mortgage Loan will be removed from the Trust and a prepayment of principal made on the Offered Notes. See Section 12.28 ("Reallocation or Sale") for further details.

The refinancing or removal of Mortgage Loans could cause the Offered Noteholders to experience higher rates of principal prepayment than expected, which will affect the yield on the Offered Notes.

#### **Ownership of Mortgage Loans and risks of equitable assignment**

The beneficial interest in the Mortgage Loans and Related Securities will be assigned to the Trustee, in its capacity as trustee of the Trust from the Disposing Trustees on the Issue Date.

However, legal title to the Mortgage Loans will continue to be held by the original credit provider of such Mortgage Loans, Pepper Finance Corporation Limited or Well Nigh Capital No. 1 Pty Ltd ("**Well Nigh**").

The consequences of the Trustee not holding a legal interest in certain of the Mortgage Loans include:

- until an Obligor has notice of the Trustee's interest in the Mortgage Loans, such person is not bound to make payment to anyone other than the holder of the legal title, and can obtain a valid discharge from them. Upon the giving of notice of assignment to the Obligor, however, subject to section 80(7) of the PPSA, the Obligor will only be entitled to make payments and obtain a good discharge from the beneficial owner;
- rights of set-off or counterclaim may accrue in favour of the Obligor against its obligations under the Mortgage Loans which may result in the beneficial owner receiving less money than expected from the Mortgage Loans;

- the Trustee's interest in those Mortgage Loans may become subject to the interests of third parties created after the creation of the beneficial interest but prior to acquiring a legal interest; and
- the holder of the legal title may need to be a party to certain legal proceedings against any Obligor in relation to the Trustee's enforcement of those Mortgage Loans

Pepper Finance Corporation Limited and Well Nigh have each granted a power of attorney to Permanent Custodians Limited to deal with the relevant Mortgage Loans and Related Securities and, if necessary, to perfect title to such Mortgage Loans and Related Securities. In addition, under the Series Notice, if a Title Perfection Event occurs in respect of Pepper Finance Corporation Limited or Well Nigh, the Trust Manager will direct the Trustee to give notice to each relevant Obligor and any other relevant person of the assignment of the relevant Mortgage Loan to the Trustee and execute all such documents and do all such acts and things as the Trust Manager may reasonably require to assist the Trustee to protect or perfect the Trustee's interest in and title to the Mortgage Loans in respect of which legal title is then held by Pepper Finance Corporation Limited or Well Nigh (as applicable).

**No lender's mortgage insurance**

None of the Mortgage Loans are covered by a lender's mortgage insurance ("LMI") policy. Accordingly, if an Obligor defaults in the payment of amounts owing under a Mortgage Loan, neither the Trustee nor any other person has any right to make a claim under an LMI policy to recover the amount of any missed payment. Further, in the event that the Trust Manager enforces the Related Security in respect of a Mortgage Loan by realising the underlying Property, neither the Trustee nor any other person has any right to make a claim under an LMI policy to recover the amount of any shortfall between the gross proceeds of realisation of the Property and the amount owing to the Trustee under that Mortgage Loan.

**This Offering Circular Provides information regarding only the Mortgage Loans in the Mortgage Loan Pool as at the Cut-Off Date**

This Offering Circular describes only the characteristics of the Mortgage Loans in the Mortgage Loan Pool as at the Cut-Off Date. The Mortgage Loans sold to the Trustee on the Closing Date may have characteristics that differ somewhat from the characteristics of the Mortgage Loans in the Mortgage Loan Pool as of the Cut-Off Date described in Section 9.5 ("Details of the Mortgage Loan Pool"). If you purchase an Offered Note, you must not assume that the characteristics of the Mortgage Loans sold to the Trustee on the Closing Date will be identical to the characteristics of the Mortgage Loans in the Mortgage Loan Pool as of the Cut-Off Date disclosed in this Offering Circular.

**Loan-to-value ratios are calculated based on the original appraised value of the Mortgage Loan,**

The Current LVR of a Mortgage Loan is determined based on the current principal balance of that Mortgage Loan compared to the value of the property that currently secures the Mortgage Loan, based on the value of that property as at the

**which may not be an accurate reflection of current market value**

date the Mortgage Loan was settled, or, if a valuation was undertaken more recently, the date of the last valuation report from an approved valuer. Such valuation of the property may not accurately reflect the current value or condition of the property and because property values may have declined since the time the relevant valuation was obtained, the Current LVRs that are disclosed in this Offering Circular may be lower, and in some cases significantly lower, than the loan-to-value ratios that would be determined if current appraised values of the properties were used to determine loan-to-value ratios. A valuation after the time of origination is typically only obtained in connection with the approval of a Further Advance (or other significant variation) in respect of a Mortgage Loan. Investors are encouraged to make their own determination as to the degree of reliance they place on the Current LVRs that are disclosed in this Offering Circular.

**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 Servicing Guidelines, and the Trust 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. If the Servicer increases the interest rates on the variable-rate Mortgage Loans, borrowers may be unable to make their required payments under the Mortgage Loans, and accordingly, may become delinquent or may default on their payments. This may result in delayed or reduced payments of interest on or payments or allocations of principal of the Offered Notes.

In addition, if the interest rates are raised above market interest rates, borrowers may refinance their loans with another lender to obtain a lower interest rate. This could cause higher rates of principal prepayment than the Offered Noteholders expected and affect the yield on the Offered Notes.

**Collections may not be sufficient to ensure payments of interest to you**

The Trustee's ability to pay interest on the Offered Notes on a Payment Date is primarily derived from Collections received in the preceding Collection Period. If Collections during a Collection Period are insufficient to cover all fees and expenses (and other prior ranking payments) and the interest payments due on the Offered Notes on the next Payment Date, the Offered Noteholders may not receive a full payment of interest on that Payment Date, which will reduce the yield on the Offered Notes.

**Enforcement of the Mortgage Loans may cause delays in payment and losses**

Each Mortgage Loan is secured by a first registered mortgage over real property located in Australia and the process for enforcement of such mortgages is subject to Australian laws, including the Consumer Credit Legislation and the real property laws of each State and Territory of Australia. Substantial delays could be encountered in connection with the enforcement of any such mortgage and the liquidation of

a Mortgage Loan, which may lead to shortfalls in payments to an Offered Noteholder.

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 to an Offered Noteholder.

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

### **Termination of the appointment of the Trust Manager or the Servicer may affect Collections on the Mortgage Loans**

The appointment of each of the Trust Manager and the Servicer may be terminated in certain circumstances (as described in more detail in Section 13.5 (“Master Servicer Deed”) and Section 13.6 (“Master Management Deed”). 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 appointment of a substitute will not have effect until the successor has become bound by the Transaction Documents for the Trust.

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 Trust Manager or Servicer (as the case may be) or on the same terms agreed by the Trust Manager or Servicer (as the case may be). No Rating Notification nor any confirmation by a Designated Rating Agency that the proposed substitute’s appointment will not result in an Adverse Rating Effect is required in connection with any such appointment.

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 Offered Notes.

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

### **The availability of the Liquidity Facility with respect to payment on the Offered Notes will ultimately be dependent on the financial condition of the provider of such Liquidity Facility; the provider of such Liquidity Facility and their**

Commonwealth Bank of Australia (“**CBA**”) is appointed as the Liquidity Facility Provider. Accordingly, the availability of the Liquidity Facility will ultimately be dependent on the financial strength of CBA (or any replacement in the event that CBA resigns or is removed from acting in any such capacities and a replacement is appointed).

There are however provisions in the Liquidity Facility Agreement that provide for the replacement of CBA in its capacity as Liquidity Facility Provider or the posting of

**affiliates will be subject to conflicts of interest**

collateral by CBA in the event that the ratings of CBA is reduced below certain levels provided for in the Liquidity Facility Agreement.

There is no assurance that:

- the Trustee would be able to find a replacement for CBA in its capacity as Liquidity Facility Provider within the timeframes prescribed in the Liquidity Facility Agreement; or
- CBA will post collateral in the full amount required under the terms of the Liquidity Facility Agreement.

If CBA (or any replacement Liquidity Facility Provider), encounters financial difficulties which impede or prohibit the performance of its obligations under the Liquidity Facility Agreement, the Trustee may not have sufficient funds to timely pay the full amount of interest due on the Offered Notes. Various potential and actual conflicts of interest may arise from the activities and conduct of CBA (including acting in its capacities as Arranger and Lead Manager) and its respective affiliates (for example, without limitation, activities and conduct related to banking, dealings in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research).

CBA and its respective affiliates may participate in transactions in which they may have, directly or indirectly, a material interest or a relationship with another party to such transaction or a related transaction, which may involve a potential conflict with an existing contractual duty to the Trustee, or with another transaction party, including a Noteholder, and could adversely affect the value and return of the Offered Notes.

See Section 7 (“Description of the Liquidity Facility Provider”) for a description of CBA as at the date of this Offering Circular.

**Pepper and its affiliates will be subject to conflicts of interest**

Pepper is acting in various capacities as Servicer, Trust Manager and Participation Unitholder.

Pepper 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 Offered Notes.

**Risks relating to the security**

**The proceeds from the enforcement of the General Security Agreement may be**

If the Security Trustee enforces the General Security Agreement over the Trust Assets after an Event of Default, there is no assurance that there will be at that time an

**insufficient to pay amounts due to you**

active and liquid market for such Trust Assets or 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 realise the full value of the Trust Assets. The Trustee, the Security Trustee, the Trust Manager, the Servicer, the Calculation Agent, the Custodian, the Backup Servicer and Liquidity Facility Provider will generally be entitled to receive the proceeds of any sale of the Trust Assets, to the extent they are owed fees, expenses and other amounts, either before the Offered Noteholders or pari passu and rateably with the Class A Noteholders.

Consequently, the proceeds from the sale of the Trust Assets after an Event of Default may be insufficient to pay principal and interest due on the Offered Notes in full.

None of the Security Trustee or the Trustee will have any liability to the Offered Noteholders in respect of such insufficiency, except in the limited circumstances described in the Master Trust Deed, Master Security Trust Deed and General Security Agreement.

**Personal Property Security regime**

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

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages over personal property. However, they also include transactions that, in substance, secure payment or performance of an obligation but may not have previously been legally classified as securities. Further, certain other interests are deemed to be security interests whether or not they secure payment or performance of an obligation - these deemed security interests include assignments of certain monetary obligations.

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 they do not do so, 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 their security interest; and

- they may not be able to enforce the security interest against a grantor who becomes insolvent.

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

The Trust Manager has undertaken in the Series Notice that if it determines that any other such security interests arise and that failure to perfect those security interests could have material adverse effect upon Secured Creditors that it will give directions to the Trustee and the Security Trustee to take appropriate action to perfect such security interests under the PPSA.

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 Master Security Trust Deed and the General Security Agreement, the Trustee grants a security interest over all the Trust Assets in favour of the Security Trustee to secure the payment of moneys owing to the Secured Creditors (including, among others, the Offered Noteholders).

Under the General Security Agreement, the Trustee has agreed not to create or allow another interest in any Collateral unless expressly permitted by the Transaction Documents or unless the Security Trustee consents. The Trustee may create or allow another interest in, or dispose of, any Mortgage Loan (which is at that time a Revolving Asset (as defined in the General Security Agreement)) in the ordinary course of its business and if permitted by the Transaction Documents or if the Security Trustee consents.

However, under Australian law:

- dealings by the Trustee with the Mortgage Loans in breach of such undertaking may nevertheless have the consequence that a third party acquires title to the relevant Mortgage Loans free of the security interest created under the General Security Agreement or another security interest over such Mortgage Loans has priority over that security interest; and
- contractual prohibitions upon dealing with the Mortgage Loans (such as those contained in the

General Security Agreement) will not of themselves prevent a third party from obtaining priority or taking such Mortgage Loans free of the security interest created under the General Security Agreement (although the Security Trustee would be entitled to exercise remedies against the Trustee 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 Mortgage Loan concerned and the actions of the relevant third party.

**Ruling Secured Creditors must act to effect enforcement of the General Security Agreement**

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 Agreement and the Master Security Trust Deed. Any meeting of Secured Creditors will be held in accordance with the terms of the Master Security Trust Deed. However, only the Ruling 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 Ruling Secured Creditors have not directed the Security Trustee to do so, enforcement of the General Security Agreement will not occur, other than where in the opinion of the Security Trustee, the delay required to obtain instructions from the Ruling Secured Creditors would be materially prejudicial to the interests of those Ruling 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 Ruling Secured Creditors.

**Risks relating to regulatory and other matters**

**Consumer protection laws and codes may affect the timing or amount of interest or principal payments to you**

National Consumer Credit Protection Act

The National Consumer Credit Protection Act (“**NCCP Act**”), which includes a National Credit Code (“**Credit Code**”), commenced on 1 July 2010.

The Credit Code applies to the Mortgage Loans that had previously been regulated under the Consumer Credit Code. The Credit Code also applies to Mortgage Loans made after 1 July 2010 if the Obligor is an individual or a strata corporation, there has been a charge for the

provision of credit, the credit is provided for personal, domestic or household purposes or to purchase, renovate or improve residential property for investment purposes or to refinance that credit.

The majority of the Mortgage Loans in the Mortgage Loan Pool are regulated by the Credit Code (and therefore the NCCP Act). The NCCP Act incorporates a requirement for providers of credit related services to hold an “Australian credit licence”, and to comply with “responsible lending” requirements, including undertaking a mandatory “unsuitability assessment” before a loan is made or there is an agreed increase in the amount of credit under a loan.

Obligations under the NCCP Act extend to the Trustee and its service providers (including the Servicer) in respect of the Mortgage Loans.

Once the Trustee acquires legal title to the Mortgage Loans (and becomes entitled to receive payments from the debtor) it will become a ‘credit provider’ under the Credit Code and the NCCP. These include violations caused in fact by the Servicer. The Servicer has indemnified the Trustee for any civil or criminal penalties in respect of Credit Code or NCCP Act violations caused by the Servicer. There is no guarantee that the Servicer will have the financial capability to pay any civil or criminal penalties which arise from Credit Code or NCCP Act violations.

If for any reason the Servicer does not discharge its obligations to the Trustee, then the Trustee will be entitled to indemnification from the Trust Assets. Any such indemnification may reduce the amounts available to pay interest and repay principal in respect of the Offered Notes.

Failure to comply with the Credit Code and the NCCP Act may mean that court action is brought to:

- grant an injunction preventing a regulated Mortgage Loan from being enforced (or any other action in relation to the Mortgage Loan) if to do so would breach the NCCP Act;
- 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 NCCP Act (other than the Credit Code);
- if a credit activity has been engaged in without an Australian credit licence and no relevant exemption applies, issue an order it considers appropriate so that no profiting can be made from the activity, to compensate for loss and to prevent loss. This could include an order declaring a contract, or part of a contract, to be void, varying

the contract, refusing to enforce, ordering a refund of money or return of property, payment for loss or damage or being ordered to supply specified services;

- vary the terms of their Mortgage Loan on the grounds of hardship or that it is an unjust contract;
- reopen the transaction that gave rise to a Mortgage Loan on the grounds that it is unjust under the Credit Code, which may include relieving the debtor and any guarantor from payment, discharging the mortgage or any other order the court sees fit;
- reduce or cancel any interest rate, fee or charge (including early termination or prepayment fees) payable on the Mortgage Loan which is unconscionable under the Credit Code;
- have certain provisions of the Mortgage Loan or Related Security which are in breach of the legislation declared void or unenforceable;
- impose a penalty or require compensation be paid to an affected debtor for a breach of “key requirements” of the Credit Code, which include certain content and disclosure requirements for the contracts relating to the Mortgage Loan or Related Security;
- obtain restitution or compensation from the Trustee in relation to any breach of the Credit Code; or
- seek various other penalties and remedies for other breaches of the legislation, such as failing to comply with the breach reporting regime.

The parties with standing to seek the above actions are prescribed by the NCCP Act, and may include a party to the Mortgage Loan, guarantor or ASIC.

As a condition of the Servicer holding an Australian credit licence and the Trustee being able to perform its role, the Servicer and the Trustee must also allow each borrower to have access to the Australian Financial Complaints Authority (“**AFCA**”), which has power to resolve disputes where the amount in dispute is below the relevant threshold.

There is no ability to appeal from an adverse determination by AFCA, including, on the basis of bias, manifest error or want of jurisdiction.

Where a systemic contravention affects contract disclosures across multiple Mortgage Loans, there is a risk

of a representative or class action under which a civil penalty could be imposed in respect of all affected Mortgage Loan contracts. If borrowers suffer any loss, orders for compensation may be made.

Under the Credit Code, ASIC can make an application to vary the terms of a contract or a class of contracts on the above grounds if this is in the public interest (rather than limiting these rights to affected debtors). ASIC also has the power to intervene in any proceedings arising under the NCCP Act or Credit Code.

ASIC can also intervene by making individual or market-wide product intervention orders in relation to credit products regulated under the NCCP Act, if it is satisfied that a person is engaging, or is likely to engage, in credit activity in relation to a credit contract, mortgage, guarantee or consumer lease (credit product) or a proposed credit product, and the credit product has resulted, will result or is likely to result in significant consumer detriment. Product intervention orders issued by ASIC only operate prospectively, or in other words, apply to products issued or sold after the date of the order. Some examples of the kinds of orders that ASIC can make include:

- (a) impose certain conditions on a product;
- (b) ban a particular feature of a product; or
- (c) ban the issue of the product altogether.

ASIC has exercised its power to make product intervention orders to impose conditions which limit:

- (d) credit fees and charges, and interest charges which may be imposed or provided for under short term credit facilities; and
- (e) fees and charges which may be imposed or provided for under continuing credit contracts.

Any order (by a court or external dispute resolution scheme) made under any of the above consumer credit laws may affect the timing or amount of principal repayments under the relevant Mortgage Loans which may in turn affect the timing or amount of interest and principal payments under the Offered Notes.

### **Unfair Contract Terms**

In certain circumstances, the terms of the Mortgage Loans may be void under Part 2 of the Australian Securities and Investments Commission Act 2001 (Cth) (“the **ASIC Act**”) and/or Part 2B of the Fair Trading Act 1999 (Vic) (“the **Fair Trading Act**”) for being unfair.

Part 2 of the ASIC Act includes a national unfair contract terms regime whereby a term of a standard-form consumer contract or (from 12 November 2016) a standard-form small business contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract, is not reasonably necessary to protect the supplier's legitimate interests and it would cause a financial or non-financial detriment to a party if it was relied on.

A consumer contract is one with an individual, whose use of what is provided under the contract is wholly or predominantly for personal, domestic or household use or consumption. For contracts:

- entered into before 9 November 2023, 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 the upfront price payable under the contract is:
  - \$300,000 or less, if the contract has a duration of less than 12 months; or
  - \$1,000,000 or less, if the contract has a duration of more than 12 months; or
- entered into, renewed or varied on or after 9 November 2023, small business contracts include a small business that employs fewer than 100 employees or has a turnover of less than A\$10,000,000, and the upfront price payable under the contract is A\$5,000,000 or less.

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

Under the Victorian regime, a term in a consumer contract would be unfair and therefore void if it is a prescribed unfair term or if a court or tribunal determines that in all the circumstances it causes a significant imbalance in the parties' rights and obligations arising under the contract to the detriment of the consumer and is not reasonably necessary in order to protect the legitimate interests of the party who would be advantaged by the term.

Also on 1 July 2010, Victoria amended its unfair terms regime (contained in Part 2B of the Fair Trading Act) to follow the wording in the national regime. Victoria's unfair terms regime had applied to certain credit contracts since 10 June 2009. The Victorian and/or the national unfair terms regime may apply to the Mortgage Loans, depending on when the Mortgage Loans were entered into. However, the Victorian regime was repealed and ceased to apply to new contracts entered into or renewed after 1 January 2011. From 1 January 2011, the national regime applied across all states and territories.

Mortgage Loans entered into before the application of either the Victorian or the national unfair terms regime will become subject to the national regime going forward if those contracts are renewed or a term is varied (although, where a term is varied, the regime only applies to the varied term). Any finding that a term of a Mortgage Loan is unfair and therefore void may, depending on the relevant term, affect the timing or amount of interest, fees or charges, or principal repayments under the relevant Mortgage Loans, which might in turn affect the timing or amount of interest or principal payments under the Offered Notes.

From 9 November 2023, amendments to the national unfair terms regime (outlined in the *Treasury Laws Amendment (More Competition, Better Prices) Act 2022*) took effect to:

- expand the class of small business contracts (as noted above);
- introduce civil penalties for each contravention of the prohibition on proposing, applying or relying on an unfair contract term in a standard form contract; and
- introduce more flexible remedies to allow courts to order additional remedies including further injunctive powers once a term has been declared unfair.

The amendments took effect and apply to all contracts entered into, renewed or varied on or after 9 November 2023.

### **Ipsa 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**") which varies the enforceability of certain contractual rights against Australian companies which are subject to one of the following insolvency-related procedures ("**Applicable Procedures**"):

- an application for a scheme of arrangement for the purpose of avoiding being wound up in insolvency;
- the appointment of a managing controller (that is, a receiver or other controller with management functions or powers);
- the appointment of an administrator; or
- the appointment of a restructuring practitioner in respect of a company which has liabilities of less than \$1 million (from 1 January 2021).

The ipso facto reform imposes a stay or moratorium on the enforcement of certain contractual rights while the company is subject to the Applicable Procedure (the “**stay**”) or in other specified circumstances.

In summary:

- Appointment Trigger: Any right which triggers for the reason of any of the Applicable Procedures (for example, the right to terminate the appointment of the Servicer upon the occurrence of a Servicer Default of the type specified in sub-paragraph (iii) of the definition of that term in Section 13.5 (“Master Servicer Deed”)) will not be enforceable;
- Financial Position Protection: Any rights which arise for the reason of adverse changes in the financial position of a company which is subject to any of the Applicable Procedures.
- Anti-Avoidance: The Corporations Act (as amended by the TLA Act) contains very broad anti-avoidance provisions. For example:
  - The Corporations Act (as amended by the TLA Act) deems that any contractual provision which is “in substance contrary to” the stay will also be unenforceable.
  - Any self-executing provision which is expressed to automatically trigger rights otherwise subject to the stay is unenforceable.

The length of the stay depends on the Applicable Procedure and the type of stay concerned. Generally, the stay would end once the Applicable Procedure has ended, unless extended by the court. The stay may also end later in certain circumstances specified under the relevant provisions for each Applicable Procedure.

The ipso facto reform applies to contracts, agreements or arrangements entered into on or after 1 July 2018. Pre-1 July 2018 contracts, agreements or arrangements that are novated or varied before 1 July 2023 will not be subject to the stay.

The Corporations Act (as amended by the TLA Act) provides that contracts, agreements or arrangements prescribed in regulations (“**Regulations**”) or rights specified in ministerial declarations are not subject to the stay. The Regulations prescribe that, amongst other things, 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.

However, 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.

**Payments to and from the Trust may be subject to withholding taxes under FATCA**

The Foreign Account Tax Compliance Act, enacted as part of the Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”), establishes a due diligence, reporting and withholding regime. The purpose of FATCA is to detect U.S. taxpayers who use non-U.S. financial accounts with “foreign financial institutions” (“**FFIs**”) to conceal income and assets from the U.S. Internal Revenue Service (“**IRS**”).

***FATCA withholding***

Under FATCA, a 30% withholding tax may be imposed (i) on certain payments of U.S. source income and (ii) on “foreign passthru payments” (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements (“**FATCA withholding**”).

A FATCA withholding may be required if (i) an investor does not provide information sufficient for the Trust, the Trustee or any other financial institution through which payments on the Offered Notes are made to determine whether the investor is subject to FATCA withholding or (ii) an FFI to or through which payments on the Offered Notes are made is a “non-participating FFI”. The Trust is an Australian Trust making payments of non-U.S. sourced income.

FATCA withholding is not expected to apply if the Notes are treated as debt for U.S. federal income tax purposes and the payment is made under a grandfathered obligation, generally being 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.

***Australian IGA***

Australia and the United States signed an intergovernmental agreement (“**Australian IGA**”) on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the Australian IGA (“**Australian IGA Legislation**”).

Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must comply with specific due diligence procedures. In general, these procedures seek to identify their account holders (e.g. the Noteholders) and provide the Australian Taxation Office (“ATO”) with information on financial accounts (for example, the Offered 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 Offered Notes are made in order for the Trust, the Trustee and such other financial institutions to comply with their FATCA obligations.

A Reporting Australian Financial Institution (which may include the Trust) that complies with its obligations under the Australian IGA will not generally be subject to FATCA withholding on amounts it receives, and will not generally be required to deduct FATCA withholding from payments it makes with respect to the Notes, other than in certain prescribed circumstances.

To the extent amounts paid to or from the Trust are subject to FATCA withholding, it could reduce the amounts available to the Trustee to make payments to the Offered Noteholders. In the event the Trust was required to deduct FATCA withholding from a payment it makes in respect of the Offered Notes there will be no “gross up” (or any additional amount) payable by way of compensation to any Offered Noteholders for the deducted amount.

As the Trustee may be required to comply with certain obligations as a result of FATCA and the Australian IGA Legislation, each Offered Noteholder may be requested to provide any information and tax documentation, including information concerning the direct or indirect owners of such Offered Noteholder, that the Trustee (at the direction of the Trust Manager) determines are necessary to satisfy such obligations.

Each Offered Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

**Application of Australian tax law to the Trust**

See Section 17 (“Australian Tax Matters”) for a summary of certain material tax issues for investors.

**The Securitisation Regulations may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

Each of the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules imposes certain restrictions and obligations with regard to securitisations (as such term is defined for purposes of the EU Securitisation Regulation or the UK Securitisation

Regulation (as applicable)). See Section 2.6 (“Securitisation Regulation Rules”) for further details.

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

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:

- 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;
- making loans to a borrower or allowing a transaction to occur in respect of that loan in certain circumstances;
- providing a custodial or depository service;
- issuing, dealing, acquiring, disposing of, cancelling or redeeming a security; and
- exchanging one currency for another.

These obligations will include undertaking customer identification procedures before a designated service is provided and receiving information about international and domestic institutional transfers of funds. Until these obligations have been met an entity will be prohibited from providing funds or services to a party or making any payments on behalf of a party.

Under the AML/CTF Act, reporting entities must, among other things, register with the regulator, undertake a risk assessment, establish and maintain an AML/CTF Program, undertake customer identification procedures before providing a designated service, and report certain matters to the regulator including suspicious and information about international and domestic institutional transfers of funds. Reporting entities may incur penalties of up to \$27.5 million per breach for contravening provisions under the AML/CTF Act.

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 an Offered 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 (eg making a loan or making payments) to persons and entities that have been listed on the Australian sanctions list maintained by the Department of Foreign Affairs and Trade, 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 an Offered Noteholder.

**Global financial regulatory reforms may have a negative impact on the Offered Notes or a significant impact on the Trust or Pepper**

Changes in the global financial 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 Offered 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 Pepper.

**Turbulence in the financial markets and economy may adversely affect the performance and market value of the Offered Notes**

Market and economic conditions during the past several years have caused significant disruption in the credit markets. Increased market uncertainty and instability in both Australian and international capital and credit markets, combined with increased rates of inflation, political instability, declines in business and consumer confidence and increased unemployment, have contributed to volatility in domestic and international markets and may negatively affect the Australian housing market.

Such disruptions in markets and credit conditions have had (in some cases), and may continue to have, the effect of depressing the market values of residential mortgage-backed securities, and reducing the liquidity of residential mortgage-backed securities generally.

These factors may adversely affect the performance, marketability and overall market value of the Offered Notes.

**Changes of law may impact the structure of the transaction and the treatment of the Offered Notes**

The structure of the transaction and, inter alia, the issue of the Offered Notes and ratings assigned to the Offered Notes are based on Australian law, tax and administrative practice in effect at the date of this Offering Circular, and having due regard to the expected tax treatment of all relevant entities under such law and practice. Australian

law, tax or administrative practice could change after the date of this Offering Circular, and any such change could adversely impact the structure of the transaction and the treatment of the Offered Notes.

**4. DESCRIPTION OF THE TRUSTEES AND BACKUP SERVICER**

**4.1 The Trustee**

**Overview**

Permanent Custodians Limited (formerly known as Permanent Realty Pty Ltd and V G Consultants Pty Ltd) operates as a limited liability company under the Corporations Act and was registered in New South Wales on 21 December 1976. The Australian Business Number of Permanent Custodians Limited is 55 001 426 384. Its registered office is at Level 2, 1-7 Bligh Street, Sydney, NSW 2000, Australia and its telephone number is +61 2 9260 6000.

Permanent Custodians Limited has 10,000 ordinary shares on issue with a paid amount of A\$10,000. Permanent Custodians Limited is a wholly owned subsidiary of The Bank of New York Mellon Corporation. The principal activities of Permanent Custodians Limited are the provision of trustee and other corporate trust services.

Permanent Custodians Limited holds an Australian Financial Services License under Part 7.6 of the Corporations Act (Australian Financial Services License No. 235129).

**Directors**

The directors of Permanent Custodians Limited are as follows:

<i>Name</i>	<i>Business Address</i>	<i>Principal Activities</i>
Robert Matiuk	Level 2, 1-7 Bligh Street, Sydney, NSW 2000	Director
Robert John Wagstaff	as above	Director
Andrea Ruver	as above	Director
Shamus Michael Cahill	as above	Company Secretary
Mark Cochrane	as above	Public Officer

See Section 13.2 (“Master Trust Deed”) for a more detailed description of the role of the Trustee.

**4.2 The Security Trustee**

**Overview**

BTA Institutional Services Australia Limited (formerly known as J.P. Morgan Institutional Services Australia Limited, Chase Capital Markets Fiduciary Services Australia Limited, Chase Manhattan Futures Limited, Chase Amp Futures Ltd and Lyntala Ltd) is operates as a limited liability company under the Corporations Act and was registered in New South Wales on 15 April 1985. The Australian Business Number of BTA Institutional Services Australia Limited is 48 002 916 396. Its registered office is at Level 2, 1-7 Bligh Street, Sydney, NSW 2000, Australia and its telephone number is +61 2 9260 6000.

BTA Institutional Services Australia Limited has 2,000,000 ordinary shares on issue with a paid amount of A\$2,000,000. The principal activities of BTA Institutional Services Australia Limited are the provision of trustee and other corporate trust services. BTA Institutional Services Australia Limited holds an Australian Financial Services License under Part 7.6 of the Corporations Act (Australian Financial Services License No. 239053).

## **Directors**

The directors of BTA Institutional Services Australia Limited are as follows:

<i>Name</i>	<i>Business Address</i>	<i>Principal Activities</i>
Robert Matiuk	Level 2, 1-7 Bligh Street, Sydney, NSW 2000	Director
Robert John Wagstaff	as above	Director
Andrea Ruver	as above	Director
Shamus Michael Cahill	as above	Company Secretary
Mark Cochrane	as above	Public Officer

See Section 13.3 (“Master Security Trust Deed”) for a more detailed description of the role of the Security Trustee.

### **4.3 The Backup Servicer**

#### **Overview**

BNY Trust Company of Australia Limited (formerly known as J.P. Morgan Trust Australia Limited, Guardian Trust Australia Limited and NZ Guardian Trust Australia Limited) operates as a limited liability company under the Corporations Act and was registered in New South Wales on 10 December 1990. The Australian Business Number of BNY Trust Company of Australia Limited is 49 050 294 052. Its registered office is at Level 2, 1-7 Bligh Street, Sydney, NSW 2000, Australia and its telephone number is +61 2 9260 6000.

BNY Trust Company of Australia Limited has 1,000,000 ordinary shares on issue with a paid amount of A\$1,000,000. The principal activities of BNY Trust Company of Australia are the provision of trustee and other corporate trust services.

BNY Trust Company of Australia Limited holds an Australian Financial Services License under Part 7.6 of the Corporations Act (Australian Financial Services License No. 239048).

#### **Directors**

The directors of BNY Trust Company of Australia Limited are as follows:

<i>Name</i>	<i>Business Address</i>	<i>Principal Activities</i>
Robert Matiuk	Level 2, 1-7 Bligh Street, Sydney, NSW 2000	Director
Robert John Wagstaff	as above	Director
Andrea Ruver	as above	Director
Shamus Michael Cahill	as above	Company Secretary
Mark Cochrane	as above	Public Officer

See Section 13.8 (“Backup Servicer Deed”) for a more detailed description of the role of the Trustee.

## 5. DESCRIPTION OF PEPPER, THE SERVICER, THE ORIGINATOR AND THE TRUST MANAGER

### 5.1 Corporate History and Pepper Structure

Pepper Money Limited (“**PML**”) and its subsidiaries (collectively, for the purposes of this Section 5 only, “**Pepper**”) is a leading non-bank lender with businesses in Australia and New Zealand. Pepper commenced business in Australia in 2001 as a provider of home loans to consumers who fall just outside the lending criteria of traditional bank and non-bank lenders, otherwise known in Australia as the non-conforming or specialist mortgage market. Pepper has subsequently broadened its Australian business activities to also include the origination of prime residential mortgages, commercial real estate loans, auto and equipment finance, third party loan servicing and broker servicing along with expanding into residential mortgages in New Zealand.

PML is the holding company and main operating company for Pepper’s activities in Australia and New Zealand. PML also acts as Trust Manager and Servicer of Pepper’s master trust structure. The company was incorporated as a limited liability company in New South Wales on 30 August 2000. The ABN of PML is 55 094 317 665 and its registered office and principal place of business is Level 27, 177 Pacific Highway, North Sydney NSW 2060.

PML was acquired by Red Hot Australia Bidco Pty Limited by way of a scheme of arrangement which completed on 4 December 2017. Following a corporate restructure which completed on 31 March 2021 (the “**Restructure**”), PML listed on the Australian Securities Exchange (“**ASX**”) on 25 May 2021 and, as at 31 December 2023 is 60.55% owned by Pepper Group ANZ Holdco Limited (“**ANZ Holdco**”). ANZ Holdco is an indirectly wholly-owned subsidiary of Pepper Global Topco Limited (“**Topco**”). The shareholders of Topco are:

- 66.5042% certain funds, clients or accounts managed or advised by KKR Credit Advisors (US) LLC or its affiliates; and
- 33.4958% other shareholders (including Pepper Global Management).

Pepper Homeloans Pty Limited (“**PHL**”) is a wholly-owned subsidiary of PML. It is the group’s dedicated residential mortgage and commercial real estate origination vehicle and is responsible for administering its commercial sales and distribution relationships. The company was incorporated as a limited liability company in New South Wales on 21 March 2000. The ABN of PHL is 86 092 110 079 and its registered office and principal place of business is Level 27, 177 Pacific Highway, North Sydney NSW 2060.

Pepper Finance Corporation Limited (“**PFCL**”) is also a wholly-owned subsidiary of PML. This entity is the group’s lender of record and mortgagee, and holds the legal title to all loans originated by PHL (other than some loans where the lender of record and mortgagee is Well Nigh). PFCL was incorporated as a limited liability company in New South Wales on 30 August 2000. The ABN of PFCL is 51 094 317 647 and its registered office and principal place of business is Level 27, 177 Pacific Highway, North Sydney NSW 2060.

Well Nigh is also a wholly owned subsidiary of PML. Well Nigh was incorporated as a limited liability company on 1 May 2013. The Australian Business Number of Well Nigh is 14 163 549 380 and its registered office and principal place of business is Level 27, 177 Pacific Highway, North Sydney NSW 2060.

PML established its first residential mortgage warehouse facility in March 2001 and completed its first term securitisation issue in April 2003. As of 31 December 2023, PML has completed 39 public term residential mortgage-backed securities (“**RMBS**”) issues of its residential non-conforming mortgage loans (including the issuance by the trustee of the Pepper Social Trust No. 1) and 15 RMBS issues of Australian prime residential mortgage loans. The securities

issued in these transactions have totalled A\$33.836billion. As at 31 December 2023, PML has exercised the call options in respect of all 31 issues that have thus far reached their call date.

Pepper's Australian and New Zealand mortgage lending, commercial real estate lending, auto and equipment finance and third-party servicing operations are managed from its headquarters in North Sydney, NSW and its primary service centre based at Parramatta, NSW and a shared service centre in Manila, Philippines. The Philippines Service Centre, known as PSO Manila, is a captive (i.e. not outsourced) model that is 100% owned by Pepper Money Limited.

## **5.2 Portfolio Acquisitions**

In August 2011, Pepper acquired GE Capital's Australian and New Zealand mortgage lending businesses which included a portfolio of approximately A\$5.0 billion of Australian and New Zealand prime and non-conforming residential mortgages.

In May 2012, Pepper completed the acquisition of an auto and equipment finance portfolio of approximately A\$150 million from an Australian bank.

In March 2013, Pepper acquired an A\$250 million small balance commercial mortgage portfolio from Citigroup.

In July 2014, Pepper completed the acquisition of an A\$230 million portfolio of residential mortgages from an Australian bank.

On 1 December, 2023, Pepper New Zealand Limited, a subsidiary of PML, has acquired the New Zealand prime residential mortgage portfolio (NZ\$1.1 billion) of The Hongkong and Shanghai Banking Corporation Limited, a wholly owned subsidiary of HSBC Holdings plc.

## **5.3 Servicing and Business Acquisitions**

Since January 2008, Pepper has been awarded a number of contracts to service third-party originated loan portfolios, including commercial and auto finance, auto loans, residential mortgages, commercial mortgages, equipment leases and small business loans.

On 1 July 2022, Pepper completed the acquisition of a 65% interest in Stratton Finance Pty Ltd ("**Stratton**"), one of Australia's largest online asset finance brokers.

## **5.4 Obligations of the Servicer and Trust Manager**

See Section 13.5 ("Master Servicer Deed") for details regarding the role of the Servicer.

See Section 13.6 ("Master Management Deed") for details regarding the role of the Trust Manager.

## **6. DESCRIPTION OF THE CALCULATION AGENT**

The Trust Manager will serve as the Calculation Agent. The Calculation Agent must determine the Interest Rate for the Notes for each Interest Period in respect of the Notes.

As soon as practicable after determining the Interest Rate for any Note, the Calculation Agent must calculate the amount of interest payable on that Note for the Interest Period and notify the Trustee and the Trust Manager of that amount.

## 7. DESCRIPTION OF THE LIQUIDITY FACILITY PROVIDER

Commonwealth Bank of Australia (“**CBA**”) is the initial Liquidity Facility Provider.

The Commonwealth Bank of Australia was established in 1911 by an Act of Australia’s Commonwealth Parliament as a government owned enterprise to conduct commercial and savings banking business. For a period it also operated as Australia’s central bank until this function was transferred to the Reserve Bank of Australia in 1959. The process of privatisation of the Commonwealth Bank of Australia was commenced by Australia’s Commonwealth Government in 1990 and was completed in July 1996. The Commonwealth Bank of Australia is now a public company listed on the Australian Securities Exchange. Its registered office is at Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney, New South Wales, Australia.

As at the date of this Offering Circular, Commonwealth Bank of Australia had a long term credit rating of A+ (stable outlook) from Fitch Ratings, Aa3 (stable outlook) from Moody’s Investors Service and AA- (stable outlook) from S&P Global Ratings and a short term credit rating of F1 from Fitch Ratings, P-1 from Moody’s Investors Service and A-1+ from S&P Global Ratings.

As at 31 December 2023, Commonwealth Bank of Australia and its subsidiaries, on a consolidated International Financial Reporting Standards basis, had total assets of A\$1,276.0billion, total deposits and other public borrowings of A\$873.3 billion and made a net profit attributable to equity holders of the Bank for the half year ended 31 December 2023 of A\$5.0 billion. Total regulatory capital under Basel III was A\$95.2 billion.

The Australian banking activities of the Commonwealth Bank of Australia come under the regulatory supervision of the Australian Prudential Regulation Authority.

Although not incorporated by reference in this Offering Circular, the annual report, quarterly trading updates and continuous disclosure notices in relation to Commonwealth Bank of Australia are available online at [www.asx.com.au](http://www.asx.com.au).

See Section 13.7 (“Liquidity Facility Agreement”) for details regarding the role of the Liquidity Facility Provider.

## **8. DESCRIPTION OF THE TRUST**

### **8.1 Master Trust Deed**

The Trust was established in accordance with the Master Trust Deed. The Master Trust Deed provides for the creation of an unlimited number of trusts and establishes the general framework under which trusts may be established from time to time. It does not actually establish any trusts (a trust is created by the execution of a notice of creation of trust in the manner contemplated by the Master Trust Deed). The Trust is separate and distinct from any other trust established under the Master Trust Deed. The assets of the Trust are not available to meet the liabilities of any other trust and the assets of any other trust are not available to meet the liabilities of the Trust.

### **8.2 Pepper Residential Securities Trust No. 39**

#### ***Constitution of the Trust***

The Trust is a special purpose trust established by the execution of a Notice of Creation of Trust on 18 January 2024 under the laws of New South Wales, Australia for the purposes of acquiring Trust Assets, issuing Notes and entering into and performing its obligations under the Transaction Documents. The Trust is established as a common law trust. The Trust is not a separate legal person under the laws of New South Wales, Australia.

From the date of the establishment of the Trust to the date of issue of the Notes, the Trustee has not, in its capacity as trustee of the Trust, carried on any business (except in respect of the entry into the Transaction Documents and the offer of the Notes in accordance with the Transaction Documents) and no accounts with respect to the Trust have been prepared prior to the date of this Offering Circular.

The Trust may only act through the Trustee as trustee of the Trust. Accordingly, references to actions or obligations of the Trustee refer to such actions or obligations of the Trust.

The Trust will terminate on the earlier of:

- (a) the day before the eightieth anniversary of the date it begins;
- (b) the date of termination of the Trust under the Master Trust Deed or the Series Notice; and
- (c) the date on which the Trust Manager notifies the Trustee that it is satisfied that the Secured Money of the Trust has been unconditionally and irrevocably repaid in full.

#### ***Capital***

The beneficial interest in the Trust is represented by:

- (a) ten Residual Units; and
- (b) one Participation Unit.

Pepper is the holder of the Participation Unit and the ten Residual Units.

### **8.3 Affiliations and certain relationships and related transactions**

Permanent Custodians Limited is the Trustee of the Trust. In addition:

- (a) BTA Institutional Services Australia Limited is the Security Trustee; and

(b) BNY Trust Company of Australia Limited is the Backup Servicer and Custodian,  
and each of them is a related body corporate of Permanent Custodians Limited and of each  
other.

## **9. DESCRIPTION OF THE TRUST ASSETS**

### **9.1 Trust Assets**

The Master Trust Deed and the Master Security Trust Deed establish the framework under which trusts may be created. An unlimited number of trusts may be created under this framework.

The “**Trust Assets**” of the Trust means all the Trustee’s rights, property and undertaking which are the subject of the Trust and will include the Trustee’s right, title and interest in the following:

- (a) the Mortgage Loans and Related Securities (and certain other rights relating to such Mortgage Loans and Related Securities) to be acquired by the Trustee in respect of the Trust on the Closing Date;
- (b) the Collection Account;
- (c) any Authorised Investments acquired by the Trustee in respect of the Trust (at the direction of the Trust Manager); and
- (d) the Transaction Documents.

Collections on the Mortgage Loans and Related Securities prior to the Cut-Off Date will not be Trust Assets.

### **9.2 The Mortgage Loans**

The Mortgage Loans and Related Securities which will comprise Trust Assets will be equitably assigned to the Trust on the Closing Date (based on Outstanding Balances as at the Cut-Off Date), from each Disposing Trust, in accordance with the procedures set out in the Sale Deed and the Reallocation Notice.

Well Nigh is the lender of record in respect of a small number of such Mortgage Loans and Related Securities (approximately 0.21% of all Mortgage Loans in the Mortgage Loan Pool, calculated by Outstanding Balance as at the Cut-Off Date). Legal title to such Mortgage Loans and Related Securities will, immediately prior to the Closing Date, be held by Well Nigh as bare trustee for the relevant Disposing Trust (in accordance with the Bare Trust Deed No.1 or the Bare Trust Deed No.2, as applicable).

In respect of such Mortgage Loans and Related Securities, the equitable assignment of the Mortgage Loans and Related Securities to the Trust on the Closing Date will involve:

- (a) the relevant Disposing Trustee assigning all of its right, title and interest to such Mortgage Loans and Related Securities (being a beneficial interest in the Mortgage Loans and Related Securities, in accordance with the terms of the relevant bare trust) to the Trustee; and
- (b) Well Nigh agreeing that it will cease to hold the legal title to such Mortgage Loans and Related Securities as bare trustee for the relevant Disposing Trust and will instead hold such legal title as bare trustee for the Trustee (in accordance with the procedures set out in the Bare Trust Deed No.1 and the Well Nigh Master Transfer Deed, as applicable).

As a result of such assignment, the Trustee will become entitled to all Collections in respect of the Mortgage Loans and Related Securities with effect from the Closing Date.

In connection with such assignment:

- (a) the Trustee agrees to pay to each Disposing Trustee, between the Closing Date and the first Determination Date, an amount equal to the Accrued Interest Adjustment relating to the Mortgage Loans; and
- (b) each Disposing Trustee agrees to pay to the Trustee, on the Closing Date, an amount equal to all amounts received by or on behalf of the Disposing Trustee in respect of the Mortgage Loans during the period from (but excluding) the Cut-Off Date to (and including) the day immediately preceding the Closing Date, including without limitation all principal and interest in respect of the Mortgage Loans.

If the amount referred to in paragraph (b) is greater than the amount referred to in paragraph (a), the Trustee and the Disposing Trustee have agreed that such excess amount will reduce the purchase price for the Mortgage Loans otherwise payable by the Trustee to the Disposing Trustee on the Closing Date.

### **9.3 Representations and Warranties of the Trust Manager and Eligibility Criteria**

The Trust Manager will represent and warrant to the Trustee that each Mortgage Loan which is assigned to the Trustee on the Closing Date will satisfy the following eligibility criteria (“**Eligibility Criteria**”) on the Cut-Off Date:

- the Mortgage Loan is denominated and only payable in Australian dollars;
- the Mortgage Loan conforms to one of the Loan Products;
- the Obligor is a natural person or a corporation domiciled in Australia;
- the Property secured under the relevant Related Security is located in either New South Wales, Victoria, Queensland, South Australia, Western Australia, Tasmania, Northern Territory or the Australian Capital Territory;
- the maximum term of the Mortgage Loan is 40 years from its settlement date and it matures at least 18 months prior to the Maturity Date;
- the Mortgage Loan is a legal, valid and binding obligation of the Obligor, enforceable in accordance with its terms against the Obligor;
- the Outstanding Balance of the Mortgage Loan as at the Cut-Off Date does not exceed A\$2,500,000;
- the Current LVR of the Mortgage Loan as at the Cut-Off Date does not exceed 95%;
- the Mortgage Loan requires either:
  - monthly, fortnightly or weekly payments sufficient to pay interest and fully amortise principal over the term of the Mortgage Loan; or
  - monthly, fortnightly or weekly payments sufficient to pay interest only for an initial period not exceeding 5 years and then sufficient to pay interest and fully amortise principal over the remaining term of the Mortgage Loan;
- the Mortgage Loan is secured by a valid and enforceable first mortgage over real residential property (owner occupied or investment and includes vacant property) which has either been registered or is in the process of being registered or immediately

following settlement will be registered, and to the best of the Trust Manager's knowledge and belief, no other person has done anything to prevent registration;

- there is no obligation to fund Redraws or Further Advances under the Mortgage Loan;
- each Related Security that is required to be registered with, or stamped by, any Governmental Agency is or will be registered and stamped;
- there has been, in respect of the Mortgage Loan, no failure to comply in any material respect with any applicable law (including, without limitation, the Consumer Credit Legislation) where that failure would materially adversely affect the value of the Mortgage Loan;
- the Mortgage Loan is not a construction loan;
- at the time the Mortgage Loan and Related Security were entered into, the Mortgage Loan and the Related Security complied in all material respects with all applicable laws;
- the Mortgage Loan and the Related Security were entered into in good faith;
- the Mortgage Loan was originated by the Originator in accordance with the Mortgage Origination Deed either directly or via a Sub-Originator which has originated the Mortgage Loan in accordance with the relevant Sub-Origination Deed;
- the Mortgage Loan was originated, underwritten, processed and settled in all material respects in accordance with the Credit Manual;
- prior to making the initial advance to the relevant Obligor in relation to the Mortgage Loan, a valuation of the Property the subject of the relevant Related Security was undertaken by an Approved Valuer or on behalf of the Disposing Trustee or the Originator (or any of their respective solicitors);
- the Mortgage Loan is governed by the laws of a State or Territory of Australia;
- the Trust Manager is not aware of any breach (except for arrears in the ordinary course of business) by the Obligor in relation to the Mortgage Loan of any of the material terms governing the Mortgage Loan or its Related Security;
- to the best of the knowledge, information and belief of the Trust Manager, there was no fraud on the part of any person in connection with the origination of the Mortgage Loan;
- to the best of the knowledge, information and belief of the Trust Manager, the Mortgage Loan is not the subject of any material dispute, litigation or claim which has a significant risk of being adversely determined or which calls into question the title, value or enforceability of the Mortgage Loan or the Related Security; and
- at the time the Mortgage Loan was entered into, the Property the subject of the Related Security was insured under a General Insurance Policy.

The Trust Manager will also represent and warrant to the Trustee that the matters set out below in respect of each Mortgage Loan and Related Security which is assigned to the Trustee on the Closing Date are correct on the Cut-Off Date and the Closing Date:

- the Mortgage Loans and Related Securities are assignable and will be assigned to the Trust free from Encumbrance. All consents required in relation to the assignment of the Mortgage Loans and Related Securities have been obtained;
- the Disposing Trustee is, and the Trustee will become on the Closing Date, the sole beneficial owner of the relevant Mortgage Loans and the Related Securities;
- the Title Documents held by the Custodian or Approved Solicitor are the only documents necessary to enforce the provisions of the Mortgage Loan and the Related Securities;
- there is no fraud, dishonesty, material misrepresentation or negligence on the part of the Trust Manager in connection with the selection of the Mortgage Loans or Related Securities;
- the assignment of the Mortgage Loans and the Related Securities to the Trustee will not be held by a court to be an undervalue transfer, a fraudulent conveyance, or a voidable preference under any law relating to insolvency;
- each Related Security that is required to be registered with, or stamped by, any Governmental Agency is either registered and stamped at the Closing Date or will be registered and stamped prior to the Outstanding Documents Date;
- at the time each Mortgage Loan and each Related Security was entered into and as at the Closing Date, it had not received any notice of any insolvency, bankruptcy or liquidation of any relevant Obligor (except that if a Mortgage Loan is in arrears but complies with the Eligibility Criteria, the fact that it is in arrears is not in and of itself notice of insolvency) or any notice that the relevant Obligor did not have the legal capacity to enter into the Related Security;
- it is not aware of any circumstance or event that may materially and adversely affect the value or enforceability of any Mortgage Loan or Related Security;
- it has selected the Mortgage Loans and Related Securities in good faith;
- (in respect of the Closing Date only) to the extent that the assignment of the Mortgage Loans and the Related Securities by the relevant Disposing Trustee to the Trustee in accordance with the Sale Deed or the Reallocation Notice (as applicable) is a security interest as defined in section 12(3)(a) of the PPS Act, that security interest will be perfected for the purposes of the PPSA; and
- (in respect of the Closing Date only) immediately following the assignment of the Mortgage Loans and the Related Securities to the Trustee in accordance with the Sale Deed or the Reallocation Notice (as applicable), no such Mortgage Loan or Related Security will be subject to any right of rescission, set-off or counterclaim.

If at any time the Trustee notifies the Trust Manager that any representation or warranty from the Trust Manager referred to in this Section 9.3 has been breached in respect of a Mortgage Loan or Related Security or the Trust Manager otherwise becomes aware of such breach (in which case it must advise the Trustee), then the Trust Manager must, on demand from the Trustee, pay to the Trustee the amount which is determined by the Trustee to be the Trustee's loss as a result of the breach of the representation and warranty and in respect of which a Rating Notification has been given. However, until the Trustee becomes actually aware that the Trust Manager has breached a representation or warranty referred to in this Section 9.3 in respect of any Mortgage Loan or Related Security, the Trustee may assume that no such breach has occurred and that the Trust Manager is complying with all such representations and warranties and need not enquire whether that is, in fact, the case.

The Transaction Documents contain the remedy mechanics set forth in the above for the breach of a representation or warranty with respect to the Mortgage Loans or Related Security in certain circumstances.

#### **9.4 Features of the Mortgage Loans**

The Mortgage Loans will generally have one or more of the following features:

##### **Variable Interest Rate**

Some of the Mortgage Loans will be charged a rate of interest which can be varied at any time at the discretion of the Servicer. The Trust Manager and the Servicer are obligated to ensure that interest rates on the Mortgage Loans are set so that the weighted average interest rate on all Mortgage Loans complies with the Threshold Rate requirements.

Interest on each Mortgage Loan is calculated on the outstanding principal balance of the loan on a daily basis and is capitalised to the loan account balance monthly on the anniversary day in the month on which the loan settled, or next business day if this day falls on a weekend or public holiday.

##### **Fixed Rate**

The Servicer may approve the conversion of a Mortgage Loan from a variable interest rate to a fixed interest rate. At the end of the fixed rate period, the interest rate on the Mortgage Loan will automatically convert (under the contractual term of the loan) to the relevant "variable rate", or alternatively the Obligor may request (at the Servicer's discretion) a further fixed rate period at the fixed rate which is prevailing at that time.

If a Mortgage Loan is repaid before the end of a fixed rate period, the Obligor may be liable to pay a break cost to the Trustee. Break costs are calculated by the Servicer on the movement in interest rates since the fixing date of the Mortgage Loan.

##### **"Principal and Interest" Mortgage Loans**

These are Mortgage Loans where the Obligor's monthly loan repayment instalment is calculated to fully amortise the balance of the loan over the contractual term of the loan.

##### **"Interest Only" Mortgage Loans**

These are Mortgage Loans where the Obligor's monthly loan repayment obligation is to pay one twelfth of the annual amount of interest calculated based on the initial loan balance during an initial period of up to 5 years from settlement (i.e. the "interest only" period) and to thereafter pay the instalment amount that will fully amortise the balance of the loan over the remaining contractual term of the loan.

##### **Split Loans**

Mortgage Loan facilities may comprise two or more sub-accounts with different loan characteristics.

##### **Redraws**

The Mortgage Loans assigned to the Trust may have a redraw feature. Under the redraw feature an Obligor is able to redraw an amount equal to the difference between the scheduled principal balance of the Mortgage Loan and the outstanding principal balance of the Mortgage Loan.

Obligors may request a Redraw at any time. The Servicer may, in its absolute discretion, refuse to allow a Redraw.

### **Low Doc**

Approximately 0.05% of the Mortgage Loans in the Mortgage Loan Pool (by loan balance as of the Cut-Off Date) to be acquired by the Trust are low documentation loans originated prior to October 2009. For such loan types, the debtor either stated their income or provided the lender with a declaration that they can afford the repayments compared to other types of mortgage loans which require the debtor to supply written evidence of income such as tax returns and financial statements.

### **Alt Doc Loans**

Some of the Mortgage Loans to be acquired by the Trust are alternative documentation loans originated on or after October 2009. For such loan types, the debtor is required to supply the lender with a declaration of financial position, an ABN registration and GST registration, plus either one (for Non-Conforming products) or two (for Prime products) of the following, as applicable to the relevant loan product: (a) six months' business bank statements; (b) six months' business activity statements; or (c) a Pepper approved accountant's letter.

A Pepper Credit Assessor will confirm income and self-employment details provided by the borrower via a phone call for all Alt Doc products.

### **Loan Repayment Methods**

The vast majority of Obligors make their Loan repayments by direct debit from their accounts, together with other repayment methods, including salary crediting through their employer, BPAY or a direct credit from the Obligors, and are credited either directly to the Collection Account held by the Trustee or to a deposit account held by Pepper Finance Corporation Limited on trust for the Trust in accordance with the Collections Trust Trust Deed. At the time of Origination each Obligor is required to sign a direct debit form. Loan Repayments are due monthly on the anniversary day in each month on the day on which the loan settled, but may be payable either weekly, fortnightly or monthly.

### **Early Repayment**

Obligors may discharge their Mortgage Loan early upon the repayment of all principal, accrued interest, a discharge fee and other amounts due under the Mortgage Loan.

### **Substitution of Security**

Obligors may request the Servicer to substitute or release a property securing a Mortgage Loan, which request may be accepted or rejected in the Servicer's sole discretion. The Servicer will only consider approving such a request if each of the following conditions is satisfied (where applicable):

- a satisfactory valuation is obtained in respect of the substitute security property;
- the Obligor pays all costs relating to the substitution or release of property;
- the substitution is simultaneous with the release of the security property; and
- if required, a permanent reduction is made in the approved maximum principal amount of the loan to achieve a Current LVR which is acceptable to the Servicer.

## **Governing law**

The Mortgage Loans will be governed by the laws of the Commonwealth of Australia and one of the following Australian States or Territories:

- New South Wales;
- Victoria;
- Western Australia;
- Queensland;
- South Australia;
- Tasmania;
- the Northern Territory; or
- the Australian Capital Territory.

### **9.5 Details of the Mortgage Loan Pool**

The information in the following tables sets out various details relating to the Mortgage Loans forming part of the Mortgage Loan Pool. The information is provided as of the close of business on the Cut-Off Date.

These details may not reflect the Mortgage Loan Pool to be assigned to the Trustee in respect of the Trust on the Closing Date because the Trust Manager may substitute mortgage loans from the Mortgage Loan Pool with other eligible mortgage loans or add additional eligible mortgage loans. The Trust Manager may do this if, for example, a mortgage loan originally included in the Mortgage Loan Pool is repaid early.

The Trust Manager will not add, remove or substitute any mortgage loans from the Mortgage Loan Pool prior to the Closing Date if this would result in a change of more than 5% in any of the characteristics of the Mortgage Loan Pool described in the tables on the following 3 pages unless a revised offering circular is delivered to prospective investors.

As of the Cut-Off Date, the Mortgage Loans in the Mortgage Loan Pool described in this Offering Circular had an aggregate outstanding principal balance of A\$749,999,961.

Terms used in the following tables have the following meanings:

- (a) PAYG Full Time refers to an employee that is employed on a full-time basis and is subject to the Australian “pay as you go” tax arrangements;
- (b) PAYG Part Time refers to an employee that is employed on a part-time basis and is subject to the Australian “pay as you go” tax arrangements; and
- (c) “Credit Event” means an event in an Obligor’s life that may drive a number of events (such as one loss of employment or ill health) that leads to an Obligor not being able to meet payment obligations.

In the following tables, the Weighted Average Coupon column is calculated based on the coupon rates on the Mortgage Loan Pool as of the Cut-Off Date. In addition, all weighted average calculations in the following tables are based on loan balance, not number of loans.

## DISTRIBUTION BY DOCUMENTATION LEVEL

### DISTRIBUTION BY DOCUMENTATION LEVEL

Loan Documentation	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Full Doc	452,531,355	1039	60.34%	66.86%	7.88%	19.92	0.46%	0.03%	-
Alternative Doc	297,121,755	513	39.62%	33.01%	8.10%	15.31	0.21%	0.47%	-
Low Doc	346,852	2	0.05%	0.13%	10.66%	205.18	-	-	-
<b>Total</b>	<b>749,999,961</b>	<b>1554</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

## DISTRIBUTION BY SEASONING

### DISTRIBUTION BY SEASONING

Seasoning (Months)	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
0 to <=3	348,036,913	626	46.40%	40.28%	7.80%	1.63	0.30%	-	-
>3 to <=6	106,547,734	198	14.21%	12.74%	8.04%	5.05	0.26%	-	-
>6 to <=12	66,664,347	137	8.89%	8.82%	7.93%	9.56	-	-	-
>12 to <=18	49,085,624	96	6.54%	6.18%	7.94%	16.09	1.08%	-	-
>18 to <=24	16,165,981	34	2.16%	2.19%	8.14%	20.60	1.43%	-	-
>24 to <=36	8,345,734	15	1.11%	0.97%	7.40%	28.22	-	-	-
>36 to <=48	1,251,910	4	0.17%	0.26%	7.34%	39.08	-	-	-
>48 to <=60	22,387,513	68	2.99%	4.38%	8.22%	59.11	-	-	-
>60	131,514,204	376	17.54%	24.20%	8.38%	69.65	0.48%	1.16%	-
<b>Total</b>	<b>749,999,961</b>	<b>1554</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

## DISTRIBUTION BY CURRENT LVR

### DISTRIBUTION BY CURRENT LVR

LVR Profile	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
0 to <=25%	14,434,458	91	1.92%	5.86%	7.88%	33.56	-	-	-
>25% to <=40%	39,882,053	129	5.32%	8.30%	7.69%	27.55	-	-	-
>40% to <=50%	58,348,244	129	7.78%	8.30%	7.62%	20.33	-	-	-
>50% to <=55%	40,938,835	96	5.46%	5.53%	7.64%	25.53	1.53%	-	-
>55% to <=60%	46,076,267	99	6.14%	6.37%	7.67%	22.17	-	-	-
>60% to <=65%	76,075,148	131	10.14%	8.43%	7.71%	16.62	0.36%	-	-
>65% to <=70%	102,435,948	181	13.66%	11.65%	7.77%	15.22	-	1.49%	-
>70% to <=75%	87,755,039	168	11.70%	10.81%	7.93%	16.72	1.79%	-	-
>75% to <=80%	133,976,525	252	17.86%	16.22%	8.08%	15.54	-	-	-
>80% to <=85%	104,954,815	191	13.99%	12.29%	8.29%	15.63	-	-	-
>85% to <=90%	31,699,004	66	4.23%	4.25%	9.09%	21.11	-	-	-
>90% to <=95%	13,423,625	31	1.79%	1.99%	9.35%	8.55	1.72%	-	-
>95%	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>749,999,961</b>	<b>1554</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

In the above table, the Current LVR of a Mortgage Loan is calculated by comparing the Outstanding Balance of the Mortgage Loan as of the Cut-Off Date to the valuation of the property that secured the Mortgage Loan assigned by Pepper in accordance with its Servicing Guidelines.

A valuation after the time of origination is typically only obtained in connection with the approval of a Further Advance (or other significant variation) in respect of a Mortgage Loan.

## DISTRIBUTION BY CURRENT LOAN BALANCE

### DISTRIBUTION BY CURRENT LOAN BALANCE

Current Loan Amount	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
<= 50,000	532,030	16	0.07%	1.03%	8.16%	62.53	-	-	-
>50,000 to <=100,000	3,578,130	44	0.48%	2.83%	8.23%	59.19	-	-	-
>100,000 to <=150,000	8,844,448	70	1.18%	4.50%	7.99%	33.64	-	1.50%	-
>150,000 to <=200,000	21,606,132	122	2.88%	7.85%	7.97%	27.47	-	-	-
>200,000 to <=250,000	30,172,263	132	4.02%	8.49%	7.96%	31.79	0.76%	-	-
>250,000 to <=300,000	38,234,446	138	5.10%	8.88%	7.93%	31.05	0.72%	-	-
>300,000 to <=400,000	89,846,764	255	11.98%	16.41%	8.00%	24.06	-	-	-
>400,000 to <=500,000	113,509,107	255	15.13%	16.41%	8.05%	20.22	-	-	-
>500,000 to <=600,000	89,964,456	165	12.00%	10.62%	8.13%	19.52	0.59%	-	-
>600,000 to <=700,000	60,887,736	94	8.12%	6.05%	8.07%	14.73	1.03%	-	-
>700,000 to <=800,000	40,401,023	54	5.39%	3.47%	7.94%	13.68	-	-	-
>800,000 to <=900,000	36,801,295	44	4.91%	2.83%	8.17%	14.77	-	-	-
>900,000 to <=1,000,000	26,591,889	28	3.55%	1.80%	7.98%	9.52	-	-	-
>1,000,000 to <=1,250,000	74,922,743	67	9.99%	4.31%	7.81%	15.50	1.40%	-	-
>1,250,000 to <=1,500,000	50,406,450	37	6.72%	2.38%	7.70%	9.73	-	2.77%	-
>1,500,000 to <=1,750,000	20,768,117	13	2.77%	0.84%	7.72%	4.99	-	-	-
>1,750,000 to <=2,000,000	13,360,409	7	1.78%	0.45%	7.71%	3.68	-	-	-
>2,000,000 to <=2,250,000	8,252,356	4	1.10%	0.26%	7.89%	1.97	-	-	-
>2,250,000 to <=2,500,000	21,320,164	9	2.84%	0.58%	7.75%	3.26	-	-	-
<b>Total</b>	<b>749,999,961</b>	<b>1554</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

## DISTRIBUTION BY REPAYMENT TYPE

### DISTRIBUTION BY REPAYMENT TYPE

Repayment Method (Split Loan Level)	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Principal and Interest	623,973,252	1491	83.20%	88.02%	7.93%	20.69	0.43%	0.25%	-
Interest Only	126,026,709	203	16.80%	11.98%	8.14%	5.76	-	-	-
<b>Total</b>	<b>749,999,961</b>	<b>1694</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

## DISTRIBUTION BY INVESTMENT VS OWNER OCCUPIED STATUS

### DISTRIBUTION BY OCCUPANCY STATUS

Investment vs Owner Occupied	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Owner Occupied	495,592,605	1070	66.08%	68.85%	7.89%	18.88	0.34%	0.31%	-
Investment	254,407,356	484	33.92%	31.15%	8.12%	16.81	0.41%	-	-
Total	749,999,961	1554	100.00%	100.00%	7.97%	18.18	0.36%	0.20%	-

For the purposes of preparing the “Distribution by Investment vs Owner Occupied Status” table above, each loan account has been classified based on the ownership type of the property which is securing the loan account.

Where there is more than one property securing the loan account, the loan account is generally categorised according to the security property with the higher value at the time the loan was established.

## DISTRIBUTION BY EMPLOYMENT STATUS

### DISTRIBUTION BY EMPLOYMENT STATUS

Borrower Employment At Application	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Full Time	306,910,430	709	40.92%	45.62%	7.97%	22.18	0.34%	0.50%	-
Part Time	35,534,664	95	4.74%	6.11%	7.91%	14.88	-	-	-
Casual	17,096,248	50	2.28%	3.22%	7.68%	14.65	-	-	-
Self Employed < 12 months	2,007,293	5	0.27%	0.32%	7.90%	29.43	-	-	-
Self Employed 1-2 years	10,182,559	23	1.36%	1.48%	8.23%	13.36	-	-	-
Self Employed 2-3 years	31,724,905	56	4.23%	3.60%	8.01%	12.56	-	-	-
Self Employed 3-4 years	28,412,218	54	3.79%	3.47%	8.03%	17.09	2.21%	-	-
Self Employed 4-5 years	35,552,259	64	4.74%	4.12%	7.90%	10.07	2.94%	-	-
Self Employed 5+ years	274,863,033	467	36.65%	30.05%	7.99%	16.46	-	-	-
Benefit Recipient	3,159,797	19	0.42%	1.22%	7.76%	22.49	-	-	-
Aged Pensioner	4,556,557	12	0.61%	0.77%	7.56%	3.38	-	-	-
Total	749,999,961	1554	100.00%	100.00%	7.97%	18.18	0.36%	0.20%	-

## DISTRIBUTION BY LOAN PURPOSE

### DISTRIBUTION BY LOAN PURPOSE

Loan Purpose	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Purchase	319,941,276	697	42.66%	44.85%	7.96%	13.84	0.40%	-	-
Refinance	407,909,709	809	54.39%	52.06%	7.93%	20.63	0.35%	0.38%	-
Ex-construction	22,148,976	48	2.95%	3.09%	8.69%	35.52	-	-	-
Total	749,999,961	1554	100.00%	100.00%	7.97%	18.18	0.36%	0.20%	-

Ex-construction loans are loans which were originated for the purpose of constructing a residential dwelling and where the construction has been completed.

## DISTRIBUTION BY PROPERTY TYPE

### DISTRIBUTION BY PROPERTY TYPE

Property Type	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Residential House	599,076,285	1185	79.88%	76.25%	7.96%	19.30	0.41%	0.26%	-
Unit	51,342,641	114	6.85%	7.34%	8.13%	17.03	-	-	-
Duplex / Townhouse	52,356,835	111	6.98%	7.14%	7.95%	15.38	0.44%	-	-
Rural Residential	-	-	-	-	-	-	-	-	-
Vacant Land	47,224,201	144	6.30%	9.27%	7.90%	8.32	-	-	-
Total	749,999,961	1554	100.00%	100.00%	7.97%	18.18	0.36%	0.20%	-

## GEOGRAPHIC DISTRIBUTION

### GEOGRAPHIC DISTRIBUTION

Geographical Distribution	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
ACT Metro	12,293,170	19	1.64%	1.22%	7.89%	10.68	-	-	-
ACT Non Metro	-	-	-	-	-	-	-	-	-
ACT Inner city	-	-	-	-	-	-	-	-	-
NSW Metro	172,701,229	223	23.03%	14.35%	7.87%	18.56	-	-	-
NSW Non Metro	96,827,931	219	12.91%	14.09%	7.83%	18.38	-	-	-
NSW Inner city	118,925	1	0.02%	0.06%	7.99%	2.00	-	-	-
QLD Metro	80,255,465	169	10.70%	10.88%	8.05%	17.02	0.29%	-	-
QLD Non Metro	94,759,499	242	12.63%	15.57%	7.89%	14.66	-	-	-
QLD Inner city	280,733	1	0.04%	0.06%	8.09%	4.00	-	-	-
SA Metro	49,156,053	91	6.55%	5.86%	8.04%	14.57	-	-	-
SA Non Metro	11,630,861	42	1.55%	2.70%	7.96%	21.59	-	-	-
SA Inner city	-	-	-	-	-	-	-	-	-
TAS Metro	3,283,728	9	0.44%	0.58%	7.73%	20.55	-	-	-
TAS Non Metro	4,694,066	13	0.63%	0.84%	8.02%	21.58	-	2.82%	-
TAS Inner city	-	-	-	-	-	-	-	-	-
VIC Metro	130,952,176	277	17.46%	17.82%	8.01%	23.19	1.68%	1.07%	-
VIC Non Metro	27,907,938	92	3.72%	5.92%	7.96%	17.28	-	-	-
VIC Inner city	3,603,807	4	0.48%	0.26%	8.35%	1.50	-	-	-
NT Metro	2,421,759	5	0.32%	0.32%	7.91%	21.80	-	-	-
NT Non Metro	928,502	2	0.12%	0.13%	8.29%	32.87	-	-	-
NT Inner City	-	-	-	-	-	-	-	-	-
WA Metro	50,319,219	119	6.71%	7.66%	8.36%	14.49	-	-	-
WA Non Metro	7,864,900	26	1.05%	1.67%	8.22%	36.52	3.48%	-	-
WA Inner City	-	-	-	-	-	-	-	-	-
Total	749,999,961	1554	100.00%	100.00%	7.97%	18.18	0.36%	0.20%	-

For the purposes of preparing the “Geographic Distribution” table above, each loan account has been classified based on the location of the property which is securing the loan account.

Where there is more than one property securing the loan account, the loan account is generally categorised according to the security property with the higher value at the time the loan was established.

## DISTRIBUTION BY INTEREST RATE TYPE

### DISTRIBUTION BY INTEREST RATE TYPE

Fixed vs Variable Rate (Split Loan Level)	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Variable Interest Rate	749,999,961	1694	100.00%	100.00%	7.97%	18.18	0.36%	0.20%	-
Fixed Interest Rate	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>749,999,961</b>	<b>1694</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

## DISTRIBUTION BY MORTGAGE ARREARS

### DISTRIBUTION BY MORTGAGE ARREARS

Days in Arrears	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
Current	708,809,949	1454	94.51%	93.56%	7.94%	16.97	-	-	-
>1 to <=30 days	36,952,833	93	4.93%	5.98%	8.47%	39.15	-	-	-
>30 to <=60 days	2,706,593	5	0.36%	0.32%	8.77%	22.16	100.00%	-	-
>60 to <=90 days	1,530,586	2	0.20%	0.13%	7.23%	63.04	-	100.00%	-
>90 days	-	-	-	-	-	-	-	-	-
<b>Total (&gt;30 Days)</b>	<b>749,999,961</b>	<b>1554</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

## DISTRIBUTION BY BORROWER CREDIT HISTORY

### DISTRIBUTION BY BORROWER CREDIT HISTORY

Number of Credit Events At Application	AUD	No.	%AUD	%No	Weighted Average		Arrears (Days)		
					Coupon	Seasoning	31-60	61-90	90+
0	609,289,184	1221	81.24%	78.57%	7.87%	16.53	0.27%	0.25%	-
1	114,051,809	268	15.21%	17.25%	8.32%	22.95	0.92%	-	-
2	23,139,357	58	3.09%	3.73%	8.73%	39.25	-	-	-
3+	3,519,611	7	0.47%	0.45%	8.89%	9.42	-	-	-
<b>Total</b>	<b>749,999,961</b>	<b>1554</b>	<b>100.00%</b>	<b>100.00%</b>	<b>7.97%</b>	<b>18.18</b>	<b>0.36%</b>	<b>0.20%</b>	<b>-</b>

## Servicer Delinquency Information

Current delinquency pool data with respect to Pepper's originated non-conforming residential mortgage loan portfolio serviced by the Servicer is set out in the below tables ("**Servicer Delinquency Information**"). The Servicer Delinquency Information represents the delinquency experience for Pepper's originated non-conforming residential mortgage loan portfolio during the last 5 years for each of the quarterly periods presented, including the Mortgage Loan Pool. The data is determined based on the outstanding balance of the mortgage loans at the relevant time.

As used in the Servicer Delinquency Information, a mortgage loan is considered to be delinquent 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).

There can be no assurance that the delinquency experience set forth in the Servicer Delinquency Information will be representative of the results that may be experienced with respect to the Mortgage Loans comprising the Trust Assets. The statistics shown in the below tables represent the delinquency experience for Pepper's originated non-conforming residential mortgage loan portfolio for each of the 5 years presented, whereas the aggregate delinquency experience on the Mortgage Loans which are to comprise the Trust Assets will depend on the results obtained over the life of such Mortgage Loans. In addition, the below statistics include mortgage loans with a variety of payment and other characteristics that may not correspond to those of the Mortgage Loans to be included in the Trust Assets. Moreover, if the Australian residential real estate market should experience an overall decline in property values such that the principal balances of the Mortgage Loans become equal to or greater than the value of the related Properties, the actual rates of delinquencies could be significantly higher than those previously experienced. In addition, adverse economic conditions, which may or may not affect Property values, may affect the timely payment by Obligor of scheduled payments of principal and interest on the Mortgage Loans and, accordingly, the rates of delinquencies, foreclosures, bankruptcies and losses with respect to such Mortgage Loans.

<b>Effective Date</b>				
<b>31-Dec-18</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	4,352,292,714	88.12%	12,292	88.44%
> 1 to 30	395,425,840	8.01%	1,094	7.87%
> 30 to 60	72,428,804	1.47%	207	1.49%
> 60 to 90	40,165,895	0.81%	103	0.74%
90+	78,963,220	1.60%	202	1.45%
<b>Total</b>	<b>4,939,276,474</b>	<b>100.00%</b>	<b>13,898</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>31-Mar-19</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	4,577,475,255	88.69%	12,817	89.51%
> 1 to 30	384,136,623	7.44%	984	6.87%
> 30 to 60	78,356,272	1.52%	218	1.52%
> 60 to 90	36,933,263	0.72%	94	0.66%
90+	84,168,160	1.63%	206	1.44%
<b>Total</b>	<b>5,161,069,574</b>	<b>100.00%</b>	<b>14,319</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>30-Jun-19</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	4,835,186,482	90.53%	13,214	89.68%
> 1 to 30	391,033,901	7.32%	962	6.53%
> 30 to 60	57,161,347	1.07%	216	1.47%
> 60 to 90	14,497,927	0.27%	92	0.62%
90+	43,308,576	0.81%	250	1.70%
<b>Total</b>	<b>5,341,188,233</b>	<b>100.00%</b>	<b>14,734</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>30-Sep-19</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	4,900,248,789	88.51%	12,148	88.96%
> 1 to 30	427,027,621	7.71%	1,031	7.55%
> 30 to 60	73,080,455	1.32%	176	1.29%
> 60 to 90	34,352,879	0.62%	81	0.59%
90+	101,580,909	1.83%	219	1.60%
<b>Total</b>	<b>5,536,290,653</b>	<b>100.00%</b>	<b>13,655</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>31-Dec-19</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,049,770,931	88.61%	12,472	88.84%
> 1 to 30	422,616,986	7.42%	1,027	7.32%
> 30 to 60	87,190,126	1.53%	229	1.63%
> 60 to 90	43,663,678	0.77%	103	0.73%
90+	95,515,786	1.68%	207	1.47%
<b>Total</b>	<b>5,698,757,507</b>	<b>100.00%</b>	<b>14,038</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>31-Mar-20</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	4,892,988,058	83.98%	12,172	84.95%
> 1 to 30	627,203,656	10.77%	1,474	10.29%
> 30 to 60	137,364,237	2.36%	312	2.18%
> 60 to 90	50,995,872	0.88%	117	0.82%
90+	117,607,430	2.02%	254	1.77%
<b>Total</b>	<b>5,826,159,253</b>	<b>100.00%</b>	<b>14,329</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>30-Jun-20</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,209,480,511	90.57%	12,837	90.51%
> 1 to 30	329,818,565	5.73%	849	5.99%
> 30 to 60	48,674,965	0.85%	132	0.93%
> 60 to 90	41,677,514	0.72%	107	0.75%
90+	122,011,657	2.12%	258	1.82%
<b>Total</b>	<b>5,751,663,211</b>	<b>100.00%</b>	<b>14,183</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>30-Sep-20</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,052,644,083	91.13%	12,691	91.70%
> 1 to 30	289,326,346	5.22%	717	5.18%
> 30 to 60	72,563,415	1.31%	155	1.12%
> 60 to 90	31,922,205	0.58%	68	0.49%
90+	97,949,815	1.77%	209	1.51%
<b>Total</b>	<b>5,544,405,863</b>	<b>100.00%</b>	<b>13,840</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>31-Dec-20</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	4,860,820,132	88.93%	12,329	89.69%
> 1 to 30	379,000,365	6.93%	905	6.58%
> 30 to 60	97,875,833	1.79%	224	1.63%
> 60 to 90	35,998,830	0.66%	88	0.64%
90+	92,352,355	1.69%	200	1.45%
<b>Total</b>	<b>5,466,047,516</b>	<b>100.00%</b>	<b>13,746</b>	<b>100.00%</b>

<b>Effective Date</b>				
<b>31-Mar-21</b>				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	4,941,428,880	89.22%	12,435	89.43%
> 1 to 30	375,039,441	6.77%	954	6.86%
> 30 to 60	82,115,651	1.48%	200	1.44%
> 60 to 90	42,821,168	0.77%	103	0.74%
90+	97,267,865	1.76%	213	1.53%
<b>Total</b>	<b>5,538,673,006</b>	<b>100.00%</b>	<b>13,905</b>	<b>100.00%</b>

Effective Date		30-Jun-21		
Period (days)	Current Balance (A\$)	% by Balance	Number	% by number
None	5,103,093,224	90.26%	12,771	90.46%
> 1 to 30	332,992,375	5.89%	829	5.87%
> 30 to 60	83,440,388	1.48%	210	1.49%
> 60 to 90	36,015,288	0.64%	91	0.64%
90+	98,323,404	1.74%	217	1.54%
<b>Total</b>	<b>5,653,864,678</b>	<b>100.00%</b>	<b>14,118</b>	<b>100.00%</b>

Effective Date		30-Sep-21		
Period (days)	Current Balance (A\$)	% by Balance	Number	% by number
None	5,315,777,087	92.51%	13,226	92.54%
> 1 to 30	256,250,362	4.46%	644	4.51%
> 30 to 60	61,755,009	1.07%	160	1.12%
> 60 to 90	30,019,831	0.52%	72	0.50%
90+	82,645,059	1.44%	190	1.33%
<b>Total</b>	<b>5,746,447,347</b>	<b>100.00%</b>	<b>14,292</b>	<b>100.00%</b>

Effective Date		31-Dec-21		
Period (days)	Current Balance (A\$)	% by Balance	Number	% by number
None	5,494,347,701	92.11%	13,433	91.99%
> 1 to 30	301,130,794	5.05%	760	5.20%
> 30 to 60	66,218,046	1.11%	177	1.21%
> 60 to 90	25,161,198	0.42%	68	0.47%
90+	78,348,216	1.31%	165	1.13%
<b>Total</b>	<b>5,965,205,955</b>	<b>100.00%</b>	<b>14,603</b>	<b>100.00%</b>

Effective Date		31-Mar-22		
Period (days)	Current Balance (A\$)	% by Balance	Number	% by number
None	5,707,070,336	91.98%	13,697	91.78%
> 1 to 30	303,825,163	4.90%	743	4.98%
> 30 to 60	78,115,933	1.26%	204	1.37%
> 60 to 90	32,150,051	0.52%	87	0.58%
90+	83,606,550	1.35%	192	1.29%
<b>Total</b>	<b>6,204,768,032</b>	<b>100.00%</b>	<b>14,923</b>	<b>100.00%</b>

<b>Effective Date</b> 30-Jun-22				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	6,153,567,477	92.62%	14,336	92.38%
> 1 to 30	294,040,919	4.43%	705	4.54%
> 30 to 60	81,655,271	1.23%	202	1.30%
> 60 to 90	27,572,543	0.41%	75	0.48%
90+	87,167,952	1.31%	201	1.30%
<b>Total</b>	<b>6,644,004,162</b>	<b>100.00%</b>	<b>15,519</b>	<b>100.00%</b>

<b>Effective Date</b> 30-Sep-22				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	6,164,638,945	91.44%	14,373	91.72%
> 1 to 30	374,984,223	5.56%	836	5.33%
> 30 to 60	74,543,459	1.11%	183	1.17%
> 60 to 90	44,419,390	0.66%	92	0.59%
90+	83,007,563	1.23%	187	1.19%
<b>Total</b>	<b>6,741,593,580</b>	<b>100.00%</b>	<b>15,671</b>	<b>100.00%</b>

<b>Effective Date</b> 30-Dec-22				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,876,734,023	89.31%	13,679	89.29%
> 1 to 30	455,013,264	6.92%	1,057	6.90%
> 30 to 60	100,383,245	1.53%	253	1.65%
> 60 to 90	46,232,661	0.70%	113	0.74%
90+	101,586,989	1.54%	218	1.42%
<b>Total</b>	<b>6,579,950,181</b>	<b>100.00%</b>	<b>15,320</b>	<b>100.00%</b>

<b>Effective Date</b> 31-Mar-23				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,688,349,683	88.40%	13,293	88.76%
> 1 to 30	450,776,360	7.01%	1,007	6.72%
> 30 to 60	111,310,867	1.73%	270	1.80%
> 60 to 90	57,760,396	0.90%	124	0.83%
90+	126,371,237	1.96%	283	1.89%
<b>Total</b>	<b>6,434,568,542</b>	<b>100.00%</b>	<b>14,977</b>	<b>100.00%</b>

<b>Effective Date</b> 30-Jun-23				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,613,660,043	87.99%	13,058	88.38%
> 1 to 30	495,713,179	7.77%	1,103	7.47%
> 30 to 60	94,464,127	1.48%	216	1.46%
> 60 to 90	57,791,142	0.91%	131	0.89%
90+	118,488,782	1.86%	267	1.81%
<b>Total</b>	<b>6,380,117,272</b>	<b>100.00%</b>	<b>14,775</b>	<b>100.00%</b>

<b>Effective Date</b> 30-Sep-23				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,593,675,212	88.64%	13,044	89.28%
> 1 to 30	437,903,952	6.94%	964	6.60%
> 30 to 60	100,733,443	1.60%	231	1.58%
> 60 to 90	53,658,069	0.85%	105	0.72%
90+	124,746,046	1.98%	266	1.82%
<b>Total</b>	<b>6,310,716,721</b>	<b>100.00%</b>	<b>14,610</b>	<b>100.00%</b>

<b>Effective Date</b> 31-Dec-23				
<b>Period (days)</b>	<b>Current Balance (A\$)</b>	<b>% by Balance</b>	<b>Number</b>	<b>% by number</b>
None	5,612,076,305	87.83%	12,953	88.40%
> 1 to 30	505,699,312	7.91%	1,113	7.60%
> 30 to 60	98,363,363	1.54%	227	1.55%
> 60 to 90	51,898,545	0.81%	106	0.72%
90+	121,698,128	1.90%	254	1.73%
<b>Total</b>	<b>6,389,735,654</b>	<b>100.00%</b>	<b>14,653</b>	<b>100.00%</b>

## **Servicer Default and Loss Information**

Current default and loss data with respect to Pepper's originated prime and non-conforming residential mortgage loan portfolio serviced by the Servicer is set out in the below tables ("**Servicer Default and Loss Information**"). The Servicer Default and Loss Information represents the default and loss experience for Pepper's prime and non-conforming residential mortgage loan portfolio originated between 28 March 2001 and 31 December 2023.

In respect of the Servicer Default and Loss Information:

- a mortgage loan is considered to be in default if the property or properties securing the loan are taken into possession or where the security property is not taken into possession but a loss is experienced on the loan;
- the default rate represents the proportion of loans by original balance that were originated in the specified year that defaulted; and
- the loss rate represents the proportion of loans by original balance that were originated in the specified year on which a loss was experienced.

There can be no assurance that the default or loss experience set forth in the Servicer Default and Loss Information will be representative of the results that may be experienced with respect to the Mortgage Loans comprising the Trust Assets. The statistics shown in the below tables represent the default and loss experience for Pepper's originated non-conforming residential mortgage loan portfolio for each of the 23 years presented, and Pepper's originated prime residential mortgage loan portfolio for each of the 10 years presented, whereas the aggregate default and loss experience on the Mortgage Loans which are to comprise the Trust Assets will depend on the results obtained over the life of such Mortgage Loans. In addition, the below statistics include mortgage loans with a variety of payment and other characteristics that may not correspond to those of the Mortgage Loans to be included in the Trust Assets. Moreover, if the Australian residential real estate market should experience an increase in unemployment or an overall decline in property values the actual rates of default and loss could be significantly higher than those previously experienced. In addition, adverse economic conditions, which may or may not affect Property values, may affect the timely payment by Obligor of scheduled payments of principal and interest on the Mortgage Loans and, accordingly, the rates of delinquencies, foreclosures, bankruptcies and losses with respect to such Mortgage Loans.

**Non Conforming Default and Loss Rates by Original Loan Balance**

Vintage	Loans Originated	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original balance of Loans that Defaulted	Default Rate by Balance	Original balance of Loans that Experienced Loss	Loss Rate By Balance	Amount of Loss	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
2001	44.87	0.19%	0.75	1.68%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2002	179.18	0.75%	2.78	1.55%	1.60	0.89%	0.23	8.11%	14.05%	0.13%
2003	237.13	1.00%	6.19	2.61%	4.80	2.02%	0.63	10.24%	13.22%	0.27%
2004	349.11	1.47%	27.63	7.91%	20.27	5.81%	3.91	14.15%	19.28%	1.12%
2005	393.99	1.65%	31.28	7.94%	23.23	5.90%	4.00	12.79%	17.22%	1.02%
2006	654.01	2.75%	49.33	7.54%	30.93	4.73%	6.35	12.88%	20.53%	0.97%
2007	943.58	3.96%	94.45	10.01%	76.81	8.14%	16.82	17.81%	21.90%	1.78%
2008	124.27	0.52%	19.25	15.49%	16.51	13.28%	3.41	17.73%	20.68%	2.75%
2009	11.73	0.05%	1.13	9.62%	0.99	8.45%	0.17	15.34%	17.46%	1.47%
2010	35.70	0.15%	1.11	3.11%	0.61	1.72%	0.00	0.00%	0.01%	0.00%
2011	170.39	0.72%	7.31	4.29%	5.86	3.44%	1.34	18.38%	22.93%	0.79%
2012	419.60	1.76%	24.04	5.73%	14.96	3.57%	3.77	15.68%	25.19%	0.90%
2013	800.74	3.36%	31.79	3.97%	20.93	2.61%	5.62	17.69%	26.88%	0.70%
2014	952.43	4.00%	26.80	2.81%	19.16	2.01%	4.62	17.23%	24.10%	0.48%
2015	1,158.97	4.87%	21.21	1.83%	15.39	1.33%	3.94	18.58%	25.60%	0.34%
2016	1,566.46	6.58%	18.51	1.18%	11.00	0.70%	2.59	14.01%	23.58%	0.17%
2017	1,679.94	7.06%	17.80	1.06%	10.89	0.65%	1.77	9.96%	16.28%	0.11%
2018	2,461.25	10.34%	29.03	1.18%	14.88	0.60%	1.54	5.32%	10.37%	0.06%
2019	2,194.33	9.22%	12.57	0.57%	4.80	0.22%	0.38	2.99%	7.83%	0.02%
2020	1,306.71	5.49%	0.35	0.03%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2021	2,601.39	10.93%	3.80	0.15%	2.62	0.10%	0.12	3.10%	4.49%	0.00%
2022	3,136.89	13.17%	5.27	0.17%	1.25	0.04%	0.50	9.55%	40.23%	0.02%
2023	2,387.34	10.03%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
<b>Total</b>	<b>23,810.03</b>	<b>100.00%</b>	<b>432.37</b>	<b>1.82%</b>	<b>297.50</b>	<b>1.25%</b>	<b>61.74</b>	<b>14.28%</b>	<b>20.75%</b>	<b>0.26%</b>

**Non Conforming Default and Loss Rates by Original Loan Balance**

State	Loans Originated	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original balance of Loans that Defaulted	Default Rate by Balance	Original balance of Loans that Experienced Loss	Loss Rate By Balance	Amount of Loss	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
ACT	451.43	1.90%	8.36	1.85%	5.58	1.24%	0.98	11.67%	17.48%	0.22%
NSW	8,609.79	36.16%	104.49	1.21%	62.21	0.72%	10.80	10.34%	17.37%	0.13%
NT	90.66	0.38%	7.14	7.88%	5.51	6.08%	1.31	18.38%	23.84%	1.45%
QLD	4,212.99	17.69%	86.02	2.04%	65.36	1.55%	18.32	21.30%	28.03%	0.43%
SA	1,294.05	5.43%	24.53	1.90%	13.46	1.04%	2.14	8.74%	15.92%	0.17%
TAS	313.92	1.32%	7.60	2.42%	4.75	1.51%	0.56	7.39%	11.81%	0.18%
VIC	6,571.89	27.60%	81.73	1.24%	51.44	0.78%	6.91	8.46%	13.44%	0.11%
WA	2,265.31	9.51%	112.50	4.97%	89.17	3.94%	20.71	18.41%	23.22%	0.91%
<b>Total</b>	<b>23,810.03</b>	<b>100.00%</b>	<b>432.37</b>	<b>1.82%</b>	<b>297.50</b>	<b>1.25%</b>	<b>61.74</b>	<b>14.28%</b>	<b>20.75%</b>	<b>0.26%</b>

**Prime Default and Loss Rates by Original Loan Balance**

Vintage	Loans Originated (\$m)	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original balance of Loans that Defaulted (\$m)	Default Rate by Balance	Original balance of Loans that Experienced Loss (\$m)	Loss Rate By Balance	Amount of Loss (\$m)	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
2014	419.92	2.20%	6.58	1.57%	6.20	1.48%	2.21	33.63%	35.67%	0.53%
2015	703.74	3.69%	14.74	2.09%	12.77	1.81%	3.15	21.37%	24.68%	0.45%
2016	963.35	5.05%	7.64	0.79%	5.71	0.59%	1.63	21.33%	28.56%	0.17%
2017	1,562.87	8.19%	7.67	0.49%	5.20	0.33%	0.82	10.74%	15.84%	0.05%
2018	2,950.69	15.46%	9.25	0.31%	5.52	0.19%	0.88	9.53%	15.97%	0.03%
2019	2,295.92	12.03%	3.58	0.16%	1.72	0.07%	0.21	5.97%	12.42%	0.01%
2020	1,930.40	10.11%	1.11	0.06%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2021	3,575.47	18.73%	0.46	0.01%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2022	3,373.78	17.68%	1.02	0.03%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
2023	1,309.94	6.86%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
<b>Total</b>	<b>19,086.09</b>	<b>100.00%</b>	<b>52.05</b>	<b>0.27%</b>	<b>37.12</b>	<b>0.19%</b>	<b>8.91</b>	<b>17.12%</b>	<b>24.01%</b>	<b>0.05%</b>

**Prime Default and Loss Rates by Original Loan Balance**

State	Loans Originated (\$m)	Loans Originated %	Probability of Default		Probability of Loss		Loss Severity			
			Original balance of Loans that Defaulted (\$m)	Default Rate by Balance	Original balance of Loans that Experienced Loss (\$m)	Loss Rate By Balance	Amount of Loss (\$m)	Loss As % of Loans That Defaulted	Loss As % of Loans That Experienced Loss	Loss As % of Loans Originated
ACT	326.96	1.71%	1.46	0.45%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
NSW	7,906.30	41.42%	5.45	0.07%	2.60	0.03%	0.27	4.88%	10.25%	0.00%
NT	44.62	0.23%	1.95	4.37%	1.95	4.37%	0.78	39.77%	39.77%	1.74%
QLD	3,291.15	17.24%	9.36	0.28%	7.72	0.23%	1.53	16.32%	19.79%	0.05%
SA	909.17	4.76%	0.86	0.10%	0.65	0.07%	0.19	21.58%	28.58%	0.02%
TAS	160.70	0.84%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
VIC	5,183.61	27.16%	9.73	0.19%	2.78	0.05%	0.46	4.71%	16.47%	0.01%
WA	1,263.58	6.62%	23.22	1.84%	21.41	1.69%	5.70	24.53%	26.61%	0.45%
<b>Total</b>	<b>19,086.09</b>	<b>100.00%</b>	<b>52.05</b>	<b>0.27%</b>	<b>37.12</b>	<b>0.19%</b>	<b>8.91</b>	<b>17.12%</b>	<b>24.01%</b>	<b>0.05%</b>

## 9.6 Mortgage Loans have capacity to produce funds

The Trust Manager confirms that, as of the Closing Date, the Mortgage Loans have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Offered Notes. However, the Trustee's liability to pay any interest and repay any principal on the Offered Notes will be limited to the Trust Assets and regard should be had to the characteristics of the Mortgage Loans and the risks to which the Trustee and Noteholders of the Offered Notes may be exposed. Prospective purchasers of the Offered Notes should consider the detailed information set out elsewhere in this Offering Circular, including without limitation under Section 3 ("Risk Factors").

## 10. PEPPER RESIDENTIAL LOAN PORTFOLIO

### 10.1 Origination

The Mortgage Loans to be assigned to the Trust on the Closing Date will be Mortgage Loans originated by Pepper Homeloans Pty Limited. The Trust Manager will represent and warrant to the Trustee as at the Cut-Off Date that each Mortgage Loan meets the Eligibility Criteria on the Cut-Off Date.

#### Distribution Channel

Pepper has a network of aggregation groups (and their intermediaries) who are accredited by Pepper to submit loan applications for approval by Pepper ("**Introducers**").

In order for Pepper to give accreditation to an Introducer, a representative of the Introducer must meet with a Pepper sales representative and in addition, provide the following to Pepper:

- proof of a valid Australian Credit License;
- evidence of their business name;
- a copy of their most recent Professional Indemnity ("**PI policy**");
- confirmation of their membership to Mortgage and Finance Association of Australia ("**MFAA**") or Finance Brokers Association of Australia ("**FBAA**");
- evidence that the entity is a member of the Australian Financial Complaints Authority ("**AFCA**") which is the approved "External Dispute Resolution Scheme"; and
- a completed Pepper introducer agreement.

#### Loan Origination

The majority of mortgage loan applications are sourced through accredited third-party mortgage intermediaries throughout Australia. Pepper accredited intermediaries include, amongst others, Mortgage Choice, Australian Finance Group and Aussie Homeloans Limited. All intermediaries must complete the Pepper online training prior to submitting a loan application. Ongoing training and education is available from a sales representative of Pepper.

In addition to these intermediaries, applications are also sourced from the public by Pepper's own in-house Lending Specialists.

All loans are assessed and underwritten in accordance with Pepper's Credit Manual, which is regularly reviewed by the Pepper Credit Committee and modified from time to time. The Credit Manual, all product guides and credit settlement guidelines are readily available to staff via the Pepper intranet.

Loan applications are submitted to Pepper electronically by mortgage intermediaries or through our direct business. This online application process captures the information traditionally completed in a paper loan application. The submission platform are NextGen industry gateway, Simpology industry gateway or Pepper's own digital platform, which feed into Pepper's Sage (Appian) underwriting system for residential mortgages and NextGen for both submission and underwriting for CRE (Commercial Real Estate).

The intermediary will then supply the following on behalf of the Obligor:

- Evidence of income including payslips, letter of employment, accounts, financial statements and business activity statements (as applicable to the circumstances of the applicant and product type);
- Evidence of loan/credit card repayments – 6 months statements for mortgages and 3 months statements for all other debts (where applicable);
- Identification to comply with Pepper’s AML/CTF requirements;
- Purchase contract and/or evidence of property ownership;
- Evidence of deposit/funds to complete; and
- Any other specific documentation requested by the underwriter.

Once the application has passed the integrity checks, it is submitted to a Pepper underwriter for assessment. A credit bureau enquiry and fraud check is obtained on all borrowers and guarantors and assessed against Pepper’s Credit Manual. If the applicant is self-employed through a company or the application is from a company borrower, Pepper undertakes a search of the ASIC database.

The documentation is assessed by an underwriter and further checks, including employment/accountant checks and telephone contact, where applicable, are undertaken with the customer. Serviceability is confirmed using the approved data from the income evidence supplied and living expenses provided by the customer or from figures based on the Henderson Poverty Index for loans originated before January 2019 or the Income-Adjusted HEM Index for loans originated after January 2019. The higher figure is utilised.

The Pepper underwriter assesses the application against a number of criteria, including a serviceability calculation, maximum loan and maximum loan term check. The security location is also checked for eligibility via a Pepper postcode guide.

A return message is sent to the intermediary which include 1 of 3 options:

- Decline;
- Request for missing information; or
- Approved Conditionally.

When conditionally approved a PDF document is sent to the intermediary providing details of the approval (loan size, interest rate, term and fees) along with all conditions that need to be met prior to the issuance of loan documents.

A property valuation is obtained on every security property irrespective of LVR via CoreLogic, Pepper’s valuation panel manager and AVM provider. The value of the mortgaged property in connection with each housing loan has been determined at origination in accordance with the valuation methodology set out in the Credit Policy. There are three methods used to undertake this appraisal; (i) full inspection valuation, (ii) electronic valuation report and (iii) automated valuation model. Methods (i) and (ii) are undertaken in accordance with the standards and practices of the Australian Property Institute (including those relating to competency and required documentation) by an accredited Valuer Firm to the Trust Manager’s valuers panel, who is engaged by the Trust Manager or the Originator of the housing loan. Individual Valuer Firm valuers are members of the Australian Property Institute and whose compensation is not affected by the approval or disapproval of the housing loan.

The valuers panel is maintained by an independent, third party provider called ValEx (CoreLogic) with any addition of valuers to the panel approved by Pepper's Head of Credit. Pepper's sales and product staff are not involved in the selection of the valuer firm from the valuers panel engaged to carry out the valuation of the mortgaged property in connection with each housing loan with the selection of the valuer firm from the valuers panel independently selected on a random rotational basis by ValEx.

The third method, automated valuation model (or AVM), is a computer-generated modelled estimate of the market value of a given residential property at a point in time. The estimated value is generated using a combination of modelling approaches; indexation of prior sale information, appraisal emulation of comparable sales, machine learning and hedonic regression which considers the constituent parts (characteristics) of the subject property. CoreLogic is the third party provider of AVM's to Pepper.

Specific credit policies determine which valuation method can be used for a particular security. These policies take into account the loan amount, LVR, property location, property characteristics and the confidence level of an AVM.

### **Loan Documentation and Settlement Process**

Following unconditional approval a quality check is performed on the data by a team separate to the underwriters. Once passed, the Pepper settlements team produces the loan agreement and solicitor instructions and forwards them, together with supporting documents such as the valuation and purchase contract to the Pepper panel solicitor.

The panel solicitor produces the mortgage and together with the loan agreement and terms and conditions, sends them to the customer. The customer executes the necessary documents and returns them to the panel solicitors along with evidence of satisfactory building insurance, a direct debit authority and any other loan specific conditions.

Once Pepper's panel solicitor has satisfied all of the legal and documentation requirements, a solicitor's short form certificate is sent to Pepper requesting settlement funds on a specific date.

The settlements team prepares settlement and the funds are transferred to the panel solicitor's trust account for settlement on the appropriate day. Settlement is notified by the solicitor to Pepper and the loan account is made live on Pepper's loan management system.

The panel solicitor arranges for the mortgage to be registered and stamped where applicable. The original documents are then forwarded to Pepper's security custodian BNY Mellon. BNY Mellon performs a check to ensure all documents are present and correct and provides confirmation to Pepper.

### **Lender of record**

The lender of record of the Mortgage Loans is one of the following Pepper subsidiaries:

- (a) Pepper Finance Corporation Limited; or
- (b) Well Nigh (0.21% of all Mortgage Loans in the Mortgage Loan Pool, calculated by Outstanding Balance as at the Cut-Off Date).

Mortgage Loans which are originated with Well Nigh as the lender of record are originated under a bare trust origination arrangement in which the beneficial interest in the Mortgage Loan is held by one of the Disposing Trustees, and Well Nigh holds the bare legal title on trust for the relevant Disposing Trustee (in accordance with the terms of the Bare Trust Deed No.1 or the Bare Trust Deed No.2, as applicable).

## 10.2 Approach to Credit Assessment

Pepper's underwriting philosophy and credit procedures have been developed on the basis of more than twenty years of mortgage lending experience. In addition, Pepper also ensures they meet their responsible lending conduct obligations.

Pepper is solely responsible for all aspects of the underwriting and credit assessment process. No decision making is delegated to introducers or any other external parties.

Pepper's credit criteria are designed for prime and non-conforming lending. It is based on a 'pricing for risk' model, requiring assessment of each borrower's circumstances on a case-by-case basis, investigation of the borrower's credit history through independent credit information bureau checks, and property valuation assessment.

Pepper employs a risk banding hierarchy for all loan products, and prices each commensurately.

Loan portfolio analysis is undertaken on a continuous basis to ensure that an appropriate risk/reward profile is maintained across the book at all times. Pool characteristics including the weighted average interest rate, loan to value ratio ("**LVR**"), borrower employment status, geographical concentrations, loan product mix, loan documentation levels (full income verification and alternative income verification) and weighted average net interest margin are monitored on a monthly basis.

The resulting information is used by Pepper's management team to determine whether changes are required to any aspect (including pricing) of existing loan product specifications. The data is also utilised for ongoing product development purposes and to monitor the suitability of established underwriting guidelines.

Pepper is primarily focused on underwriting loans based on the borrower's ability to pay, not merely on the value of the collateral.

Furthermore, Pepper adopts an ethical approach to all aspects of its lending activities by endeavouring to ensure that its underwriting procedures are not 'predatory' or prejudicial against any individual customer or category of customers.

## 10.3 Servicing

Pepper was first ranked by S&P as an "above average" residential sub-prime loan servicer in May 2004. This "above average" rating was upgraded in December 2011 to "STRONG" and was most recently affirmed in September 2021. Pepper was also assigned a "STRONG" prime servicer rating in March 2014, which was affirmed in September 2021. Pepper is included on S&P Global Ratings Select Servicer List.

### ***Philosophy and process***

The Servicer has managed collections for 22 years through the servicing of both its own and third party loan, asset and lease portfolios.

Pepper's management team has substantial experience in banking, loan origination, loan processing, collections, debt recovery, and systems development to support development of the loan servicing operation. Pepper's management experience extends across all aspects of loan origination, processing and post-settlement services, with a particular emphasis on collections and loss recovery which is important in the non-conforming mortgage sector.

The general principles underpinning Pepper's approach to arrears management are best summarised as: early detection, quick response and identification and implementation of the best solution. Whenever possible, Pepper seeks to find an acceptable solution to an arrears

case without resorting to actual possession and sale of the underlying collateral. In the event that disposal of the collateral as “mortgagee in possession” is required, Pepper has developed controls and procedures to reduce recovery times and maximise returns.

Pepper instigates regular customer contact by telephone, amongst other methods in its collections process. This approach is strengthened by ensuring where possible, the loan is managed by a dedicated Collector. This approach ensures that the same individual collectors retain responsibility for individual loan accounts throughout the life of the loan, beyond one month in arrears.

Pepper’s collectors access their respective workflow daily, along with performance updates on their allocated loan portfolio sub-sets. These updates identify ‘loans in’ and ‘loans out’ within each time-based arrears bucket.

Monthly targets are established by the Collections Leadership team for each collector on a portfolio basis. Monthly quality assurance (QA) is also undertaken on each collector to assess their individual performance against targets. The QA procedures also assess the quality of each collector’s system diary notes, the number and quality of customer telephone calls, and their adherence to responsible lending and collections guideline.

### **Systems**

Pepper uses the former GE Capital “Jackson” loan management system for loan servicing, which supports portfolios in Australia and New Zealand using the same code base running over distinct database instances. Origination is undertaken using NextGen industry gateway, Simpology industry gateway or Pepper’s own digital platform, which feed into Pepper’s Sage (Appian) underwriting system for residential mortgages and NextGen for both submission and underwriting for CRE (Commercial Real Estate). Collections and Customer Services are managed via a combination of “Apollo” (an inhouse-developed system utilising Appian) and “Jackson” alongside self service capability available to the customer through Pepper’s customer portal.

### **Enforcement**

Litigation is coordinated by Pepper’s in-house enforcement team in consultation with Pepper senior management. The enforcement team is responsible for coordinating strategies for each arrears case, instructing panel lawyers and managing the mortgagee sale process (where necessary).

Litigation activity initiated by the enforcement team is conducted in parallel with the collectors’ calling activity on a case-by-case basis, with the ultimate aim of reaching a mutually beneficial outcome for all parties.

Pepper uses a panel of solicitors for repossession and litigation actions. Pepper has on-line access to the solicitors’ diary systems to obtain progress reports whenever required.

Sales prices (including private treaty and auction reserve prices) for properties sold under mortgagee sale are determined by Pepper senior management – using a current property valuation report, a ‘forced sale’ valuation figure, two real estate agent valuation appraisals and buyers’ opinion. Pepper management typically adopts a sale price in the higher range as the ‘reserve’ price at auction.

If the proceeds of sale from the property do not cover all amounts outstanding under the mortgage, then Pepper will continue to pursue the borrowers for the shortfall unless Pepper concludes that the cost of continuing the process will likely outweigh the prospects of recovery.

## **Hardship**

Pepper has policies and procedures in place to identify and assist Obligors experiencing hardship. Pepper can identify hardship at any stage through the collections process. Assistance with respect to repayments of a Mortgage Loan is considered by Pepper on a case by case basis. A condition to approval of a hardship assistance application by Pepper is that any assistance provided is expected to enable the Obligor to overcome their current hardship and recommence regular repayments of the Mortgage Loan as soon as possible.

Pepper may agree to provide hardship assistance in one of the following ways:

- a suspension of or reduction in regular loan repayments;
- conversion of repayments to interest only for a defined short-term period;
- capitalisation of arrears; or
- allowing the Obligor sufficient time to facilitate the orderly sale of the Property.

Where warranted, assistance can be made available to the same Obligor more than once over the life of a Mortgage Loan. Where the provision of hardship assistance has been successful, Pepper will, where applicable, capitalise the arrears onto the principal balance of the Mortgage Loan at the conclusion of the hardship assistance period. The Obligor is then advised the new repayment amount to extinguish the relevant Mortgage Loan within an agreed term.

## 11. DESCRIPTION OF THE OFFERED NOTES

### 11.1 General

The Trustee will issue the Offered Notes on the Closing Date pursuant to a direction from the Trust Manager to the Trustee to issue the Offered Notes pursuant to the terms of the Master Trust Deed, the Series Notice and the Note Deed Poll, each of which is governed by the laws of New South Wales. The following summary describes the material terms of the Offered Notes. The summary does not purport to be complete and is subject to the terms and conditions of the Transaction Documents.

### 11.2 Offered Notes

The Offered Notes are debt obligations of the Trustee constituted by, and owing under, the Note Deed Poll and the Series Notice.

The Offered Notes will be issued in minimum denominations of A\$10,000 in registered form by entry in the Note Register.

No certificates will be issued in respect of any Offered Notes unless the Trust Manager determines that certificates should be issued or they are required by law.

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

It is expected that the Offered Notes will be eligible to be lodged into Austraclear as the holder of record, for custody in accordance with the Austraclear rules.

In respect of each of the Offered Notes lodged into Austraclear, Austraclear Limited will become the legal owner and sole registered holder of those Offered Notes in the Note Register. Subject to the rules and regulations known as the “**Austraclear System Regulations**” established by Austraclear Limited (as amended or replaced from time to time) to govern the use of Austraclear, participants of Austraclear (“**Accountholders**”) may acquire rights against Austraclear Limited in relation to those Offered Notes as beneficial owners and Austraclear Limited is required to deal with the Offered Notes in accordance with the directions and instructions of the Accountholders. Any potential investors who are not Accountholders would need to hold their interest in the relevant Offered Notes through a nominee who is an Accountholder.

While those Offered Notes remain in Austraclear:

- (a) all payments and notices required of the Trustee and the Trust Manager in relation to those Offered Notes will be made directly to an account agreed with Austraclear Limited or as it directs in accordance with the Austraclear System Regulations; and
- (b) the rights of each Noteholder of Offered Notes and any other person holding an interest in those Offered Notes are subject to the Austraclear System Regulations.

Interests in Offered Notes lodged into Austraclear may be held in Euroclear and/or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in such Offered Notes in Euroclear would be held in Austraclear by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited), while entitlements in respect of holdings of interests in such Offered Notes in Clearstream, Luxembourg would be held in Austraclear by a nominee of BNP Paribas Securities Services, Sydney Branch as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Offered Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations of Euroclear and Clearstream, Luxembourg, the arrangements between Euroclear and Clearstream, Luxembourg and their respective nominees and the Austraclear System Regulations.

Accountholders who acquire an interest in Offered Notes held in Austraclear must look solely to Austraclear Limited for their rights in relation to such Offered Notes and will have no claim directly against the Trustee in respect of such Offered Notes although, under the Austraclear System Regulations, Austraclear Limited may direct the Trustee to make payments direct to the relevant Accountholder.

Where Austraclear Limited is registered as the holder of any Offered Notes that is lodged in Austraclear, Austraclear Limited may, where specified in the Austraclear System Regulations, transfer the Offered Notes to the person in whose Security Record (as defined in the Austraclear System Regulations) those Offered Notes are recorded and, as a consequence, remove those Offered Notes from Austraclear.

Potential investors in Offered Notes should inform themselves of, and satisfy themselves with, the Austraclear system and (where applicable) the rules of Euroclear and Clearstream, Luxembourg and the arrangements between them and their nominees in Austraclear.

The Trustee is not responsible for anything Austraclear Limited or Euroclear and Clearstream, Luxembourg does or omits to do.

## 12. CASHFLOW ALLOCATION METHODOLOGY

All amounts received by the Trustee will be allocated by the Trust Manager and paid in accordance with the cashflow allocation methodology described below.

The cashflow allocation methodology applies only in respect of payments to be made before the occurrence of an Event of Default and enforcement of the General Security Agreement in accordance with its terms.

### 12.1 Collections

The Servicer is obliged to collect all Collections on behalf of the Trustee during each Collection Period and pay such Collections into the Collection Account within two Business Days of receipt by the Servicer.

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

- (a) all principal, interest and fees;
- (b) the proceeds of sale or Reallocation of any Mortgage Loans;
- (c) any proceeds recovered from any enforcement action;
- (d) any amount received as damages in respect of a breach of any representation or warranty;
- (e) any Prepayment Costs paid by the Obligors;
- (f) any proceeds received under any General Insurance Policy or Title Insurance Policy; and
- (g) any Recoveries received in respect of a Mortgage Loan or its Related Security,

after deduction of all Taxes (other than any Taxes payable in relation to the Trust) and bank and government charges.

### 12.2 Distributions made during a Collection Period

- (a) Subject to paragraph (b) below, prior to the occurrence of an Event of Default and enforcement of the General Security Agreement, the Trust Manager may, on any day during a Collection Period other than on a Payment Date, direct the Trustee to apply (and the Trustee must, on that direction, apply) all Collections, interest earned on Authorised Investments (other than any Authorised Investments purchased from Cash Collateral) and Other Income received during that Collection Period towards payment of any of the following amounts:
  - (i) to fund Redraws and repayments of Servicer Advances; and
  - (ii) to pay Trust Expenses which are due and payable.

The aggregate of such amounts for a Collection Period are the “**Collection Period Distributions**”.

- (b) The Trust Manager must not direct the Trustee to make:

- (i) a Collection Period Distribution from an amount that would constitute part of the Available Income for that Collection Period unless it is satisfied that there will be sufficient Total Available Income on the next Payment Date to make the Required Payments under Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”); or
- (ii) a Collection Period Distribution to fund a Redraw or a Servicer Advance:
  - (A) if the aggregate of such payments would exceed the aggregate Available Principal received up to that point in time in respect of the Collection Period; and
  - (B) unless the Trust Manager is satisfied that there will be sufficient Total Available Principal on the next Payment Date to fund any required Principal Draw under Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”); or
- (iii) a Collection Period Distribution to pay Trust Expenses which are due and payable if the aggregate of such Collection Period Distributions would exceed the aggregate Available Income received up to that point in time in respect of that Collection Period.

### **12.3 Determination of Available Principal**

On each Determination Date in respect of the immediately preceding Collection Period (and on any day as required for the purpose of calculations under Section 12.2 (“Distributions made during a Collection Period”) above), the Trust Manager will determine the Available Principal for that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under Section 12.2 (“Distributions made during a Collection Period”) above).

The “**Available Principal**” will be equal to:

- (a) the aggregate Collections in respect of that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under Section 12.2 (“Distributions made during a Collection Period”) above); minus
- (b) all Finance Charge Collections received by, or on behalf of, the Trustee during that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for a Collection Period Distribution); minus
- (c) the aggregate of all Collection Period Distributions to fund Redraws or repayments of Servicer Advances, made during the Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under Section 12.2 (“Distributions made during a Collection Period”) above).

### **12.4 Determination of Total Available Principal**

On each Determination Date, the Trust Manager will determine the Total Available Principal that will be available for application on the immediately following Payment Date.

The “**Total Available Principal**” will be equal to the aggregate of:

- (a) the Available Principal on that Determination Date in respect of the immediately preceding Collection Period;

- (b) (without double counting) any other amounts received by the Trustee in respect of the Trust Assets during the immediately preceding Collection Period which are, in the reasonable opinion of the Trust Manager, in the nature of principal;
- (c) the amount (if any) of Total Available Income to be applied in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) on the immediately following Payment Date in respect of the reimbursement of any Principal Draws;
- (d) the amount (if any) of Total Available Income to be applied in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) on the immediately following Payment Date in respect of any Losses for the immediately preceding Collection Period;
- (e) the amount (if any) of Total Available Income to be applied in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) on the immediately following Payment Date in respect of any Carryover Charge-Offs;
- (f) the amount (if any) to be applied from Total Available Income in accordance with Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), on the immediately following Payment Date in respect of the Amortisation Amount;
- (g) (in the case of the first Determination Date only) all proceeds received from the Authorised Investments (if any) acquired on the Closing Date (excluding any interest earned on such Authorised Investments) from any amount received by the Trustee upon the initial issue of Notes (excluding the Class L Notes) in excess of the purchase price of the Mortgage Loans;
- (h) (in the case of the first Determination Date only) any Principal Adjustment; and
- (i) any Loss Reserve Draw for that Determination Date.

## **12.5 Application of Total Available Principal (prior to an Event of Default)**

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

- (a) first, to fund any Principal Draw required under Section 12.11 (“Principal Draw”);
- (b) next, to fund any Redraws and repayments of Servicer Advances;
- (c) next:
  - (i) if the Stepdown Criteria are not satisfied on that Payment Date, in the following order of priority:
    - (A) first, pari passu and rateably, to the Class A1-s Noteholders, until the Aggregate Invested Amount of the Class A1-s Notes has been reduced to zero;
    - (B) next, if that Payment Date is prior to the first Call Option Date, pari passu and rateably:
      - (aa) an amount equal to the Class A1-a Note Principal Allocation in respect of that Payment Date, to be applied to the Class A1-a

Noteholders until the Aggregate Invested Amount of the Class A1-a Notes has been reduced to zero; and

- (ab) an amount equal to the Class A2 Note Principal Allocation in respect of that Payment Date, to be applied to the Class A2 Noteholders until the Aggregate Invested Amount of the Class A2 Notes has been reduced to zero;
  - (C) next, if that Payment Date is on or after the first Call Option Date, in the following order of priority:
    - (aa) first, pari passu and rateably, to the Class A1-a Noteholders until the Aggregate Invested Amount of the Class A1-a Notes has been reduced to zero; and
    - (ab) next, pari passu and rateably, to the Class A2 Noteholders until the Aggregate Invested Amount of the Class A2 Notes has been reduced to zero;
  - (D) next, pari passu and rateably, to the Class B Noteholders, until the Aggregate Invested Amount of the Class B Notes has been reduced to zero;
  - (E) next, pari passu and rateably, to the Class C Noteholders, until the Aggregate Invested Amount of the Class C Notes has been reduced to zero;
  - (F) next, pari passu and rateably, to the Class D Noteholders, until the Aggregate Invested Amount of the Class D Notes has been reduced to zero;
  - (G) next, pari passu and rateably, to the Class E Noteholders, until the Aggregate Invested Amount of the Class E Notes has been reduced to zero;
  - (H) next, pari passu and rateably, to the Class F Noteholders, until the Aggregate Invested Amount of the Class F Notes has been reduced to zero; and
  - (I) next, to the Class G Noteholders, until the Aggregate Invested Amount of the Class G Notes has been reduced to zero, in accordance with the Class G Note Supplemental Deed;
- (ii) if the Stepdown Criteria are satisfied on that Payment Date:
- (A) an amount equal to the Class A1-a Note Principal Allocation in respect of that Payment Date, to be applied to the Class A1-a Noteholders, until the Aggregate Invested Amount of the Class A1-a Notes has been reduced to zero;
  - (B) an amount equal to the Class A2 Note Principal Allocation in respect of that Payment Date, to be applied to the Class A2 Noteholders, until the Aggregate Invested Amount of the Class A2 Notes has been reduced to zero;
  - (C) an amount equal to the Class B Note Principal Allocation in respect of that Payment Date, to be applied to the Class B Noteholders, until the

Aggregate Invested Amount of the Class B Notes has been reduced to zero;

- (D) an amount equal to the Class C Note Principal Allocation in respect of that Payment Date, to be applied to the Class C Noteholders, until the Aggregate Invested Amount of the Class C Notes has been reduced to zero;
- (E) an amount equal to the Class D Note Principal Allocation in respect of that Payment Date, to be applied to the Class D Noteholders, until the Aggregate Invested Amount of the Class D Notes has been reduced to zero;
- (F) an amount equal to the Class E Note Principal Allocation in respect of that Payment Date, to be applied to the Class E Noteholders, until the Aggregate Invested Amount of the Class E Notes has been reduced to zero;
- (G) an amount equal to the Class F Note Principal Allocation in respect of that Payment Date, to be applied to the Class F Noteholders, until the Aggregate Invested Amount of the Class F Notes has been reduced to zero; and
- (H) an amount equal to the Class G Note Principal Allocation in respect of that Payment Date, as an allocation to the Turbo Principal Allocation; and

(d) next, as to any surplus, to the Participation Unitholder.

## **12.6 Stepdown Criteria**

The Stepdown Criteria will be satisfied on a Payment Date if:

- (a) there are no Class A1-s Notes outstanding as at the Determination Date immediately preceding that Payment Date;
- (b) that Payment Date falls on or after the second anniversary of the Closing Date;
- (c) the Subordinated Note Percentage (Class A2) as at the Determination Date immediately preceding that Payment Date is at least double the Subordinated Note Percentage (Class A2) as at the Issue Date;
- (d) where:
  - (i) that Payment Date is on or after the second anniversary of the Closing Date but before the third anniversary of the Closing Date, the cumulative Losses are less than 0.5% of the aggregate outstanding principal balance of the Mortgage Loans as at the Cut-Off Date; or
  - (ii) that Payment Date is on or after the third anniversary of the Closing Date but before the fourth anniversary of the Closing Date, the cumulative Losses are less than 0.85% of the aggregate outstanding principal balance of the Mortgage Loans as at the Cut-Off Date; or
  - (iii) that Payment Date is on or after the fourth anniversary of the Closing Date, the cumulative Losses are less than 1.1% of the aggregate outstanding principal balance of the Mortgage Loans as at the Cut-Off Date;

- (e) the Arrears Ratio on the Determination Date immediately preceding that Payment Date is less than 6.0%;
- (f) the Payment Date does not fall on or after the first Call Option Date; and
- (g) there are no unreimbursed Principal Draws or Charge-Offs in respect of any Class of Notes as at that Payment Date.

## **12.7 Distribution of Turbo Principal Allocation**

On each Determination Date prior to the occurrence of an Event of Default and enforcement of the General Security Agreement, the Trust Manager must direct the Trustee to pay (and the Trustee must pay) the Turbo Principal Allocation (if any) in respect of that Determination Date, after application of the Total Available Principal under Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”), on the next Payment Date in the following order of priority:

- (a) to the Class F Noteholders, until the Aggregate Invested Amount of the Class F Notes (as at that Determination Date) is reduced to zero;
- (b) to the Class E Noteholders, until the Aggregate Invested Amount of the Class E Notes (as at that Determination Date) is reduced to zero;
- (c) to the Class D Noteholders, until the Aggregate Invested Amount of the Class D Notes (as at that Determination Date) is reduced to zero;
- (d) to the Class C Noteholders, until the Aggregate Invested Amount of the Class C Notes (as at that Determination Date) is reduced to zero;
- (e) to the Class B Noteholders, until the Aggregate Invested Amount of the Class B Notes (as at that Determination Date) is reduced to zero;
- (f) to the Class A2 Noteholders, until the Aggregate Invested Amount of the Class A2 Notes (as at that Determination Date) is reduced to zero;
- (g) pari passu and rateably:
  - (i) to the Class A1-a Noteholders, until the Aggregate Invested Amount of the Class A1-a Notes (as at that Determination Date) is reduced to zero; and
  - (ii) to the Class A1-s Noteholders, until the Aggregate Invested Amount of the Class A1-s Notes (as at that Determination Date) is reduced to zero; and
- (h) to the Class G Noteholders, until the Aggregate Invested Amount of the Class G Notes (as at that Determination Date) is reduced to zero, in accordance with the Class G Note Supplemental Deed.

## **12.8 Distribution of Yield Enhancement Reserve**

On the first Determination Date following the date on which the Aggregate Invested Amount of the Class A Notes and the Class B Notes is reduced to zero, if no Event of Default has occurred resulting in the enforcement of the General Security Agreement, the Trust Manager must direct the Trustee to pay (and the Trustee must pay) on the next Payment Date, after application of Total Available Principal under Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”) and application of the Turbo Principal Allocation under Section 12.7 (“Distribution of Turbo Principal Allocation”) (if applicable), the Yield Enhancement Reserve Balance, in the following order of priority:

- (a) first, to the Class F Noteholders until the Aggregate Stated Amount of the Class F Notes (as at that Determination Date) is reduced to zero;
- (b) next, to the Class E Noteholders until the Aggregate Stated Amount of the Class E Notes (as at that Determination Date) is reduced to zero;
- (c) next, to the Class D Noteholders until the Aggregate Stated Amount of the Class D Notes (as at that Determination Date) is reduced to zero;
- (d) next, to the Class C Noteholders until the Aggregate Stated Amount of the Class C Notes (as at that Determination Date) is reduced to zero; and
- (e) next, any remaining proceeds to the Participation Unitholder.

## **12.9 Determination of Available Income**

On each Determination Date in respect of the immediately preceding Collection Period (and on any day as required for the purpose of calculations under Section 12.2 (“Distributions made during a Collection Period”), the Trust Manager will determine the Available Income for that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under “Distributions made during a Collection Period” above).

The “**Available Income**” will be equal to:

- (a) all Finance Charge Collections received by, or on behalf of, the Trustee during that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under “Distributions made during a Collection Period” above); plus
- (b) any Threshold Rate Subsidy to be applied in respect of that Collection Period in accordance with Section 12.36 (“Threshold Rate”); plus
- (c) any interest earned on Authorised Investments (other than Authorised Investments purchased from Cash Collateral) for the relevant Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under “Distributions made during a Collection Period” above); plus
- (d) the Other Income for the relevant Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under “Distributions made during a Collection Period” above); plus
- (e) (without double counting) any interest income received by the Trustee in respect of the Loss Reserve Account during that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of calculations required under “Distributions made during a Collection Period” above); plus
- (f) any proceeds of the issuance of Class L Notes allocated to Available Income (as described in Section 15 (“Use of Proceeds”)) on the relevant Determination Date; plus
- (g) any Extraordinary Expense Reserve Draw for the following Payment Date; plus
- (h) the net amount due to the Trustee by each Derivative Counterparty under a Derivative Contract on the next Payment Date (if any); plus

- (i) any Liquidity Support Amount received by the Trustee during the period from (but excluding) the immediately preceding Determination Date to (and including) that Determination Date; minus
- (j) in the case of the first Determination Date only, to the extent not otherwise paid from the proceeds of the Class L Notes, the aggregate of any Finance Charge Collections received by, or on behalf of, the Trustee during that Collection Period, which have been applied on or prior to that Determination Date towards payment of any Accrued Interest Adjustment.

On each Determination Date the “**Finance Charge Collections**” for the immediately preceding Collection Period will be calculated by the Trust Manager as the aggregate of the following items:

- (a) any interest and other amounts in the nature of interest or income (including any previously capitalised interest) received in respect of any Mortgage Loan, or any similar amount which is, in the reasonable opinion of the Trust Manager, in the nature of income or interest, including without limitation amounts of that nature:
  - (i) recovered from the enforcement of a Mortgage Loan or its Related Security;
  - (ii) paid to the Trustee upon the sale or Reallocation of a Mortgage Loan; and
  - (iii) paid in respect of a breach of a representation or warranty contained in the Transaction Documents in respect of a Mortgage Loan or under any obligation to indemnify or reimburse the Trustee; and
- (b) any Recoveries received in respect of a Mortgage Loan or its Related Security.

#### **12.10 Extraordinary Expense Reserve Draw**

If, on any Determination Date, there are any Extraordinary Expenses in relation to the immediately preceding Collection Period, then the Trust Manager must direct the Trustee to withdraw an amount from the Extraordinary Expense Reserve Account (an “**Extraordinary Expense Reserve Draw**”) on the immediately following Payment Date equal to the lesser of:

- (a) the aggregate of such Extraordinary Expenses in relation to that immediately preceding Collection Period; and
- (b) the Extraordinary Expense Reserve Balance on that Determination Date.

#### **12.11 Principal Draw**

If, on any Determination Date, there is a Liquidity Shortfall, then the Trust Manager must direct the Trustee to apply an amount of Total Available Principal (a “**Principal Draw**”) (in accordance with the application of Total Available Principal under Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”) on the immediately following Payment Date equal to the lesser of:

- (a) the Liquidity Shortfall; and
- (b) the amount of Total Available Principal available for application for that purpose on that Payment Date in accordance with Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”).

## **12.12 Liquidity Draw**

If, on any Determination Date, the Liquidity Shortfall exceeds the amount of the Principal Draw (a “**Further Liquidity Shortfall**”), then the Trust Manager on behalf of the Trustee must request a drawing under the Liquidity Facility (a “**Liquidity Draw**”), equal to the lesser of:

- (a) that Further Liquidity Shortfall; and
- (b) the amount available to be drawn for that purpose on the immediately following Payment Date in accordance with the Liquidity Facility Agreement.

## **12.13 Determination of Preliminary Total Available Income**

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

- (a) the Available Income for that Determination Date;
- (b) any Principal Draw for that Determination Date; and
- (c) any Liquidity Draw for that Determination Date.

## **12.14 Yield Enhancement Reserve Draw**

If, on any Determination Date, there is a Senior Yield Shortfall, then the Trust Manager must direct the Trustee to make a withdrawal from the Yield Enhancement Reserve (a “**Yield Enhancement Reserve Draw**”) on the immediately following Payment Date equal to the lesser of:

- (a) the Senior Yield Shortfall; and
- (b) the Yield Enhancement Reserve Balance on that Determination Date.

## **12.15 Determination of Total Available Income**

On each Determination Date, the Trust Manager will determine the “**Total Available Income**” as the aggregate of:

- (a) the Available Income for that Determination Date;
- (b) any Principal Draw for that Determination Date;
- (c) any Liquidity Draw for that Determination Date; and
- (d) any Yield Enhancement Reserve Draw for that Determination Date.

## **12.16 Application of Total Available Income (prior to an Event of Default)**

On each Determination Date prior to the occurrence of an Event of Default and enforcement of the General Security Agreement, the Trust Manager must direct the Trustee to pay (and the Trustee must pay) on the immediately following Payment Date the following amounts out of the Total Available Income in respect of the immediately preceding Collection Period (in the following order of priority):

- (a) first, A\$10 to each Participation Unitholder;

- (b) next, any Accrued Interest Adjustment (to the extent not already paid) payable to the Disposing Trustees in respect of the assignment of the Mortgage Loans to the Trust on the Closing Date;
- (c) next, any Taxes payable in relation to the Trust for that Collection Period (after the application of the Tax Account Balance towards payment of such Taxes);
- (d) next, pari passu and rateably:
  - (i) the Trustee's fees for that Collection Period;
  - (ii) the Security Trustee's fees for that Collection Period;
  - (iii) the Calculation Agent's fees for that Collection Period;
  - (iv) the Trust Expenses for that Collection Period which remain unreimbursed at that Payment Date;
  - (v) the Servicer's fee for that Collection Period;
  - (vi) the Trust Manager's fees for that Collection Period;
  - (vii) the Custodian's fees for that Collection Period; and
  - (viii) the Backup Servicer's fees for that Collection Period;
- (e) next, to the extent not paid previously, pari passu and rateably:
  - (i) towards any interest and fees payable on or prior to that Payment Date to the Liquidity Facility Provider under the Liquidity Facility; and
  - (ii) towards payment to each Derivative Counterparty of any net payment due by the Trustee under a Derivative Contract or any break costs in respect of the termination of the relevant Derivative Contract, excluding:
    - (A) any break costs in respect of that termination to the extent that the Derivative Counterparty is the sole Defaulting Party or sole Affected Party; and
    - (B) any break costs in respect of the termination of a Derivative Contract, except to the extent the Trustee has received the applicable Prepayment Costs from the relevant Obligors during the Collection Period;
- (f) next, to the Liquidity Facility Provider, towards payment of all outstanding Liquidity Draws;
- (g) next, pari passu and rateably:
  - (i) pari passu and rateably, to the Class A1-s Noteholders, towards payment of the Interest on the Class A1-s Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class A1-s Notes in respect of previous Interest Periods; and
  - (ii) pari passu and rateably, to the Class A1-a Noteholders, towards payment of the Interest on the Class A1-a Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class A1-a Notes in respect of previous Interest Periods;

- (h) next, pari passu and rateably, to the Class A2 Noteholders, towards payment of the Interest on the Class A2 Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class A2 Notes in respect of previous Interest Periods;
- (i) next, pari passu and rateably to the Class B Noteholders, 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;
- (j) next, pari passu and rateably to the Class C Noteholders, 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;
- (k) next, pari passu and rateably to the Class D Noteholders, 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;
- (l) next, pari passu and rateably to the Class E Noteholders, 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;
- (m) next, pari passu and rateably to the Class F Noteholders, 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;
- (n) next, to be applied towards Total Available Principal, up to an amount equal to any unreimbursed Principal Draws;
- (o) next (in the following order of priority):
  - (i) first, to be applied towards Total Available Principal, up to an amount equal to any Losses in respect of that Collection Period; and
  - (ii) next, to be applied towards Total Available Principal, up to an amount equal to any Carryover Charge-Off (as calculated on the previous Determination Date) less any amount paid on that Payment Date under Section 12.16(n) above in accordance with Section 12.18 (“Re-instatement of Carryover Charge-Offs and Principal Draws”);
- (p) next, if any Class A Notes or Class B Notes remain outstanding on that Payment Date (after the application of Total Available Principal on that Payment Date under Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”), as a deposit to the Yield Enhancement Reserve up to an amount equal to the Yield Enhancement Amount in respect of that Payment Date;
- (q) next, if any Notes (other than the Class G Notes or Class L Notes) remain outstanding on the immediately preceding Determination Date, to be applied towards the Turbo Principal Allocation up to an amount equal to the Retention Amount in respect of that Payment Date;
- (r) next, if an Amortisation Event is subsisting:

- (i) first, to be applied towards Total Available Principal, up to an amount equal to the Amortisation Amount in respect of that Payment Date; and
- (ii) next, to the Participation Unitholder, towards payment of the Tax Allocation in respect of that Payment Date;
- (s) next, as a deposit to the Extraordinary Expense Reserve Account until the Extraordinary Expense Reserve Account Balance equals the Extraordinary Expense Reserve Target Balance;
- (t) next, pari passu and rateably towards payment to each Derivative Counterparty of any outstanding break costs payable in relation to the relevant Derivative Contract (to the extent not otherwise paid under Section 12.16(e)(ii) (“Application of Total Available Income (prior to an Event of Default)”));
- (u) next, pari passu and rateably:
  - (i) any other amounts payable on or prior to that Payment Date to the Liquidity Facility Provider under the Liquidity Facility Agreement to the extent not paid under Section 12.16(e) and Section 12.16(f) (“Application of Total Available Income (prior to an Event of Default)”); and
  - (ii) any indemnity amount payable on or prior to that Payment Date to any Lead Manager under clause 10.3 (“Indemnity by the Trustee”) or clause 10.9 (“Reliance indemnity from Trustee and Trust Manager”) of the Master Dealer Terms;
- (v) next, as a deposit to the Tax Account an amount equal to the Tax Shortfall (if any) for that Payment Date;
- (w) next, as a deposit to the Tax Account an amount equal to the Tax Amount (if any) for that Payment Date;
- (x) next, so long as no Amortisation Event is subsisting, interest and prior unpaid interest to the Class G Notes in accordance with the Class G Note Supplemental Deed;
- (y) next, if a Threshold Rate Subsidy is determined in respect of that Payment Date in accordance with Section 12.36 (“Threshold Rate”), then towards the amount of that Threshold Rate Subsidy;
- (z) next, in payment of any amounts outstanding under the Extraordinary Expense Reserve Loan Agreement;
- (aa) next, in payment of any amounts outstanding in respect of the Loss Reserve Loan;
- (bb) next, to pay any indemnity amount payable by the Trustee on or prior to that Payment Date under the Class G Note Supplemental Deed;
- (cc) next, if a Class G Note Trigger Event is subsisting on that Payment Date, to the Class G Noteholders in accordance with the Class G Note Supplemental Deed;
- (dd) next, to reduce, pari passu and rateably, the Invested Amount of the Class L Notes until the Aggregate Invested Amount of the Class L Notes is reduced to zero; and
- (ee) last, to the Participation Unitholder by way of distribution of the remaining income of the Trust.

## 12.17 Allocation of Charge-Offs and Principal Draws

On each Determination Date the Trust Manager must determine the aggregate of any Charge-Off in respect of that Determination Date plus any Principal Draw in respect of the immediately preceding Payment Date and must allocate any such aggregate amount on the immediately following Payment Date in the following order of priority:

- (a) first, to reduce the balance of the Retention Amount Ledger until the balance of the Retention Amount Ledger reaches zero;
- (b) next, to reduce the balance of the Amortisation Ledger until the balance of the Amortisation Ledger reaches zero;
- (c) next, to reduce the balance of the Yield Enhancement Ledger until the balance of the Yield Enhancement Ledger reaches zero;
- (d) next, to reduce the Aggregate Stated Amount of the Class G Notes until the Aggregate Stated Amount of the Class G Notes reaches zero (such reduction to be applied amongst such Class G Notes pari passu and rateably);
- (e) next, to reduce the Aggregate Stated Amount of the Class F Notes until the Aggregate Stated Amount of the Class F Notes reaches zero (such reduction to be applied amongst such Class F Notes pari passu and rateably);
- (f) next, to reduce the Aggregate Stated Amount of the Class E Notes until the Aggregate Stated Amount of the Class E Notes reaches zero (such reduction to be applied amongst such Class E Notes pari passu and rateably);
- (g) next, to reduce the Aggregate Stated Amount of the Class D Notes until the Aggregate Stated Amount of the Class D Notes reaches zero (such reduction to be applied amongst such Class D Notes pari passu and rateably);
- (h) next, to reduce the Aggregate Stated Amount of the Class C Notes until the Aggregate Stated Amount of the Class C Notes reaches zero (such reduction to be applied amongst such Class C Notes pari passu and rateably);
- (i) next, to reduce the Aggregate Stated Amount of the Class B Notes until the Aggregate Stated Amount of the Class B Notes reaches zero (such reduction to be applied amongst such Class B Notes pari passu and rateably);
- (j) next, to reduce the Aggregate Stated Amount of the Class A2 Notes until the Aggregate Stated Amount of the Class A2 Notes reaches zero (such reduction to be applied amongst such Class A2 Notes pari passu and rateably); and
- (k) next, pari passu and rateably:
  - (i) to reduce the Aggregate Stated Amount of the Class A1-a Notes until the Aggregate Stated Amount of the Class A1-a Notes reaches zero (such reduction to be applied amongst such Class A1-a Notes pari passu and rateably); and
  - (ii) to reduce the Aggregate Stated Amount of the Class A1-s Notes until the Aggregate Stated Amount of the Class A1-s Notes reaches zero (such reduction to be applied amongst such Class A1-s Notes pari passu and rateably).

## **12.18 Re-instatement of Carryover Charge-Offs and Principal Draws**

To the extent that on any Payment Date amounts are available for allocation as described under Sections 12.16(n) and 12.16(o)(ii) (“Application of Total Available Income (prior to an Event of Default)”), then an amount equal to these amounts shall be applied on that Payment Date to reinstate respectively:

- (a) first, pari passu and rateably:
  - (i) the Aggregate Stated Amount of the Class A1-s Notes until it reaches the Aggregate Invested Amount of the Class A1-s Notes (such reinstatement to be applied amongst such Class A1-s Notes pari passu and rateably); and
  - (ii) the Aggregate Stated Amount of the Class A1-a Notes until it reaches the Aggregate Invested Amount of the Class A1-a Notes (such reinstatement to be applied amongst such Class A1-a Notes pari passu and rateably);
- (b) next, the Aggregate Stated Amount of the Class A2 Notes until it reaches the Aggregate Invested Amount of the Class A2 Notes (such reinstatement to be applied amongst such Class A2 Notes pari passu and rateably);
- (c) next, the Aggregate Stated Amount of the Class B Notes until it reaches the Aggregate Invested Amount of the Class B Notes (such reinstatement to be applied amongst such Class B Notes pari passu and rateably);
- (d) next, the Aggregate Stated Amount of the Class C Notes until it reaches the Aggregate Invested Amount of the Class C Notes (such reinstatement to be applied amongst such Class C Notes pari passu and rateably);
- (e) next, the Aggregate Stated Amount of the Class D Notes until it reaches the Aggregate Invested Amount of the Class D Notes (such reinstatement to be applied amongst such Class D Notes pari passu and rateably);
- (f) next, the Aggregate Stated Amount of the Class E Notes until it reaches the Aggregate Invested Amount of the Class E Notes (such reinstatement to be applied amongst such Class E Notes pari passu and rateably);
- (g) next, the Aggregate Stated Amount of the Class F Notes until it reaches the Aggregate Invested Amount of the Class F Notes (such reinstatement to be applied amongst such Class F Notes pari passu and rateably); and
- (h) next, the Aggregate Stated Amount of the Class G Notes until it reaches the Aggregate Invested Amount of the Class G Notes (such reinstatement to be applied amongst such Class G Notes pari passu and rateably).

## **12.19 Application of proceeds following an Event of Default**

Following the occurrence of an Event of Default and enforcement of the General Security Agreement, 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 Encumbrance (of which the Security Trustee is aware) to the extent of the claim under that Encumbrance;
- (b) next, to itself for its fees, costs and any liabilities, losses, costs, claims, expenses, actions, indemnity payments, damages, demands, charges, stamp duties and other taxes and other amounts owing to the Security Trustee (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 any other outgoings and liabilities that the Security Trustee has incurred under or in respect of a Transaction Document;

- (c) next, to pay all fees and any liabilities, losses, costs, claims, expenses, actions, indemnity payments, damages, demands, charges, stamp duties and other taxes owing to the Trustee and any other outgoings and liabilities that the Trustee has incurred under or in respect of a Transaction Document;
- (d) next, to any Receiver appointed to the Collateral for its costs and remuneration in connection with exercising, enforcing or preserving rights (or considering doing so) in connection with the Transaction Documents;
- (e) next, all Secured Moneys owing to the Liquidity Facility Provider;
- (f) next, pari passu and rateably to pay:
  - (i) the Calculation Agent for its fees and all other Secured Moneys owing to it;
  - (ii) the Backup Servicer for its fees and all other Secured Moneys owing to it; and
  - (iii) the Custodian for its fees and all other Secured Moneys owing to it;
- (g) next, pari passu and rateably to pay:
  - (i) the Servicer for its fees and all other Secured Moneys owing to it; and
  - (ii) the Trust Manager for its fees and all other Secured Moneys owing to it;
- (h) next, pari passu and rateably, to pay:
  - (i) pari passu and rateably:
    - (A) pari passu and rateably, all Secured Moneys owing to the Class A1-s Noteholders; and
    - (B) pari passu and rateably, all Secured Moneys owing to the Class A1-a Noteholders;
  - (ii) pari passu and rateably all Secured Moneys owing to each Derivative Counterparty (excluding any break costs in respect of the termination of the relevant Derivative Contract to the extent that the Derivative Counterparty is the Defaulting Party or sole Affected Party);
- (i) next, to pay pari passu and rateably, all Secured Moneys owing to the Class A2 Noteholders;
- (j) next, to pay pari passu and rateably all Secured Moneys owing to the Class B Noteholders;
- (k) next, to pay pari passu and rateably all Secured Moneys owing to the Class C Noteholders;
- (l) next, to pay pari passu and rateably all Secured Moneys owing to the Class D Noteholders;
- (m) next, to pay pari passu and rateably all Secured Moneys owing to the Class E Noteholders;

- (n) next, to pay pari passu and rateably all Secured Moneys owing to the Class F Noteholders;
- (o) next, to pay all Secured Moneys owing to the Class G Noteholders, in accordance with the Class G Note Supplemental Deed;
- (p) next, to pay pari passu and rateably all Secured Money owing to each Derivative Counterparty under a Derivative Contract to the extent not paid under the preceding paragraphs;
- (q) next, to pay pari passu and rateably all Secured Moneys owing to the Class L Noteholders;
- (r) next, to pay pari passu and rateably, all Secured Money owing to the Secured Creditors to the extent not paid under the preceding paragraphs; and
- (s) next, to pay any surplus to the Trustee to be distributed in accordance with the terms of the Master Trust Deed.

## **12.20 Cash Collateral**

The proceeds of any Cash Collateral will not be treated as Collateral available for distribution by the Security Trustee in accordance with Section 12.19 (“Application of proceeds following an Event of Default”).

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

- (a) in the case of Cash Collateral 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 under such Derivative Contract; and
- (b) in the case of Cash Collateral under the Liquidity Facility Agreement, be returned to the Liquidity Facility Provider.

For the avoidance of doubt, Cash Collateral does not form part of Total Available Principal (except, in the case of a Derivative Contract 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).

## **12.21 Amortisation Ledger**

The Trust Manager will keep a ledger account (the “**Amortisation Ledger**”), which will record on each Payment Date:

- (a) as credits, all sums paid under Section 12.16(r)(i) (“Application of Total Available Income (prior to an Event of Default)”) on that Payment Date; and
- (b) as debits, the amount of any Charge-Offs and Principal Draws allocated to reduce the Amortisation Ledger in accordance with Section 12.17(b) (“Allocation of Charge-Offs and Principal Draws”) on that Payment Date.

## 12.22 Retention Amount Ledger

The Trust Manager will keep a ledger account (the “**Retention Amount Ledger**”), which will record on each Payment Date:

- (a) as credits, all sums paid under Section 12.16(n) (“Application of Total Available Income (prior to an Event of Default)”) which are not otherwise applied under Section 12.18 (“Reinstatement of Carryover Charge-Offs and Principal Draws”) on that Payment Date;
- (b) as credits, all sums paid under Section 12.16(q) (“Application of Total Available Income (prior to an Event of Default)”) on that Payment Date; and
- (c) as debits, the amount of any Charge-Offs and Principal Draws allocated to reduce the Retention Amount Ledger in accordance with Section 12.17(a) (“Allocation of Charge-Offs and Principal Draws”) on that Payment Date.

## 12.23 Extraordinary Expense Reserve Account

- (a) On or prior to the Closing Date:
  - (i) the Trust Manager must establish and maintain a ledger of the Collection Account (“**the Extraordinary Expense Reserve Account**”) by recording:
    - (A) all deposits to the Extraordinary Expense Reserve Account made in accordance with this document as a credit to the ledger; and
    - (B) all withdrawals from the Extraordinary Expense Reserve Account made in accordance with this document as a debit to the ledger; and
  - (ii) the Extraordinary Expense Reserve Loan Provider must deposit an amount equal to the Extraordinary Expense Reserve Target Balance into the Extraordinary Expense Reserve Account.
- (b) Amounts will only be released from the Extraordinary Expense Reserve Account by the Trustee or the Trust Manager (on behalf of the Trustee):
  - (i) on a Payment Date for the purpose of making an Extraordinary Expense Reserve Draw in accordance with Section 12.10 (“Extraordinary Expense Reserve Draw”);
  - (ii) once the Notes have been repaid in full or all amounts available for that purpose in accordance with the Transaction Documents have been exhausted:
    - (A) first, to the Extraordinary Expense Reserve Loan Provider (to the extent that they have not already been paid under Section 12.16(z) (“Application of Total Available Income (prior to an Event of Default)”)); and
    - (B) second, any remaining proceeds to the Participation Unitholder.
- (c) The Extraordinary Expense Reserve Balance will not be treated as Collateral available for distribution by the Security Trustee in accordance with Section 12.19 (“Application of proceeds following an Event of Default”).

- (d) A reference to a deposit to or withdrawal from the Extraordinary Expense Reserve Account shall be interpreted to mean a deposit to or withdrawal from (as applicable) the Collection Account.

#### **12.24 Yield Enhancement Reserve**

- (a) On or prior to the Closing Date the Trust Manager must establish and maintain a ledger of the Collection Account (the “**Yield Enhancement Reserve**”) by recording:
  - (i) all deposits to the Yield Enhancement Reserve made in accordance with this document as a credit to the ledger; and
  - (ii) all withdrawals from the Yield Enhancement Reserve made in accordance with this document as a debit to the ledger.
- (b) Amounts will only be released from the Yield Enhancement Reserve by the Trustee or the Trust Manager (on behalf of the Trustee):
  - (i) on a Payment Date for the purpose of making a Yield Enhancement Reserve Draw in accordance with Section 12.14 (“Yield Enhancement Reserve Draw”); or
  - (ii) once the Class A Notes and the Class B Notes have been repaid in full, for application in accordance with Section 12.8 (“Distribution of Yield Enhancement Reserve”).
- (c) Reference to a deposit to or withdrawal from the Yield Enhancement Reserve shall be interpreted to mean a deposit to or withdrawal from (as applicable) the Collection Account.

#### **12.25 Yield Enhancement Ledger**

The Trust Manager will keep a ledger account (the “**Yield Enhancement Ledger**”), which will record on each Payment Date:

- (a) as credits, all sums paid from the Yield Enhancement Reserve under Section 12.8 (“Distribution of Yield Enhancement Reserve”); and
- (b) as debits, the amount of any Charge-Offs and Principal Draws allocated to reduce the Yield Enhancement Ledger in accordance with Section 12.17(c) (“Allocation of Charge-Offs and Principal Draws”).

#### **12.26 Accrued Interest Adjustment**

In respect of the first Collection Period only, the Trust Manager may, on any day during the period from (and including) the start of that Collection Period to (and including) the Determination Date immediately following the end of that Collection Period, direct the Trustee to apply (and the Trustee must apply on that direction) any Finance Charge Collections received during that Collection Period towards payment of any Accrued Interest Adjustment (to the extent not already paid) payable to the relevant Disposing Trustee in respect of the transfer of the Mortgage Loans and Related Securities to the Trust. The Trust Manager will only give such a direction to the Trustee to the extent the proceeds of the issue of the Class L Notes are insufficient to pay the Accrued Interest Adjustment in full.

#### **12.27 Loss Reserve Account**

- (a) The Trustee must, if requested by the Loss Reserve Loan Provider, establish the Loss Reserve Account with an Eligible Bank.

- (b) From time to time, the Loss Reserve Loan Provider may (in its absolute discretion) deposit amounts to the Loss Reserve Account. Any such deposit shall constitute a loan from the Loss Reserve Loan Provider to the Trustee (“**Loss Reserve Loan**”).
- (c) The Loss Reserve Loan Provider acknowledges that no interest is payable on the Loss Reserve Loan.
- (d) The Trustee is only obliged to repay the Loss Reserve Loan to the extent that the Trustee has funds available for that purpose as contemplated by paragraph (g)(v) below.
- (e) If, on any Determination Date, there is a Loss Shortfall, then the Trust Manager must direct the Trustee to make a drawing from the Loss Reserve Account (a “**Loss Reserve Draw**”) on the immediately following Payment Date equal to the lesser of:
  - (i) the Loss Shortfall; and
  - (ii) the credit balance of the Loss Reserve Account on that Determination Date.
- (f) If the Trustee becomes aware that the Bank with which the Loss Reserve Account is maintained is no longer an Eligible Bank, the Trustee must immediately establish a new Loss Reserve Account with an Eligible Bank and transfer the funds standing to the credit of the old Loss Reserve Account to the new Loss Reserve Account within 60 days but no earlier than 31 days.
- (g) Amounts will only be released from the Loss Reserve Account by the Trustee or the Trust Manager (on behalf of the Trustee):
  - (i) on a Payment Date, for the purposes of making a Loss Reserve Draw;
  - (ii) on a Payment Date to apply any interest income (or amounts in the nature of interest income) received by the Trustee in respect of the Loss Reserve Account as Available Income;
  - (iii) on any Business Day, for the purposes of repayment of the Loss Reserve Loan (in full or in part) to the Loss Reserve Loan Provider, provided that Rating Notification has been given in respect of such repayment;
  - (iv) to transfer the balance to a new Loss Reserve Account in accordance with paragraph (f) above; and
  - (v) once the Notes have been repaid in full or all amounts available for that purpose in accordance with the Transaction Documents have been exhausted:
    - (A) first, to the Loss Reserve Loan Provider towards repayment of the Loss Reserve Loan; and
    - (B) second, any remaining proceeds to the Participation Unitholder.
- (h) The balance of the Loss Reserve Account will not be treated as Collateral available for distribution by the Security Trustee in accordance with Section 12.19 (“Application of proceeds following an Event of Default”).

## 12.28 Reallocation or Sale

If, in respect of a Mortgage Loan, the relevant Obligor requests:

- (a) that a Further Advance be provided in respect of that Mortgage Loan and the Servicer notifies the Trust Manager that it proposes to consent to the making of such Further Advance;
- (b) that the variable interest rate on that Mortgage Loan be converted to a fixed rate of interest and:
  - (i) the Servicer notifies the Trust Manager that it proposes to consent to such conversion; and
  - (ii) such conversion would result in the aggregate Outstanding Balance of all Mortgage Loans with a fixed rate of interest to exceed 2.00% of the aggregate Outstanding Balance of all Mortgage Loans immediately after the conversion; or
- (c) that the Mortgage Loan be varied in any other way (including by the inclusion of any additional product feature with respect to the Mortgage Loan) where such variation would result in the Mortgage Loan ceasing to satisfy the Eligibility Criteria (were such Eligibility Criteria to be retested at that time) and the Servicer notifies the Trust Manager that it proposes to consent to such variation,

then the Trust Manager must (subject to the satisfaction of certain conditions) direct the Trustee to deliver a Reallocation Notice or Offer to Sell Back (as applicable) in respect of that Mortgage Loan in accordance with the Master Trust Deed or the Sale Deed (as applicable) and the Servicer must not consent to the relevant request prior to that Mortgage Loan ceasing to be a Trust Asset. See risk factor described in Section 3 (“Risk Factors”) under “-The features of the Mortgage Loans may change, which could affect the timing and amount of payments to you”.

PML may offer Obligor the option to be able to convert their variable interest rate Mortgage Loans to fixed rate Mortgage Loans. If any Obligor requests for its Mortgage Loan to be converted and the Servicer consents to the conversion, such Mortgage Loan will be Reallocated from or sold out of the Trust and will cease to be a Trust Asset to the extent the conversion of that Mortgage Loan would result in the aggregate Outstanding Balance of all Mortgage Loans with a fixed rate of interest to exceed 2.00% of the aggregate Outstanding Balance of all Mortgage Loans immediately after the conversion.

## **12.29 Interest on the Notes**

### ***Period of Accrual***

Each Note (other than a Class L Note) accrues interest from (and including) the Issue Date of that Note and ceases to accrue interest on (but excluding) the earliest of:

- (a) the date on which the Aggregate Invested Amount of that Note is reduced to zero; or
- (b) in the case of the Class G Notes only, the second Payment Date following a Call Option Date.

If an Amortisation Event of the type specified in paragraph (a) of the definition of that term has occurred, interest will cease to accrue or be due and payable on the Class G Notes.

The Class L Notes do not bear interest and are not entitled to any payments of interest.

### ***Interest Periods***

The period that a Note accrues interest is divided into periods (each an “**Interest Period**”).

The first Interest Period for a Note commences on (and includes) the Issue Date of that Note and ends on (but does not include) the first Payment Date thereafter. Each succeeding Interest Period for a Note commences on (and includes) a Payment Date and ends on (but does not include) the next Payment Date.

### ***Interest Rate for the Notes***

The rate of interest (“**Interest Rate**”) payable:

- (a) in respect of a Note (other than a Class L Note and a Class G Note) and an Interest Period for that Note, is the aggregate of:
  - (i) the BBSW Rate at that time as determined on the Interest Determination Date for that Interest Period; plus
  - (ii) the Note Margin in relation to the relevant Class of Notes; and
- (b) in respect of a Class G Note and for each Interest Period commencing on the initial Interest Period and ending on the Interest Period ending on the second Payment Date following a Call Option Date, is the aggregate of:
  - (i) the BBSW Rate at that time as determined on the Interest Determination Date for that Interest Period; plus
  - (ii) the Note Margin in relation to the Class G Notes.

The Interest Rate for a Class G Note for each other Interest Period is zero percent.

If a calculation of an Interest Rate in respect of a Class of Notes and an Interest Period produces a rate of less than zero percent, the Interest Rate in respect of that Class of Notes for that Interest Period will be zero percent.

There is no maximum Interest Rate for the Notes.

“**Note Margin**” in relation to:

- (a) a Class A1-s Note means 0.90% per annum;
- (a) a Class A1-a Note means:
  - (i) prior to the first Call Option Date, 1.35% per annum; and
  - (ii) on and from the first Call Option Date, the aggregate of:
    - (A) 1.35% per annum; and
    - (B) the Step-up Margin;
- (b) a Class A2 Note means:
  - (i) prior to the first Call Option Date, 1.60% per annum; and
  - (ii) on and from the first Call Option Date, the aggregate of:
    - (A) 1.60% per annum; and
    - (B) the Step-up Margin;

- (c) a Class B Note, means 2.15% per annum;
- (d) a Class C Note, means 2.60% per annum;
- (e) a Class D Note, means 3.10% per annum;
- (f) a Class E Note, means 5.70% per annum;
- (g) a Class F Note, means 6.90% per annum;
- (h) a Class G1 Note, the percentage rate per annum notified in writing as such by the Trust Manager to the Trustee on or before the Closing Date; and
- (i) a Class G2 Note, the percentage rate per annum notified in writing as such by the Trust Manager to the Trustee on or before the Closing Date.

**“Step-up Margin”** means 0.25% per annum.

### ***Temporary Disruption Fallback***

Subject to subheading “Permanent Discontinuation Fallback” in Section 12.29 (“Interest on the Notes”), if a Temporary Disruption Trigger occurs in respect of an Applicable Benchmark Rate, the rate for any day for which that Temporary Disruption Trigger is continuing and that Applicable Benchmark Rate is required will be the rate determined in accordance with the Temporary Disruption Fallback for that Applicable Benchmark Rate.

### ***Permanent Discontinuation Fallback***

If a Permanent Discontinuation Trigger occurs in respect of an Applicable Benchmark Rate, the rate for any Interest Determination Date which occurs on or following the applicable Permanent Fallback Effective Date will be the Fallback Rate determined in accordance with the Permanent Discontinuation Fallback for that Applicable Benchmark Rate.

The Calculation Agent must notify each Designated Rating Agency upon becoming aware of the occurrence of a Permanent Discontinuation Trigger and upon the commencement of the application of the applicable Fallback Rate following that Permanent Discontinuation Trigger.

## **12.30 Calculation of Interest on the Notes**

### ***Calculation***

Interest on each Note (excluding the Class L Notes) for an Interest Period in respect of that Note (the “**Interest**” for the Notes) is calculated by applying the Interest Rate for that Note for that Interest Period on the first day of the Interest Period to the Invested Amount of that Note (after taking into account any reductions in the Invested Amount of that Note on that day and provided that no interest accrues in respect of a Note on any day on which the Stated Amount of that Note is zero), and then multiplying such product by the actual number of days in the Interest Period divided by 365 and rounding the resultant figure to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent being rounded up to 0.00001 per cent).

If any Interest is not paid on the date when it is due and payable, then such unpaid Interest will accrue interest in accordance with the Conditions, until paid in full.

**“Interest”** means, in respect of a Class of Notes and an Interest Period, the aggregate amount of interest accrued on that Class of Notes in respect of that Interest Period.

### ***Determination of Interest Rate and Interest***

The Calculation Agent will determine the Interest Rate in relation to the Notes for each Interest Period and will calculate the Interest for each Class of Notes for each such Interest Period.

All determinations, decisions, calculations, settings and elections required by Section 12.29 (“Interest on the Notes”) and Section 12.30 (“Calculation of interest on the Notes”) and any related definitions are to be made by the Calculation Agent. Any such determination, decision, calculation, setting or election, including (without limitation) any determination with respect to the level of a benchmark, rate or spread, the adjustment of a benchmark, rate or spread or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error, may be made in the Calculation Agent’s sole discretion and, notwithstanding anything to the contrary in the Transaction Documents, will become effective as made without any requirement for the consent or approval of Noteholders or any other person.

### ***Notification and Publication of Interest Rate and Interest***

The Calculation Agent will notify the Trustee and the Trust Manager of the Interest in respect of each Class of Notes and an Interest Period as soon as practicable after determining that amount for that Interest Period. 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, and must notify the Trustee, the Trust Manager and the Noteholders of the Notes.

If following the occurrence of an Event of Default, the Security Trustee declares in accordance with the Master Security Trust Deed that the Notes are immediately due and payable, the Interest Rate in respect of the Notes will nevertheless continue to be calculated by the Calculation Agent in accordance with these provisions.

### **12.31 Withholding or Tax Deductions**

All payments in respect of the Notes will be made without withholding or tax deduction for, or on account of, any present or future taxes, duties or charges of whatever nature unless such withholding or deduction is made under or in connection with, or in order to ensure compliance with, FATCA, or the Trustee is required by applicable law to make any such payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In the event that the Trustee must make such payment after such withholding or deduction has been made, it shall account to the relevant authorities for the amount so required to be withheld or deducted. The Trustee will not be obligated to make any additional payments to holders of the Notes with respect to such withholding or deduction.

See Section 17.1 (“Interest Withholding Tax”) for further details.

### **12.32 Call Option**

- (a) The Trust Manager may (at its option, but subject to paragraph (b) below) 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 on the redemption date an amount equal to the aggregate of:
  - (i) in the case of the Notes other than the Class L Notes, the Aggregate Invested Amount of such Notes on that day; and

- (ii) in the case of all Notes (excluding the Class L Notes), all accrued and unpaid interest in respect of such Notes on (but excluding) that day.
- (b) The Trust Manager may only direct the Trustee to redeem the Notes under paragraph (a) if:
  - (i) at least 10 days before the proposed redemption date, the Trust Manager notifies the proposed redemption to the Noteholders and any stock exchange on which the Notes are listed; and
  - (ii) the proposed redemption date is a Call Option Date.
- (c) If the Trust Manager gives a notice of the proposed redemption to the Noteholders in accordance with paragraph (a), then the Trust Manager must exercise its option under paragraph (a) above to direct the Trustee to redeem all (but not some) of the Notes on the relevant Call Option Date.

Notwithstanding the foregoing, the Trustee may redeem the Notes of a Class of Notes at their Stated Amount, instead of at their Invested Amount, together with all accrued and unpaid interest on (but excluding) the date of redemption, if so approved by an Extraordinary Resolution of the Noteholders of that Class of Notes.

### **12.33 Final Redemption of the Notes**

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

### **12.34 Redemption of the Notes for Taxation or Other Reasons**

- (a) If the Trustee is required to deduct or withhold an amount in respect of any present or future taxes, duties or charges of whatsoever nature from a payment in respect of a Note, the Trust 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 on the redemption date the Redemption Amount.
- (b) The Trustee, at the direction of the Trust Manager, must notify the proposed redemption to the Noteholders and any stock exchange on which the Class A Notes are listed at least 15 days before the proposed redemption date.
- (c) For any redemption under paragraphs (a) and (b) above, the proposed redemption date must be a Payment Date.

Notwithstanding the foregoing, the Trustee may redeem the Notes of a Class of Notes at their Stated Amount, instead of at their Invested Amount, together with all accrued and unpaid interest on (but excluding) the date of redemption, if so approved by an Extraordinary Resolution of the Noteholders of that Class of Notes.

### **12.35 Prescription**

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.

### 12.36 Threshold Rate

- (a) On each Determination Date, the Trust Manager must calculate the Threshold Rate in respect of the immediately following Payment Date and must notify the Trustee and the Servicer of that rate.
- (b) Subject to the provision of any Threshold Rate Subsidy (described below), the Trust Manager must direct the Servicer to set the interest rates on the Mortgage Loans such that, having regard to the weighted average interest rate of the Mortgage Loans, on the WAI in respect of the Payment Date (“**Relevant Payment Date**”) following the Payment Date in respect of which the calculation in paragraph (a) above is made (being the “**Threshold Rate**”) must not be less than the Threshold Rate for that Payment Date.
- (c) The Trust Manager need not comply with the obligation in paragraph (b) in respect of a Relevant Payment Date if an aggregate amount equal to the Threshold Rate Subsidy has been:
  - (i) deposited by the Trust Manager into the Collection Account by 2.00pm on that Relevant Payment Date; and/or
  - (ii) allocated from Total Available Income on that Relevant Payment Date in accordance with Section 12.16(y) (“Application of Total Available Income (prior to an Event of Default)”),

for application towards Available Income for the then current Collection Period in accordance with Section 12.9 (“Determination of Available Income”).

### 12.37 Servicer Advances

- (a) On a request by an Obligor for a Redraw, the Servicer may (but is not obliged to) apply its own funds towards funding that Redraw on behalf of the Trustee (a “**Servicer Advance**”).
- (b) Each Servicer Advance shall constitute a non-interest bearing loan from the Servicer to the Trustee.
- (c) On each Payment Date, the Trustee will repay so much of each Servicer Advance (which remains outstanding as at the immediately preceding Determination Date) as there are funds available for this purpose in accordance with Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”).
- (d) The Trustee may (if directed to do so by the Trust Manager) repay any Servicer Advance (in full or in part) on any day as a Collection Period Distribution in accordance with Section 12.2 (“Distributions made during a Collection Period”). The Trust Manager is not obliged to give any such direction under this paragraph.

### **13. DESCRIPTION OF THE TRANSACTION DOCUMENTS**

The following summary describes the material terms of the Transaction Documents. The summary does not purport to be complete and is subject to the provisions of the Transaction Documents. All of the Transaction Documents are governed by the laws of New South Wales, Australia.

#### **13.1 General Features of the Trust**

##### ***Constitution of the Trust***

The terms of the Trust are primarily governed by the Master Trust Deed, the Master Security Trust Deed and the Series Notice for the Trust. An unlimited amount 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 Trust is a special purpose, common law trust which was established under the laws of New South Wales on 18 January 2024 for the purposes of acquiring Trust Assets, issuing Notes and entering into and performing its obligations under the Transaction Documents, by the execution of the Notice of Creation of Trust.

The Trust may only act through the Trustee as trustee of the Trust. Accordingly, references to actions or obligations of the Trustee refer to such actions or obligations of the Trust.

The Trust will terminate on the earlier of:

- (a) the day before the eightieth anniversary of the date it begins;
- (b) the date of termination of the Trust under the Master Trust Deed or the Series Notice; and
- (c) the date which the Trust Manager notifies the Trustee that it is satisfied that the Secured Money of the Trust has been unconditionally and irrevocably repaid in full.

##### ***Capital***

The beneficial interest in the Trust is represented by:

- (a) ten Residual Units; and
- (b) one Participation Unit.

Pepper is the current holder of the Residual Units and the Participation Unit.

##### ***Entitlement of holders of the Residual Units and holders of the Participation Unit***

The beneficial interest in the Trust Assets of the Trust is vested in the Residual Unitholders and the Participation Unitholder of the Trust in accordance with the terms of the Master Trust Deed and the Series Notice for the Trust.

##### ***Entitlement to payments***

The Residual Unitholders and the Participation Unitholder have the right to receive distributions only to the extent that funds are available for distribution to them in accordance with the Series Notice.

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 Series Notice and the Master Trust Deed.

### ***Transfer***

The Residual Units and the Participation Unit may be transferred in accordance with the Master Trust Deed. The Residual Units and the Participation Unit may only be transferred if the Trustee agrees.

### ***Ranking***

The rights of the Secured Creditors of the Trust under the Transaction Documents rank in priority to the interests of the Residual Unitholders and the Participation Unitholder.

### ***Restricted rights***

The Residual Unitholders and the Participation Unitholder are not entitled to:

- (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; or
- (b) require the Trustee or any other person to transfer a Trust Asset to it; or
- (c) interfere with any powers of the Trust Manager or the Trustee under the Transaction Documents; or
- (d) take any step to remove the Trust Manager or the Trustee; or
- (e) take any step to end the Trust; or
- (f) interfere in any way with any other trust; or
- (g) have recourse against the Trustee in its personal capacity except in accordance with the Master Trust Deed.

## **13.2 Master Trust Deed**

### ***Powers of the Trustee***

The Trustee is appointed as trustee of the Trust in accordance with the terms of the Master Trust Deed. The Trustee will issue the Notes in its capacity as trustee of the Trust.

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

Subject to its obligation to carry on the Trust Business, the Trustee may exercise its rights and comply with its obligations in connection with the Trust Business in any manner it thinks fit.

### ***Duties of the Trustee***

Pursuant to the Transaction Documents the Trustee undertakes to (among other things):

- (a) comply with its obligations under the Transaction Documents to which it is a party;
- (b) to carry on the Trust Business in accordance with the Transaction Documents and the directions of the Trust Manager;

- (c) not to do anything to create any Encumbrances over the Collateral (other than as contemplated by the Transaction Documents);
- (d) if it becomes aware that an Event of Default or Potential Event of Default in respect of the Trust has occurred, to notify the Trust Manager and Security Trustee giving full details of the event and any steps taken or proposed to remedy it unless the Trust Manager has already notified the Security Trustee;
- (e) without the Security Trustee's consent, not to do anything which is not part of the Trust Business;
- (f) comply with all laws and requirements of authorities affecting it or the Trust Business and to comply with its other obligations in connection with its rights and obligations under the Transaction Documents;
- (g) take (at the direction of the Trust Manager) the 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 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 or contributed to by that non-compliance;
- (h) not to 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;
- (i) without the Security Trustee's consent, not to amend any Transaction Document of the Trust; and
- (j) not assign or otherwise deal with its rights under any Transaction Document or allow any interest in them to arise or be varied, in each case, without the Security Trustee's consent.

***Trustee to act in interests of Noteholders***

The Trustee has agreed in the Series Notice to act in the interests of the Noteholders of the Trust on the terms and conditions of the Transaction Documents.

If there is a conflict between the interests of the Unitholders (on the one hand) and the Noteholders (on the other), subject to the other Transaction Documents, the Trustee is empowered to, and must, act in the interests of the Noteholders.

Nothing in the two preceding paragraphs creates a fiduciary relationship between the Trustee and the Noteholders.

***Delegation by the Trustee***

- (a) Subject to paragraphs (b) and (c), the Trustee may employ agents and attorneys and may delegate any of its rights or obligations as trustee without notifying any person of the delegation.
- (b) The Trustee is not responsible or liable to any Unitholder or Secured Creditor for any act or omission of any delegate appointed by the Trustee if:

- (i) the delegate is a recognised clearing system; or
  - (ii) 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; or
  - (iii) the Trustee appoints the delegate in good faith and using reasonable care and the delegate is not:
    - (A) a Related Entity of the Trustee;
    - (B) an officer or employee of the Trustee or a Related Entity of the Trustee; or
    - (C) the Trust Manager consents to the delegation in accordance with paragraph (c).
- (c) The Trustee agrees that it will not:
- (i) delegate a material part of its rights or obligations under the Master Trust Deed; or
  - (ii) appoint any Related Entity of it as its delegate,
- unless it has received the prior written consent of the Trust Manager.

### ***Trustee fees and expenses***

In consideration for performing its functions under the Transaction Documents, the Trustee is entitled to a fee (as agreed between the Trust Manager and the Trustee from time to time).

All expenses incurred by the Trustee in connection with the Trust in accordance with the Transaction Documents or in exercising their powers under the Transaction Documents are payable or reimbursable out of the Trust Assets.

### ***Trustee's voluntary retirement***

The Trustee may retire as trustee of the Trust by giving the Trust Manager at least 90 days' notice of its intention to do so. The retirement of the Trustee as Trustee of the Trust 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 Deed and each other Transaction Documents of the Trust to which the Trustee is a party as trustee; and
- (c) the successor trustee and each other party to the Transaction Documents of the Trust to which the Trustee is a party as trustee have the same rights and obligations among themselves as they would have had if the successor trustee had been party to them at the dates of those documents.

### ***Mandatory retirement***

The Trustee must retire as trustee of the Trust if:

- (a) the Trustee becomes Insolvent;

- (b) required by law;
- (c) if the Trustee is an entity other than Pepper Finance Corporation Limited (ABN 51 094 317 647), 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 and Rating Notification is provided in respect of that merger or consolidation.

In addition, the Trustee must retire as trustee of the Trust if the Trustee does not comply with a material obligation under the Transaction Documents and, if the non-compliance can be remedied, the Trustee does not remedy the non-compliance within 30 days after becoming aware of it.

### ***Costs of retirement***

If the Trustee retires or is otherwise removed everything it is required to do under the relevant provisions of the Master Trust Deed is a Trust Expense (other than, in limited circumstances only, the costs of the Trustee's legal advisers which is a personal expense of the Trustee).

### ***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.

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 misconduct.

### ***Legal Costs***

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 misconduct 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 misconduct in relation to the Trust or the Trustee admits it.

### ***Limitation of the Trustee's Liability***

The limitation of the Trustee's liability applies despite any other provisions of the Transaction Documents extends to all Obligations (as defined below) of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents.

- (a) The Trustee enters into the Transaction Documents as trustee of the Trust and in no other capacity.

- (b) The parties other than the Trustee acknowledge that the Trustee incurs the Obligations solely in its capacity as trustee of the Trust and that the Trustee will cease to have any obligation under the Transaction Documents if the Trustee ceases for any reason to be trustee of the Trust.
- (c) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, the Trustee will not be liable to pay or satisfy any Obligations except out of the Trust Assets against which it is actually indemnified in respect of any liability incurred by it as trustee of the Trust.
- (d) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, the parties other than the Trustee may enforce their rights against the Trustee arising from non-performance of the Obligations only to the extent of the Trustee's right of indemnity out of the Trust Assets.
- (e) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, if any party other than the Trustee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
  - (i) bringing proceedings against the Trustee in its personal capacity; or
  - (ii) applying to have the Trustee put into administration or wound up or applying to have a receiver or similar person appointed to the Trustee or proving in the administration or winding up of the Trustee.
- (f) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Trustee, the parties other than the Trustee waive their rights and release the Trustee from any personal liability whatsoever, in respect of any loss or damage:
  - (i) which they may suffer as a result of any:
    - (A) breach by the Trustee of any of its Obligations; or
    - (B) non-performance by the Trustee of the Obligations; and
  - (ii) which cannot be paid or satisfied out of the Trust Assets of which the Trustee is entitled to be indemnified in respect of any liability incurred by it as trustee of the Trust.
- (g) The parties other than the Trustee acknowledge that the whole of the Transaction Documents is subject to the limitation of liability provision and the Trustee shall in no circumstances be required to satisfy any liability of the Trustee arising under, or for non-performance or breach of any Obligations under or in respect of, the Transaction Documents or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than the Trust Assets under the Trustee's control and in its possession as and when they are available to the Trustee to be applied in exoneration for such liability PROVIDED THAT if the liability of the Trustee is not fully satisfied out of the Trust Assets as referred to in this limitation of liability provision, the Trustee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the Trust Assets have been reduced by reasons of fraud, negligence or wilful misconduct by the Trustee in the performance of the Trustee's duties as trustee of the Trust.
- (h) The parties agree that no act or omission of the Trustee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or wilful misconduct of the

Trustee for the purposes of this limitation of liability provision to the extent to which the act or omission was caused or contributed to by any failure of the Trust Manager or any other person to fulfil its obligations relating to the Trust or by any other act or omission of the Trust Manager or any other person.

- (i) No attorney, agent or other person appointed in accordance with the Transaction Documents has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability (except in accordance with the provisions of clause 17 (“Delegation and reliance on advice”) of the Master Trust Deed), and no act or omission of such a person will be considered fraud, negligence or wilful misconduct of the Trustee for the purposes of this section.
- (j) Notwithstanding any provision of the Transaction Documents to the contrary, including, without limitation, any indemnity made by the Trustee in the Transaction Documents, the Trustee will not in any event be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable, even if the Trustee has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.
- (k) In this section the “**Obligations**” means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Trustee under or in respect of the Transaction Documents.

#### ***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 description in “Limitation of the Trustee’s Liability” above; 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 description in “Indemnity and limitation of liability” above.

#### ***Exoneration***

Neither the Trustee nor any of its directors, officers, employees, agents or attorneys will be taken to be fraudulent, negligent or in wilful misconduct for the purposes of the limited liability of the Trustee because:

- (a) any person other than the Trustee does not comply with its obligations under the Transaction Documents; or
- (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 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 Trustee and provided that this paragraph (e) does not limit any representation or warranty given by the Trustee in any Transaction Document as to the validity or enforceability of the Trustee's obligations under the Transaction Documents);

- (f) of acting, or not acting, in each case in accordance with instructions of:
  - (i) the Trust Manager; or
  - (ii) any other person permitted to give it instructions or directions under the Transaction Documents;
- (g) of acting, or not acting, in good faith in reliance on any advice, direction or order obtained and relied on from its legal, accounting, taxation or other professional advisers;
- (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 Trust 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 Trust Manager under any Transaction Document.

### ***No supervision***

Except as expressly set out in the Transaction Documents, the Trustee has no obligation to supervise, monitor or investigate the performance of the Trust Manager or any other person.

## **13.3 Master Security Trust Deed**

### ***Powers of the Security Trustee***

BTA Institutional Services Australia Limited is appointed to act as trustee for the Secured Creditors and hold the benefit of the General Security Agreement on trust for the Secured Creditors and otherwise act in accordance with the Master Security Trust Deed.

The Security Trustee has all the powers of a natural person or corporation in connection with the exercise of its rights and compliance with its obligations under the Transaction Documents.

The Master Security Trust Deed contains provisions that govern the performance by the Security Trustee of its duties and obligations and the protections afforded to the Security Trustee in doing so. In addition, it contains provisions which govern the steps that are to be taken by the Security Trustee upon the occurrence of an Event of Default. In general, if an Event of Default occurs, and the Security Trustee has not waived the Event of Default pursuant to the Master Security Trust Deed, the Security Trustee must notify the applicable Secured Creditors and seek instructions of the Ruling Secured Creditor, or (if there is no Ruling Secured Creditor) convene a meeting of the Secured Creditors of the Trust to obtain directions as to

what actions the Security Trustee should take in respect of the Collateral. Any meeting of Secured Creditors will be held in accordance with the terms of the Master Security Trust Deed.

The Security Trustee will be under no obligation to act unless it is adequately indemnified.

### ***Delegation by the Security Trustee***

- (a) Subject to paragraphs (b) and (c), the Security Trustee may employ agents and attorneys and may delegate any of its rights or obligations in its capacity as security trustee without notifying any person of the delegation.
- (b) The Security Trustee is not responsible or liable to any Secured Creditor for any act or omission of any delegate appointed by the Security Trustee if:
  - (i) the delegate is a clearing system;
  - (ii) the Security Trustee is obliged to appoint the delegate pursuant to an express provision of a Transaction Document or pursuant to an instruction given to the Security Trustee in accordance with a Transaction Document;
  - (iii) the Security Trustee appoints the delegate in good faith and using reasonable care and, the delegate is not:
    - (A) a Related Entity of the Security Trustee; or
    - (B) an officer or employee of the Security Trustee or a Related Entity of the Security Trustee; or
  - (iv) the Trust Manager consents to the delegation in accordance with paragraph (c).
- (c) The Security Trustee agrees that it will not in respect of the Trust:
  - (i) delegate a material part of its rights or obligations under the Master Security Trust Deed; or
  - (ii) appoint any Related Entity of it as its delegate,unless it has received the prior written consent of the Trust Manager.

### ***Security Trustee's undertakings***

The Security Trustee agrees to exercise its rights and comply with its obligations under the Transaction Documents reasonably, in each case having regard to:

- (a) the interests of the Secured Creditors as a whole; and
- (b) its fiduciary obligations as trustee of the Security Trust.

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

- (a) first, to the duties to the Ruling Secured Creditor (if any); and
- (b) thereafter, to the duties according to the order in which moneys are to be distributed to the relevant Secured Creditors or classes of Secured Creditor, under the Series Notice.

Provided that the Security Trustee acts in good faith, it shall not incur any liability to any Secured Creditor for doing so.

### ***Waivers and certain determinations***

The Security Trustee may:

- (a) waive any breach or other non-compliance (or any proposed breach or non-compliance) with obligations by the Trustee in connection with a Transaction Document or any Event of Default; or
- (b) determine that any Event of Default has been remedied,

if, in the reasonable opinion of the Security Trustee, the waiver or determination is not materially prejudicial to the interests of the Secured Creditors of the Trust as a whole.

Subject to the terms of the Transaction Documents, any other waiver or determination must be approved by the Ruling Secured Creditor or the Secured Creditors of the Trust in accordance with the Master Security Trust Deed.

### ***Security Trustee's voluntary retirement***

The Security Trustee may retire as trustee of the Security Trust by giving the Trustee at least 90 days' written notice of its intention to do so or such lesser time as the Trustee and Trust Manager agree.

### ***Mandatory retirement***

The Security Trustee must retire as trustee of the Security Trust if:

- (a) the Security Trustee becomes Insolvent;
- (b) required by law; or
- (c) the Security Trustee ceases to carry on business as a professional trustee.

In addition, the Security Trustee must retire as trustee of the Security Trust if the Security Trustee does not comply with a material obligation under the Transaction Documents and, if the non-compliance can be remedied or is otherwise waived by the Ruling Secured Creditor (if any) or, if there is no Ruling Secured Creditor, by Extraordinary Resolution of the Secured Creditors of the Trust:

- (d) the Security Trustee does not remedy the non-compliance within 30 days after becoming aware of it; or
- (e) the non-compliance is not waived by the Ruling Secured Creditor (if any) or, if there is no Ruling Secured Creditor, by Extraordinary Resolution of the Trust within 30 days of the breach,

as the case may be.

### ***Removal by Ruling Secured Creditor or Secured Creditors***

The Ruling Secured Creditor (if any) or, if there is no Ruling Secured Creditor, the Secured Creditors of the Trust may remove the Security Trustee as trustee of the Security Trust in respect of that Trust with the approval of the Ruling Secured Creditor (if any) or, if there is no Ruling Secured Creditor, by Extraordinary Resolution of the Secured Creditors of that Trust.

### ***Removal by Trustee***

The Trustee may remove the Security Trustee as trustee of the Security Trust by giving the Security Trustee 90 days' written notice. However, the Trustee may only give notice if at the time it gives the notice:

- (a) no Event of Default is continuing in respect of the Trust; and
- (b) each Designated Rating Agency has been notified of the proposed removal of the Security Trustee.

The Trustee or the Trust Manager may remove the Security Trustee by written notice with immediate effect if the Security Trustee fails to retire when required to in accordance with the Master Security Trust Deed.

### ***When retirement or removal takes effect***

The retirement or removal of the Security Trustee 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, the Master Security Trust Deed and each other Transaction Document to which the Security Trust relates and 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 Documents to which the Security Trust relates and to which the Security Trustee is a party as trustee of the Security Trust 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.

### ***Costs of retirement***

If the Security Trustee retires or is otherwise removed everything it is required to do under the relevant provisions of the Master Security Trust Deed is at the Trustee's expense (other than, in limited circumstances only, the costs of the Security Trustee's legal advisers which is a personal expense of the Security Trustee).

### ***Limitation of the Security Trustee's Liability***

This limitation of the Security Trustee's liability applies despite any other provisions of the Transaction Documents and extends to all Obligations (as defined below) of the Security Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents and to the extent of any inconsistency between the operation of this section and any other provision of the Transaction Documents, the terms of this section will prevail.

- (a) The Security Trustee enters into the Transaction Documents as trustee of the Security Trust and in no other capacity.
- (b) The parties other than the Security Trustee acknowledge that the Security Trustee incurs the Obligations solely in its capacity as trustee of the Security Trust and that the Security Trustee will cease to have any obligation under the Transaction Documents if the Security Trustee ceases for any reason to be trustee of the Security Trust.

- (c) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Security Trustee, the Security Trustee will not be liable to pay or satisfy any Obligations except out of the Security Trust Fund against which it is actually indemnified in respect of any liability incurred by it as trustee of the Security Trust.
- (d) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Security Trustee, the parties other than the Security Trustee may enforce their rights against the Security Trustee arising from non-performance of the Obligations only to the extent of the Security Trustee's right of indemnity out of the Security Trust Fund.
- (e) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Security Trustee, if any party other than the Security Trustee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
  - (i) bringing proceedings against the Security Trustee in its personal capacity; or
  - (ii) applying to have the Security Trustee put into administration or wound up or applying to have a receiver or similar person appointed to the Security Trustee or proving in the administration or winding up of the Security Trustee.
- (f) Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the Security Trustee, the parties other than the Security Trustee waive their rights and release the Security Trustee from any personal liability whatsoever, in respect of any loss or damage:
  - (i) which they may suffer as a result of any:
    - (A) breach by the Security Trustee of any of its Obligations; or
    - (B) non-performance by the Security Trustee of the Obligations; and
  - (ii) which cannot be paid or satisfied out of the Security Trust Fund of which the Security Trustee is entitled to be indemnified in respect of any liability incurred by it as trustee of the Security Trust.
- (g) The parties other than the Security Trustee acknowledge that the whole of the Transaction Documents is subject to this section and the Security Trustee shall in no circumstances be required to satisfy any liability of the Security Trustee arising under, or for non-performance or breach of any Obligations under or in respect of, the Transaction Documents or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than the Security Trust Fund under the Security Trustee's control and in its possession as and when they are available to the Security Trustee to be applied in exoneration for such liability PROVIDED THAT if the liability of the Security Trustee is not fully satisfied out of the Security Trust Fund as referred to in this section, the Security Trustee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the Security Trust Fund have been reduced by reasons of fraud, negligence or wilful misconduct by the Security Trustee in the performance of the Security Trustee's duties as trustee of the Security Trust.
- (h) The parties agree that no act or omission of the Security Trustee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or wilful misconduct of the Security Trustee for the purposes of this section to the extent to which the act or omission was caused or contributed to by any failure of the Trust Manager or any other

person to fulfil its obligations relating to the Security Trust or by any other act or omission of the Trust Manager or any other person.

- (i) No attorney, agent or other person appointed in accordance with the Transaction Documents has authority to act on behalf of the Security Trustee in a way which exposes the Security Trustee to any personal liability (except in accordance with the provisions of clause 7 (“Delegation and reliance on advice”) of the Master Security Trust Deed), and no act or omission of such a person will be considered fraud, negligence or wilful misconduct of the Security Trustee for the purposes of this section.
- (j) In no event shall the Security Trustee be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond the Security Trustee’s control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labour dispute, any laws, ordinances, regulations or the like which restrict or prohibit the providing of the services contemplated by the Transaction Documents, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond the Security Trustee’s control whether or not of the same class or kind as specifically named above.
- (k) Notwithstanding any provision of the Transaction Documents to the contrary, including, without limitation, any indemnity made by the Security Trustee in the Transaction Documents, the Security Trustee will not in any event be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable, even if the Security Trustee has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.
- (l) In this section the “Obligations” means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Security Trustee under or in respect of the Transaction Documents.

***Liability must be limited and must be indemnified***

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 the description in “Limitation of the Security Trustee’s Liability” above; 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 description in “Indemnity” in the immediately following paragraph below.

***Indemnity***

The Security Trustee is indemnified out of the Security Trust Fund 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. To the extent permitted by law, this indemnity applies despite any reduction in value of, or other loss in connection with, the Security Trust Fund as a result of any unrelated act or omission by the Security Trustee or any person acting on its behalf. This indemnity does not extend to any liabilities, losses or Costs to the extent that they are due to the Security Trustee’s fraud, negligence or wilful misconduct.

### ***No supervision***

Except as expressly set out in the Transaction Documents, the Security Trustee has no obligation to supervise, monitor or investigate the performance of the Trust Manager or any other person.

### **13.4 General Security Agreement**

The Noteholders have the benefit of a security interest over all the Trust Assets under the General Security Agreement and the Master Security Trust Deed. The Security Trustee holds this security interest on behalf of the Secured Creditors (including the Noteholders) pursuant to the Master Security Trust Deed and may enforce the General Security Agreement upon the occurrence of an Event of Default (as defined below).

#### ***Events of Default***

An “**Event of Default**” means the occurrence of any of the following events in respect of the Trust:

- (a) 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 3 Business Days of the due date;
- (b) the Trustee:
  - (i) does not comply with any other obligations relating to the Trust under any Transaction Document where such non-compliance will have a Material Adverse Payment Effect; and
  - (ii) if the Trust Manager determines that the non-compliance can be remedied, does not remedy the non-compliance within 20 Business Days;
- (c) the Trustee becomes Insolvent (unless the event which causes it to become Insolvent only affects assets or liabilities of the Trustee which do not relate to the Trust and the Trustee is replaced in accordance with the Master Trust Deed within 60 days of becoming Insolvent);
- (d) a Transaction Document, or a transaction in connection with it, is or becomes (or is claimed to be) wholly or partly void, voidable or unenforceable or does not have (or is claimed not to have) the priority the Security Trustee intended it to have, where such event will have a Material Adverse Payment Effect (“claimed” in this paragraph means claimed by the Trustee or anyone on its behalf);
- (e) 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 reasonable satisfaction of the Security Trustee within 30 days of the Security Trustee requiring the Trustee in writing to rectify them;
- (f) the General Security Agreement (or the security interest created under the General Security Agreement) is not or ceases to be valid and enforceable or the Trustee breaches the terms in clause 4.1 (“Restricted dealings”) of the General Security Agreement where such breach will have a material and adverse effect on the amount or timing of any payment to a Secured Creditor (other than a Class L Noteholder) or a material and adverse effect on the rights of the Secured Creditors under the Transaction Documents. Under clause 4.1 (“Restricted dealings”) of the General

Security Agreement, unless the Trustee is expressly permitted to do so under the Transaction Documents or the Security Trustee (at the direction of the Ruling Secured Creditors) consents, the Trustee may not, and may not agree, attempt or take any step to, do any of the following:

- (i) create or allow to exist another Encumbrance over the Collateral other than any Permitted Encumbrance; or
- (ii) assign or otherwise deal in any way with the General Security Agreement or any interest in it, or allow any interest in it to arise or be varied.

For the purposes of this paragraph (f) only, the words “allow to exist” in paragraph (f)(i) shall be interpreted as allowing an Encumbrance to exist for a period of time of more than 10 Business Days; or

- (g) the Trust is found, or conceded, to be improperly established.

### **Fees**

The Trustee, under the Master Security Trust Deed, agrees to pay to the Security Trustee a fee on terms agreed for the Trust in writing between the Security Trustee, the Trustee and the Trust Manager from time to time.

### **Restrictions on dealings**

Under the General Security Agreement, the Trustee has agreed not to sell, transfer or otherwise dispose of the Mortgage Loans or Related Security except in the ordinary course of the Trustee’s business (including the Trust Business), unless the Security Trustee notifies the Trustee that it may not do so. The Security Trustee may give such notice to the Trustee only if the Security Trustee reasonably considers that it is necessary to do so to protect its rights under the General Security Agreement or if an Event of Default has occurred. If, however, the Trustee disposes of any Mortgage Loan, other than in accordance with the Transaction Documents, the person acquiring the property could nevertheless, in certain circumstances, take that Mortgage Loan free of the security created in favour of the Security Trustee or hold a security interest that ranks in priority over that Mortgage Loan to the security interest created in favour of the Security Trustee under the General Security Agreement. Whether this would be the case, depends upon matters including the nature of the dealing by the Trustee; the particular Mortgage Loan concerned and the actions of the relevant third party. For example, under the PPSA, for certain classes of assets, a security interest (the **other security interest**) may take priority over a registered security interest in relation those assets if the holder of the other security interest has possession of or control over those assets. Further, in certain circumstances, if the Trustee were to transfer a Mortgage Loan or create a security interest over such a Mortgage Loan in breach of the Transaction Documents it is possible that the Security Trustee would need under the PPSA to take protective action (such as filing additional registrations or giving notices) in order to preserve the continuous perfection and priority of its security over that Mortgage Loan. Under the Master Security Trust Deed, if an Event of Default occurs or the Trustee breaches its undertakings in relation to dealings with certain Trust Assets, the Security Trustee will have the right to enforce the security and/or declare that the Trustee is prohibited from future dealings with Trust Assets except with the consent of the Security Trustee unless otherwise expressly permitted in accordance with the Transaction Documents.

### **Actions following Event of Default**

If an Event of Default has occurred and the Security Trustee does not waive the Event of Default, the Security Trustee may do any one or more of the following if it is instructed to do

so by the Ruling Secured Creditor (if any) or, if there is no Ruling Secured Creditor, the Secured Creditors of the Trust:

- (a) declare at any time by notice to the Trustee that an amount equal to the Secured Money 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 Master Security Trust Deed or the General Security Agreement.

If, in the opinion of the Security Trustee, the delay required to obtain instructions from the Ruling Secured Creditor or the Secured Creditors of the Trust (as the case may be) would be materially prejudicial to the interests of the Ruling Secured Creditor or those Secured Creditors (as the case may be), the Security Trustee may do these things without instructions from them.

***Call meeting if an Event of Default has occurred***

If the Security Trustee becomes aware that an Event of Default has occurred 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 Master Security Trust Deed; and
  - (iii) any steps which the Trustee or the Trust Manager has notified the Security Trustee that it has taken, or proposes to take, to remedy the Event of Default; and
- (b) seek instructions of the Ruling Secured Creditor or, if there is no Ruling Secured Creditor, call a meeting of the Secured Creditors of the Trust. 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.

***Security Trustee not liable for loss on Enforcement***

Neither the Security Trustee nor any of its directors, officers, employees, agents or attorneys will be taken to be fraudulent, negligent or in wilful misconduct for the purposes of the Master Security Trust Deed 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 (including any security interest constituted by or arising under 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 Security Trustee and provided that this paragraph (e) does not limit any representation or warranty given by the Security Trustee in any Transaction Document as to the validity or enforceability of the Security Trustee's obligations under the Transaction Documents);
- (f) of acting, or not acting, in each case in accordance with instructions of the Ruling Secured Creditor or the Secured Creditors (as applicable);
- (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 Note Register.

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

The Master Security Trust Deed contains provisions for convening meetings of the Secured Creditors to, among other things, enable the Secured Creditors to direct or consent to the Security Trustee taking or not taking certain actions under the Master Security Trust Deed; for example to enable the Secured Creditors, following the occurrence of an Event of Default, to direct the Security Trustee to declare the Notes immediately due and payable and/or to enforce the General Security Agreement.

However, if a Transaction Document expressly provides for the passing of an Extraordinary Resolution or an Ordinary Resolution by a class of Secured Creditors only (but not all Secured Creditors), then the Secured Creditors of that class will be entitled to vote in respect of that Extraordinary Resolution or Ordinary Resolution (as applicable).

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

- (a) first, to the duties to the Ruling Secured Creditor (if any); and
- (b) thereafter, to the duties according to the order in which moneys are to be distributed to the relevant Secured Creditors, or classes of Secured Creditors, at that time.

Provided that the Security Trustee acts in good faith, it shall not incur any liability to any Secured Creditor for doing so.

### ***Special Quorum Resolutions***

Under the Master Security Trust Deed, certain matters require either the approval of the Ruling Secured Creditor (if any) or, if there is no Ruling Secured Creditor the passing of a Special Quorum Resolution of Secured Creditors. These include (but are not limited to):

- (a) the exchange or substitution of any Notes for, or the conversion of those Notes into, other debt or equity securities or other obligations, other than an exchange, substitution or conversion which is expressly provided for in the Transaction Documents;
- (b) a variation of the date on which any payment is due on any Notes, other than a variation which is expressly provided for in the Transaction Documents;
- (c) a variation of the amount of any payment in respect of the Notes or a variation to the method of calculating such an amount, in each case, other than a variation which is expressly provided for in the Transaction Documents; and
- (d) a variation of the due currency of any payment in respect of the Notes.
- (e) Post-Event of Default Order of Application

Following the occurrence of an Event of Default and enforcement of the General Security Agreement, the Security Trustee must apply all moneys received by it in respect of the Collateral in the order described in Section 12.19 ("Application of proceeds following an Event of Default").

### **13.5 Master Servicer Deed**

#### ***Appointment of Servicer***

The Servicer and the Trustee have entered into the Master Servicer Deed under which the Servicer agrees to service the Mortgage Loans in accordance with the requirements of that deed and the relevant Servicing Guidelines.

#### ***Duties of Servicer***

The Master Servicer Deed requires the Servicer to (among other things):

- (a) service the Trust Assets in accordance with the Servicing Guidelines;
- (b) remit Collections received in respect of the Trust Assets to the Collection Account within two Business Days of receipt;
- (c) take all reasonable action to:
  - (i) protect or enforce the terms of any Trust Assets (including taking all action to enforce any rights against the relevant Obligor in respect of a Trust Asset to the extent permitted by the terms of that Trust Asset); and
  - (ii) otherwise exercise any rights, in respect of any Trust Assets, conferred at law or under the terms of such Trust Assets;
- (d) manage all Collections in respect of the Trust Assets in accordance with the Servicing Guidelines, including, where applicable, setting up direct debt arrangements and/or performing the obligations of the Trustee under direct debit arrangements;
- (e) comply with its obligations under the Transaction Documents; and

- (f) not do anything which would render a Trust Asset subject to any set-off, counterclaim or similar defence.

### ***Threshold Rate***

Pursuant to the Series Notice (subject to the provision of any Threshold Rate Subsidy) the Trust Manager must direct the Servicer to reset or cause to be reset, and the Servicer must upon such direction reset or cause to be reset, as soon as possible (having regard to the Consumer Credit Legislation), the interest rates on any one or more Mortgage Loans so that the weighted average interest rate on the Mortgage Loans in respect of the Relevant Payment Date is not less than the Threshold Rate for that Payment Date.

### ***Servicing Guidelines***

The Servicer and the Trust Manager may amend the Servicing Guidelines from time to time.

However, the Trust Manager and the Servicer agree:

- (a) to ensure that the Servicing Guidelines comply with all laws applicable to the Trust Assets;
- (b) not to amend the Servicing Guidelines for which Trust Assets include Regulated Receivables in a manner which would breach the Consumer Credit Laws to the extent they apply to the relevant Trust Assets; and
- (c) not to amend the Servicing Guidelines in a manner which would materially change the rights or obligations of the Trustee, without the prior written approval of the Trustee.

### ***Delegation***

The Servicer may employ agents and attorneys and may delegate any of its rights or obligations in its capacity as servicer. The Servicer agrees to notify the Trustee, the Trust Manager and the Custodian in writing of the delegation of any material rights or obligations.

The Servicer is responsible for and remains liable for any loss arising due to any acts or omissions of any delegate and for the payment of any fees of that person. The Servicer remains responsible for its obligations under the Transaction Documents, notwithstanding any delegation by it.

### ***Mandatory Retirement of the Servicer***

The Servicer must immediately retire as servicer of the Trust if:

- (a) required by law; or
- (b) a Servicer Default in respect of that Trust occurs (unless otherwise waived by the Trustee).

It is a “**Servicer Default**” if:

- (a) the Servicer does not (except where at the express written instructions of the Trust Manager when the Trust Manager is not a Related Entity of the Servicer) pay any amount payable by it in respect of the Trust 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 any of the Trust Manager, the Trustee or the Security Trustee;

- (b) the Servicer:
- (i) does not comply with any other obligation relating to the Trust under any Transaction Document and such non-compliance is likely to have a Material Adverse Effect in respect of the Trust; and
  - (ii) if the non-compliance can be remedied, does not remedy the non-compliance within 30 Business Days of the Servicer receiving a notice from the Trustee or the Security Trustee requiring its remedy;
  - (iii) the Servicer becomes Insolvent; or
  - (iv) any representation or warranty made by the Servicer in connection with the Transaction Documents is incorrect or misleading when made and such failure is likely to have a Material Adverse Effect in respect of the Trust, unless such failure is remedied to the satisfaction of the Trustee within 30 Business Days of the Servicer receiving a notice from the Trustee.

The Trustee may agree to waive the occurrence of any event which would otherwise constitute a Servicer Default:

- (a) while the Trust Manager is not the Servicer (or a Related Entity of the Servicer), at the direction of the Trust Manager; or
- (b) otherwise, at its own discretion,
- (c) provided that a Rating Notification has been given.

#### ***Voluntary Retirement of Servicer***

The Servicer may retire as servicer of the Trust by giving the Trustee at least 90 days' written notice of its intention to do so (or such lesser time as the Servicer, the Trust Manager and the Trustee agree).

#### ***When retirement takes effect***

The retirement of the Servicer as servicer of the Trust takes effect when the appointment of a successor servicer takes effect.

#### ***Appointment of successor servicer***

If the Servicer:

- (a) retires as servicer of the Trust, the retiring Servicer, or
- (b) otherwise retires as servicer of the Trust, the Trustee,

agrees to use its best endeavours to ensure a successor servicer is appointed as soon as possible.

If a successor servicer is not appointed within 90 days after notice of retirement or removal is given, the Trustee (in the case of paragraph (a) above) or the retiring Servicer (in the case of paragraph (b) above) may appoint a successor Servicer for the Trust.

The appointment of a successor Servicer for the Trust will only take effect once the successor Servicer has become bound by the Transaction Documents.

The Backup Servicer has been appointed in accordance with the Backup Servicer Deed (see Section 13.8 (“Backup Servicer Deed”)).

### ***Servicer to provide full co-operation***

If the Servicer retires as servicer in respect of the Trust, it must promptly deliver to the successor servicer (or as the Trustee or Trust Manager may direct) 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.

The Servicer also agrees to do anything the Trustee or successor servicer reasonably asks (such as obtaining consents, and signing, producing and delivering documents including a retirement and appointment document) to give effect to the retirement and the appointment of the successor service.

### ***Notification to Designated Rating Agency***

The Trust Manager agrees to notify each Designated Rating Agency if:

- (a) the Servicer retires as servicer in respect of the Trust; or
- (b) it is proposed that a successor servicer be appointed.

### ***Costs of retirement***

If the Servicer is required to retire under the Master Servicer Deed for a failure to retire when required to do so, everything it is required to do under the Master Servicer Deed is at the Trustee’s expense. However, if the Servicer otherwise retires or is otherwise removed, everything it is required to do under the Master Servicer Deed in respect of that retirement is at the Servicer’s own expense.

### ***Servicer’s fees and expenses***

The Trustee agrees to pay fees to the Servicer on terms agreed for the Trust in writing between the Servicer, the Trust Manager and the Trustee from time to time.

The Trustee agrees to pay or reimburse the Servicer for:

- (a) all costs incurred by the Servicer in connection with:
  - (i) performing its duties and exercising its powers under the Transaction Documents to which it is a party, except where the Costs incurred are as a result of fraud, negligence or wilful misconduct on the part of the Servicer; and
  - (ii) the enforcement and recovery of defaulted Trust Assets, including Costs relating to any court proceedings, arbitration or other dispute; and
- (b) 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.

## ***Indemnity***

The Servicer indemnifies the Trustee from and against any loss arising from or incurred in connection with:

- (a) a representation or warranty given by it under a Transaction Document being incorrect;
- (b) a failure by the Servicer to perform any obligation under any the Master Servicer Deed or any other Transaction Document to which it is a party in connection with the Trust (including any title penalty payments incurred);
- (c) a Servicer Default in respect of the Trust; and
- (d) the Trustee acting, or not acting, in good faith in reliance on written, facsimile, email or telephone instructions that the Trustee believes to be genuine and to have been given by an appropriate officer of the Servicer.

## **13.6 Master Management Deed**

### ***Appointment of the Trust Manager***

Under the Master Management Deed, the Trustee appoints the Trust Manager as its exclusive manager of the Trust Business to perform the services described in the Master Management Deed on behalf of the Trustee.

### ***Trust Manager's duties***

Under the Master Management Deed, the Trust Manager may (among other things) direct the Trustee in relation to how to carry on the Trust Business, including:

- (a) the Trustee entering into any documents in connection with the Trust (including the Transaction Documents) and the form of those documents;
- (b) the Trustee issuing Notes or incurring other liabilities;
- (c) the Trustee originating, acquiring, disposing of, or otherwise dealing with any Trust Assets;
- (d) the Trustee acquiring, disposing of or otherwise dealing with any Authorised Investments; and
- (e) the Trustee exercising its rights or complying with its obligations under the Transaction Documents.

Any directions given by the Trust Manager may be general or specific.

The Master Management Deed contains various provisions relating to the Trust Manager's exercise of its powers and duties under the Master Management Deed, including provisions entitling the Trust Manager to act on expert advice.

### ***Delegation by the Trust Manager***

The Trust Manager may employ agents and attorneys and may delegate any of its rights or obligations in its capacity as Trust Manager. The Trust Manager agrees to notify the Trustee and the Security Trustee in writing of the delegation of any material rights or obligations.

The Trust Manager agrees to exercise reasonable care in selecting delegates. The Trust Manager is responsible for and remains liable for any loss arising due to any acts or omissions

of any person appointed under the paragraph immediately above and for the payment of any fees of that person.

The Trust Manager remains responsible for its obligations under the Transaction Documents, notwithstanding any delegation by it.

### ***Trust Manager's fees and expenses***

The Trustee agrees to pay fees to the Trust Manager on terms agreed for the Trust in writing between the Trust Manager and the Trustee from time to time.

### ***Trust Manager's voluntary retirement***

The Trust Manager may retire as manager of the Trust by giving the Trustee at least 90 days' written notice of its intention to do so (or such lesser period as the Trust Manager and the Trustee may agree).

### ***Mandatory Retirement***

The Trust Manager must retire as manager of the Trust:

- (a) if the Trust Manager becomes Insolvent; or
- (b) is required by law.

### ***Removal of the Trust Manager***

A "**Trust Manager Default**" occurs in respect of the Trust if:

- (a) the Trust Manager:
  - (i) fails to comply with any of its obligations under the Transaction Documents of the Trust to direct the Trustee to make a payment when due by the Trustee in accordance with the Transaction Documents of the Trust and the Trust Manager does not remedy the non-compliance within 5 Business Days after the Trust Manager becoming aware of it;
  - (ii) does not comply with any of its obligations under the Transaction Documents and such non-compliance is likely to have a Material Adverse Payment Effect; and
  - (iii) if the non-compliance can be remedied, the Trust Manager does not remedy the non-compliance within 30 days after the Trust Manager becoming aware of it; or
- (b) any representation or warranty made by the Trust Manager under the Transaction Documents is incorrect or misleading when made and such failure is likely to have a Material Adverse Payment Effect, unless such failure is remedied within 30 days after the Trust Manager becoming aware of it.

The Trustee may remove the Trust Manager as manager of the Trust Business of the Trust by giving the Trust Manager 30 days' written notice. However, the Trustee may only give notice if at the time it gives the notice:

- (a) a Trust Manager Default is continuing in respect of the Trust; and
- (b) each Designated Rating Agency of the Trust has been notified of the proposed removal of the Trust Manager.

### ***When retirement or removal takes effect***

The retirement or removal of the Trust Manager takes effect when the appointment of a successor Trust Manager takes effect for that Trust.

### ***Appointment of successor Trust Manager***

If the Trust Manager retires or is removed as manager of the Trust, the retiring Trust Manager agrees to use its best endeavours to ensure a successor Trust Manager is appointed as soon as possible. If a successor manager is not appointed within 10 Business Days after notice of retirement or removal is given, the Trustee (in the case of mandatory or voluntary retirement) or retiring Trust Manager (in the other cases) may appoint a successor Trust Manager for the Trust. The appointment of a successor Trust Manager will only take effect once the successor manager has become bound by the Transaction Documents.

### ***Costs of retirement***

If the Trust Manager is required to retire or is removed for a failure to retire, everything it is required to do under the Master Management Deed is at the Trustee's expense. However if the Trust Manager otherwise retires or is otherwise removed, everything that it is required to do under the Master Management Deed in respect of that removal or retirement is at the Trust Manager's own expense.

## **13.7 Liquidity Facility Agreement**

### ***General***

The Liquidity Facility Provider grants to the Trustee a loan facility in Australian Dollars in respect of the Trust in an amount equal to the Liquidity Limit.

The Liquidity Facility will be available to be drawn to fund Liquidity Draws up to an aggregate amount equal to the Liquidity Limit.

### ***Liquidity Advances***

If, on any Determination Date during the Liquidity Availability Period, the Trust Manager determines that there is a Further Liquidity Shortfall in respect of that Determination Date, the Trust Manager must request that the Liquidity Facility Provider make a Liquidity Advance under the Liquidity Facility ("**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) the Further Liquidity Shortfall; and
- (b) the Available Liquidity Amount on that day.

### ***Interest***

Interest is to be calculated for each Liquidity Interest Period. Interest accrues from day to day and is to be calculated on actual days elapsed and a 365 day year. Interest is payable in arrears on each Payment Date. The rate of interest paid to the Liquidity Facility Provider in respect of a Liquidity Interest Period is the sum of the Liquidity BBSW Rate (or such other alternative benchmark rate applicable at that time in accordance with the fallback regime in the Liquidity Facility Agreement, as outlined below) as determined on the Liquidity Interest Determination Date in respect of that Liquidity Interest Period (rounded to 4 decimal places) and 1.51% per annum (or such other rate as the Trust Manager and the Liquidity Facility

Provider may agree from time to time and notified to the Trustee, provided that a Rating Notification has been provided).

The Liquidity Facility Agreement incorporates a fallback regime in the event of a temporary disruption or permanent discontinuation of BBSW (or other applicable benchmark rate) that is similar to the fallback regime which applies in relation to the BBSW Rate (and other Applicable Benchmark Rates) for the Offered Notes.

**“Liquidity BBSW Rate”** means, for a Liquidity Interest Determination Date, subject to clause 6.6 (“Temporary Disruption Fallback”) and clause 6.7 (“Permanent Discontinuation Fallback”) of the Liquidity Facility Agreement, the per annum rate expressed as a decimal which is the level of BBSW for a period of one month provided by the “Administrator” (as defined in the Liquidity Facility Agreement) and published as of the “Publication Time” (as defined in the Liquidity Facility Agreement) on that Liquidity Interest Determination Date, provided that if such rate for a Liquidity Interest Determination Date is negative the BBSW Rate for that Liquidity Interest Determination Date will be zero.

**“Liquidity Interest Determination Date”** means, in respect of a Liquidity Interest Period:

(a) where the Liquidity BBSW Rate applies or the “Final Fallback Rate” (as defined in the Liquidity Facility Agreement) applies under paragraph (a)(iii) of the definition of “Permanent Discontinuation Fallback” (as defined in the Liquidity Facility Agreement), the first day of that Liquidity Interest Period; and

(b) otherwise, the fifth Business Day prior to the last day of that Liquidity Interest Period,

subject in each case to adjustment in accordance with the Business Day Convention.

A **“Liquidity Interest Period”** in respect of a Liquidity Advance commences on (and includes) its Drawdown Date of that Liquidity Advance and ends on (but excludes) the next Payment Date or when such Liquidity Advance is repaid in full. Each subsequent Liquidity Interest Period will commence on (and include) a Payment Date and end on (but exclude) the next Payment Date.

#### ***Downgrade of Liquidity Facility Provider***

(a) If at any time (during the Liquidity Availability Period for so long as the Notes are outstanding) the Liquidity Facility Provider does not have:

(i) in the case of S&P:

(A) a long term rating equal to or higher than BBB+; or

(B) a long term rating equal to or higher than BBB, together with a short term rating equal to or higher than A-2; or

(C) a short term rating equal to or higher than A-2 (if the Liquidity Facility Provider does not have any long term rating from S&P); and

(ii) in the case of Moody’s:

(A) a short term counterparty risk assessment of P-1(cr) or, if a short term counterparty risk assessment is not available for that financial institution, a short term credit rating of P-1; or

- (B) a long term counterparty risk assessment equal to or higher than A2(cr) or, if a long term counterparty risk assessment is not available for that financial institution, a long term credit rating equal to or higher than A2,

or such other counterparty risk assessment or credit rating or ratings by a Designated Rating Agency as may be agreed by the Trust Manager and the Liquidity Facility Provider from time to time (and notified in writing by the Trust Manager to the Trustee) provided that the Trust Manager has delivered to the Trustee a Rating Notification in respect of such other counterparty risk assessment or credit rating or ratings (the “**Required Liquidity Rating**”), the Liquidity Facility Provider must within 30 calendar days (or such longer period as may be agreed by the Trust Manager and the Liquidity Facility Provider and provided Rating Notification has been given in respect of that longer period) of such downgrade do one of the following (as determined by the Liquidity Facility Provider in its discretion):

- (A) procure a replacement liquidity facility; or
- (B) request the Trust Manager to make a Collateral Advance Request for an amount equal to the Available Liquidity Amount (“**Collateral Advance Request**”); or
- (C) implement such other structural changes so that the downgrading of the Liquidity Facility Provider does not have an Adverse Rating Effect.

(b) The Liquidity Facility Provider agrees to deposit in the Liquidity Collateral Account the amount of any Collateral Advance in immediately available funds by 12.00 noon on the relevant day that the Trust Manager requires the Collateral Advance.

(c) If, on any Determination Date after a Collateral Advance has been made, the Trust Manager would, but for the fact that the Liquidity Facility has been fully drawn, be required to request a Liquidity Advance in accordance with Section 12.12 (“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 Trust Manager must direct the Trustee to transfer from the Liquidity Collateral Account into the Collection Account an amount equal to the lesser of:

- (i) the Liquidity Advance; and
- (ii) the Liquidity Collateral Account Balance,

by no later than 12.00 noon on the immediately following Payment Date.

Any withdrawal from the Liquidity Collateral Account in accordance with this paragraph (c) will be deemed to be a Liquidity Advance.

(d) 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 Trust Manager determines that it may give a direction under this paragraph (d) and it has provided Rating Notification in respect of that direction);
- (ii) the Liquidity Facility Provider complies with sub-paragraph (a)(A) or (C) above; or

- (iii) the Liquidity Facility granted under the Liquidity Facility Agreement is terminated in accordance with the Liquidity Facility Agreement,

then the Liquidity Facility Provider must notify the Trust Manager of that event and the Trust Manager must then direct the Trustee to, and the Trustee must, repay to the Liquidity Facility Provider the Liquidity Collateral Account Balance (if any) within 1 Business Day of being so directed by the Trust Manager such amount to be applied towards repayment of the then outstanding Collateral Advances.

- (e) Subject to paragraph (f) below, 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 Liquidity Collateral Account Balance or on any Authorised Investments purchased with the Liquidity Collateral Account Balance, which have been credited to the Liquidity Collateral Account must be paid by the Trustee to the Liquidity Facility Provider on each Payment Date.
- (f) If losses are realised on any Authorised Investments purchased with the Liquidity Collateral Account Balance, no interest or other returns will be paid to the Liquidity Facility Provider under paragraph (e) until the aggregate of such interest and other returns (net of all costs properly incurred by the Trustee in respect of the operation of the Collateral Account under the Liquidity Facility Agreement) exceeds the aggregate of such losses and such amounts deposited to the Liquidity Collateral Account, in which case the Liquidity Facility Provider will be entitled only to receive such excess amount.

A “**Collateral Advance**” is the principal amount of an advance made by the Liquidity Facility Provider pursuant to a Collateral Advance Request, or the balance of such advance outstanding from time to time, as the context requires and includes any deemed Collateral Advances.

The “**Liquidity Collateral Account**” is a segregated account opened at the direction of the Trust Manager in the name of the Trustee with an Eligible Bank to which the proceeds of any Collateral Advance are to be deposited.

The “**Liquidity Collateral Account Balance**” means, at any time, the balance of the Liquidity Collateral Account at that time plus, if any amount from the Liquidity Collateral Account has been invested in Authorised Investments, the face value of such Authorised Investments.

### ***Availability Fee***

The Trustee will pay to the Liquidity Facility Provider an availability fee of 1.46% per annum on the then un-utilised portion of the Liquidity Limit. The fee will be paid monthly in arrears on each Payment Date in accordance with the Series Notice.

### ***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 that purpose in accordance with the order of priority described in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”); or

- (ii) any amount due in respect of interest, any availability fee due on the un-utilised portion of the Liquidity Limit, any Liquidity Advance,

in the manner contemplated by the Liquidity Facility Agreement, in each case within 3 Business Days of the due date for payment of such amount;

- (b) the Trustee alters or the Trust Manager instructs it to alter the priority of payments under the Transaction Documents without the consent of the Liquidity Facility Provider or the Trustee breaches any of its undertakings under the Liquidity Facility Agreement and that breach has a Material Adverse Liquidity Effect in respect of the Liquidity Facility Provider;
- (c) an Event of Default occurs and the Security Trustee enforces the General Security Agreement;
- (d) the Trustee becomes Insolvent (unless the event which causes it to become Insolvent only affects assets or liabilities of the Trustee which do not relate to the Trust and the Trustee is replaced in accordance with the Master Trust Deed within 60 days of becoming Insolvent); or
- (e) a representation or warranty made or taken to be made by the Trustee in connection with 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 Liquidity Effect in respect of the Liquidity Facility Provider.

If a Liquidity Event of Default occurs, then the Liquidity Facility Provider may, without being obliged to do so and notwithstanding any waiver of any previous default:

- (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 and Extension of Liquidity Facility***

The Liquidity Facility will terminate on the earlier of:

- (a) the Liquidity Facility Termination Date; and
- (b) the Liquidity Facility Provider Termination Date.

The "**Liquidity Facility Termination Date**" is the earliest of:

- (a) the Availability Termination Date;
- (b) the date upon which all Notes have been fully and finally redeemed in full in accordance with the Transaction Documents and the Trust Manager has notified the Trustee that it does not intend that any further Notes will be issued in respect of the Trust;
- (c) the date on which the Liquidity Facility Provider terminates the Liquidity Facility where, as a result of any change in law, regulation, code of practice or an official directive which has the force of law or compliance with which is in accordance with

the practice of responsible bankers in the jurisdiction concerned, or in their interpretation or administration after the date of the Liquidity Facility Agreement, the Liquidity Facility Provider determines that it is or has become apparent that it will become contrary to that official directive, impossible or illegal for the Liquidity Facility Provider to fund, provide or maintain financial accommodation or otherwise observe its obligations under the Liquidity Facility Agreement;

- (d) the date upon which the Liquidity Limit is cancelled or reduced to zero by written notice from the Trustee (provided that the Trust Manager may not direct the Trustee to cancel or reduce the Liquidity Facility unless a Rating Notification has been given in respect of such cancellation or reduction, as applicable); and
- (e) the date upon which the Liquidity Facility Provider terminates the Liquidity Facility following the occurrence of a Liquidity Event of Default.

The “**Liquidity Facility Provider Termination Date**” is the later of:

- (a) the Payment Date declared by the Trust Manager (by notice of the Liquidity Facility Provider and the Trustee) as the date upon which the Liquidity Facility Provider will be replaced by a Substitute Liquidity Facility Provider and the Liquidity Facility will terminate (provided the Trust Manager has provided Rating Notification in respect of such replacement and termination); and
- (b) the date upon which the Trustee has paid or repaid to the Liquidity Facility Provider all Liquidity Advances outstanding on the Payment Date declared in accordance with paragraph (a) above together with all accrued but unpaid interest and all other money outstanding under the Liquidity Facility Agreement.

If all amounts due as described above are not paid or repaid in full on the Payment Date immediately following the Liquidity Facility Termination Date, the Trustee will repay so much of such amounts on succeeding Payment Dates as is available for that purpose in accordance with the Master Trust Deed and the Series Notice until all such amounts are paid or repaid in full and, in any event, all such amounts must be paid or repaid in full by the Maturity Date of the Notes.

The “**Liquidity Availability Period**” means the period from the Closing Date to the Maturity Date.

The “**Availability Termination Date**” means the last day of the Liquidity Availability Period.

### ***Liquidity Limit***

The “**Liquidity Limit**” means, at any time, will be the lesser of:

- (a) the greater of:
  - (i) 1.5% of the Aggregate Invested Amount of the Notes (excluding the Class L Notes) at that time; and
  - (ii) A\$1,125,000;
- (b) the amount agreed from time to time in writing by the Liquidity Facility Provider and the Trust Manager (in respect of which a Rating Notification has been given);
- (c) the Performing Mortgage Loans Amount at that time; or
- (d) the amount (if any) to which the Liquidity Limit has been reduced at that time by the Trustee on the direction of the Trust Manager by written notice to the Liquidity Facility

Provider provided that the Trust Manager may not direct the Trustee to reduce the Liquidity Facility unless a Rating Notification has been given in respect of such reduction.

## **13.8 Backup Servicer Deed**

### ***Appointment of Backup Servicer***

The Trust Manager, Servicer, Trustee, Security Trustee and Backup Servicer have entered into the Backup Servicer Deed under which the Backup Servicer agrees to act as servicer of the Mortgage Loans if the Servicer retires or is removed as servicer in accordance with the Master Servicer Deed.

### ***Duties of the Backup Servicer***

The Backup Servicer Deed requires the Backup Servicer to, from the date of its appointment as Backup Servicer (among other things):

- (a) take action to protect or enforce the terms of any Mortgage Loan and Related Securities or otherwise exercise any rights conferred under documentation or at law in relation to the Mortgage Loans and Related Securities and take such action and incur such expenses as are necessary for such protection, enforcement or exercise of rights as would reasonably be expected by a Prudent Lender;
- (b) set the interest rate charged (if that rate is a variable rate) on or any fees payable in respect of a Mortgage Loan and Related Security held on the instructions of the Trust Manager;
- (c) prepare and collate all performance statistics of the Mortgage Loans and Related Securities as reasonably requested by the Trust Manager from time to time;
- (d) provide to the Trustee promptly from time to time such information, documents, records, reports or other information relating to the Mortgage Loans and Related Securities or the operations of the Backup Servicer as may be reasonably requested by the Trustee;
- (e) subject to the terms of the Backup Servicer Deed, collect all Collections in respect of each Mortgage Loan and Related Security and deposit any such Collections during each Collection Period into the Collection Account not later than one Business Day after receipt; and
- (f) maintain any loan account in respect of any Mortgage Loan and Related Security and give all notices, documents or statement required to be given by a Prudent Lender to the relevant Obligor.

### ***Limited Liability of the Backup Servicer***

If the Backup Servicer is appointed as servicer in respect of the Trust under the Backup Servicer Deed, the Backup Servicer will not be liable for any inability to perform, or any deficiency in performing, its duties and obligations as servicer if the Backup Servicer is unable to perform those duties and obligations:

- (a) because of anything done or not done by it in good faith in reliance upon any communication, document, form or list provided by or on behalf of the Servicer, the Trust Manager, the Trustee or the Security Trustee;
- (b) because of the financial condition of any person other than the Backup Servicer (and its Related Entities and delegates);

- (c) without limiting its specific obligations as Backup Servicer, because of the performance or non-performance of any Obligor under the Mortgage Loans or Related Securities;
- (d) because it is prevented or hindered from doing it by any applicable law;
- (e) because a person fails to carry out an agreement with a party to a Transaction Document (except when the failure is due to the Backup Servicer's (or any of the delegates, officers, employees, agents or Related Entities of the Backup Servicer) fraud, negligence or wilful misconduct);
- (f) as a direct result of any Third Party Failure;
- (g) because of any statement, representation or warranty of any person (other than the Backup Servicer or a Related Entity) in a Transaction Document being untrue, incorrect or misleading whether by omission or otherwise;
- (h) because of the form, content or unsuitability or unenforceability of any Transaction Document or any document incidental to any Transaction Document, whether arising from statute, law or the decision of any court; or
- (i) because the Backup Servicer is unable, after using reasonable endeavours, to obtain sufficient information and documents which it requires and which are reasonably necessary for it to perform those duties and obligations.

In no circumstances, however, will the Backup Servicer be personally liable for any indirect, incidental, consequential, punitive or special damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought (except to the extent that there is a final determination by a non-appealable court of law of fraud by the Backup Servicer).

**“Third Party Failure”** means:

- (a) a failure resulting from the Backup Servicer relying in good faith on communications, directions, documents, deeds, computer tapes or other data or information provided to it by the originator, the Servicer, the Trust Manager or the Trustee or any officer, employee, agent, delegate or Related Entity of any of them in relation to the Trust where it would be reasonable to expect that a prudent servicer would have acted in a similar manner;
- (b) the failure by any person (other than an officer, employee, agent, delegate or a Related Entity of the Backup Servicer or the Backup Servicer itself) to provide to the Backup Servicer accurate, complete or timely information, documents, deeds, computer tapes or other data in relation to the Mortgage Loans and Related Securities, that is necessary for the Backup Servicer to perform its obligations under the Backup Servicer Deed;
- (c) any inability of the Backup Servicer to perform (or deficiency of the Backup Servicer's performance of) its obligations under the Backup Servicer Deed as a consequence of any action, omission, or breach by or the state of affairs of:
  - (i) the Trust; or
  - (ii) any party (other than an officer, employee, agent, delegate or a Related Entity of the Backup Servicer) to a Transaction Document or the Backup Servicer Deed or any of their respective officers, employees, agents or delegates,

or, in either case, their books and records (including accounting records, Tax returns, financial statements and any documents, files, computer tapes) and other information, systems or administrative or operating procedures provided by the originator, the Servicer, the Trust Manager or the Trustee or any officer, employee, agent, delegate or Related Entity of any of them in connection with the Transaction Documents other than where such inability arises as a direct result of a breach by the Backup Servicer of the Backup Servicer Deed; or

- (d) any act or omission by a party involved in the origination of the Mortgage Loans.

### ***Voluntary Retirement of the Backup Servicer***

The Backup Servicer may retire as Backup Servicer for the Trust (whether before or after the date of appointment of the Backup Servicer):

- (a) immediately by written notice to the Trustee, the Trust Manager and the Security Trustee and each Designated Rating Agency if a Receiver is appointed to the Trust (unless the Receiver notifies the Backup Servicer that it requires the Backup Servicer to continue acting and the Receiver provides all reasonable cooperation to enable the Backup Servicer to continue so acting); or
- (b) for any reason, by not less than three months' written notice to the Trustee, the Trust Manager and the Security Trustee and each Designated Rating Agency (or such other period as may be agreed between the Backup Servicer, the Trustee and the Trust Manager).

### ***Nomination of Appropriate Backup Servicer Corporation***

If the Trust Manager has not appointed a new Backup Servicer for the Trust in accordance with the provisions above paragraphs within two months of the Backup Servicer giving written notice to the Trust Manager as described in paragraph (a) above, the Backup Servicer may nominate in writing an Appropriate Backup Servicer Corporation as Backup Servicer for the Trust.

The nomination of the Appropriate Backup Servicer Corporation is subject to:

- (a) the approval of the Trust Manager (which approval must not be unreasonably withheld); and
- (b) the Trust Manager providing a Ratings Notification in respect of the Appropriate Backup Servicer Corporation;

If:

- (i) the Trustee does not appoint a Backup Servicer; or
- (ii) the Trust Manager refuses to approve the nomination of a replacement Backup Servicer appointed by the Trustee,

either the Backup Servicer or the Trust Manager may apply to a court of competent jurisdiction for an Appropriate Backup Servicer Corporation to be appointed as Backup Servicer for the Trust.

**“Appropriate Backup Servicer Corporation”** means a company that (other than where to be determined by a court in accordance with the Backup Servicer Deed) the Trust Manager in its absolute discretion determines:

- (a) is not a competitor of the Trust Manager; and
- (b) is a reputable company and has the experience, skill and resources to service assets located in Australia similar to the Mortgage Loans.

### ***Effect of retirement***

The purported retirement of the Backup Servicer and the purported appointment of a new Backup Servicer has no effect until the new Backup Servicer executes a deed under which it covenants to act as Backup Servicer in accordance with the Backup Servicer Deed.

### ***Backup Servicer's fees and expenses***

The Backup Servicer is entitled to a fee for performing its functions and duties in respect of the Trust in an amount and calculated in such manner as may be agreed between the Trustee and the Backup Servicer from time to time.

### ***Indemnity***

The Trustee and the Trust Manager indemnify the Backup Servicer (or its agent) against liability or loss arising from, and any costs, charges and expenses incurred in connection with the Backup Servicer exercising any powers or rights, or performing its obligations or duties as Backup Servicer under the Backup Servicer Deed and the Master Servicer Deed except to the extent the costs, charges or expenses arose from the Backup Servicer's (or its agent's) fraud, negligence or wilful misconduct.

## **13.9 Custody Deed**

### ***Appointment of Custodian***

The Trustee has appointed the Custodian to provide custodial services in respect of the Title Documents for the Trust.

### ***Duties of the Custodian***

The Custody Deed requires the Custodian to:

- (a) comply with its obligations under the Transaction Documents to which it is a party;
- (b) hold the Title Documents delivered to the Custodian by or as directed by the Trust Manager or the Servicer, on behalf of the Trustee and for the Trustee;
- (c) ensure that Title Documents are segregated and clearly distinguishable from its own documents, the documents relating to any other trust and the documents relating to any other person;
- (d) hold all Title Documents in accordance with its professional safekeeping practices;
- (e) maintain up to date and accurate records of the location of all Title Documents;
- (f) promptly notify the Trustee upon written request of the location of any of the Title Documents;
- (g) at the direction of the Trust Manager, promptly cure any breach of its obligations raised or noted in any investigation or audit of its obligations under the Custody Deed and notified to the Custodian in writing;

- (h) comply with all reasonable written instructions from the Trust Manager, the Servicer or the Trustee given in accordance with the Custody Deed or another Transaction Document to which the Custodian is a party as to the manner of dealing with the Title Documents;
- (i) provide the Trustee with any information reasonably requested by the Trustee from time to time in relation to all Title Documents where that information is required for the Trustee to comply with any law;
- (j) comply with any obligations imposed on it by any applicable law or regulation that relates to it acting as Custodian under the Transaction Documents to which the Custodian is a party;
- (k) allow the Trustee (personally or through an appointed auditor or other advisers) to audit (at the expense of the Trustee) some or all of the Title Documents for the Trust (as the Trust Manager may determine, at the direction of the Trust Manager) on a six monthly basis on reasonable notice to ascertain the compliance by the Custodian with its obligations under the Custody Deed;
- (l) properly maintain records relating to the Title Documents in the form agreed between the Trustee and the Custodian;
- (m) provide the Trustee with the reports and statements relating to the Title Documents described in the Transaction Documents to which the Custodian is a party, and at the times specified in the Transaction Documents to which the Custodian is a party;
- (n) allow the Trustee itself or by its solicitors, auditors, actuaries or any other nominee on reasonable notice and at reasonable times to inspect and take copies of the records relating to the Title Documents or the Custody Deed which it or they reasonably require; and
- (o) do any other matter or thing it agrees to do in any other Transaction Document to which it is a party.

### ***Delegation***

The Custodian may employ agents and attorneys and may delegate any of its non-material rights or obligations in its capacity as Custodian without notifying any person of the delegation.

### ***Voluntary Retirement of the Custodian***

The Custodian may retire as Custodian by giving the Trustee at least 90 days' notice of its intention to do so.

### ***Mandatory Retirement of the Custodian***

Subject to the description in "When retirement takes effect" below, the Custodian must immediately retire as custodian of the Trust if:

- (a) required by law; or
- (b) a Custodian Default in respect of the Trust occurs (unless otherwise waived by the Trustee in accordance with the Custody Deed).

It is a "**Custodian Default**" if:

- (a) the Custodian does not prepare and submit to the Trustee or the Trust Manager any information required under the Custody Deed on time and in the manner required and such failure will have a Material Adverse Effect in respect of the Trust and, if capable of remedy, is not remedied within seven Business Days of written notice from either the Trustee or the Trust Manager;
- (b) the Custodian:
  - (i) does not comply with any other obligation relating to the Trust under any Transaction Document and such non-compliance is likely to have a Material Adverse Effect in respect of the Trust; and
  - (ii) if the non-compliance can be remedied, does not remedy the non-compliance within 10 Business Days of the Custodian receiving a notice from the Trustee or the Security Trustee requiring its remedy;
- (c) the Custodian becomes Insolvent;
- (d) any representation or warranty made by the Custodian in connection with the Transaction Documents to which it is a party in respect of the Trust is incorrect or misleading when made and such failure is likely to have a Material Adverse Effect in respect of the Trust, unless such failure is remedied to the satisfaction of the Trustee within seven Business Days of the Custodian receiving a written notice from the Trustee; or
- (e) the Custodian ceases or threatens to cease all or a substantial part of its business in Australia relating to the custody of documents similar to the Title Documents in Australia.

The Trustee may agree to waive the occurrence of any event which would otherwise constitute a Custodian Default in respect of the Trust:

- (a) while the Trust Manager is not the Custodian (or a Related Entity of the Custodian), at the direction of the Trust Manager; or
- (b) otherwise, at its own discretion.

In determining whether to waive the occurrence of any event which would otherwise constitute a Custodian Default in respect of the Trust:

- (a) the Trustee may rely on opinions and statements of any legal, accounting, taxation or other professional advisers as contemplated by the Master Trust Deed; and
- (b) the Trustee will not be taken to be fraudulent, negligent or in wilful misconduct because of acting in good faith in reliance on any such opinion or statements.

***When retirement takes effect***

The retirement of the Custodian as custodian of the Trust takes effect when the appointment of a successor Custodian takes effect.

***Appointment of successor Custodian***

If the Custodian retires as custodian of the Trust, the Trustee agrees to use its best endeavours to ensure a successor Custodian is appointed for the Trust as soon as possible.

If a successor Custodian is not appointed within 90 days after notice of retirement or removal is given, the retiring Custodian may appoint a successor Custodian for the Trust or deliver the Title Documents to the Trustee, in which case the Trustee will act as successor Custodian and the Trustee will have the same obligations and be entitled to the same rights under the Transaction Documents to which the Custodian is a party that it would have had if it had been party to them as Custodian (including without limitation, the right to any fees payable to the Custodian) until a successor Custodian is appointed by the Trustee.

Other than where the successor Custodian is the Trustee, the appointment of a successor Custodian for the Trust will only take effect once the successor Custodian has become bound by the Transaction Documents to which the Custodian is a party.

### ***Notification to Designated Rating Agency***

The Trust Manager agrees to give notice to each Designated Rating Agency for the Trust if:

- (a) the Custodian retires as custodian in respect of the Trust; or
- (b) it is proposed that a successor Custodian be appointed.

### ***Costs of retirement***

If the Custodian is required to retire (other than as set out in “Mandatory Retirement of the Custodian” above), everything it is required to do under the relevant provisions of the Custody Deed is at the Trustee’s expense (other than the costs of the Custodian’s legal advisers which is a personal expense of the Custodian). If the Custodian is removed as set out in “Mandatory Retirement of the Custodian” above, the costs of the Custodian’s legal advisers are at the Trustee’s expense.

### ***Fees***

The Trustee agrees to pay fees to the Custodian in respect of the Trust on terms agreed in writing between the Custodian, the Trust Manager and the Trustee from time to time.

### ***Indemnity***

The Custodian indemnifies the Trustee against any Loss that the Trustee may incur arising from or in connection with the fraud, negligence or wilful misconduct of the Custodian in respect of the Trust.

The Trustee shall indemnify the Custodian against any Loss that the Custodian may incur arising from or in connection with the performance of its obligations under the Custody Deed, except to the extent any such Loss is due to the fraud, negligence or wilful default of the Custodian.

## **13.10 Extraordinary Expense Reserve Loan Agreement**

### ***General***

The Extraordinary Expense Reserve Loan Provider grants to the Trustee a loan facility in Australian Dollars in respect of the Trust in an amount equal to the Extraordinary Expense Reserve Target Balance.

### ***Drawing***

The loan facility under the Extraordinary Expense Reserve Loan Agreement will be available to be provided by way of a single loan advance on or before the Closing Date.

The Trustee must deposit the proceeds of the drawing under the Extraordinary Expense Reserve Loan Agreement directly to the Extraordinary Expense Reserve Account.

***Repayment***

The amount drawn under the Extraordinary Expense Reserve Loan Agreement will be repaid out of Total Available Income.

***Interest***

There is no interest payable on the amount drawn provided under the Extraordinary Expense Reserve Loan Agreement.

## **14. PREPAYMENT AND YIELD CONSIDERATIONS**

The following information is given solely to illustrate the effect of prepayments of the Mortgage Loans on the weighted average life of the Offered Notes under the stated assumptions and is not a prediction of the prepayment rate that might actually be experienced.

### **14.1 General**

The rate of principal payments and aggregate amount of payments on the Offered Notes and the yield to maturity of the Offered Notes will relate to the rate and timing of payments of principal on the Mortgage Loans. The rate of principal payments on the Mortgage Loans will in turn be affected by the amortisation schedules of the Mortgage Loans and by the rate of principal prepayments, including for this purpose prepayments resulting from refinancing, liquidations of the Mortgage Loans due to defaults, casualties and condemnations. Subject to the payment of applicable fees, the Mortgage Loans may be prepaid by the mortgagors at any time.

### **14.2 Prepayments**

Prepayments, liquidations and purchases of the Mortgage Loans, including optional purchase of the remaining Mortgage Loans in connection with the termination of the Trust, will result in early payments of Invested Amounts on the Notes. Prepayments of principal may occur in the following situations:

- refinancing by Obligors with other financiers;
- partial or full repayment of the Mortgage Loan by the Obligor;
- receipt by the Trustee of enforcement proceeds due to an Obligor having defaulted on its Mortgage Loan;
- receipt by the Trustee of the principal balance (plus accrued interest) in respect of a Mortgage Loan pursuant to a Reallocation or sale of that Mortgage Loan by the Trustee in certain circumstances where the relevant Obligor has requested a Further Advance, or the conversion of the Mortgage Loan to a fixed interest rate;
- repurchase of the Mortgage Loans as a result of an optional termination or a redemption for taxation or other reasons; or
- receipt of proceeds of enforcement of the General Security Agreement prior to the Maturity Date of the Notes.

The prepayment amounts described above are reduced by redraws.

Since the rate of payment of principal of the Mortgage Loans cannot be predicted and will depend on future events and a variety of factors, no assurance can be given to you as to this rate of payment or the rate of principal prepayments. The extent to which the yield to maturity of any Note may vary from the anticipated yield will depend upon the following factors:

- the degree to which a Note is purchased at a discount or premium; and
- the degree to which the timing of payments on the Note is sensitive to prepayments, liquidations and purchases of the Mortgage Loans.

A wide variety of factors, including economic conditions, the availability of alternative financing and homeowner mobility may affect the prepayment experience with respect to the Mortgage

Loans. In particular, under Australian law, unlike the law of the U.S., interest on loans used to purchase a principal place of residence is not ordinarily deductible for taxation purposes.

## **15. USE OF PROCEEDS**

The proceeds of the Notes (excluding the Class L Notes) (which will equal in aggregate A\$750,000,000) will be used by the Trustee to acquire (by means of assignment to the Trust in accordance with the procedures set out in the Sale Deed and the Reallocation Notice) from the Disposing Trustee title to the Mortgage Loans and Related Security, as well as to acquire other Authorised Investments.

The proceeds of the Class L Notes will be used:

- (a) to pay the Accrued Interest Adjustment to the Disposing Trustees; and
- (b) in respect only of:
  - (i) the first Determination Date following the Closing Date, to allocate such amount of proceeds to Available Income as the Trust Manager may determine in its absolute discretion; and
  - (ii) the second Determination Date following the Closing Date, to allocate all of any remaining proceeds (which have not been applied prior to that date) to Available Income in respect of that Determination Date.

## **16. LEGAL ASPECTS OF THE MORTGAGE LOANS**

The following discussion is a summary of the material legal aspects of Australian residential housing loans and mortgages. It is not an exhaustive analysis of the relevant law. Some of the legal aspects are governed by the law of the applicable State or Territory of Australia. Laws may differ between States and Territories. The summary does not reflect the laws of any particular jurisdiction or cover all relevant laws of all jurisdictions in which a mortgaged property may be situated, although it reflects the material aspects of the laws of New South Wales, without referring to any specific legislation of that State.

### **16.1 General**

There are two parties to a mortgage. The first party is the mortgagor, who is either the borrower and homeowner or, where the relevant loan is guaranteed and the guarantee is secured by a mortgage, the guarantor. The mortgagor grants the mortgage over their property. The second party is the mortgagee, who is the lender. Each Mortgage Loan will be secured by a mortgage which has a first ranking priority in respect of the mortgaged property over all other mortgages granted by the relevant borrower and over all unsecured creditors of the borrower, except in respect of certain statutory rights such as some rates and taxes, which are granted statutory priority. Each borrower under the Mortgage Loan is prohibited under its loan documents from creating another mortgage or other security interest over the relevant mortgaged property without the consent of the Trustee.

### **16.2 Nature of Housing Loans as Security**

There are a number of different forms of title to land in Australia. The most common form of title in Australia is "Torrens title". The Mortgage Loans in the proposed Mortgage Loan pool are all secured by Torrens title land.

"Torrens title" land is freehold or leasehold title, interests in which are created by registration in one or more central land registries of the relevant State or Territory. Each parcel of land is represented by a specific certificate of title. The original certificate is retained by the registry, and in most States and Territories a duplicate certificate is issued to the owner who then provides it to the mortgagee as part of the security for the Mortgage Loan. Any dealing with the relevant land is carried out by pro forma instruments which become effective on registration and which normally require production of the duplicate certificate of title for registration.

Ordinarily the relevant certificate of title, or any registered plan and instruments referred to in it, will reveal the position and dimensions of the land, the present owner, and any registered leases, registered mortgages, registered easements and other registered dealings to which it is subject. The certificate of title is conclusive evidence, except in limited circumstances, such as fraud, of the matters stated in it. Some Torrens title property securing Mortgage Loans and thus comprised in the mortgaged property, will be "strata title" or "urban leasehold".

### **16.3 Strata Title**

"Strata title" is an extension of the Torrens title system and was developed to enable the creation of, and dealings with, various parts of multi-story buildings (commonly referred to as apartment units or strata lots) which are similar to condominiums in the U.S., and is governed by the legislation of the State or Territory of Australia in which the property is situated.

Under strata title, each proprietor has title to, and may freely dispose of, their strata lot. Certain parts of the property, such as the land on which the building is erected, the stairwells, entrance lobbies and the like, are known as "common property" and are held by an "owners corporation" for the benefit of the individual proprietors. All proprietors are members of the owners corporation, which is vested with the control, management and administration of the common property and the strata scheme generally, for the benefit of the proprietors, including the rules

governing the apartment block. Only Torrens title land can be the subject of strata title in this way, and so the provisions referred to in this section in relation to Torrens title apply to the title in an apartment unit held by a strata proprietor.

#### **16.4 Urban Leasehold**

All land in the Australian Capital Territory is owned by the Commonwealth of Australia and is subject to a leasehold system of land title known as urban leasehold. Dealings with these leases are registered under the Torrens title system. Mortgaged property in that jurisdiction comprises a Crown lease and developments on the land are subject to the terms of that lease.

Any such lease:

- cannot have a term exceeding 99 years, although the term can be extended under a straightforward administrative process in which the only qualification to be considered is whether the land may be required for a public purpose; and
- where it involves residential property, is subject to a nominal rent of A\$0.05 *per annum* on demand.

As with other Torrens title land, the proprietor's leasehold interest in the land is entered in a central register and the proprietor may deal with their leasehold interest, including granting a mortgage over the property, without consent from the government.

In all cases where mortgaged property consists of a leasehold interest, the unexpired term of the lease exceeds the term of the Mortgage Loan secured by that mortgaged property. Leasehold property may become subject to native title claims. Native title was only recognised by the Australian courts in 1992. Native title to particular property is based on the traditional laws and customs of indigenous Australians and is not necessarily extinguished by grants of Crown leases over that property.

The extent to which native title exists over property, including property subject to a Crown lease, depends on whether a continuing connection with that land can be demonstrated by the indigenous claimants asserting native title, and whether the native title has been extinguished by the granting of the leasehold interest. If the lease confers the right to exclusive possession over the property, which is typically the case with a residential lease, the current view is that native title over the relevant property will be extinguished.

#### **16.5 Taking Security Over Land**

The law relating to the granting of security over real property is made complex by the fact that each State and Territory of Australia has separate governing legislation. The following is a brief overview of some issues involved in taking security over land. Under Torrens title, registration of a mortgage using the prescribed form executed by the mortgagor is required in order for the mortgagee to obtain both the remedies of a mortgagee granted by statute and the relevant priorities against other secured creditors. To this extent, the mortgagee is said to have a legal or registered title. However, registration does not transfer title in the property and the mortgagor remains as legal owner. Rather, the Torrens title mortgage takes effect as a statutory charge or security only. The Torrens title mortgagee does not obtain an "estate" in the property but does have an interest in the land which is recorded on the register and the certificate of title for the property. A search of the register by any subsequent creditor or proposed creditor will reveal the existence of the prior mortgage.

In most States and Territories of Australia, a mortgagee will retain a duplicate certificate of title which mirrors the original certificate of title held at the relevant land registry office.

Although the certificate is not a document of title as such, the procedure for replacement is sufficiently onerous to act as a deterrent against most mortgagor fraud. Failure to retain the certificate may in certain circumstances constitute negligent conduct resulting in a postponement of the mortgagee's priority to a later secured creditor.

In Queensland, under the Land Title Act 1994, duplicate certificates of title are no longer issued to mortgagees as a matter of practice. A record of the title is stored on computer at the land registry office and the mortgage is registered on that computerised title. However, a copy of the computer title can be used and held by the mortgagee. In Western Australia, under the Transfer of Land Act 1893, duplicate certificates of title are optional at the election of the registered proprietor.

Once the mortgagor has repaid the loan, a discharge of mortgage executed by the mortgagee is lodged with the relevant land registry office by the mortgagor or the mortgagee and the mortgage will then be removed from the certificate of title for the property.

## **16.6 Enforcement of Registered Mortgages**

Subject to the discussion in this section, if a borrower defaults under a Mortgage Loan, the loan documents should provide that all moneys under the Mortgage Loan may be declared due and payable either, in limited circumstances, immediately, or otherwise after a default notice has been given and the default has not been remedied within a prescribed period of time (generally at least 30 days). The lender may then sue to recover all outstanding principal, interest and fees under the personal covenant of a borrower contained in the loan documents to repay those amounts. In addition, the lender may enforce a registered mortgage in relation to the defaulted loan. Enforcement may occur in a number of ways, including the following:

- The mortgagee may enter into possession of the property. If it does so, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.
- The mortgagee may, in limited circumstances, lease the property to third parties.
- The mortgagee may foreclose on the property. Under foreclosure procedures, the mortgagee extinguishes the mortgagor's title to the property so that the mortgagee becomes the absolute owner of the property, a remedy that is, because of procedural constraints, rarely used. If the mortgagee forecloses on the property, it loses the right to sue the borrower under the personal covenant to repay and can look only to the value of the property for satisfaction of the debt.
- The mortgagee may appoint a receiver to deal with income from the property or exercise other rights delegated to the receiver by the mortgagee. A receiver is the agent of the mortgagor and so, unlike when the mortgagee enters possession of property, in theory the mortgagee is not liable for the receiver's acts or as occupier of the property. In practice, however, the receiver will require indemnities from the mortgagee that appoints it.
- The mortgagee may sell the property, subject to various duties to ensure that the mortgagee exercises proper care in relation to the sale. This power of sale is usually expressly contained in the mortgage documents, and is also implied in registered mortgages under the relevant Torrens title legislation in each State or Territory of Australia. The Torrens title legislation prescribes certain forms and periods of notice (usually not less than 30 days) to be given to the mortgagor prior to enforcement which apply notwithstanding any contrary provision in the mortgage documents. A sale under a mortgage may be by public auction or private treaty subject to the mortgagee's duty to obtain a fair price. Once registered, the purchaser of property sold pursuant to a mortgagee's power of sale becomes the absolute owner of the property.

## 16.7 Bankruptcy

The insolvency of a natural person is governed by the provisions of the Bankruptcy Act 1966 of Australia ("**Bankruptcy Act**"), which is a federal statute. Generally, secured creditors of a natural person, such as mortgagees under real property mortgages, stand outside the bankruptcy. That is, unless the mortgagee surrenders its security, the property of the bankrupt which is available for distribution by the trustee in bankruptcy does not include the Collateral. The secured creditor may, if it wishes, prove, or file a claim, in the bankruptcy proceeding as an unsecured creditor in a number of circumstances, including if they have realised the related mortgaged property and their debt has not been fully repaid, in which case they can prove for the unpaid balance. Alternatively, if the mortgagee has not realised the mortgaged property, the mortgagee may estimate the value of the mortgaged property and prove for the balance due after deducting the value so estimated. If the mortgagee proves in the bankruptcy for the full amount of its debt without taking into account the value of the mortgaged property it will be deemed to have surrendered its security.

Certain dispositions of property by a bankrupt may be avoided by the trustee in bankruptcy. These include where:

- the disposition was made to defeat creditors; or
- the disposition was made by an insolvent debtor within six (6) months of the petition for bankruptcy and that disposition gave a preference to an existing creditor over at least one other creditor; or
- the transaction involves a transfer within five years of the commencement of the bankruptcy and ending on the date of the bankruptcy for which no consideration or less than market value was given,

in each case subject to certain exceptions under the Bankruptcy Act.

The insolvency of a company is governed by the Corporations Act 2001 (Cth). Again, secured creditors generally stand outside the insolvency. However, a liquidator may avoid a mortgage which is voidable under the Corporations Act 2001 (Cth) because it is an uncommercial transaction, or an unfair preference to a creditor or a transaction for the purpose of defeating creditors (in each case subject to certain exceptions under the Corporations Act), and that transaction occurred:

- when the company was insolvent, or an act is done to give effect to the transaction when the company is insolvent, or the company becomes insolvent because of the transaction or the doing of an act to give effect to the transaction; and
- within a prescribed period prior to the commencement of the winding up of the company.

## 16.8 Environmental

Real property which is mortgaged to a lender may be subject to unforeseen environmental issues, including land contamination. Environmental legislation which deals with liability for such problems exists at both State and Federal levels, although the majority of relevant legislation is imposed by the States. No Australian statutes expressly imposes liability on "passive" lenders or security holders for environmental matters, and some States expressly exclude such liability. However, liability in respect of environmentally damaged land, which liability may include the cost of rectifying the damage, may attach to a person who is, for instance, an owner, occupier or person in control of the relevant property. In some but not all States, mortgagees who do not assume active management of the property are specifically excluded from the definitions of one or more of these categories.

Merely holding security over property will not convert a lender into an occupier.

However, a lender or receiver who takes possession of contaminated mortgaged property or otherwise enforces its security may be liable as an occupier.

Some environmental legislation provides that security interests may be created in favour of third parties over contaminated or other affected property to secure payment of the costs of any necessary rectification of the property. These security interests may have priority over pre-existing mortgages. To the extent that the Trustee or a receiver appointed on its behalf incurs any such liabilities, it will be entitled to be indemnified out of the Trust Assets.

### **16.9 Insolvency Considerations**

The current transaction is designed to mitigate insolvency risk. The Trust Assets should not be available to other creditors of the Trustee in its personal capacity or as trustee of any other trust or as trustee of the Trust in the event of an insolvency of the Trustee.

If any insolvency event occurs with respect to the Trustee (and the trustee is not otherwise replaced), the General Security Agreement may be enforced by the Security Trustee. The security created by the General Security Agreement will stand outside any liquidation of the Trustee, and the assets the subject of that security will not be available to the liquidator or any creditor of the Trustee, other than a creditor which has the benefit of the General Security Agreement until the secured obligations have been satisfied. If the proceeds from enforcement of the General Security Agreement are not sufficient to redeem the Offered Notes in full, some or all of the Offered Noteholders will incur a loss.

### **16.10 Consumer Credit Legislation**

The majority of the Mortgage Loans are regulated by the Consumer Credit Legislation.

For information regarding the Consumer Credit Legislation, see Section 3 (“Risk Factors – Consumer protection laws and codes may affect the timing or amount of interest or principal payments to you”).

## 17. AUSTRALIAN TAX MATTERS

*The following (excluding section 17.4 (“Common Reporting Standard”)) is a summary of the taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “Australian Tax Act”), at the date of this Offering Circular, of payments of interest (as defined in the Australian Tax Act) on the Offered Notes to be issued by the Trustee under this Offering Circular and certain other matters. The summary is not exhaustive and, in particular, does not deal with the position of certain classes of holders of Offered Notes (including, dealers in securities, custodians or other third parties who hold Notes other than Offered Notes on behalf of other persons).*

*Offered Noteholders should also be aware that particular terms of issue of any supplement to this Offering Circular may affect the tax treatment of the Offered Notes. Information regarding taxes in respect of the Offered Notes may also be set out in that supplement.*

*This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Offered Noteholder. Prospective Offered Noteholders should consult their professional advisers on the tax implications of an investment in the Offered Notes for their particular circumstances.*

### 17.1 Interest Withholding Tax

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**IWT**”) is available, in respect of the Offered Notes issued by the Trustee under section 128F of the Australian Tax Act if the following conditions are met:

- (a) the Trustee is a company as defined in section 128F(9) (which includes certain companies acting as a trustee) and a resident of Australia when it issues those Offered Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) those Offered Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test. In summary, the five methods are:
  - offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
  - offers to 100 or more investors of a certain type;
  - offers of listed Offered Notes;
  - offers initiated publicly in electronic or another form used by financial markets for dealing in debentures or debt interests; and
  - offers to a dealer, manager or underwriter who offers to sell those Offered Notes within 30 days by one of the preceding methods;
- (c) the Trustee does not know, or have reasonable grounds to suspect, at the time of issue, that those Offered Notes or interests in those Offered Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Trustee (as defined in section 128F(9) of the Australian Tax Act), except as permitted by section 128F(5) of the Australian Tax Act; and

- (d) at the time of the payment of interest, the Trustee does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Trustee (as defined in section 128F(9) of the Australian Tax Act), except as permitted by section 128F(6) of the Australian Tax Act.

### **Associates**

Since the Trustee is a trustee of the Trust, the entities that are associates of the Trustee for the purposes of section 128F of the Australian Tax Act include:

- any entity that benefits, or is capable of benefiting, under the Trust (“**Beneficiary**”), either directly or through any interposed entities; and
- any entity that is an associate of a company Beneficiary. An associate of a company Beneficiary for these purposes includes (i) a person or entity which holds more than 50% of the voting shares in, or otherwise sufficiently influences, the Beneficiary, (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise sufficiently influenced by, the Beneficiary, (iii) a trustee of a trust where the Beneficiary is capable of benefiting (whether directly or indirectly) under that trust, and (iv) a person or entity which is an “associate” of another person or company which is an “associate” of the Beneficiary under (i) above.

However, the following are permitted associates for the purposes of the tests in sections 128F(5) and 128F(6) of the Australian Tax Act:

- (A) onshore associates (ie Australian resident associates who do not hold the Offered Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who hold the Offered Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- (B) offshore associates (ie Australian resident associates who hold the Offered Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who do not hold the Offered Notes in the course of carrying on business at or through a permanent establishment in Australia) who are acting in the capacity of:
- (i) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Offered Notes or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme; or
  - (ii) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme.

### **Compliance with section 128F of the Australian Tax Act**

The Lead Managers have agreed with the Trustee to offer those Offered Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied and all Offered Notes having the benefit of the section 128F exemption.

### **Noteholders in Specified Countries**

The Australian Government has signed new or amended double tax conventions (“**Specified Treaties**”) with a number of countries (the “**Specified Countries**”) that contain certain exemptions from IWT. The Specified Treaties apply to interest derived by a resident of a Specified Country.

The Specified Treaties effectively prevent IWT applying to interest derived by:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and
- a “financial institution” resident in a Specified Country which is unrelated to and dealing wholly independently with the Trustee. The term “financial institution” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement will not qualify for the exemption.

### **No payment of additional amounts**

Despite the fact that the Offered Notes are intended to be issued in a manner which will satisfy the requirements of section 128F of the Australian Tax Act, if the Trustee is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Offered Notes, the Trustee is not obliged to pay a holder of the Offered Notes any additional amounts in respect of such deduction or withholding.

### **Notes other than Offered Notes**

It is intended that the Class G1 Notes will also be issued in a manner which will satisfy the requirements of section 128F of the Australian Tax Act. Any other Notes (other than Offered Notes) will not be eligible for exemption under section 128F and will, unless another exemption applies, be subject to interest withholding tax at the rate of 10% if held by a non-resident of Australia or a resident of Australia holding those Notes in the course of carrying on business at or through a permanent establishment outside Australia.

If interest withholding tax is imposed it will be deducted or withheld by the Trustee from the amount of interest paid upon those Notes and remitted to the Commonwealth of Australia. The Trustee is not obliged to pay to a holder of those Notes any additional amounts in respect of such deduction or withholding.

## **17.2 Other Tax Matters**

Under Australian laws as presently in effect:

- (a) *income tax – Offshore Noteholders* – assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Offered Notes, payments of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to an Offshore Noteholder of Offered Notes, who is a non-resident of Australia for tax purposes and who, during the taxable year, does not hold the Offered Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes.
- (b) *income tax – Australian Noteholders* – Australian residents or non-Australian residents who hold the Offered Notes in the course of carrying on business at or through a permanent establishment in Australia (“**Australian Holders**”), will be assessable for Australian tax purposes on income either received or accrued to them in respect of the Offered Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular Offered Noteholder and the terms and conditions of the Offered Notes. Special rules apply to the taxation of Australian residents who hold the Offered Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located.

- (c) *gains on disposal of Offered Notes – offshore Noteholders* – a Noteholder of the Offered Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Offered Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on the sale or redemption of the Offered Notes, provided such gains do not have an Australian source. A gain arising on the sale of Offered Notes by a non-Australian resident holder to another non-Australian resident where the Offered Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not be regarded as having an Australian source.
- (d) *gains on disposal of Offered Notes – Australian Holders* – Australian Holders will be required to include any gain or loss on disposal of the Offered Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Offered Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located.
- (e) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Offered Notes as interest for withholding tax purposes when certain Offered Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia.

Where the interest would have been exempt under section 128F of the Australian Tax Act, any deemed interest which arises should also be exempt from IWT.

- (f) *death duties* - no Offered Notes will be subject to death, estate or succession duties imposed by Australia, or by any State, Territory or any other political subdivision thereof or authority therein having power to tax, if held at the time of death.
- (g) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Offered Notes.
- (h) *other withholding taxes on payments in respect of Offered Notes* - section 12-140 of Schedule 1 to the Taxation Administration Act imposes a type of withholding tax at the rate of (currently) 47% on the payment of interest on certain registered securities (such as the Offered Notes) unless the relevant payee has quoted an Australian tax file number (“**TFN**”), (in certain circumstances) an Australian Business Number (“**ABN**”) or provided proof of some other exception (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Offered Notes, then the requirements of section 12-140 do not apply to payments to an Offshore Noteholder of Offered Notes who is not a resident of Australia and not holding those Offered Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Offered Notes may be subject to a withholding where the holder of those Offered Notes does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate).

- (i) *ABN withholding tax* - payments in respect of the Offered Notes can be made free and clear of the “ABN withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act.

- (j) *goods and services tax (GST)* - neither the issue nor receipt of the Offered Notes will give rise to a liability for GST in Australia on the basis that the supply of Offered Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber that is a non-resident of Australia) a GST-free supply. Furthermore, neither the payment of principal or interest by the Trustee, nor the disposal of the Offered Notes, should give rise to any GST liability in Australia.
- (k) *debt/equity rule* - Division 974 of the Australian Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. The Trustee intends to issue Offered Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 and in respect of which the returns paid on the Offered Notes are to be “interest” for the purpose of section 128F of the Australian Tax Act. Accordingly, Division 974 is unlikely to affect the Australian tax treatment of holders of Offered Notes.
- (l) *additional withholdings from certain payments to non-residents* - section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents.

However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations promulgated prior to the date of this Offering Circular are not relevant to any payments in respect of the Offered Notes. The possible application of any future regulations to the proceeds of any sale of the Offered Notes will need to be monitored.

- (m) *taxation of financial arrangements* - Division 230 of the Australian Tax Act sets out principles and rules for the tax timing and character treatment of gains and losses from “financial arrangements”.

The rules do not apply to certain taxpayers or in respect of certain short term “financial arrangements”. They should not, for example, generally apply to Noteholders of Offered Notes which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their “financial arrangements”. Prospective investors should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

The rules in Division 230 do not alter the rules relating to the imposition of Australian interest withholding tax. In particular, the rules do not override the Australian interest withholding tax exemption available under section 128F of the Australian Tax Act.

### **17.3 FATCA**

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”), in an effort to assist the United States Internal Revenue Service (“IRS”) in enforcing U.S. taxpayer compliance, establish a due diligence, reporting and withholding regime.

Under FATCA, a 30% withholding may be imposed (i) in respect of certain U.S. source payments and (ii) in respect of “foreign passthru payments” (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail

to meet certain certification or reporting requirements or do not comply with FATCA (“**FATCA withholding**”).

The Trust, the Trustee and other financial institutions through which payments on the Offered Notes are made may be required to withhold on account of FATCA. A withholding may be required if (i) an investor does not provide information sufficient for the Trust, the Trustee or the relevant financial institution to determine whether the investor is subject to FATCA withholding or (ii) a foreign financial institution (“**FFI**”) to or through which payments on the Offered Notes are made is a “non-participating FFI”.

FATCA withholding is not expected to apply if, in respect of foreign passthru payments only, the Offered Notes are treated as debt for U.S federal income tax purposes and the obligation is 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, this 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 U.S. Government signed an intergovernmental agreement with respect to FATCA (“**Australian IGA**”) on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the Australian IGA.

Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must follow specific due diligence procedures. In general, these procedures seek to identify account holders (e.g. the Offered Noteholders) and provide information about financial accounts held by U.S. persons and recalcitrant account holders to the Australian Taxation Office (“**ATO**”). The ATO is required to provide such information to the IRS.

Depending on the nature of the relevant FFI, FATCA withholding may not be required from payments made with respect to the Offered Notes other than in certain prescribed circumstances.

The Offered Noteholders may be requested to provide certain certifications and information to the Trust and/or the Trustee and any other financial institutions through which payments on the Offered Notes are made in order for the Trust and/or the Trustee and such other financial institutions to comply with their FATCA obligations. If a payment to an Offered Noteholder is subject to withholding as a result of FATCA, there will be no “gross up” (or any additional amount) payable by way of compensation to the Offered Noteholder for the withheld or deducted amount.

#### **17.4 Common Reporting Standard**

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) requires certain financial institutions to report information regarding certain accounts (which may include the Offered Notes) to their local tax authority and follow related due diligence procedures. Offered Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

## **18. U.S. LEGAL INVESTMENT CONSIDERATIONS**

### **Certain Investment Company Act Considerations**

The Trust is not registered or required to be registered as an “investment company” under the Investment Company Act. In determining that the Trust is not required to be registered as an investment company, the Trust does not rely on the exemption from the definition of “investment company” set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. As of the Closing Date, the Trust is intended to be structured so as not to constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act.

## 19. RATINGS OF THE OFFERED NOTES

It is expected that the Offered Notes will, when issued, be assigned (in the case of the Class A1 Notes and the Class A2 Notes) a rating of “Aaa(sf)” by Moody’s Investors Service Pty Ltd (“**Moody’s**”) and “AAA(sf)” by S&P Global Ratings Australia Pty Limited (“**S&P**”), (in the case of the Class B Notes) a rating of “Aa2(sf)” by Moody’s, (in the case of the Class C Notes) a rating of “A2(sf)” by Moody’s, (in the case of the Class D Notes) a rating of “Baa2(sf)” by Moody’s, (in the case of the Class E Notes) a rating of “Ba2(sf)” by Moody’s and (in the case of the Class F Notes) a rating of “B2(sf)” by Moody’s.

The issuance of the Offered Notes will be conditioned on obtaining a rating of (in the case of the Class A1 Notes and the Class A2 Notes) a rating of “Aaa(sf)” by Moody’s and “AAA(sf)” by S&P, (in the case of the Class B Notes) a rating of at least “Aa2(sf)” by Moody’s, (in the case of the Class C Notes) a rating of at least “A2(sf)” by Moody’s, (in the case of the Class D Notes) a rating of at least “Baa2(sf)” by Moody’s, (in the case of the Class E Notes) a rating of at least “Ba2(sf)” by Moody’s and (in the case of the Class F Notes) a rating of at least “B2(sf)” by Moody’s. You should independently evaluate the security ratings of each class of Notes from similar ratings on other types of securities. A credit rating is not a recommendation to buy, sell or hold securities. A rating does not address the market price or suitability of the Offered Notes for you. A rating may be subject to revision or withdrawal at any time by the Designated Rating Agencies. The rating does not address the expected schedule of principal repayments other than to say that principal will be returned no later than the Maturity Date of the Offered Notes.

The ratings of the Offered Notes will be based primarily on the creditworthiness of the Mortgage Loans, the subordination provided by the relevant classes of Notes, the availability of excess interest collections after payment of interest on the Offered Notes and the expenses in respect of the Trust and the foreign currency rating of Australia. The Commonwealth of Australia’s current foreign currency long term debt rating is “AAA” by S&P, “Aaa” by Moody’s and “AAA” by Fitch. In the context of an asset securitisation, the foreign currency rating of a country reflects, in general, a rating agency’s view of the likelihood that cash flow on the assets in such country’s currency will be permitted to be sent outside of that country.

No Designated Rating Agency has been involved in the preparation of this Offering Circular.

## 20. PLAN OF DISTRIBUTION

### 20.1 Offered Notes

Under the terms and subject to the conditions contained in the Dealer Agreement, the Lead Managers have agreed with the Trustee and the Trust Manager the basis upon which they may agree to subscribe for or procure subscriptions for the following Aggregate Invested Amount of the Offered Notes:

<u>Lead Manager</u>	<u>Aggregate Invested Amount of Class A1-s Notes</u>	<u>Aggregate Invested Amount of Class A1-a Notes</u>	<u>Aggregate Invested Amount of Class A2 Notes</u>	<u>Aggregate Invested Amount of Class B Notes</u>	<u>Aggregate Invested Amount of Class C Notes</u>	<u>Aggregate Invested Amount of Class D Notes</u>	<u>Aggregate Invested Amount of Class E Notes</u>	<u>Aggregate Invested Amount of Class F Notes</u>
Commonwealth Bank of Australia	20%	20%	20%	20%	20%	20%	20%	20%
National Australia Bank Limited	20%	20%	20%	20%	20%	20%	20%	20%
Royal Bank of Canada, Sydney Branch	20%	20%	20%	20%	20%	20%	20%	20%
Standard Chartered Bank	20%	20%	20%	20%	20%	20%	20%	20%
Westpac Banking Corporation	20%	20%	20%	20%	20%	20%	20%	20%

The Dealer Agreement sets out the basis on which the Lead Managers may bid for the Offered Notes and, if that bid is accepted by the Trust Manager (on behalf of the Trustee), the basis on which the Lead Managers agree to subscribe for such Offered Notes. The Dealer Agreement will be governed by and construed in accordance with the laws of New South Wales.

## 20.2 Offering Restrictions

Except as otherwise expressly provided for in this Section 20.2, the following representations, warranties and undertakings are made by the Lead Managers pursuant to the Dealer Agreement.

### *The United States of America (Offered Notes)*

Each Lead Manager (in respect of the Offered Notes):

- (a) acknowledges that the Offered Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), and the Trustee has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended ("**Investment Company Act**"). An interest in the Offered Notes may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, a "U.S. person" (as defined in Regulation S) at any time except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act;
- (b) represents, warrants and agrees that it has offered and sold the Offered Notes, and will offer and sell the Offered Notes:
  - (i) as part of its distribution at any time; and
  - (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date,

only in accordance with Rule 903 of Regulation S.

Accordingly, neither it, its affiliates nor any other persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Offered Notes, and it and they have complied and will comply with the offering restriction requirements of Regulation S;

- (c) represents, warrants and agrees that at or prior to confirmation of the sale of the Offered Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Offered Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the US Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulation authority of any state or other jurisdiction of the United States of America and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in paragraphs (a), (b) and (c) have the meanings given to them by Regulation S;

- (d) represents, warrants and agrees that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Offered Notes in contravention of this paragraph and paragraphs (a), (b) and (c) above, except with its affiliates or with the prior written consent of the Trustee and the Trust Manager; and

- (e) represents, warrants and agrees that:
- (i) except to the extent permitted under US Treas. Reg. § 1.163-5(c)(2)(i)(D) (the "**D Rules**"):
    - (A) it has not offered or sold, and until 40 days after the later of the commencement of the offering and the Closing Date (the "**restricted period**") will not offer or sell, the Offered Notes to a person who is within the United States or its possessions or to a United States person; and
    - (B) it has not delivered and will not deliver within the United States or its possessions definitive Offered Notes that are sold during the restricted period;
  - (ii) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who directly engage in selling Offered Notes are aware that such Offered Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
  - (iii) if it is a United States person, it is acquiring the Offered Notes for purposes of resale in connection with their original issue and if it retains Offered Notes for its own account, it will only do so in accordance with the requirements of US Treas. Reg. § 1.163-5(c)(2)(i)(D)(6); and
  - (iv) with respect to each affiliate that acquires from it Offered Notes in bearer form for the purpose of offering or selling such Offered Notes during the restricted period, such Lead Manager either:
    - (A) repeats and confirms the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) above on behalf of such affiliate; or
    - (B) agrees that it will obtain from such affiliate for the Trustee's benefit the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) above.

Terms used in this paragraph (e) have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

### ***The United Kingdom***

#### ***Prohibition of sales to UK Retail Investors***

Each Lead Manager represents, warrants and agrees that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available any Offered Notes to any UK Retail Investor in the United Kingdom (the "**UK**"). For the purposes of this provision:

- (a) the expression "**UK Retail Investor**" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Commission Delegated Regulation (EU) 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") and as amended;

- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) and any rules or regulations made under the FSMA (such rules and regulations as amended) to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA and as amended; or
  - (iii) not a qualified investor, as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA and as amended; 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 Offered Notes to be offered so as to enable an investor to decide to purchase or subscribe for any Offered Notes.

***Other regulatory restrictions***

Each Lead Manager represents, warrants and agrees that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Offered Notes in, from or otherwise involving the UK; and
- (b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Offered Notes in circumstances in which section 21(1) of the FSMA does not apply to the Trust Manager or the Trustee.

***Australia***

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Offered Notes has been lodged with ASIC.

Accordingly, each Lead Manager represents and agrees that it:

- (a) has not made or invited, and will not make or invite, directly or indirectly, an offer of the Offered Notes (or an interest in them) for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive Offering Circular or any other offering material, advertisement or other document relating to any Offered Notes (or an interest in them) in Australia,

unless:

- (c) either (x) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, and, in either case, disregarding moneys lent by the offeror or its associates), (y) the offer is to a professional investor for the purposes of section 708 of the Corporations Act, or (z) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- (d) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act;

- (e) such action complies with applicable laws and directives in Australia (including, without limitation the financial services licensing requirements of the Corporations Act); and
- (f) such action does not require any document to be lodged with ASIC.

### ***New Zealand***

Each Lead Manager has acknowledged that the Offered Notes should not be offered for sale or subscription to the public in New Zealand in terms of the Securities Act 1978 of New Zealand (“**NZ Securities Act**”), or to any retail investor or otherwise under any regulated offer in terms of the Financial Markets Conduct Act 2013 of New Zealand (“**FMC Act**”). Accordingly, no investment statement or prospectus under the NZ Securities Act or product disclosure statement under the FMC Act has been prepared, lodged or registered in New Zealand.

Each Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold, and will not offer or sell, directly or indirectly, any Offered 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 Offered Notes,

in each case in New Zealand other than:

- (c) to persons who are “wholesale investors” as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMC Act, 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 FMC Act; or

- (d) in other circumstances where there is no contravention of the FMC Act, provided that (without limiting paragraph (c) above) Offered 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.

### ***Hong Kong***

Each Lead Manager represents, warrants and agrees that:

- (a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), by means of any document, any Offered Notes other than:
  - (i) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as amended) (“**SFO**”) and any rules made under the SFO; or
  - (ii) 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 the Laws of Hong Kong) (as amended) (“**CWMO**”) or which do not constitute an offer to the public within the meaning of the CWMO; and

- (b) unless permitted to do so under the 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, offering material or document relating to the Offered Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Offered Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

### ***Singapore***

Each Lead Manager acknowledges that this Offering Circular has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Lead Manager represents and agrees that it will not offer, sell, deliver or transfer the Offered Notes nor make the Offered Notes the subject of an invitation for subscription or purchase, nor will this Offering Circular or any other document, relevant supplement, advertisement or other offering material in connection with the offer or sale, delivery or transfer, or an invitation for subscription or purchase, of the Offered Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “SFA”)) as modified or amended from time to time pursuant to Section 274 of the SFA; or
- (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

### ***Japan***

The Offered 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”) and, accordingly, each Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Offered Notes 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 a “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). Any branch or office in Japan of a non-resident will be deemed to be a resident irrespective of whether such branch office has the power to represent such non-resident.

## **European Economic Area**

Each Lead Manager represents and agrees that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available any Offered Notes to any EEA Retail Investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**EEA 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), 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 Article 2 of Regulation (EU) 2017/1129 (as amended); 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 Offered Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Notes.

## **21. GENERAL INFORMATION**

### **21.1 Authorisation**

The Trustee has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Offered Notes.

### **21.2 Litigation**

The Trustee is not, and has not been, involved in any litigation, arbitration or governmental proceedings that may have, or have had during the twelve months preceding the date of this Offering Circular, a significant effect on its financial position or profitability nor, so far as it is aware, are any such litigation, arbitration or governmental proceedings pending or threatened.

The Trust Manager is not presently involved in any litigation, arbitration or governmental proceedings that are material to the Noteholders.

## 22. GLOSSARY

Unless the context requires otherwise, in this Offering Circular, the following words have the following meanings:

<b>A\$, AUD and Australian Dollars</b>	means the lawful currency of the Commonwealth of Australia.
<b>Accrued Interest Adjustment</b>	means all interest accrued but unpaid in respect of the Mortgage Loans as at the open of business on the Closing Date.
<b>Adjustment Spread</b>	<p>means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:</p> <ul style="list-style-type: none"><li>(a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using industry-accepted practices, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or</li><li>(b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Calculation Agent to be appropriate or, if the Calculation Agent is unable to determine the quantum of, or a formula or methodology for determining, such adjustment spread, then as determined by an alternative financial institution (appointed by the Trust Manager in its sole discretion) acting in good faith and in a commercially reasonable manner.</li></ul>
<b>Adjustment Spread Fixing Date</b>	means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate.
<b>Administrator</b>	<p>means:</p> <ul style="list-style-type: none"><li>(a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);</li><li>(b) in respect of AONIA, the Reserve Bank of Australia; and</li><li>(c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,</li></ul> <p>or in each case, any successor administrator or, as applicable, any successor administrator or provider.</p>
<b>Administrator Recommended Rate</b>	means the rate formally recommended for use as the replacement for the BBSW Rate by the Administrator of the BBSW Rate.
<b>Adverse Rating Effect</b>	means an effect which results in the downgrading or withdrawal of the rating (if any) given to any of the Notes by a Designated Rating Agency.

<b>Affected Party</b>	in respect of a Derivative Contract, has the meaning given to it in that Derivative Contract.
<b>Aggregate Invested Amount</b>	means at any time in respect of a Class of Notes, the aggregate of the Invested Amounts of all the Notes of that Class at that time.
<b>Aggregate Stated Amount</b>	means at any time in respect of a Class of Notes, the aggregate of the Stated Amounts of all the Notes of that Class at that time.
<b>Alt Doc Loan</b>	<p>means a Mortgage Loan provided to a self employed borrower in respect of which the Obligor's declared income is substantiated by:</p> <ul style="list-style-type: none"> <li>(a) an approved accountant's letter; or</li> <li>(b) reference to the latest 6 month bank statements of the Obligor; or</li> <li>(c) reference to the latest 6 month business activity statements of the Obligor,</li> </ul> <p>in accordance with the Credit Policy and Procedures Manual.</p>
<b>Amortisation Amount</b>	<p>means, in respect of a Payment Date:</p> <ul style="list-style-type: none"> <li>(a) where an Amortisation Event is subsisting on that Payment Date, an amount equal to: <ul style="list-style-type: none"> <li style="text-align: center;"><math>A \times B</math></li> <li>where:</li> <li>A = 1 – the then prevailing corporate tax rate applicable in Australia; and</li> <li>B = the amount available to be applied on that Payment Date under Section 12.16(r) ("Application of Total Available Income (prior to an Event of Default)");</li> </ul> </li> <li>(b) otherwise, zero.</li> </ul>
<b>An Amortisation Event</b>	<p>is subsisting on a Payment Date if:</p> <ul style="list-style-type: none"> <li>(a) that Payment Date falls after the second Payment Date following the first occurring Call Option Date; or</li> <li>(b) on the Determination Date immediately preceding that Payment Date, a Servicer Default is subsisting and that Servicer Default has been subsisting for more than ten consecutive Business Days.</li> </ul>
<b>Amortisation Ledger</b>	see Section 12.21 ("Amortisation Ledger").
<b>AONIA</b>	means the Australian dollar interbank overnight cash rate (known as AONIA).
<b>AONIA Fallback Rate</b>	means, for an Interest Determination Date, the rate determined by the Calculation Agent to be Compounded Daily AONIA for that Interest Determination Date plus the Adjustment Spread.
<b>Applicable Benchmark Rate</b>	means initially, the BBSW Rate or, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate (as applicable) at such time in accordance with

Section 12.29 (“Interest on the Notes – Permanent Discontinuation Fallback”).

<b>Approved Solicitor</b>	means the solicitor (if any) named in the Credit Policy and Procedures Manual and, if none are named, the solicitor appointed by the Trust Manager to settle the Mortgage Loans on behalf of the Trustee.
<b>Approved Valuer</b>	means the valuer (if any) named in the Credit Policy and Procedures Manual and, if none are named, the valuer appointed by the Trust Manager to provide valuations to either or both the Originator and the Servicer, as the case may be.
<b>Arranger</b>	see Section 2.2 (“Parties to the Transaction”).
<b>Arrears Ratio</b>	means, in respect of a Determination Date, the Outstanding Balance of the Mortgage Loans which are greater than 90 days in arrears as at the last day of the immediately preceding Collection Period as a percentage of the total Outstanding Balance of all Mortgage Loans (calculated by the Trust Manager on the last day of the immediately preceding Collection Period).
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means the Australian Securities Exchange Ltd.
<b>Austraclear</b>	means the system operated by Austraclear Limited (ABN 94 002 060 773) for holding certain Australian Dollar securities and the electronic recording and settling of transactions in those securities between members of that system in accordance with the Regulations and Operating Manual established by Austraclear Limited (as amended or replaced from time to time) to govern the use of that system and includes, as required, a reference to Austraclear Limited as operator of that system.
<b>Australian Credit Licence</b>	has the meaning given to that term in the NCCP.
<b>Australian IGA</b>	see Section 2.5 (“Structural Overview”).
<b>Australian Tax Act</b>	means the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997, as the case may be.
<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; and</li><li>(b) any debt securities which:<ul style="list-style-type: none"><li>(i) have a short term credit rating of “A-1+” by S&amp;P;</li><li>(ii) have a short term credit rating of “P-1” by Moody’s;</li><li>(iii) mature on or prior to the next date on which the proceeds from such Authorised Investments will be required to be applied in accordance with the Cashflow Allocation Methodology;</li></ul></li></ul>

- (iv) are denominated in Australian Dollars;
- (v) are held in the name of the Trustee; and
- (vi) are “authorised investments” within the meaning of section 289 of the Duties Act 2001 (Qld),

in each case which:

- (c) does 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); and
- (d) does not give rise to FATCA Withholding Tax.

<b>Available Income</b>	see Section 12.9 (“Determination of Available Income”).
<b>Available Principal</b>	see Section 12.3 (“Determination of Available Principal”).
<b>Available Liquidity Amount</b>	means on any day the Liquidity Limit on that day less the Liquidity Principal Outstanding on that day.
<b>Backup Servicer</b>	means BNY Trust Company of Australia Limited.
<b>Backup Servicer Deed</b>	means the document entitled “Pepper Master Backup Servicer Deed” dated 20 February 2019 between the Trustee, the Trust Manager, the Servicer, the Security Trustee and the Backup Servicer.
<b>Bank</b>	means an authorised deposit-taking institution (as defined in the Banking Act 1959 (Cth)).
<b>Bare Trust Deed No.1</b>	means the deed entitled “Well Nigh Bare Trust Deed No.1” dated 25 July 2013 between Well Nigh and others.
<b>Bare Trust Deed No.2</b>	means the deed entitled “Well Nigh Bare Trust Deed No.2” dated 3 June 2013 between Well Nigh and others.
<b>BBSW</b>	means the Australian Dollar mid-rate benchmark for prime bank eligible securities (known as the Australian Bank Bill Swap Rate or BBSW).
<b>BBSW Rate</b>	<p>means, for an Interest Determination Date, subject to Section 12.29 (“Interest on the Notes – Temporary Disruption Fallback” and Section 12.29 (“Interest on the Notes – Permanent Discontinuation Fallback”), the per annum rate expressed as a decimal which is the level of BBSW for a period of one month provided by the Administrator and published as of the Publication Time on that Interest Determination Date provided that if the first Interest Period is longer than one month, the BBSW Rate for the first Interest Period will be the rate determined using straight line interpolation by reference to two rates where:</p> <ul style="list-style-type: none"> <li>(a) the first rate must be determined on the Interest Determination Date of that Interest Period as being the per annum rate expressed as a decimal as if the relevant tenor of BBSW were a period of a time next shorter than the length of that Interest Period provided by</li> </ul>

	the Administrator and published as of the Publication Time on that Interest Determination Date; and
	(b) the second rate must be determined on the Interest Determination Date of that Interest Period as being the per annum rate expressed as a decimal as if the relevant tenor of BBSW were a period of a time next longer than the length of that Interest Period provided by the Administrator and published as of the Publication Time on that Interest Determination Date.
<b>Bloomberg</b>	means Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time), as the provider of term adjusted AONIA and the spread.
<b>Bloomberg Adjustment Spread</b>	means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg, on the Fallback Rate (AONIA) Screen (or by other means) or provided to, and published by, authorised distributors.
<b>Business Day</b>	means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Sydney and Melbourne (not being a Saturday, Sunday or public holiday in any such place).
<b>Business Day Convention</b>	means 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>Business Process Manual</b>	means that part of the Credit Policy and Procedures Manual relating to the settlement and servicing of Mortgage Loans.
<b>Calculation Agent</b>	means Pepper Money Limited.
<b>Call Option</b>	means the Trust Manager's option to direct the Trustee to redeem the Notes on each Call Option Date.
<b>Call Option Date</b>	means: <ul style="list-style-type: none"> <li>(a) each Date Based Call Option Date; and</li> <li>(b) each Payment Date following the first Payment Date on which the Aggregate Invested Amount of all Notes (excluding the Class L Notes) on that Payment Date is less than 10% of the Aggregate Invested Amount of all Notes (excluding the Class L Notes) on the Closing Date.</li> </ul>
<b>CBA</b>	means Commonwealth Bank of Australia (ABN 48 123 123 124).
<b>Carryover Charge-Off</b>	means on any Determination Date the amount equal to: $A + B - C$ <p>where</p> <p>A = the amount (if any) of the Carryover Charge-Offs on the previous Determination Date;</p>

B =	the aggregate of the amount (if any) of the Charge-Offs on the current Determination Date and any Principal Draw in respect of the immediately preceding Payment Date; and
C =	the amount (if any) of Total Available Income available to be applied on the next occurring Payment Date under Sections 12.16(n) and 12.16(o)(ii) (“Application of Total Available Income (prior to an Event of Default)”) towards Carryover Charge-Offs.
<b>Cash</b>	includes cheques and the electronic transfer of funds.
<b>Cash Collateral</b>	means, on any day: <ul style="list-style-type: none"> <li>(a) in respect of a Derivative Contract, the amount of collateral (if any) whether cash or securities paid or transferred to the Trustee by the relevant Derivative Counterparty in accordance with the terms of that Derivative Contract that has not been applied before that day to satisfy the Derivative Counterparty’s obligations under that Derivative Contract in accordance with the terms of that Derivative Contract; and</li> <li>(b) in respect of the Liquidity Facility Agreement, the balance of the Liquidity Collateral Account on that day.</li> </ul>
<b>Charge-Off</b>	means, in respect of a Determination Date, the amount (if any) by which the Losses in respect of the immediately preceding Collection Period exceeds the aggregate of: <ul style="list-style-type: none"> <li>(a) the amounts available to be applied from Total Available Income on the next Payment Date under Section 12.16(o)(i) (“Application of Total Available Income (prior to an Event of Default)”); and</li> <li>(b) any Loss Reserve Draw in respect of that Determination Date.</li> </ul>
<b>Circulating Resolution</b>	means a written resolution of Secured Creditors made in accordance with paragraph 9 of the Meetings Provisions.
<b>Class</b>	means a class of Notes.
<b>Class A Note</b>	means each Class A1-s Note, Class A1-a Note and Class A2 Note (or any of them).
<b>Class A Noteholder</b>	means each Class A1-s Noteholder, Class A1-a Noteholder and Class A2 Noteholder (or any of them).
<b>Class A1 Note</b>	means each Class A1-s Note and Class A1-a Note (or any of them).
<b>Class A1 Noteholder</b>	means each Class A1-s Noteholder and Class A1-a Noteholder (or any of them).
<b>Class A1-a Note</b>	means a Note designated as a “Class A1-a Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.
<b>Class A1-a Note Principal Allocation</b>	means, in respect of a Payment Date: <ul style="list-style-type: none"> <li>(a) on which the Stepdown Criteria are not satisfied and prior to the first Call Option Date, the amount calculated as follows:</li> </ul>

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A1-a Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class A1-a Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes and the Class A2 Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(i)(B) (“Application of Total Available Principal (prior to an Event of Default)”); or

- (b) on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A1-a Note Principal Allocation;
- B = the aggregate of the Aggregate Stated Amount of the Class A1-a Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) (“Application of Total Available Principal (prior to an Event of Default)”).

**Class A1-a Noteholder**

means a Noteholder of a Class A1-a Note.

**Class A1-s Note**

means a Note designated as a “Class A1-s Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.

**Class A1-s Noteholder**

means a Noteholder of a Class A1-s Note.

**Class A2 Note**

means a Note designated as a “Class A2 Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.

**Class A2 Note  
Principal  
Allocation**

means, in respect of a Payment Date:

- (a) on which the Stepdown Criteria are not satisfied and prior to the first Call Option Date, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A2 Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class A2 Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes and the Class A2 Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(i)(B) (“Application of Total Available Principal (prior to an Event of Default)”); or

- (b) on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A2 Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class A2 Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) (“Application of Total Available Principal (prior to an Event of Default)”).

**Class A2  
Noteholder**

means a Noteholder of a Class A2 Note.

**Class B Note**

means a Note designated as a “Class B Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.

**Class B  
Noteholder**

means a Noteholder of a Class B Note.

**Class B Note  
Principal  
Allocation**

means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class B Note Principal Allocation.

B = the Aggregate Stated Amount of the Class B Notes as at the Determination Date immediately preceding that Payment Date.

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

**Class C Note**

means a Note designated as a "Class C Note" and which is issued in accordance with the Series Notice and the Note Deed Poll.

**Class C  
Noteholder**

means a Noteholder a Class C Note.

**Class C Note  
Principal  
Allocation**

means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class C Note Principal Allocation;

B = the Aggregate Stated Amount of the Class C Notes as at the Determination Date immediately preceding that Payment Date.

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

**Class D Note**

means a Note designated as a "Class D Note" and which is issued in accordance with the Series Notice and the Note Deed Poll.

**Class D  
Noteholder**

means a Noteholder of a Class D Note.

**Class D Note  
Principal  
Allocation**

means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class D Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class D Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

**Class E Note**

means a Note designated as a "Class E Note" and which is issued in accordance with the Series Notice and the Note Deed Poll.

**Class E  
Noteholder**

means a Noteholder of a Class E Note.

**Class E Note  
Principal  
Allocation**

means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class E Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class E Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

**Class F Note**

means a Note designated as a "Class F Note" and which is issued in accordance with the Series Notice and the Note Deed Poll.

**Class F  
Noteholder**

means a Noteholder of a Class F Note.

**Class F Note  
Principal  
Allocation**

means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class F Note Principal Allocation;

B = the Aggregate Stated Amount of the Class F Notes as at the Determination Date immediately preceding that Payment Date;

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

**Class G Note**

means a Class G1 Note or a Class G2 Note.

**Class G  
Noteholder**

means a Noteholder of a Class G Note.

**Class G Note  
Principal  
Allocation**

means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class G Note Principal Allocation;

B = the Aggregate Stated Amount of the Class G Notes as at the Determination Date immediately preceding that Payment Date;

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under Section 12.5(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

**Class G Note  
Supplemental  
Deed**

means the document entitled "Pepper Residential Securities Trust No. 39 - Class G Note Supplemental Deed" dated on or about the date of this Offering Circular between the Trustee, the Trust Manager, the Security Trustee and the initial subscribers for the Class G Notes.

**Class G Note  
Trigger Event**

has the meaning given to the term "Trigger Event" in the Class G Note Supplemental Deed.

<b>Class G1 Note</b>	means a Note designated as a “Class G1 Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.
<b>Class G2 Note</b>	means a Note designated as a “Class G2 Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.
<b>Class L Note</b>	means a Note designated as a “Class L Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.
<b>Class L Noteholder</b>	means a Noteholder of a Class L Note.
<b>Clearstream, Luxembourg</b>	means Clearstream Banking, société anonyme, a limited liability company organised under the laws of Luxembourg.
<b>Closing Date</b>	means 28 February 2024.
<b>Code</b>	means the U.S. Internal Revenue Code of 1986.
<b>Collateral</b>	means all the Trust Assets which the Trustee acquires or to which the Trustee becomes entitled on or after the date of the General Security Agreement.
<b>Collateral Advance</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Collection Account</b>	means an account opened with the Depositee in the name of the Trustee and designated by the Trust Manager as the collection account for the Trust.
<b>Collection Period</b>	means the period from (and including) the first day of a calendar month up to (and including) the last day of that calendar month except for the first Collection Period, which commences on (and includes) the Closing Date and ends on (and includes) 31 March 2024.
<b>Collection Period Distributions</b>	see Section 12.2 (“Distributions made during a Collection Period”).
<b>Collections</b>	see Section 12.1 (“Collections”).
<b>Collections Trust</b>	means the Pepper Collections Trust established under the Collections Trust Trust Deed dated 27 October 2011.
<b>Collections Trust Beneficiary Notice</b>	means the “Beneficiary Notice” from the Trustee in relation to the accession to the Collections Trust dated on or about the Closing Date.
<b>Collections Trust Trust Deed</b>	means the Pepper Collections Trust Trust Deed dated 27 October 2011.
<b>Compounded Daily AONIA</b>	means, for an Interest Determination Date, the rate which is the rate of return of a daily compound interest investment, calculated in accordance with the formula below:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{AONIA_{i-5BD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** means the number of calendar days in the relevant Interest Period;

**d<sub>0</sub>** means the number of Business Days in the relevant Interest Period;

**AONIA<sub>i-5BD</sub>** means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Business Day falling five Business Days prior to such Business Day “i”;

**i** is a series of whole numbers from 1 to **d<sub>0</sub>**, each representing the relevant Business Day in chronological order from (and including) the first Business Day in the relevant Interest Period to (and including) the last Business Day in such Interest Period; and

**n<sub>i</sub>** for any Business Day “i”, means the number of calendar days from (and including) such Business Day “i” up to (but excluding) the following Business Day.

If for any reason Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period.

<b>Conditions</b>	means the terms and conditions of the Notes, as set out in Schedule 1 to the Note Deed Poll.
<b>Consumer Credit Legislation</b>	means each of: <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);</li> <li>(d) any acts or regulations made under or in respect of any of the acts set out in paragraphs (a) to (c) above (including the National Consumer Credit Protection Regulations 2010 (Cth)); and</li> <li>(e) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001, so far as it relates to the obligations in respect of an Australian Credit Licence issued under the NCCP.</li> </ul>
<b>Controller</b>	has the meaning given to it in the Corporation Act.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Costs</b>	include costs, charges, expenses and Taxes, including those incurred in connection with advisers.
<b>Credit Manual</b>	means that part of the Credit Policy and Procedures Manual relating to the origination and underwriting of Mortgage Loans.

<b>Credit Policy and Procedures Manual</b>	means the guidelines relating to the origination, underwriting, settlement and ongoing servicing of Mortgage Loans, consisting of the Credit Manual and the Business Process Manual, as identified and initialled by each Party upon settlement, and as modified, supplemented or replaced from time to time as agreed between the parties in writing.
<b>Current LVR</b>	means, at any time, in relation to a Mortgage Loan, the ratio of: <ul style="list-style-type: none"> <li>(a) the Outstanding Balance of that Mortgage Loan at that time; to</li> <li>(b) the value of the relevant residential real property which at that time secures that Mortgage Loan, where such value is the value of that property as at the date the Mortgage Loan was settled, or, if a valuation was undertaken more recently, the date of the last valuation report from an Approved Valuer.</li> </ul>
<b>Custodian</b>	means BNY Trust Company of Australia Limited.
<b>Custody Deed</b>	means the document entitled “Pepper Master Custody Deed” dated 20 February 2019 between the Trustee and others.
<b>Cut-Off Date</b>	means 31 December 2023.
<b>Date Based Call Option Date</b>	means the Payment Date occurring in February 2029 and each Payment Date occurring thereafter.
<b>Dealer Agreement</b>	means the document entitled “Pepper Residential Securities Trust No. 39 - Dealer Agreement” dated 16 February 2024 between the Trustee and others, and includes the Master Dealer Terms incorporated by reference in it.
<b>Deed of Adherence</b>	means the document entitled “Deed of Adherence” dated 18 January 2024 between the Trustee and the Trust Manager by which the Trust accedes to the Pepper Tax Sharing and Funding Agreement.
<b>Defaulting Party</b>	in respect of a Derivative Contract has the meaning set out in that Derivative Contract.
<b>Derivative Contract</b>	means each Derivative Contract (as defined in the Master Security Trust Deed) entered into by the Trustee (at the direction of the Trust Manager, and to which the Trust Manager will also be a party) in respect of the Trust: <ul style="list-style-type: none"> <li>(a) pursuant to an ISDA Master Agreement;</li> <li>(b) in accordance with the Hedging Policy; and</li> <li>(c) on terms in respect of which a Rating Notification has been given.</li> </ul>
<b>Derivative Counterparty</b>	means the counterparty under a Derivative Contract.
<b>Depositee</b>	means the financial institution at which the Collection Account is maintained. The Depositee is initially Commonwealth Bank of Australia.
<b>Designated Rating Agency</b>	means each of Moody’s and S&P.

**Determination Date** means the day which is 3 Business Days prior to a Payment Date.

**Disposing Trust** means each of:

- (a) the Pepper Mortgage Warehouse Trust 2009-2 established on 18 December 2009;
- (b) the Pepper Mortgage Warehouse Trust 2010-1 established on 16 July 2010;
- (c) the Pepper Prime Mortgage Origination Trust 2013-3 established on 31 October 2013;
- (d) the Pepper NC Mortgage Warehouse Trust 2021-1 established on 6 September 2021;
- (e) the Pepper Prime Mortgage Origination Trust 2021-1 established on 13 October 2021;
- (f) the Pepper Prime Mortgage Origination Warehouse Trust 2021-3 established on 24 November 2021;
- (g) the Pepper Mortgage Innovation Trust No. 1 established on 19 July 2022;
- (h) the Pepper NC Mortgage Trust 2022-2 established on 24 October 2022; and
- (i) the Pepper Prime Mortgage Origination Warehouse Trust No.2 established on 23 May 2018.

**Disposing Trustee** means each of:

- (a) Pepper Finance Corporation Limited in its capacity as trustee of:
  - (i) the Pepper Mortgage Warehouse Trust 2009-2 established on 18 December 2009;
  - (ii) the Pepper Mortgage Warehouse Trust 2010-1 established on 16 July 2010;
  - (iii) the Pepper Prime Mortgage Origination Trust 2013-3 established on 31 October 2013;
  - (iv) the Pepper NC Mortgage Warehouse Trust 2021-1 established on 6 September 2021;
  - (v) the Pepper Prime Mortgage Origination Trust 2021-1 established on 13 October 2021;
  - (vi) the Pepper Prime Mortgage Origination Warehouse Trust 2021-3 established on 24 November 2021;
  - (vii) the Pepper Mortgage Innovation Trust No. 1 established on 19 July 2022; and
  - (viii) the Pepper NC Mortgage Trust 2022-2 established on 24 October 2022; and
- (b) Permanent Custodians Limited in its capacity as trustee of the Pepper Prime Mortgage Origination Warehouse Trust No.2 established on 23 May 2018.

<b>Drawdown Date</b>	means in respect of the Liquidity Facility, the date on which a Liquidity Advance or a Collateral Advance is or is deemed to be made under the Liquidity Facility.
<b>EBA</b>	means the European Banking Authority.
<b>EEA</b>	means the European Economic Area.
<b>Eligibility Criteria</b>	see Section 9.3 (“Representations and Warranties of the Trust Manager and Eligibility Criteria”).
<b>Eligible Bank</b>	<p>means a bank that has a rating equivalent to or higher than:</p> <p>(a) in the case of S&amp;P, either a short term credit rating of “A-1” or a long term credit rating of “A” (as the case may be); and</p> <p>(b) in the case of Moody’s, a long term credit rating of “A2” and a short term credit rating of “P-1”,</p> <p>or such other lower credit rating or ratings by the Designated Rating Agency as may be notified by the Trust Manager to the Trustee from time to time provided that the Trust Manager has delivered a Rating Notification in respect of such other credit rating or ratings.</p>
<b>Eligible Loan</b>	means a Mortgage Loan that has been originated in accordance with the Credit Policy and Procedures Manual and which complies with the Eligibility Criteria.
<b>Encumbrance</b>	<p>means any:</p> <p>(a) security interest as defined in section 12(1) or section 12(2) of the Personal Property Securities Act 2009 (Cth) and any 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>(b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or</p> <p>(c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or</p> <p>(d) 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>	means all expenses paid by the Servicer and/or the Trustee in connection with the enforcement of any Mortgage Loan or any Related Security.
<b>EU</b>	means the European Union.
<b>EU Investor Requirements</b>	see Section 2.6 (“Securitisation Regulation Rules”)

<b>EU Prospectus Regulation</b>	means Regulation (EU) 2017/1129 (as amended).
<b>EU Qualified Investor</b>	means a qualified investor, as defined in Article 2 of the EU Prospectus Regulation.
<b>EU Securitisation Regulation</b>	see Section 2.5 (“Structural Overview”).
<b>EU Securitisation Regulation Rules</b>	see Section 2.5 (“Structural Overview”).
<b>Euroclear</b>	means Euroclear Bank, S.A./N.V.
<b>EUWA</b>	means the European Union (Withdrawal) Act 2018 (as amended).
<b>Event of Default</b>	see Section 13.4 (“General Security Agreement”).
<b>Exchange Act</b>	means the Securities Exchange Act of 1934 of the United States of America, as amended.
<b>Extraordinary Expense</b>	means, in relation to a Collection Period, any out of pocket Trust Expense incurred by the Trustee in respect of that Collection Period but which was not incurred in the ordinary course of business of the Trust.
<b>Extraordinary Expense Reserve Account</b>	means the ledger account of the Collection Account established and maintained by the Trustee (at the direction of the Trust Manager) in accordance with Section 12.23 (“Extraordinary Expense Reserve Account”).
<b>Extraordinary Expense Reserve Balance</b>	means, on any day, the credit balance of the Extraordinary Expense Reserve Account on that day.
<b>Extraordinary Expense Reserve Draw</b>	see Section 12.10 (“Extraordinary Expense Reserve Draw”).
<b>Extraordinary Expense Reserve Loan Agreement</b>	means the Pepper Master Extraordinary Expense Reserve Loan Agreement dated 20 February 2019 between the Trustee, the Trust Manager and the Extraordinary Expense Reserve Loan Provider.
<b>Extraordinary Expense Reserve Loan Provider</b>	means Pepper Money Limited (ACN 094 317 665).
<b>Extraordinary Expense Reserve Target Balance</b>	means A\$150,000.
<b>Extraordinary Resolution</b>	means a resolution that is passed by 75% of votes cast by the Ruling Secured Creditors present and entitled to vote at a meeting or a written resolution of the Ruling Secured Creditors made in accordance with the Master Security Trust Deed.

**Fallback Rate** means, in respect of a Permanent Discontinuation Fallback for an Applicable Benchmark Rate, the rate that applies to replace that Applicable Benchmark Rate in accordance with the definition of Permanent Discontinuation Fallback.

When calculating interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that interest will be calculated as if references to the BBSW Rate were references to that Fallback Rate. When calculating interest in circumstances where the Final Fallback Rate applies, that interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate.

**Fallback Rate (AONIA) Screen** means the Bloomberg screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg screen <HP> <GO>) or any other published source designated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

**Finance Charge Collections** see Section 12.9 (“Determination of Available Income”).

**FATCA** means:

- (a) sections 1471 through 1474 of the United States Internal Revenue Code of 1986 (including any regulations or official interpretations issued with respect thereof and any amended or successor provisions);
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States 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.

**FATCA Withholding Tax** means any withholding or deduction arising under or in connection with, or to ensure compliance with, FATCA.

**Fitch** means Fitch Australia Pty Ltd.

**Final Fallback Rate** means, in respect of an Applicable Benchmark Rate, the rate:

- (a) determined by the Calculation Agent as a commercially reasonable alternative for the Applicable Benchmark Rate taking into account all available information that in good faith it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and / or futures exchanges with representative trade volumes in derivatives or futures referencing that Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this paragraph (a);

- (b) if the Calculation Agent is unable or unwilling to determine a reasonable alternative, determined by an alternative financial institution (appointed by the Trust Manager in its sole discretion) acting in good faith and in a commercially reasonable manner; or
- (c) if and for so long as the Trust Manager is unable to appoint an alternative financial institution or the appointed alternative financial institution is unable or unwilling to determine a rate in accordance with paragraph (b), which is the last provided or published level of that Applicable Benchmark Rate.

<b>Full Doc Loan</b>	means any Mortgage Loan that is not a Low Doc Loan or an Alt Doc Loan.
<b>Further Advance</b>	means, in relation to a Mortgage Loan, any advance provided to the relevant Obligor after the settlement date of that Mortgage Loan, which results in an increase in the Scheduled Balance of that Mortgage Loan.
<b>Further Liquidity Shortfall</b>	see Section 12.12 (“Liquidity Draw”).
<b>General Insurance Policy</b>	means, in respect of a Mortgage Loan, any policy of general insurance in force in respect of that Mortgage Loan or its Related Securities.
<b>General Security Agreement</b>	means the document entitled “Pepper Residential Securities Trust No. 39 General Security Agreement” dated on or about the date of this Offering Circular between the Trustee and others, and includes the Master General Security Terms incorporated by reference in it.
<b>Governmental Agency</b>	means any government, whether federal, state, territorial or local, and any minister, department, office, commission, delegate, instrumentality, agency, board, authority or organ thereof, whether statutory or otherwise.
<b>GST</b>	means any goods and services tax, value added tax or similar tax imposed by the Commonwealth of Australia or any State or Territory of the Commonwealth of Australia.
<b>Hedging Policy</b>	means the policy for the entry into Derivative Contracts by the Trustee in the form provided by the Trust Manager from time to time and in respect of which a Rating Notification has been given.
<b>Holding Company</b>	in relation to a body corporate, means a body corporate of which the first body corporate is a Subsidiary.
<b>Initial Invested Amount</b>	means, in respect of: <ul style="list-style-type: none"> <li>(a) a Note (other than a Class G Note or a Class L Note), A\$10,000; and</li> <li>(b) a Class G Note or a Class L Note, A\$1,000.</li> </ul>
<b>Insolvent</b>	a person is Insolvent if: <ul style="list-style-type: none"> <li>(a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or</li> </ul>

- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property; or
- (c) it is subject to any arrangement, assignment, moratorium 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 Security Trustee (or the Trust Manager, in the case of the solvency of the Security Trustee)); or
- (d) an application or order has been made (and, in the case of an application, it is not stayed, 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 (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (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 the Security Trustee (or the Trust Manager, in the case of the solvency of the Security Trustee) reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

In respect of the Trustee, a reference to the “relevant body corporate” is a reference to the Trustee in its capacity as trustee of the relevant Trust or personally, but not the Trustee in its capacity as trustee of any other Trust; and any non-payment of debt by the Trustee as a result of the operation of the limitation of liability provision described under the heading “Limitation of the Trustee’s Liability” in Section 13.2 (“Master Trust Deed”) will not result in the Trustee (other than in its capacity as trustee of the Trust) being Insolvent.

**Interest** see Section 12.30 (“Calculation of Interest on the Notes”).

**Interest Determination Date** means, in respect of an Interest Period:

- (a) where the BBSW Rate applies or the Final Fallback Rate applies under paragraph (a)(iii) of the definition of Permanent Discontinuation Fallback, the first day of that Interest Period; and
- (b) otherwise, the fifth Business Day prior to the last day of that Interest Period,

subject in each case to adjustment in accordance with the Business Day Convention.

**Interest Only Loan** means a Mortgage Loan which does not require the amortisation of principal for a specified period of time.

**Interest Period** see Section 12.29 (“Interest on the Notes”).

**Interest Rate** see Section 12.29 (“Interest on the Notes”).

<b>Invested Amount</b>	means, at any time in respect of a Note, the Initial Invested Amount of that Note less the aggregate of all principal repayments made in respect of that Note prior to that time.
<b>IRS</b>	means United States Internal Revenue Service.
<b>ISDA</b>	means the International Swaps and Derivatives Association, Inc.
<b>ISDA Master Agreement</b>	means, in respect of a Derivative Contract, any ISDA Master Agreement (including the schedule and each credit support annex forming part of it) which the Trustee and the Trust Manager agree is an “ISDA Master Agreement” for the purposes of the Trust provided that a Rating Notification has been given in respect of the designation of such agreement.
<b>Issue Date</b>	means in respect of a Note, the Closing Date.
<b>Japan Due Diligence and Retention Rules</b>	see Section 2.8 (“Japanese Risk Retention”).
<b>Lead Managers</b>	see Section 2.2 (“Parties to the Transaction”).
<b>Liquidity Advance</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Collateral Account</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Collateral Account Balance</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Draw</b>	see Section 12.12 (“Liquidity Draw”).
<b>Liquidity Event of Default</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Facility</b>	means the facility provided under the Liquidity Facility Agreement.
<b>Liquidity Facility Agreement</b>	means: <ul style="list-style-type: none"> <li>(a) the Pepper Residential Securities Trust No. 39 Liquidity Facility Agreement dated on or about the date of this Offering Circular between the Trustee, the Trust Manager and the Liquidity Facility Provider; and</li> <li>(b) any other document which the Trustee and the Trust Manager agree is a “Liquidity Facility Agreement”, provided that a Rating Notification has been given in respect of such document.</li> </ul>
<b>Liquidity Facility Provider</b>	means Commonwealth Bank of Australia or such person appointed from time to time as the Liquidity Facility Provider under a Liquidity Facility Agreement.

<b>Liquidity Facility Provider Termination Date</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Facility Termination Date</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Interest Period</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Limit</b>	see Section 13.7 (“Liquidity Facility Agreement”).
<b>Liquidity Principal Outstanding</b>	means, at any time, an amount equal to: <ul style="list-style-type: none"> <li>(a) the aggregate of all Liquidity Advances made prior to that time in respect of Liquidity Draws (including any capitalised interest); less</li> <li>(b) any repayments or prepayments of all such Liquidity Advances made by the Trustee on or before that time.</li> </ul>
<b>Liquidity Shortfall</b>	means, on a Determination Date, the amount (if positive) by which the Required Payments on the immediately following Payment Date exceed the Available Income on that Determination Date.
<b>Liquidity Support Amount</b>	means any amount paid by the Servicer to the Trustee in accordance with the terms of any Reimbursement Agreement.
<b>Liquidity Support Reimbursement Amount</b>	means any amount payable by the Trustee to the Servicer in accordance with the terms of any Reimbursement Agreement.
<b>Loan Products</b>	means the loan products and their related criteria which are provided by the Originator as set out in the Credit Policy and Procedures Manual, as amended from time to time.
<b>Loss Reserve Account</b>	means an account opened with an Eligible Bank in the name of the Trustee and designated by the Trust Manager as the loss reserve account for the Trust.
<b>Loss Reserve Draw</b>	see Section 12.27 (“Loss Reserve Account”).
<b>Loss Reserve Loan</b>	see Section 12.27 (“Loss Reserve Account”).
<b>Loss Reserve Loan Provider</b>	means Pepper Money Limited (ACN 094 317 665).
<b>Loss Shortfall</b>	means, in respect of a Determination Date, the amount (if any) by which the Losses in respect of the immediately preceding Collection Period exceeds the amount available to be applied from Total Available Income on the next Payment Date under Section 12.16(o)(i) (“Application of Total Available Income (prior to an Event of Default)”).
<b>Losses</b>	means, for a Collection Period, the aggregate of:

- (a) all losses (as determined by the Trust Manager) for all Authorised Investments acquired from principal collections which arise during that Collection Period; and
- (b) all losses (as determined by the Trust Manager) for all Mortgage Loans which arise during that Collection Period after all enforcement action has been taken by the Servicer (in accordance with the Master Servicer Deed) in respect of any Mortgage Loan and its Related Security and after taking into account:
  - (i) all proceeds received as a consequence of enforcement under any Mortgage Loans (less the relevant Enforcement Expenses);
  - (ii) any proceeds received by the Trustee from any insurance policy related to a Mortgage Loan; and
  - (iii) any payments received from the Trust Manager, the Servicer or any other person for a breach of its obligations under the Transaction Documents,

and “**Loss**” has a corresponding meaning.

**Low Doc Loan**

means a Mortgage Loan in respect of which:

- (a) the Obligor’s declared income is substantiated solely by the Obligor’s loan application; and
- (b) the originator receives an acknowledgment from the Obligor that the originator relies on the information in the relevant loan application and the Obligor declares that that information is true and correct.

**Master Dealer Terms**

means the document entitled “Pepper Master Dealer Terms” dated 20 February 2019 executed by the Trustee, the Trust Manager and Pepper.

**Master General Security Terms**

means the document entitled “Pepper Master General Security Terms” dated 20 February 2019 executed by the Trustee and the Security Trustee.

**Master Management Deed**

means the master management terms incorporated by reference in the Notice of Creation of Trust by reference to the terms and conditions of the document entitled “Pepper Master Management Deed” dated 2 May 2012 between Pepper Finance Corporation Limited and the Trust Manager (as amended).

**Master Security Trust Deed**

means the master security trust terms incorporated by reference in the Notice of Creation of Security Trust by reference to the terms and conditions of the document entitled “Pepper Master Security Trust Deed” dated 2 May 2012 between Pepper Finance Corporation Limited, P.T. Limited and the Trust Manager (as amended).

**Master Servicer Deed**

means the master servicer terms incorporated by reference in the Series Notice by reference to the terms and conditions of the document entitled “Pepper Master Servicer Deed” dated 2 May 2012 between Pepper Finance Corporation Limited, the Servicer and the Trust Manager (as amended).

<b>Master Trust Deed</b>	means the master trust terms incorporated by reference in the Notice of Creation of Trust by reference to the terms and conditions of the document entitled "Pepper Master Trust Deed" dated 2 May 2012 between Pepper Finance Corporation Limited (and the Trust Manager (as amended)).
<b>Material Adverse Effect</b>	means a material adverse effect on: <ul style="list-style-type: none"> <li>(a) the Trustee's ability to comply with its obligations under any Transaction Document;</li> <li>(b) the effectiveness or priority of any security or the value of the property secured by a security in each case taken as a whole; and</li> <li>(c) the validity or enforceability of any Transaction Document.</li> </ul>
<b>Material Adverse Liquidity Effect</b>	means a material and adverse effect on the amount of any payment to the Liquidity Facility Provider or the timing of any such payment.
<b>Material Adverse Payment Effect</b>	means an event or circumstance which will, or is likely to have, a material and adverse effect on the amount of any payment to a Noteholder (other than in respect of any Note which does not then comprise part of the Senior Obligations) or the timing of any such payment.
<b>Maturity Date</b>	means the Payment Date occurring in July 2065.
<b>Meetings Provisions</b>	means the provisions relating to the meetings of Secured Creditors set out in Schedule 2 ("Meetings Provisions") of the Master Security Trust Deed.
<b>Moody's</b>	means Moody's Investors Service Pty Ltd.
<b>Mortgage Loan</b>	means at any time a mortgage loan which is then, or is then immediately to become, a Trust Asset.
<b>Mortgage Loan Documents</b>	means, in respect of a Mortgage Loan or Related Security, any agreement or other document that evidences the Obligor's payment or repayment obligations or any other terms and conditions of that Mortgage Loan or Related Security as applicable, and includes the Title Documents relating to that Mortgage Loan or Related Security.
<b>Mortgage Loan Pool</b>	means, at any time, the pool comprising all of the Mortgage Loans at that time.
<b>NCCP</b>	means the National Consumer Credit Protection Act 2009 (Cth) and the Credit Code set out in schedule 1 of that Act.
<b>Non-Representative</b>	means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of that Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate: <ul style="list-style-type: none"> <li>(a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable</li> </ul>

Benchmark Rate is intended to measure and that representativeness will not be restored; and

- (b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor or Administrator (as applicable) (howsoever described) in contracts.

<b>Notes</b>	means the Class A1-s Notes, the Class A1-a Note, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class L Notes or any of them, as the context requires.
<b>Note Deed Poll</b>	means the document entitled “Pepper Master Note Deed Poll” dated 20 February 2019 signed by the Trustee.
<b>Noteholder</b>	means for a Note, each person whose name is entered in the relevant Note Register as the holder of that Note.
<b>Note Margin</b>	see Section 12.29 (“Interest on the Notes”).
<b>Note Register</b>	means the register maintained in respect of such Notes in accordance with the Note Deed Poll.
<b>Notice of Creation of Security Trust</b>	means the Pepper Residential Securities Security Trust No. 39 Notice of Creation of Security Trust dated 18 January 2024 between the Trustee, BTA Institutional Services Australia Limited and the Trust Manager.
<b>Notice of Creation of Trust</b>	means the Pepper Residential Securities Trust No. 39 Notice of Creation of Trust dated 18 January 2024 between Permanent Custodians Limited and the Trust Manager.
<b>Obligor</b>	means, in relation to a Mortgage Loan or Related Security, any person who is obliged to make payments either jointly or severally in connection with that Mortgage Loan or Related Security.
<b>Offer to Sell</b>	has the meaning set out in the Sale Deed.
<b>Offer to Sell Back</b>	has the meaning set out in the Sale Deed.
<b>Offered Noteholder</b>	means a Noteholder of an Offered Note.
<b>Offered Notes</b>	means the Class A1-s Notes, Class A1-a Notes, Class A2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, or any of them, as the context requires.
<b>Ordinary Resolution</b>	means: (a) a resolution passed at a meeting of Secured Creditors by at least 50% of the votes cast; or (b) a Circulating Resolution made in accordance with paragraph 9.1(a) of the Meetings Provisions.
<b>Originator</b>	means Pepper Homeloans Pty Limited (ABN 86 092 110 079).

<b>Other Income</b>	means, in respect of a Collection Period, any miscellaneous income or other amounts otherwise not included in Available Income or Available Principal received by the Trustee during the relevant Collection Period (excluding any interest or income earned on Authorised Investments or the Loss Reserve Account).
<b>Outstanding Balance</b>	means, at any time in respect of a Mortgage Loan, the outstanding principal amount of that Mortgage Loan (including any interest and fees which have been capitalised under that Mortgage Loan).
<b>Outstanding Documents Date</b>	means the date which is 90 days after the Closing Date or, if not a Business Day, the next Business Day.
<b>Participation Unit</b>	means any unit in the Trust which is designated as a "Participation Unit" in the unit register for the Trust.
<b>Participation Unitholder</b>	means the person registered as the holder of a Participation Unit.
<b>Payment Date</b>	means the 16 <sup>th</sup> day of each month or, if that day is not a Business Day, then the next Business Day provided that the first Payment Date occurs in April 2024, or if that day is not a Business Day, then the next Business Day.
<b>Pepper</b>	means Pepper Money Limited (ABN 55 094 317 665)
<b>Pepper Tax Sharing and Funding Agreement</b>	means the agreement entitled "Tax Sharing and Funding Agreement" dated 21 June 2010 between Pepper Money Limited and others (as amended from time to time).
<b>Performing Mortgage Loans Amount</b>	means at any time the amount outstanding under Mortgage Loans, excluding any Mortgage Loan: <ul style="list-style-type: none"> <li>(a) in relation to which any payment due from the relevant Obligor has been in arrears by more than 90 days; or</li> <li>(b) which is otherwise determined by the Servicer to be non-performing (having regard to the definition of that term in the Prudential Standard APS 220 Credit Risk Management).</li> </ul>
<b>Permanent Discontinuation Fallback</b>	means, in respect of: <ul style="list-style-type: none"> <li>(a) the BBSW Rate, that the rate for any day for which the BBSW Rate is required on or after the BBSW Rate Permanent Fallback Effective Date will be: <ul style="list-style-type: none"> <li>(i) if at the time the BBSW Rate Permanent Fallback Effective Date occurs, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Fallback Rate;</li> <li>(ii) if at the time the BBSW Rate Permanent Fallback Effective Date occurs, an AONIA Permanent Fallback Effective Date has occurred, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and</li> <li>(iii) if neither paragraph (a)(i) nor paragraph (a)(ii) above apply, the Final Fallback Rate;</li> </ul> </li> </ul>

- (b) AONIA, that the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be:
  - (i) if at the time the AONIA Permanent Fallback Effective Date occurs, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and
  - (ii) if paragraph (b)(i) above does not apply, the Final Fallback Rate; and
- (c) the RBA Recommended Rate, that the rate for any day for which the RBA Recommended Rate is required on or after the RBA Recommended Rate Permanent Fallback Effective Date will be the Final Fallback Rate.

**Permanent Discontinuation Trigger**

means, in respect of an Applicable Benchmark Rate:

- (a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official with jurisdiction over the Administrator of the Applicable Benchmark Rate, a resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate, which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Notes or that its use will be subject to restrictions or adverse consequences;
- (d) it has become unlawful for the Calculation Agent or any other party responsible for calculations of interest under the Conditions to calculate any payments due to be made to any Noteholder using the Applicable Benchmark Rate;

- (e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or
- (f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis.

**Permanent  
Fallback  
Effective Date**

means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

- (a) in the case of paragraphs (a) and (b) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;
- (b) in the case of paragraphs (c) and (d) of the definition of “Permanent Discontinuation Trigger”, the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);
- (c) in the case of paragraph (e) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rate continues to be published or provided on such date; or
- (d) in the case of paragraph (f) of the definition of “Permanent Discontinuation Trigger”, the date that event occurs.

**Permitted  
Retention**

means a holding of exposures in respect of any trust (established under the Master Trust Deed from time to time) in connection with the EU Securitisation Regulation Rules and the UK Securitisation Regulation Rules (or in connection with (a) any similar requirements in effect in the EU prior to implementation of the EU Securitisation Regulation Rules or in the UK prior to implementation of the UK Securitisation Regulation Rules, or (b) any similar risk retention rules of any other jurisdiction, including pursuant to section 15G of the Exchange Act and the Japanese Due Diligence and Retention Rules).

**PPSA**

means:

- (a) the Personal Property Securities Act 2009 (Cth) (“**PPS Act**”);
- (b) any regulations made at any time under the PPS Act;
- (c) any provision of the PPS Act or regulations referred to in paragraph (b) above;
- (d) any amendment to any of the above, made at any time; or
- (e) any amendment made at any time to any other legislation as a consequence of the PPSA referred to in paragraphs (a) to (d) above.

**Preliminary Total  
Available Income**

see Section 12.13 (“Determination of Preliminary Total Available Income”).

<b>Prepayment Costs</b>	means any amount payable by an Obligor in respect of a Mortgage Loan as a result of the Obligor prepaying any amount in respect of that Mortgage Loan.
<b>Principal Adjustment</b>	means in relation to the Mortgage Loans acquired by the Trustee from a Disposing Trustee on the Closing Date pursuant to an assignment in accordance with the Sale Deed or the Reallocation Notice, the amount defined as such in the Sale Deed or Reallocation Notice (as applicable).
<b>Principal Draw</b>	see Section 12.11 (“Principal Draw”).
<b>Property</b>	means the residential real property the subject of a Related Security at that time.
<b>Prudent Lender</b>	means a prudent and reasonable lender originating loans and assets similar to the Mortgage Loans and Related Security.
<b>Publication Time</b>	means: <ul style="list-style-type: none"> <li>(a) in respect of the BBSW Rate, 12.00pm (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator of the BBSW Rate in its benchmark methodology; and</li> <li>(b) in respect of AONIA, 4.00pm (Australian Eastern Standard Time (AEST)/Australian Eastern Daylight Time (AEDT)) or any amended publication time for the final intraday refix of such rate specified by the Administrator of AONIA in its benchmark methodology.</li> </ul>
<b>Rating Notification</b>	in relation to an event or circumstance means that the Trust Manager has confirmed in writing to the Trustee that it has notified each Designated Rating Agency of the event or a circumstance and that the Trust Manager is satisfied that the event or circumstance is unlikely to result in an Adverse Rating Effect.
<b>RBA Recommended Fallback Rate</b>	has the same meaning given to AONIA Fallback Rate but with necessary adjustments to substitute all references to AONIA with corresponding references to the RBA Recommended Rate.
<b>RBA Recommended Rate</b>	means, in respect of any relevant day (including any day “i”), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor, in respect of that day.
<b>Reallocation, Reallocate and Reallocated</b>	means reallocation of Trust Assets from one trust to another trust in accordance with the Master Trust Deed.
<b>Reallocation Notice</b>	means the Reallocation Notice (as defined in the Master Trust Deed) dated on or about the date of this Offering Circular between the Trustee and Permanent Custodians Limited in its capacity as trustee of the Pepper Prime Mortgage Origination Warehouse Trust No.2.

<b>Receiver</b>	includes a receiver or receiver and manager.
<b>Record Date</b>	means in relation to a Note and a Payment Date or any other date for any payment to be made in respect of that Note, the day which is 3 Business Days prior to a Payment Date.
<b>Recoveries</b>	means amounts received from or on behalf of Obligor or under any Related Security in respect of Mortgage Loans that were previously the subject of a Loss.
<b>Redemption Amount</b>	<p>means, on any day in respect of a Note an amount equal to the aggregate of:</p> <p>(a) the Invested Amount of that Note (or the Stated Amount of that Note, if approved by an Extraordinary Resolution of the Noteholders of that Class of Notes); and</p> <p>(b) all accrued and unpaid interest in respect of that Note (excluding the Class L Notes),</p> <p>on that day.</p>
<b>Redraw</b>	means any advance to the relevant Obligor after the settlement date of that Mortgage Loan which does not result in an increase in the Scheduled Balance of that Mortgage Loan.
<b>Regulated Receivables</b>	means receivables that are regulated under the NCCP.
<b>Regulation S</b>	means Regulation S under the Securities Act.
<b>Relevant Payment Date</b>	see Section 12.36 (“Threshold Rate”).
<b>Reimbursement Agreement</b>	means any document entered into between the Trustee and the Servicer on or after the date of the Series Notice which the Trustee and the Servicer agree is a “Reimbursement Agreement” for the purposes of the Trust and in respect of which the Trust Manager has given a Rating Notification.
<b>Related Body Corporate</b>	<p>in relation to a body corporate, means a body corporate of which the first-mentioned body is:</p> <p>(a) a Holding Company; or</p> <p>(b) a Subsidiary; or</p> <p>(c) a Subsidiary of a Holding Company of the body corporate.</p>
<b>Related Entity</b>	has the meaning set out in the Corporations Act.
<b>Related Security</b>	means, at any time in respect of a Mortgage Loan, any Encumbrance which is given or is to be given as security for that Mortgage Loan which is then, or is then immediately to become, a Trust Asset.
<b>Required Liquidity Rating</b>	see Section 13.7 (“Liquidity Facility Agreement”).

<b>Required Payments</b>	<p>means, in respect of a Payment Date:</p> <p>(a) subject to paragraph (b) below, the aggregate of payments payable on that Payment Date in accordance with Sections 12.16(a) to 12.16(m) (“Application of Total Available Income (prior to an Event of Default)”); and</p> <p>(b) if the Aggregate Stated Amount of any Class of Notes (other than the Class A Notes) is less than 95% of the Aggregate Invested Amount of that Class of Notes on that Payment Date (taking into account any reduction in the Stated Amount of that Class of Notes to be made on that Payment Date), the aggregate of payments payable on that Payment Date in accordance with Sections 12.16(a) to 12.16(m) (“Application of Total Available Income (prior to an Event of Default)”), but excluding the payment of Interest (including any unpaid Interest) to be made on that Class of Notes on that Payment Date.</p>
<b>Residual Unit</b>	<p>means any unit in the Trust which is designated as a “Residual Unit” in the unit register for the Trust.</p>
<b>Residual Unitholder</b>	<p>means the person registered as the holder of a Residual Unit.</p>
<b>Retention Amount</b>	<p>means:</p> <p>(a) for each Payment Date occurring on and from the first Payment Date to (and including) the first Call Option Date, an amount equal to:</p> $A = B \times C \times \frac{D}{365}$ <p style="text-align: center;">where:</p> <p>A = Retention Amount;</p> <p>B = 0.20%;</p> <p>C = the aggregate Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period; and</p> <p>D = the actual number of days in the immediately preceding Collection Period; and</p> <p>(b) for all other Payment Dates, zero.</p>
<b>Retention Amount Ledger</b>	<p>means the ledger established and maintained by the Trust Manager as described in Section 12.22 (“Retention Amount Ledger”).</p>
<b>Retention Notes</b>	<p>has the meaning given to that term in Section 2.6 (“Securitisation Regulation Rules”).</p>
<b>Retention Vehicle</b>	<p>means one or more wholly owned subsidiaries of Pepper which may hold Retention Notes from time to time.</p>
<b>Ruling Secured Creditor</b>	<p>means, in respect of the Trust:</p> <p>(a) if any Class A Notes are outstanding:</p> <p>(i) (for so long as any Class A1-s Notes are outstanding) the Class A1-s Noteholders;</p>

- (ii) (for so long as any Class A1-a Notes are outstanding) the Class A1-a Noteholders;
  - (iii) (for so long as any Class A2 Notes are outstanding) the Class A2 Noteholders; and
  - (iv) any Secured Creditors ranking equally or senior to the Class A Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)) and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class A Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)); and
- (b) if Class B Notes, but no Class A Notes, remain outstanding:
- (i) the Class B Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class B Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)) and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class B Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”));
- (c) if Class C Notes, but no Class A Notes or Class B Notes, remain outstanding:
- (i) the Class C Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class C Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)) and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class C Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”));
- (d) if Class D Notes, but no Class A Notes, Class B Notes or Class C Notes, remain outstanding:
- (i) the Class D Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class D Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)) and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class D Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”));

- (e) if Class E Notes, but no Class A Notes, Class B Notes, Class C Notes or Class D Notes, remain outstanding:
  - (i) the Class E Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class E Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)) and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class E Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”));
- (f) if Class F Notes, but no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes, remain outstanding:
  - (i) the Class F Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class F Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)) and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class F Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”));
- (g) if Class G Notes, but no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes, remain outstanding:
  - (i) the Class G Noteholders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class G Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)) and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class G Noteholders (as determined in accordance with the order of priority set out in Section 12.19 (“Application of proceeds following an Event of Default”)); and
- (h) if no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes remain outstanding, the remaining Secured Creditors.

**S&P** means S&P Global Ratings Australia Pty Limited.

**Sale Deed** means the document entitled “Pepper Residential Securities Trust No. 39 - Sale Deed” dated on or about the date of this Offering Circular between the Disposing Trustee, the Trustee and others.

**Scheduled Balance** means, at any time, the scheduled amortising balance of a Mortgage Loan calculated in accordance with the terms of that Mortgage Loan.

**Secured Creditors**

means each of:

- (a) the Trustee (for its own account);
- (b) the Security Trustee (for its own account);
- (c) the Trust Manager;
- (d) each Noteholder;
- (e) the Liquidity Facility Provider;
- (f) each Lead Manager;
- (g) the Servicer;
- (h) the Calculation Agent;
- (i) the Custodian;
- (j) the Backup Servicer;
- (k) the Extraordinary Expense Reserve Loan Provider;
- (l) the Loss Reserve Loan Provider; and
- (m) any Derivative Counterparty.

**Secured Money**

means all money which:

at any time;

for any reason or circumstance in connection with the Transaction Documents (including any transaction in connection with them);

whether under law or otherwise (including liquidated or unliquidated damages for default or breach of any obligation); and

whether or not of a type within the contemplation of the parties at the date of the General Security Agreement:

- (a) the Trustee is or may become actually or contingently liable to pay to any Secured Creditor of the Trust; or
- (b) any Secured Creditor of the Trust has advanced or paid on the Trustee's behalf or at the Trustee's express or implied request; or
- (c) any Secured Creditor of the Trust is liable to pay by reason of any act or omission on the Trustee's part, or that any Secured Creditor of the Trust has paid or advanced in protecting or maintaining the Collateral or any security interest in the General Security Agreement following an act or omission on the Trustee's part; or
- (d) the Trustee would have been liable to pay any Secured Creditor of the Trust 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 Agreement; 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 Agreement 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.

**Securities Act** means the Securities Act of 1933 (US) (as amended).

**Securitisation Regulation** see Section 2.5 (“Structural Overview”).

**Securitisation Regulation Rules** see Section 2.5 (“Structural Overview”).

**Security Trust** means the trust known as the “Pepper Residential Securities Security Trust No. 39” established under the Master Security Trust Deed and the Notice of Creation of Security Trust.

**Security Trust Fund** means, in respect of the Security Trust:

- (a) the amount held by the Security Trustee under the Master Security Trust Deed in respect of the Security Trust; and

- (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 Agreement; and
- (c) any property which represents the proceeds of sale of any such property or proceeds of enforcement of the General Security Agreement.

**Security Trustee** see Section 4.2 (“The Security Trustee”).

**Senior Obligations**

means the obligations of the Trustee:

- (a) in respect of the Class A Notes and any obligations ranking equally or senior to the Class A Notes (as determined in accordance with the order of priority set out in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class A Notes are outstanding; and
- (b) in respect of the Class B Notes and any obligations ranking equally or senior to the Class B Notes (as determined in accordance with the order of priority set out in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class B Notes are outstanding but no Class A Notes are outstanding; and
- (c) in respect of the Class C Notes and any obligations ranking equally or senior to the Class C Notes (as determined in accordance with the order of priority set out in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class C Notes are outstanding but no Class A Notes or Class B Notes are outstanding; and
- (d) in respect of the Class D Notes and any obligations ranking equally or senior to the Class D Notes (as determined in accordance with the order of priority set out in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class D Notes are outstanding but no Class A Notes, Class B Notes or Class C Notes are outstanding; and
- (e) in respect of the Class E Notes and any obligations ranking equally or senior to the Class E Notes (as determined in accordance with the order of priority set out in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class E Notes are outstanding but no Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding; and
- (f) in respect of the Class F Notes and any obligations ranking equally or senior to the Class F Notes (as determined in accordance with the order of priority set out in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class F Notes are outstanding but no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes are outstanding; and

	(g)	in respect of the Class G Notes and any obligations ranking equally or senior to the Class G Notes (as determined in accordance with the order of priority set out in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class G Notes are outstanding but no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F are outstanding; and
	(h)	under the Transaction Documents generally, at any time while no Notes (excluding the Class L Notes) are outstanding.
<b>Senior Yield Shortfall</b>		means, on a Determination Date, the amount (if any) by which the Required Payments in respect of the immediately following Payment Date exceed the Preliminary Total Available Income on that Determination Date.
<b>Series Notice</b>		means the document entitled “Pepper Residential Securities Trust No. 39 - Series Notice” between the Trustee, the Trust Manager and others dated on or about the date of this Offering Circular.
<b>Servicer</b>		means Pepper or any other person acting as the Servicer under the Transaction Documents.
<b>Servicer Advance</b>		see Section 12.37 (“Servicer Advances”).
<b>Servicer Default</b>		see Section 13.5 (“Master Servicer Deed”).
<b>Servicing Guidelines</b>		means: <ul style="list-style-type: none"> <li>(a) the Business Process Manual; and</li> <li>(b) any other guidelines relating to the servicing and collection procedures (including enforcement) as agreed by the Trust Manager and the Servicer (as such guidelines may be amended from time to time).</li> </ul>
<b>Special Quorum Resolution</b>		means: <ul style="list-style-type: none"> <li>(a) an Extraordinary Resolution passed at a meeting at which the requisite quorum is present as set out in paragraph 4.1 of the Meetings Provisions; or</li> <li>(b) a Circulating Resolution made in accordance with paragraph 9.1(c) of the Meetings Provisions.</li> </ul>
<b>Stated Amount</b>		means, at any time in respect of a Note, an amount equal to: <ul style="list-style-type: none"> <li>(a) the Invested Amount of that Note at that time; less</li> <li>(b) the amount of any Charge-Offs and Principal Draws allocated to that Note prior to that time which have not been reimbursed on or before that time.</li> </ul>
<b>Step-up Margin</b>		see Section 12.29 (“Interest on the Notes”).
<b>Stepdown Criteria</b>		see Section 12.6 (“Stepdown Criteria”).

<b>Sub-Originator</b>	means a person not employed by the Originator but who introduces persons who wish to apply for Mortgage Loans to the Originator and provides information to the Originator in respect of such persons and for which the Originator will pay them a fee as agreed from time to time and as set out in the Sub-Origination Deed.
<b>Sub-Origination Deed</b>	means a deed entered into between the Sub-Originator and the Originator which the Trust Manager notifies the Trustee is a Sub-Origination Deed
<b>Subordinated Note Percentage (Class A2)</b>	means, on any day, the amount (expressed as a percentage) equal to: $\frac{A}{B}$ where: A = the aggregate of the Aggregate Stated Amount of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, any amounts standing to the credit of the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger on that day; and B = the Aggregate Stated Amount of all Notes (excluding Class L Notes) on that day.
<b>Subsidiary</b>	a body corporate is a subsidiary of another body corporate if, and only if: (a) the other body: (i) controls the composition of the first body's board; or (ii) is in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the first body; or (iii) holds more than one-half of the issued share capital of the first body (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or (b) the first body is a subsidiary of a subsidiary of the other body.
<b>Supervisor</b>	means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate.
<b>Supervisor Recommended Rate</b>	means the rate formally recommended for use as the replacement for the BBSW Rate by the Supervisor of the BBSW Rate.
<b>Tax</b>	means any tax, levy, charge, impost and duty (including any stamp or transaction duty) imposed by any authority together with any related interest, expenses, fine or penalty in connection with them, except if imposed on, or calculated having regard to, the overall net income of the

Security Trustee or any Secured Creditor and **Taxes** and **Taxation** shall be construed accordingly.

**Tax Account** means the ledger account of the Collection Account established and maintained by the Trust Manager in accordance with the Series Notice.

**Tax Account Balance** means, on any day, the credit balance of the Tax Account on that day.

**Tax Allocation** means, in respect of a Payment Date:

- (a) where an Amortisation Event is subsisting on that Payment Date, an amount equal to:

$$A \times B$$

where:

A = the then prevailing corporate tax rate applicable in Australia.

B= the amount available to be applied on that Payment Date under Section 12.16(r)(ii) ("Application of Total Available Income (prior to an Event of Default)");

- (b) otherwise, zero.

**Tax Amount** means, in respect of a Payment Date, the amount (if any) of Tax that the Trust 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.

**Tax Shortfall** means, in respect of a Payment Date, the amount (if any) determined by the Trust Manager to be the shortfall between the aggregate Tax Amounts determined by the Trust Manager in respect of previous Payment Dates and the Tax Account Balance.

**Temporary Disruption Fallback** means, in respect of:

- (a) the BBSW Rate, that the rate for any day for which the BBSW Rate is required will be the first rate available in the following order of precedence:
- (i) firstly, the Administrator Recommended Rate;
  - (ii) next, the Supervisor Recommended Rate; and
  - (iii) lastly, the Final Fallback Rate;
- (b) AONIA, that the rate for any day for which AONIA is required will be the last provided or published level of AONIA; or
- (c) the RBA Recommended Rate, that the rate for any day for which the RBA Recommended Rate is required will be the last provided or published level of that RBA Recommended Rate (or if no such rate has been provided or published, the last provided or published level of AONIA).

**Temporary Disruption Trigger** means, in respect of any Applicable Benchmark Rate which is required for any determination:

- (a) the Applicable Benchmark Rate in respect of the day for which it is required has not been published by the Administrator or an authorised distributor and is not otherwise provided by the

Administrator by the date on which that Applicable Benchmark Rate is required; or

- (b) the Applicable Benchmark Rate is published or provided but the Calculation Agent determines that there is an obvious or proven error in that rate.

**Threshold Rate** means in respect of a Payment Date, the aggregate of:

- (a) the weighted average interest rate required to be paid on all the Mortgage Loans (calculated using the Outstanding Balance as at the last day of the immediately preceding Collection Period) taking into account amounts received under any relevant Derivative Contract (expressed as a percentage rate per annum) such that the Trustee will have sufficient Available Income under the Transaction Documents to meet the Required Payments on that Payment Date (assuming that all parties comply with their obligations under the Transaction Documents); and
- (b) 0.25% per annum.

**Threshold Rate Subsidy** means, in respect of a Payment Date, the amount calculated as follows:

$$A \times B \times C$$

where:

A = the amount equal to:

- (i) the Threshold Rate in respect of that Payment Date; less
- (ii) the WAI in respect of that Payment Date;

B = the aggregate Outstanding Balance of all Mortgage Loans as at the last day of the Collection Period immediately preceding that Payment Date; and

C = the number of days in the period commencing on (and including) that Payment Date and ending on (but excluding) the immediately following Payment Date, divided by 365,

provided that if this calculation is negative, the Threshold Rate Subsidy will be zero.

**Title Documents** in respect of the Trust, means the original of:

- (a) the certificate or other indicia of title (if any) in respect of Trust Assets and any related securities;
- (b) any deed of priority or its equivalent in writing entered into in connection with the Trust Asset; and
- (c) any other document required to evidence the Trustee's interest in the Trust Asset, in each case, which are delivered to the Custodian by or on behalf of the Trustee and are specified to be Title Documents.

**Title Insurance Policy** means each policy covering the relevant Mortgage Loans against the invalidity, unenforceability and loss of priority of a Mortgage:

- (a) which are provided by a Title Insurer and its associated entities; and

	(b) in respect of which a Ratings Notification has been given.
<b>Title Insurer</b>	means a Title Insurer appointed by the Trustee from time to time in respect of which a Ratings Notification has been given.
<b>Title Perfection Event</b>	means, in respect of: <ul style="list-style-type: none"> <li>(a) Pepper Finance Corporation Limited, Pepper Finance Corporation Limited becomes Insolvent; or</li> <li>(b) Well Nigh, Well Nigh becomes Insolvent.</li> </ul>
<b>Total Available Income</b>	see Section 12.15 (“Determination of Total Available Income”).
<b>Total Available Principal</b>	see Section 12.4 (“Determination of Total Available Principal”).
<b>Transaction Documents</b>	means: <ul style="list-style-type: none"> <li>(a) each of the following insofar as it applies to the Trust: <ul style="list-style-type: none"> <li>(i) the Master Security Trust Deed;</li> <li>(ii) the Master Trust Deed;</li> <li>(iii) the Master Management Deed;</li> <li>(iv) the Master Servicer Deed;</li> <li>(v) the Note Deed Poll (including the Conditions);</li> <li>(vi) the Custody Deed; and</li> <li>(vii) the Backup Servicer Deed;</li> <li>(viii) the Extraordinary Expense Reserve Loan Agreement;</li> </ul> </li> <li>(b) the Series Notice;</li> <li>(c) the General Security Agreement;</li> <li>(d) the Liquidity Facility Agreement;</li> <li>(e) the Dealer Agreement;</li> <li>(f) the Sale Deed;</li> <li>(g) the Notice of Creation of Security Trust;</li> <li>(h) the Notice of Creation of Trust;</li> <li>(i) the Collections Trust Trust Deed;</li> <li>(j) the Extraordinary Expense Reserve Loan Agreement;</li> <li>(k) any Reimbursement Agreement;</li> </ul>

- (l) the Deed of Adherence;
- (m) the Pepper Tax Sharing and Funding Agreement;
- (n) any Derivative Contract; and
- (o) any other document designated by the Trustee and the Trust Manager as such from time to time.

**Trust** means the Pepper Residential Securities Trust No. 39.

**Trust Assets** see Section 9.1 (“Trust Assets”).

**Trust Business** means, in respect of the Trust, the business of the Trustee in:

- (a) acquiring Trust Assets;
- (b) administering, collecting and otherwise dealing with Trust Assets;
- (c) issuing Notes;
- (d) entering into and exercising rights or complying with obligations under the Transaction Documents to which it is a party and the transactions in connection with them; and
- (e) any other activities in connection with the Trust.

**Trust Expenses** means all costs, charges and expenses properly incurred by the Trustee in connection with the Trust and under the Transaction Documents and any other amounts for which the Trustee is entitled to be reimbursed or indemnified out of the Trust Assets and includes any costs, charges, expenses and other amounts to be paid or reimbursed by the Trustee to the Security Trustee, the Calculation Agent, the Custodian, the Backup Servicer, the Trust Manager and the Servicer (including any Liquidity Support Reimbursement Amount payable by the Trustee to the Servicer in accordance with the terms of the Reimbursement Agreement) in accordance with the Transaction Documents, but excluding any amount of a type otherwise referred to in Section 12.16 (“Application of Total Available Income (prior to an Event of Default)”) (other than Section 12.16(d)(iv)) or Section 12.5 (“Application of Total Available Principal (prior to an Event of Default)”).

**Trust Manager** means Pepper or such person who is appointed from time to time as Trust Manager pursuant to the Transaction Documents.

**Turbo Principal Allocation** means, in respect of a Determination Date, the aggregate of:

- (a) the amount (if any) to be paid on the immediately following Payment Date under Section 12.16(q) (“Application of Total Available Income (prior to an Event of Default)”); plus
- (b) the amount (if any) to be paid on the immediately following Payment Date under Section 12.5(c)(ii)(H) (“Application of Total Available Principal (prior to an Event of Default)”).

**UK** means the United Kingdom.

**UK Investor Requirements** see Section 2.6 (“Securitisation Regulation Rules”).

<b>UK Prospectus Regulation</b>	means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA and as amended.
<b>UK Securitisation Regulation</b>	see Section 2.5 (“Structural Overview”).
<b>UK Qualified Investor</b>	means a qualified investor, as defined in Article 2 of the UK Prospectus Regulation.
<b>UK Securitisation Regulation Rules</b>	see Section 2.5 (“Structural Overview”).
<b>Unitholder</b>	means, in respect of the Trust, either a Participation Unitholder or a Residual Unitholder.
<b>U.S.</b>	means the United States of America.
<b>U.S. person or U.S. Person</b>	means a person that is a “U.S. person” within the meaning of Regulation S.
<b>WAI</b>	means, in respect of a Payment Date, the weighted average interest rate on all the Mortgage Loans (calculated using the Outstanding Balance on the last day of the immediately preceding Collection Period) taking into account the amounts received under any relevant Derivative Contract (expressed as a percentage rate per annum).
<b>Well Nigh</b>	means Well Nigh Capital No. 1 Pty Ltd (ACN 163 549 380).
<b>Well Nigh Master Transfer Deed</b>	means the deed entitled “Pepper Master Transfer Deed - Well Nigh Bare Trusts No.1 and No.2” dated 8 October 2014 between Well Nigh and others.
<b>Yield Enhancement Amount</b>	<p>means:</p> <p>(a) for each Payment Date occurring from the Closing Date to (and including) the first Call Option Date, an amount equal to the lesser of:</p> <p>(i) the Yield Enhancement Reserve Maximum Balance less the Yield Enhancement Reserve Balance (as at the immediately preceding Determination Date); and</p> <p>(ii) an amount equal to:</p> $A \times B \times \frac{C}{365}$ <p>where:</p> <p>A = 0.30%;</p> <p>B = the aggregate Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period; and</p>

C = the actual number of days in the immediately preceding Collection Period; and

(b) for each other Payment Date, zero.

**Yield Enhancement Ledger** means the ledger established and maintained by the Trust Manager as described in Section 12.25 ("Yield Enhancement Ledger").

**Yield Enhancement Reserve** means the ledger account of the Collection Account established and maintained by the Trustee (at the direction of the Trust Manager) in accordance with the Series Notice.

**Yield Enhancement Reserve Balance** means, on any day, the credit balance of the Yield Enhancement Reserve on that day.

**Yield Enhancement Reserve Draw** see Section 12.14 ("Yield Enhancement Reserve Draw").

**Yield Enhancement Reserve Maximum Balance** means A\$1,500,000.

## DIRECTORY

### TRUST MANAGER, SERVICER AND CALCULATION AGENT

Pepper Money Limited  
Level 27  
177 Pacific Highway  
North Sydney NSW 2060  
AUSTRALIA

### TRUSTEE AND REGISTRAR

Permanent Custodians Limited  
Level 2  
1 Bligh Street  
Sydney NSW 2000  
AUSTRALIA

### BACKUP SERVICER AND CUSTODIAN

BNY Trust Company of Australia Limited  
Level 2  
1 Bligh Street  
Sydney NSW 2000  
AUSTRALIA

### SECURITY TRUSTEE

BTA Institutional Services Australia Limited  
Level 2  
1 Bligh Street  
Sydney NSW 2000  
AUSTRALIA

### ARRANGER, LEAD MANAGER AND LIQUIDITY FACILITY PROVIDER

Commonwealth Bank of Australia  
Level 1  
CBP South  
11 Harbour Street  
SYDNEY NSW 2000  
AUSTRALIA

### LEAD MANAGER

National Australia Bank Limited  
Level 6  
2 Carrington Street  
Sydney NSW 2000  
AUSTRALIA

### LEAD MANAGER

Royal Bank of Canada, Sydney Branch  
Level 59  
25 Martin Place  
SYDNEY NSW 2000  
AUSTRALIA

### LEAD MANAGER

Standard Chartered Bank  
ARBN 097 571 778  
1 Basinghall Avenue  
London EC2V 5DD  
UNITED KINGDOM

### LEAD MANAGER

Westpac Banking Corporation  
Level 2  
275 Kent Street  
SYDNEY NSW 2000  
AUSTRALIA

### AUSTRALIAN LEGAL COUNSEL TO PEPPER MONEY LIMITED

King & Wood Mallesons  
Level 61  
1 Farrer Place  
Governor Phillip Tower  
Sydney NSW 2000  
AUSTRALIA

### AUSTRALIAN LEGAL COUNSEL TO ARRANGER, LEAD MANAGERS AND LIQUIDITY FACILITY PROVIDER

Clayton Utz  
Level 15  
1 Bligh Street  
Sydney NSW 2000  
AUSTRALIA

### AUSTRALIAN LEGAL COUNSEL TO THE TRUSTEE, SECURITY TRUSTEE, REGISTRAR, CUSTODIAN AND BACKUP SERVICER

Minter Ellison  
Governor Macquarie Tower  
Level 40  
1 Farrer Place  
Sydney NSW 2000  
AUSTRALIA