

Notice of Circulating Resolution and Explanatory Memorandum

Issued by A.C.N. 603 303 126 Pty Ltd (ABN 98 603 303 126)
trading as Axesstoday
in relation to a proposed Circulating Resolution of Noteholders of its
Australian Dollar Subordinated Notes due 9 October 2021
(ISIN:AU3FN0029096)

Date:

5 December 2018

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IMPORTANT NOTICE

What is this document?

This Notice of Circulating Resolution has been prepared and is issued by A.C.N. 603 303 126 Pty Ltd trading as Axesstoday as the “**Issuer**” of the Subordinated Notes, to allow Noteholders to consider and vote on a Special Resolution to be put to Noteholders. It is noted that each Noteholder’s interests in the Subordinated Notes are recorded in an Austraclear Security Record for each Noteholder.

Terms used in this Notice of Circulating Resolution have the meaning given in the section entitled “Glossary” on pages 7, 8, 9, and 10.

THE EXPLANATORY MEMORANDUM (SET OUT ON PAGES 36 TO 42) CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ CAREFULLY.

No investment advice

The information contained in this Notice of Circulating Resolution does not constitute financial product advice, and has been prepared without reference to any Noteholder’s particular investment objectives, financial situation, taxation position, and needs nor those of the Noteholders as a whole. None of the Issuer, the Subordinated Note Trustee, the Subordinated Security Trustee or any other person is providing any taxation, legal or other advice regarding the proposed amendment. It is important that you read the Notice of Circulating Resolution in its entirety before making any decision on how to vote on the Special Resolution. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendment in your own particular circumstances.

Approval

A written resolution signed by or on behalf of the Noteholders of not less than 75% of the aggregate principal amount of Notes outstanding shall, for all purposes, also be as valid and effective as a Special Resolution passed at a meeting of Noteholders duly convened and held.

By submitting an Instruction to Sign in favour of the Special Resolution, a Noteholder is irrevocably instructing Austraclear Ltd, in its capacity as registered holder of the Notes, to sign a written resolution (the **Circulating Resolution**) if holders of at least 75% of the aggregate principal amount of Notes outstanding as at the date of this Notice of Circulating Resolution have submitted an Instruction to Sign in favour of the Special Resolution at any time prior to the date that is one month after the date of this Notice. The Issuer will notify the Noteholders if and when the Special Resolution has been passed. The Special Resolution will take effect on and from the date that it is passed.

If the Special Resolution in respect of the Notes is passed, then unless the Conditions Subsequent have not been satisfied on or prior to 28 February 2019, each Noteholder will be bound by the Special Resolution, irrespective of whether such Noteholder voted in favour of, rejected or voted against or abstained from voting on that Special Resolution or otherwise took no action at all in respect of the Special Resolution.

CONDITIONS SUBSEQUENT

If the Special Resolution is passed, the Proposed Waivers will be provided subject to the condition subsequent that the Issuer:

- A. by no later than 28 February 2019, will deliver confirmation that:

- i. in the reasonable opinion of the Issuer (based on the current capital management plan for the Group), the ratio of all Financial Indebtedness of the Group to the Eligible Receivable Balance of the Issuer will be no greater than 0.85:1 upon completion of the Capital Raising and funding having been received by the Issuer;
- ii. in the reasonable opinion of the Issuer (based on the current capital management plan for the Group) the monthly average of the ratio of all Financial Indebtedness of the Group to Eligible Receivable Balance of the Issuer calculated as at the end of each month over the period starting on the month immediately following the completion of the Capital Raising and receipt of funding by the Issuer to June 2019 will be no greater than 0.85:1;
- iii. the Further Senior Facility Cross Defaults have been remedied or unconditionally waived by the Senior Lenders; and
- iv. the Further Series 2 Notes Cross Defaults have been unconditionally waived by the Series 2 Noteholders,

collectively, the “**Confirmation**”. The Issuer will provide the Confirmation in the form of a Directors Certificate signed by 2 directors of the Issuer.

If the above conditions are not satisfied, then the Proposed Waivers automatically cease to be of effect, do not and did not constitute any form of waiver and Noteholders will have all of their rights and remedies as if the Proposed Waivers had never been passed.

Questions

If you have any questions about your holding of Subordinated Notes or the Circulating Resolution, please consult your professional adviser. Alternatively, please contact the following:

- for a further explanation of the Circulating Resolution, email Joe Flanagan (ir@axesstoday.com.au); and
- for questions regarding the process and operational aspects of the Circulating Resolution, email Pei Cai Pan (pei.caipan@bnymellon.com).

Date

This Notice of Circulating Resolution is dated 5 December 2018.

KEY DATES

Notification Date Wednesday, 5 December 2018

Record Date Wednesday, 5 December 2018

The attached “Instruction to Sign” form must be received no later than 10.00am on Friday, 14 December 2018 to be valid.

Only those Austraclear Participants in whose Austraclear Security Record the Subordinated Notes appear immediately prior to the Austraclear System opening on the Record Date (**Austraclear Holders**) will be entitled to instruct Austraclear Ltd (**Austraclear**) to sign the Special Resolution set out in Annexure A.

If you are a person with a beneficial interest in the Subordinated Notes on the Record Date (but are not recorded as such in the Austraclear Security Record) (**Beneficial Holder**) you must direct the Austraclear Holder in whose Security Record the Subordinated Notes in respect of which you have that beneficial interest are recorded (**Trustee Austraclear Holder**) to complete the “Instructions to Sign” form set out in Annexure B.

Action required by Austraclear Holders

To instruct Austraclear to sign the Special Resolution set out in Annexure A, Austraclear Holders must complete the Instructions to Sign form in Annexure B and return your “Instructions to Sign” form by fax or by email to BNY Mellon (as the Subordinated Note Trustee) at the following details:

- Fax no: +61 2 9260 6009
- email: pei.caipan@bnymellon.com

The “Instruction to Sign” form must be received no later than 10.00am on Friday, 14 December 2018 to be valid.

An Instruction to Sign is irrevocable once received unless otherwise agreed by the Issuer.

Monday, 17 December 2018 5.00pm or such earlier time if instructions of Austraclear Holders have been received for the Special Resolution to be passed

The date Austraclear will sign the Special Resolution

Austraclear is recorded in the Register as the sole Noteholder for the Subordinated Notes. Consequently, only Austraclear will be entitled to sign the Circulating Resolution set out in Annexure A. Austraclear will approve the Special Resolution and sign the Circulating Resolution, as the Noteholder, on the instruction of Austraclear Holders.

On or about 24
December 2018 or
such earlier time if the
Special Resolution
has been passed

Notification to Noteholders

The Issuer will provide notification to the Registrar, the Subordinated Note Trustee and to the Noteholders of the voting outcome of the Special Resolution.

All references to time in this Notice of Circulating Resolution are to Sydney time. **This timetable is indicative only. The Issuer reserves the right to vary the timetable set out above.**

GLOSSARY

Terms used but not otherwise defined in this Notice have the meaning given to them in the Subordinated Note Conditions. Terms not defined in the Subordinated Note Conditions or this Notice have the meaning given to them in the Austraclear Regulations.

Term	Definition
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it (as the context requires).
Austraclear	Austraclear Ltd (ABN 94 002 060 773).
Austraclear Regulations	has the meaning given to that term in the Subordinated Note Conditions.
Axesstoday Second Note Trust	the note trust constituted under the Series 2 Note Trust Deed and established in favour of holders of the Series 2 Notes.
Axesstoday Second Security Trust	the security trust constituted under the Security Trust Deed and established in favour of holders of the Series 2 Notes.
CAFI	means credit adjusted financial indebtedness.
Capital Raising	means the raising of additional equity by Holdco through issue of shares.
Circulating Resolution	the Circulating Resolution set out in this Notice of Circulating Resolution.
Conditions Subsequent	means the conditions subsequent set out in the Notice having been satisfied on or prior to 28 February 2019.
Consequential Default	means any breaches of covenants, warranties, representations, undertakings, other provisions and consequential Event of Defaults in relation to the Senior Facility Agreement, Subordinated Notes, and Series 2 Notes which may have occurred or will occur (either directly or as a result of a cross default provision) as a consequence of the events and breaches disclosed by the Issuer and Initial Guarantors in this Notice.
Cross Default or Cross Default Provision	the Event of Default in Subordinated Note Condition 14.3(d)(ii).
Event of Default	means any event of default however described in the Senior Facility Agreement, Subordinated Notes and Series 2 Notes.
Explanatory Memorandum	the Explanatory Memorandum accompanying this Notice of Circulating Resolution.
Financial Indebtedness Ratio Covenant	means Subordinated Note Condition 5.2(a)(i)(D).
First Senior Party	each of CBA Corporate Services (NSW) Pty Ltd and each beneficiary of the Axesstoday Senior Security Trust.
First Senior Security Trustee	CBA Corporate Services (NSW) Pty Ltd.
Further Arrears Ratio Breach	has the meaning given to that term in paragraph 1.3.5 of this Notice.

Further Compliance Certificate Breach	means the issue of incorrect compliance certificates by the Issuer to the Subordinated Note Trustee for the months of May and June 2018 in breach of Subordinated Note Condition 5.4(a).
Further Notes Cross Default	has the meaning given to it in this Notice.
Further Senior Facility Cross Defaults	has the meaning given to it in this Notice.
Further Series 2 Notes Cross Defaults	has the meaning given to it in this Notice.
Further Indebtedness Ratio Breach	means the breach of Financial Indebtedness Ratio Covenant for the months of May and June 2018.
Gearing Ratio Breach	has the meaning given to that term in paragraph 1.3.2 of this Notice.
Gearing Ratio Default	has the meaning given to that term in paragraph 1.3.2 of this Notice.
Group	Aksesstoday Limited ACN 603 323 182 and its subsidiaries.
Holdco	Aksesstoday Limited ACN 603 323 182.
Industry Concentration Defaults	has the meaning given to that term in paragraph 1.3.4 of this Notice.
Industry Concentration Ratios	has the meaning given to that term in paragraph 1.3.4 of this Notice.
Initial Guarantors	each of Holdco, Aksesstoday Retail Pty Ltd (formerly A.C.N. 161 130 696 Pty Ltd), and Aksesstoday Operations Pty Ltd (formerly A.C.N. 604 340 785 Pty Ltd).
Intercreditor Deed	the Intercreditor Deed – Aksesstoday Group dated 28 April 2017 between, amongst others, the Issuer, the Initial Guarantors, the Series 2 Note Trustee, the Series 2 Security Trustee and the First Senior Parties.
Interest Cover Ratio Breach	has the meaning given to that term in paragraph 1.3.3 of this Notice.
Interest Cover Ratio Default	has the meaning given to that term in paragraph 1.3.3 of this Notice.
Issuer or Akses	A.C.N. 603 303 126 Pty Ltd (ABN 98 603 303 126) trading as Aksesstoday.
Liquidity Ratio	has the meaning given to it in paragraph 1.3.1 of this Notice.
Liquidity Ratio Default	has the meaning given to that term in paragraph 1.3.1 of this Notice.
Meeting Provisions	the provisions for Meetings of the Noteholders set out in Schedule 5 (“Meeting Provisions”) of the Subordinated Note Trust Deed.
Note Documents	The Series 2 Note Conditions, the Series 2 Note Trust Deed, the Subordinated Note Conditions, and Subordinated Note Trust Deed;

Noteholders or Subordinated Noteholders	those persons whose names are entered on the Register of Subordinated Notes as the holder of Subordinated Notes, being Austraclear as at the date of this Notice.
Notice of Circulating Resolution or Notice	this Notice of Circulating Resolution, including the Explanatory Memorandum accompanying this Notice.
Notification Date	Wednesday, 5 December 2018, being the date of this Notice.
Other Industry Breach	has the meaning given to that term in paragraph 1.3.4 of this Notice.
Previous Notice	means the Notice of Circulating Resolution and Explanatory Memorandum dated 1 November 2018 with respect to the Subordinated Notes.
Proposed Waiver	has the meaning given to it in this Notice.
Record Date	Wednesday, 5 December 2018, being the date on which those Austraclear Holders entitled to instruct Austraclear to sign the Special Resolution is determined, (being those Austraclear Holders recorded as having an interest in the Subordinated Notes in their respective Austraclear Records on that date).
Review Event	means a review event under the Senior Facility Agreement as a result of the suspension of trading on the ASX specific to Holdco or its securities for five or more consecutive Business Days
RPA	means rental payment amount.
Senior Facility Agreement	the Facility Agreement dated 9 November 2016 between the Senior Lenders, Commonwealth Bank of Australia as agent, the Issuer and Initial Guarantors (as amended and restated from time to time).
Senior Lenders	Commonwealth Bank of Australia and Macquarie Bank Limited (and includes Commonwealth Bank of Australia as Agent for the Senior Lenders)
Series 2 Information Memorandum	the Information Memorandum dated 28 April 2017, as supplemented by the Pricing Supplement dated 28 April 2017.
Series 2 Note Conditions	the terms and conditions of the Series 2 Notes as set out in the Series 2 Information Memorandum.
Series 2 Note Trust Deed	the Series 2 Note Trust Deed dated 28 April 2017 between the Issuer, each Initial Guarantor and the Series 2 Note Trustee, establishing the Axesstoday Second Note Trust.
Series 2 Note Trustee	BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee for the Axesstoday Second Note Trust constituted by the Series 2 Note Trust Deed.
Series 2 Notes	A\$30,000,000 7.50% Fixed Rate Secured Notes due 22 June 2021 (ISIN: AU3CB0244192).
Series 2 Security Trust Deed	the Security Trust Deed dated 28 April 2017 between the Issuer, each Initial Guarantor, Series 2 Note Trustee and Series 2 Security Trustee, establishing the Axesstoday Second Security Trust.

Series 2 Security Trustee	Permanent Custodians Limited (ABN 55 001 426 384) as trustee of the Axesstoday Second Security Trust.
Simple Corporate Bond	means the "Simple Corporate Bonds" quoted on the ASX under ASX code "AXHLA".
Special Resolution	a resolution passed by written resolution under the Meeting Provisions by Noteholders representing (in aggregate) at least 75 per cent of the principal amount of outstanding Subordinated Notes as at the Notification Date.
Subordinated Note Conditions	the terms and conditions of the Subordinated Notes as set out in the Subordinated Note Information Memorandum.
Subordinated Note Information Memorandum	The Information Memorandum dated 7 October 2015, as supplemented by the Pricing Supplement dated 7 October 2015, the Supplemental Information Memorandum dated 27 September 2016 as supplemented by the Pricing Supplement dated 27 September 2016, and the Supplemental Information Memorandum dated 22 June 2017 as supplemented by the Pricing Supplement dated 22 June 2017.
Subordinated Note Trust Deed	the Note Trust Deed dated 7 October 2015 between the Issuer, each Initial Guarantor and the Subordinated Note Trustee, establishing the Axesstoday Note Trust.
Subordinated Note Trustee	BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee for the Axesstoday Note Trust constituted by the Subordinated Note Trust Deed.
Series 2 Noteholders	those persons whose names are entered on the Register of Series 2 Notes as the holder of Series 2 Notes, being Austraclear as at the date of this Notice.
Subordinated Notes	A\$50,000,000 Floating Rate Subordinated Notes due 9 October 2021 (ISIN: AU3FN0029096).
Subordinated Security Trust	The security trust constituted by the Subordinated Security Trust Deed and established in favour of the holders of the Subordinated Notes.
Subordinated Security Trust Deed	the Security Trust Deed dated 7 October 2015 between the Issuer, each Initial Guarantor, and Subordinated Security Trustee, establishing the Axesstoday Security Trust.
Subordinated Security Trustee	Permanent Custodians Limited ABN 55 001 426 384 as security trustee of the Axesstoday Security Trust.
SWF	means the securitisation warehouse facility settled with Macquarie Bank Limited on 30 April 2018.
Transport Industry Breach	has the meaning given to that term in paragraph 1.3.4 of this Notice.

NOTICE OF CIRCULATING RESOLUTION TO NOTEHOLDERS

5 December 2018

Dear Noteholder

NOTICE OF CIRCULATING RESOLUTION OF NOTEHOLDERS

We provide you with this Notice of Circulating Resolution and Explanatory Memorandum in relation to a Circulating Resolution proposed by the Issuer for consideration and approval by Noteholders of the Australian Dollar Subordinated Notes due 9 October 2021 issued by A.C.N. 603 303 126 Pty Ltd (ABN 98 603 303 126) (ISIN: AU3FN0029096).

Terms used but not otherwise defined in this Notice of Circulating Resolution have the meaning given to them in the Subordinated Note Conditions. Terms not defined in the Subordinated Note Conditions or this Notice of Circulating Resolution have the meaning given to them in the Austraclear Regulations.

Since the issue of our previous Notice of Circulating Resolution and Explanatory Memorandum dated 1 November 2018 with respect to the Subordinated Notes (**Previous Notice**), further progress has been made with respect to the board-led strategic review that has been undertaken with the assistance of a 3rd party independent consultant. In the course of strategic review, further breaches have been identified. In addition, we are seeking some amendments to clarify the operation of the Subordinated Note Conditions.

1 FURTHER DEFAULTS

1.1 DEFAULT

Our Previous Notice referred to the Issuer, Holdco and the Group's obligation that it must not incur or allow to subsist any Financial Indebtedness after the Issue Date unless at all times, the ratio of all Financial Indebtedness of the Group to the Eligible Receivables Balance of the Issuer is not greater than 0.85:1 (Subordinated Note Condition 5.2(a)(i)(D) (**Financial Indebtedness Ratio Covenant**)) and that as a result of the issue of Simple Corporate Bonds pursuant to the Axesstoday Bonds Trust Deed dated 20 July 2018, the Financial Indebtedness Ratio Covenant was breached. Since obtaining the conditional waiver for this breach from Subordinated Noteholders, as part of the restatement of the Issuer, Holdco and the Group's financial accounts, it has been identified that the Financial Indebtedness Ratio Covenant was also breached in previous months and that the breach of covenant was not solely as a result of the issue of the Simple Corporate Bonds (**Further Indebtedness Ratio Breach**). The Further Indebtedness Ratio Breach is the result of a revised interpretation of the relevant provisions adopted during the restatement of the Group's 2018 financial statements. Furthermore, compliance certificates issued by the Issuer to the Subordinated Note Trustee on a monthly basis pursuant to Subordinated Note Condition 5.4(a) were consequently incorrect for those previous months (**Further Compliance Certificate Breach**).

As part of the restatement, it was identified that the minimum 90% Equipment Receivables Ratio in Subordinated Note Condition 5.3(c)(ii) was breached previously in 2018 (**Equipment Receivables Covenant Breach**), Secured Debt to Eligible Receivables Balance specified in Subordinated Note Condition 5.2(a)(i)(A) was also breached for previous months (**Secured Debt Ratio Breach**), and the ratio of Credit Adjusted Financial Indebtedness to the Rental Payment Amount specified in Subordinated Note Condition 5.2(a)(i)(C) was breached in previous months

(Credit Adjusted Financial Indebtedness Ratio Breach).

The Issuer and Initial Guarantors have, since the Equipment Receivables Covenant Breach and Secured Debt Ratio Breach disclosed above, been in compliance with these provisions.

The Further Indebtedness Ratio Breach and Further Compliance Certificate Breach are not capable of remedy having occurred in the past but it is expected that the Financial Indebtedness Ratio Covenant will be complied with going forward upon completion of the Capital Raising.

The proposed amendment to the definition of *Credit Adjusted Financial Indebtedness* will prevent further breaches of that covenant.

1.2 CROSS DEFAULT – SERIES 2 NOTE CONDITIONS

The Cross Default provision of the Subordinated Note Conditions (**Cross Default Provision**) provides that it is an Event of Default if any financial indebtedness of the Issuer or Holdco or any of its Subsidiaries totalling more than A\$500,000 has become (or becomes capable of being declared) due and payable before its scheduled maturity by reasons of a default, event of default or potential event of default, however described.

As with the Subordinated Note Conditions, there have been breaches and Events of Default under the Series 2 Note Conditions which mirror the Further Indebtedness Ratio Breach, Further Compliance Certificate Breach, Secured Debt Ratio Breach, Credit Adjusted Financial Indebtedness Ratio Breach and Further Defaults leading to Cross Default in the Subordinated Note Conditions (**Further Notes Cross Default**).

The Issuer and Initial Guarantors have requested waivers of the mirroring breaches in the Series 2 Note Conditions to those described in this Notice with respect to the Subordinated Note Conditions (**Further Series 2 Notes Cross Defaults**).

1.3 CROSS DEFAULTS – SENIOR FACILITY

The Cross Default Provision referred to in paragraph 1.2 is also relevant in relation to breaches of covenant and potential Events of Default under the Senior Facility Agreement.

The following breaches of covenant (and any resulting Events of Default) have occurred in relation to the Senior Facility Agreement leading to Cross Default under the Subordinated Note Conditions:

1.3.1 LIQUIDITY RATIO

The Senior Facility Agreement provides that the credit adjusted senior financial indebtedness must be less than the rental payment amount (**Liquidity Ratio**).

During the restatement process, the Company tested the Liquidity Ratio under the Senior Facility Agreement. The result was that the Liquidity Ratio had been above the covenant limit of 100% for previous months (**Liquidity Ratio Default**).

The Liquidity Ratio measures the credit adjusted financial indebtedness (**CAFI**) against the rental payment amount (**RPA**). The CAFI increases the level of indebtedness in proportion to the highest 3 month arrears ratio over the past 12 months. The increase in the arrears ratio in this financial year to 7-8% owing to the change in the arrears reporting methodology and establishment of the SWF has meant an increase in the CAFI. Additionally, since the

implementation of risk based pricing in March 2018, and shift towards higher credit quality customers, the resulting yield on the transport portfolio has decreased. This means that the overall yield on the loan book has been reduced from the time when this covenant was first implemented. Notwithstanding this, the discount rate applied to arrive at the present value of the RPA has remained at 10%, hence the move to a lower credit risk product and customer base is penalised by the unchanged discount rate. These two circumstances have led to an increase in CAFI and a longer term trend of decline in RPA.

The breach of the Liquidity Ratio will be remedied by the successful completion of the upcoming Capital Raising.

The Senior Lenders granted an unconditional waiver of the Liquidity Ratio Default and waived any requirement for the Liquidity Ratio to be complied with until and including 31 December 2018.

1.3.2 GEARING RATIO

The Senior Facility Agreement provides that the gearing ratio must at all times be less than 40.00%.

In November 2018, the Company re-tested the financial covenants dating back to April 2018 as part of the restatement of its financial accounts for FY18. The following changes impacted the calculation of the gearing ratio:

- the relevant change in arrears recognition methodology, whereby receivables in arrears by more than 120 days were included in the calculation of arrears receivables, reducing the balance of eligible receivables ; and
- the exclusion from eligible receivables, of an amount of prepaid commissions capitalised by the Company, which occurred because part of Holdco's portfolio was funded by securitisation even though none of the balance of prepaid commissions has been transferred from Holdco's balance sheet to the SWF.

Prepaid commissions are a balance sheet item representing the capitalised commissions paid up-front on accounts originated within Holdco's legacy loan management system. Holdco had previously included 100% of the total prepaid commissions in the calculation of eligible receivables because it has not transferred any of the prepaid commissions balance to the SWF when Receivables were sold into the SWF. This left prepaid commissions unmonetized by the SWF and remaining on the balance sheet of the Covenant Group.

The most conservative interpretation of the terms determined that prepaid commissions be pro-rated between the Covenant Group and SWF, based on the balance held by each. Pro-rating prepaid commissions meant a further reduction in the eligible receivables of the Covenant Group since the establishment of the SWF in April 2018.

The result was that the gearing ratio was in excess of the covenant limit of 40% (**Gearing Ratio Breach**), which is an event of default under the Senior Facility Agreement (**Gearing Ratio Default**).

The Gearing Ratio Breach was remedied in July by the repayment of a material amount of the Facility A drawn balance which reduced the gearing ratio to below 5%. The gearing ratio has been compliant since that repayment.

1.3.3 INTEREST COVER RATIO

The Senior Facility Agreement provides that the interest cover ratio must at all times be greater than 2.00 times.

As part of the restatement of financial accounts, the calculation of earnings before interest and tax was found to have been incorrect in prior months. The nature of the error was in double-counting establishment costs and certain other similar finance charges within earnings before interest and tax. They were included first as a component of the interest expense added back to net profit before tax to arrive at earnings before interest and tax; and secondly as an extraordinary or non-recurring loss.

The impact of this calculation is that the interest cover ratio was below the covenant minimum of 2.00 times in previous months (**Interest Cover Ratio Breach**). Each breach is an Event of Default under the Senior Facility Agreement (**Interest Cover Ratio Default**).

It is expected that the Senior Facility Agreement will be amended to ensure that, upon completion of the Capital Raising, the interest cover ratio will be complied with.

1.3.4 INDUSTRY CONCENTRATION RATIOS

The Senior Facility Agreement provides that at all times:

- no more than an amount equal to 70% of the aggregate of the current balance of all eligible receivables originated since 1 May 2018 may comprise receivables in respect of debtors operating in the transport industry;
- No more than an amount equal to 60% of the aggregate of the current balance of all eligible receivables originated since 1 May 2018 may comprise receivables in respect of debtors operating in the hospitality industry; and
- no more than an amount equal to 12.5% of the aggregate of the current balance of all eligible receivables originated since 1 May 2018 may comprise receivables in respect of debtors operating in industries other than the transport industry and the hospitality industry (together, with the ratios described above, the **Industry Concentration Ratios**).

Business loan receivables made up approximately 7% of eligible receivables at 30 September 2018. The industry in which the underlying Issuer and/or Initial Guarantor operates are not captured for business loan receivables. It is likely that a material portion of the business loan receivables are to the Issuer and Initial Guarantors who operate in the transport industry, which had an industry concentration ratio of close to 70% since the covenant was put in place on 1 May 2018.

This would place the transport concentration in breach of the covenant limit of 70% (**Transport Industry Breach**). A material portion of the business loan receivables likely also falls within the Other industry category, potentially placing this concentration above the covenant limit of 12.5% (**Other Industry Breach**). Each of the Transport Industry Breach and Other Industry Breach has triggered an Event of Default (**Industry Concentration Defaults**).

It is expected that the Senior Facility Agreement will be amended to ensure that, upon completion of the Capital Raising, the Industry Concentration Ratios will be complied with.

1.3.5 ARREARS RATIO

The Senior Facility Agreement provides that the arrears ratio must at all times be less than 4.00%.

It was disclosed in the Previous Notice, that this covenant was breached since 30 June 2018. As stated above, covenants were retested back to April 2018 and the arrears ratio was found to be greater than 4.00% in prior months, in breach of the arrears ratio covenant (**Further Arrears Ratio Breach**).

The Senior Lenders have provided a conditional waiver for the Further Arrears Ratio Breach. It is expected that the Senior Facility Agreement will be amended to ensure that, upon amendment, the arrears ratio will be complied with.

1.3.6 REVIEW EVENT

As advised in the Previous Notice because of Holdco's voluntary suspension, from trading on the ASX since 12 September 2018, the Senior Lenders have the right to request changes to the conditions of the Senior Facility Agreement or to terminate the Senior Facility Agreement (**Review Event Breach**).

The Senior Lenders have not exercised this right and have advised that they will not issue a review notice under the Senior Facility Agreement with respect to the current voluntary suspension on the basis that Holdco completes the Capital Raising. If Holdco fails to complete the Capital Raising for a minimum gross amount of A\$25,000,000, the Senior Lender's will reconsider exercise of this right in the future.

1.3.7 CROSS DEFAULT

It is an Event of Default under the Senior Facility Agreement if any creditor of the Issuer and Initial Guarantors becomes entitled to declare any financial indebtedness (as that term is defined in the Senior Facility Agreement) of any member of the Group due and payable prior to its specified maturity as a result of an Event of Default or review event (however described).

The Intercreditor Deed provides that if any Event of Default occurs under a Note Document, an Event of Default is taken to have occurred under the Senior Facility Agreement.

Each Event of Default specified in paragraphs 1.1 and 1.2 above are Events of Default pursuant to the Senior Facility Agreement.

1.3.8 BREACHES OF OTHER REPRESENTATIONS AND UNDERTAKINGS

The facts and circumstances set out in both our Previous Notice and this Notice have resulted in several representations, undertakings and warranties contained in the Senior Facility Agreement (many of a similar type) being breached. A comprehensive review of the finance documents by the Issuer and Initial Guarantors have identified the following covenants that have been breached each leading to an Event of Default:

- Gaps in compliance with Anti-Money Laundering and Counter-Terrorism Financing Rules and processes (which are in the process of correction). The gaps related to obtaining all associated KYC details in respect of incorporated companies, partnerships and trusts. The majority of the Issuer's customers comprise sole traders and private limited

companies. The risk assessment performed by the Issuer concluded that this was a low AML/CTF risk and has voluntarily reported the compliance gaps.

- Failure to provide some unaudited monthly reports within 30 days of the end of the month and the Auditor's report for the September quarter which has not been provided within 30 days of the end of the quarter (the Senior Lenders are aware of the reasons why the report had not been prepared by the auditor).
- Failure to provide miscellaneous types of information including announcements at the same time as they are provided to the market, changes to authorised signatories and threats of non-material litigation.
- Failing to obtain Senior Lender's consent prior to amendment of credit policy.

A waiver of these breaches has been sought from the Senior Lenders.

Each of the breaches and Events of Default described in paragraph 1.3 are referred to as **Further Senior Facility Cross Defaults**.

1.4 SUBORDINATED CONSEQUENTIAL DEFAULTS

The Issuer and Initial Guarantors advise that there may be other breaches of covenants, warranties, representations, undertakings, other provisions and consequential Event of Defaults in relation to the Senior Facility Agreement, Subordinated Notes, and Series 2 Notes which may have occurred or will occur (either directly or as a result of a cross default provision and either alone or in combination with other events or breaches) as a consequence of the events or breaches disclosed by the Issuer and Initial Guarantors above (**Consequential Defaults**).

1.5 PROPOSED WAIVERS

The Issuer and the Initial Guarantors request that the Noteholders instruct and approve the waiver by the Subordinated Note Trustee (such waiver by the Subordinated Note Trustee to be subject to the Conditions Subsequent being fulfilled following granting of the waiver) of the Further Indebtedness Ratio Breach, Further Compliance Certificate Breach, Review Event Breach, Equipment Receivables Covenant Breach, Secured Debt Ratio Breach, Credit Adjusted Financial Indebtedness Ratio Breach, Further Notes Cross Default, Further Senior Facility Cross Defaults, and any Consequential Defaults from the dates that the breach took place to the date that the Conditions Subsequent are satisfied (**Proposed Waivers**). For the avoidance of doubt, the Proposed Waivers do not negate or affect any waiver previously granted by the Subordinated Note Trustee.

2. REQUESTED AMENDMENTS TO SUBORDINATED NOTE CONDITIONS

The Issuer and Initial Guarantors request that the Noteholders consider and approve a number of requested amendments to the terms of the Subordinated Note Conditions. These amendments are requested to clarify the operation of certain provisions as well as to strike a better balance between fairly protecting the interests of Subordinated Noteholders while facilitating the Group's business.

2.1 AMENDMENT TO INTEREST COVER RATIO

As a result of the strategic review and actions determined to be necessary, Holdco is incurring

additional costs, a number of which are non-recurring and not reflective of normal operating expenses, but which will nevertheless impact Interest Cover Ratio levels. In anticipation of this, in the Previous Notice, the Issuer sought and obtained Subordinated Noteholders' consent to reduce the applicable Interest Cover Ratio from 2.0x to 1.75x until 31 December 2019.

The Issuer is taking the necessary actions to ensure the future compliance with the Subordinated Note Conditions, by further revision to the definition of Interest Cover Ratio to better align the covenant with that in the Senior Facility Agreement.

The issue identified is that the Interest Cover Ratio in the Subordinated Note Conditions requires coverage of "Finance Charges" which includes one-off costs and fees paid in relation to the facility. These are expenses which do not reflect the ability of the Group's cashflows to meet its ongoing interest obligations.

The amendment requested is to replace "Finance Charges" in the definition of "Interest Cover Ratio" with "Interest Expense". This change will mean that the Interest Cover Ratio is concerned with ongoing costs in the nature of interest, and does not include establishment costs, waiver fees or any fees which are not recurring. The intent is that the Interest Cover Ratio specifically look to the ability of existing cashflows of the Group to meet interest and other ongoing finance-related expenses of a periodic nature.

2.2 AMENDMENT TO EBIT

As part of the process for restatement of accounts, it has become apparent that there is some uncertainty in the current definition as to what costs are excluded from EBIT. It is proposed to clarify what costs are excluded so that the Issuer, Holdco and the Group are not prevented from completing their strategic review or implementing changes identified in the process. The current definition of EBIT is arguably too broad and will impede the ability of the Issuer, Holdco and the Group to complete their restructure.

It is proposed to revise the definition of EBIT by replacing the undefined reference to "extraordinary items" with a capitalised term "Extraordinary Items" which will clarify that EBIT does not include items that are unusual or infrequent or that are unrelated to the typical operating activities of the business, the intent being to ensure that the restructuring costs being incurred and which do not relate to normal operations of the business are not included within EBIT.

For similar reasons, it is also proposed that the definition of EBIT is revised to expressly exclude costs incurred as a result of raising debt or equity capital on the basis that such costs do not relate to the normal operations of the business and do not in effect have an impact on cash flow from the perspective of the Subordinated Noteholder as such costs are generally incurred and paid for upfront out of funds borrowed or raised.

2.3 AMENDMENT TO INTEREST EXPENSE

As part of the process for restatement of the accounts, it was identified that the current definition of Interest Expense has some ambiguity as to what constitutes an Interest Expense.

It is requested that the definition of Interest Expense is clarified to make it clear that fees that are not payable on a recurring basis such as establishment costs or waiver fees are not within the purview of Interest Expense. This better aligns with the understood primary role of this definition which is to look at those costs necessary to service the debt when the facility is operating as expected.

2.4 AMENDMENT TO ELIGIBLE RECEIVABLES

It is proposed that the definition of Eligible Receivables is clarified to confirm that prepaid commissions of the Issuer are within the scope of the definition and so count towards the Eligible Receivables. This better aligns the definition with how similar clauses are applied in the Senior Facility Agreement and Simple Corporate Bonds.

2.5 AMENDMENT TO ARREARS RECEIVABLE

Currently, the definition of Arrears Receivable captures any Receivable which has been in Arrears for 30 or more days. This does not facilitate the lending by the Issuer on account of Research and Development funding. In contrast to those standard receivables currently contemplated in the definition of Arrears Receivable, research and development funding receivables do not have a payment schedule. This is due to the inherently uncertain timing of research and development grants.

It is proposed that the Issuer would monitor Research and Development loans for impairment and that unless such receivables are determined by the Issuer to be impaired, such amounts would not be included in Arrears Receivable.

2.6 AMENDMENT TO CROSS DEFAULT

Currently certain Events of Default arising from cross defaults under other finance documentation will continue to subsist under the Subordinated Note Conditions, even where the underlying default has been unconditionally waived by or remedied to the satisfaction of the relevant financier. This has resulted in the Issuer and Initial Guarantors being required to obtain waivers from the Subordinated Noteholders in circumstances where the Senior Financiers have already waived the underlying breach which gives rise to the Event of Default for cross default under the Subordinated Note Conditions.

It is suggested that the purpose of cross default is to allow Subordinated Noteholders to accelerate repayment of the Subordinated Notes in circumstances where the right to accelerate repayment of Financial Indebtedness subsists and that such right should not subsist where the underlying breach has been waived or otherwise remedied. Accordingly, it is suggested that the current Cross Default Provisions are revised so that it is made clear that where a breach which would otherwise constitute a cross default under the Subordinated Note Conditions is waived or remedied by the relevant financier, acceleration for cross default, solely in relation to that matter, is not available under the Subordinated Note Conditions.

By way of example: ABC Pty Ltd has issued notes on the contemplated amended terms of the Subordinated Note Conditions and breaches a covenant owed to its primary financier, BBB Pty Ltd, which is subsequently waived by BBB Pty Ltd one month after occurrence of breach of covenant by ABC Pty Ltd. In this example, it is proposed that in the month where the breach subsists and is not waived, that a right of acceleration under cross default would be available noteholders, but that upon waiver of breach by BBB Pty Ltd, that right would cease. Where the waiver by BBB Pty Ltd is granted on a conditional basis, the right of acceleration for cross default would not be available for the duration of the conditional waiver but would again become available where the conditions to waiver were not satisfied resulting in the waiver no longer being effective.

2.7 AMENDMENT TO PERMITTED DISTRIBUTIONS

Current drafting of Subordinated Note Condition 5.2(b)(iii)(B) does not contemplate interim dividends. It is proposed that the clause is revised to facilitate this by providing that as an alternate to considering the NPAT for the preceding Financial Year when determining the amount available for distribution, the Issuer may alternately have regard to the NPAT for the preceding twelve month period ending on 31 December in order to determine the amount available for Distribution.

2.8 AMENDMENT TO CREDIT ADJUSTED FINANCIAL INDEBTEDNESS

Part of the capital management plan of the Issuer is to sell and transfer the receivables book of Holdco into securitisation trusts. This is presently permitted under the Subordinated Note Conditions on certain conditions, in particular, where net proceeds realised on the sale are applied against prepayment or repayment of Financial Indebtedness of the Issuer or the Group.

The effect of the proposed sale of the receivables book to securitisation trusts helps to de-risk the Covenant Group, but does have the side effect of causing the Arrears Ratio to potentially spike as a result of the sale of Eligible Receivables, resulting in greater weighting being attributed to any receivables which are in arrears.

This in turn has a negative impact on Subordinated Note Condition 5.2(a)(i)(C) which requires that the Credit Adjusted Financial Indebtedness is less than the Rental Payment Amount.

The Credit Adjusted Financial Indebtedness Ratio was established before Holdco had any unsecured debt in place and is intended to test the debt coverage provided by the rental payments from the secured receivables, with a buffer based on the Arrears Ratio.

The Issuer requests that the definition of Credit Adjusted Financial Indebtedness be amended to apply to Secured Debt only (including the Notes), and exclude any unsecured Financial Indebtedness. This change matches the rental payments from secured receivables to the secured indebtedness for which they provide coverage.

2.9 CLARIFICATION OF HOW CHANGES IN ACCEPTED ACCOUNTING PRACTICES ARE TO BE APPLIED

As stated in the Previous Notice, changes in accounting practices and standards to which the Issuer and Initial Guarantors must comply had an unintended impact on the Issuer's financial covenants under its various facilities.

Presently, the Subordinated Note Conditions contemplate that the Accepted Accounting Practices to be applied are those which are applicable to a member of the Group "from time to time". It is not known what further changes to the Accepted Accounting Practices the Group may be legally required to adopt in the future and there is still a significant period of time until the Maturity Date, 9 October 2021.

Owing to the uncertainty and potential unnecessary costs that the Issuer could incur where a legally required change in Accepted Accounting Practices has an unintended consequence under the Subordinated Note Conditions, it is requested that for the purposes of determining whether the Issuer and Initial Guarantors are in compliance with the covenants in the Subordinated Note Conditions, the Accepted Accounting Practices to be applied are those as at 30 June 2018, unless the Issuer determines otherwise.

3. INSTRUCTIONS TO NOTE TRUSTEE AND MEETING WAIVER

3.1 INSTRUCTIONS TO NOTE TRUSTEE

In addition to the Proposed Waivers and requested amendments discussed above, the Issuer and Initial Guarantors request:

- that the Subordinated Noteholders resolve to take no action pursuant to the Subordinated Note Conditions 14.4(b) and 14.6 either in their own capacity or by requesting the Subordinated Note Trustee to take action in relation to any Event of Default; and
- that the Subordinated Noteholders instruct the Subordinated Note Trustee to amend the conditions subsequent described in the Previous Notice and applied by the Subordinated Note Trustee to the waivers granted following passing of resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent in this Notice.

3.2 MEETING WAIVER

Any obligation for the Subordinated Note Trustee or the Subordinated Security Trustee to convene a meeting of Subordinated Noteholders or beneficiaries of the Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived.

REQUESTED RESOLUTION

The purpose of the Circulating Resolution is to seek and, if passed, obtain waivers for breaches and Events of Default, instructions to the Subordinated Note Trustee and amendments to the Subordinated Note Conditions as per the Special Resolution set out below:

"That pursuant to the Meeting Provisions:

- *approval is given for the Subordinated Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- *the Subordinated Note Trustee is instructed to:*
 - *take no action under Subordinated Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
 - *amend the conditions subsequent applicable to the waivers granted by the Subordinated Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- *any obligation for the Subordinated Note Trustee or the Subordinated Security Trustee to convene a meeting of Noteholders or beneficiaries of the Security Trust with respect to*

any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;

- *In accordance with Subordinated Note Condition 17.1:*

- *the definition of "Interest Cover Ratio" in Subordinated Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
- *the definition of "EBIT" in Subordinated Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
- *a new definition of "Extraordinary Items" is inserted into Subordinated Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

(a) items which are unusual or infrequent; or

(b) items unrelated to the typical operating activities of the Covenant Group's business;";

- *amend the definition of "Interest Expense" in Subordinated Note Condition 1.2 by inserting "and" at the end of paragraph (b) and inserting new paragraph (c) as follows:*

"(c) establishment costs, waiver fees, and other fees not payable on a recurring basis;";

- *amend definition of "Eligible Receivables " in Subordinated Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"*

- *amend definition of "Arrears Receivable" in Subordinated Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days...";*

- *amend Subordinated Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:*

"... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;";

- *amend Subordinated Note Condition 5.2(b)(iii)(B) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January*

and June...";

- *Amend definition of Credit Adjusted Financial Indebtedness in Subordinated Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt";*
- *Insert new Subordinated Note Condition "1.7" immediately after Subordinated Note Condition 1.6 as follows:*

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepted Accounting Practices as determined by the Issuer."

Your vote is important.

This Notice of Circulating Resolution constitutes notice (given under and in accordance with Subordinated Note Condition 19 ("Notices") and the Meeting Provisions).

Instructions to Austraclear Ltd to sign

Only those Austraclear Participants in whose Austraclear Security Record the Subordinated Notes appear immediately prior to the Austraclear System opening on 5 December 2018 (**Austraclear Holders**) will be entitled to instruct Austraclear Ltd (**Austraclear**) to sign the Special Resolution set out in Annexure A.

A person with a beneficial interest in the Subordinated Notes must direct the Austraclear Holder in whose Security Record the Subordinated Notes in respect of which you have that beneficial interest are recorded to complete the "Instructions to Sign" form set out in Annexure B.

Action required by Austraclear Holders

To instruct Austraclear to sign the Special Resolution set out in Annexure A, Austraclear Holders must complete the Instructions to Sign form in Annexure B and return your "Instructions to Sign" form by fax or by email to BNY Mellon. The "Instruction to Sign" form must be received no later than 10.00am on Friday, 14 December 2018 to be valid.

Austraclear to sign

Austraclear is recorded in the Register as the sole Noteholder for the Subordinated Notes. Consequently, only Austraclear will be entitled to sign the Special Resolution set out in Annexure A. Austraclear will approve the Special Resolution set out in Annexure A, as the sole Noteholder, on the instruction of Austraclear Holders on whose behalf it holds the Subordinated Notes as nominee.

The Special Resolution will be determined by a single circulating resolution with respect to the Subordinated Notes. The Special Resolution will be passed if it is signed by the sole Noteholder acting on the instructions of Austraclear Holders which represent (in aggregate) at least 75% of

the principal amount of outstanding Subordinated Notes as at the Notification Date.

No investment advice

The information contained in the Notice of Circulating Resolution and Explanatory Memorandum does not constitute financial product advice, and has been prepared without reference to Noteholders' particular investment objectives, financial situation, taxation position, and needs. Axesstoday is not providing any taxation, legal or other advice regarding the proposed amendment. It is important that you read the Notice of Circulating Resolution and Explanatory Memorandum in its entirety before making any decision on how to vote on the Circulating Resolution. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendment in your own particular circumstances.

Neither the Subordinated Note Trustee nor the Subordinated Security Trustee expresses any opinion about the terms of the Special Resolution or makes any recommendation as to whether to vote in favour of or against or how to vote in respect of the Special Resolution.

Yours sincerely

A.C.N. 603 303 126 Pty Ltd

trading as **Axesstoday**

ANNEXURE A – SPECIAL RESOLUTION

The Special Resolution to be considered by Noteholders is set out below.

RESOLUTION IN RESPECT OF THE SUBORDINATED NOTES TO BE CONSIDERED AND IF APPROVED PASSED BY NOTEHOLDERS AS A SPECIAL RESOLUTION

1. Special Resolution

To consider and, if thought fit, pass the following resolution as a Special Resolution:

"That pursuant to the Meeting Provisions:

- a) *approval is given for the Subordinated Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- b) *the Subordinated Note Trustee is instructed to:*
 - i. *take no action under Subordinated Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
 - ii. *amend the conditions subsequent applicable to the waivers granted by the Subordinated Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) *any obligation for the Subordinated Note Trustee or the Subordinated Security Trustee to convene a meeting of Noteholders or beneficiaries of the Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) *In accordance with Subordinated Note Condition 17.1:*
 - i. *the definition of "Interest Cover Ratio" in Subordinated Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. *the definition of "EBIT" in Subordinated Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. *a new definition of "Extraordinary Items" is inserted into Subordinated Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

- (a) *items which are unusual or infrequent; or*

- (b) *items unrelated to the typical operating activities of the Covenant Group's business;"*;
- iv. *amend the definition of "Interest Expense" in Subordinated Note Condition 1.2 by inserting "and" at the end of paragraph (b) and inserting new paragraph (c) as follows:*
 - "(c) *establishment costs, waiver fees, and other fees not payable on a recurring basis;"*;
- v. *amend definition of "Eligible Receivables " in Subordinated Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"*
- vi. *amend definition of "Arrears Receivable" in Subordinated Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days..."*;
- vii. *amend Subordinated Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:*

"... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;";
- viii. *amend Subordinated Note Condition 5.2(b)(iii)(B) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June..."*;
- ix. *amend definition of Credit Adjusted Financial Indebtedness in Subordinated Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt"*;
- x. *insert new Subordinated Note Condition "1.7" immediately after Subordinated Note Condition 1.6 as follows:*

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer.";

The Directors recommend that you vote in favour of the Special Resolution.

A.C.N. 603 303 126 Pty Ltd

trading as **Aksesstoday**

Dated: 5 December 2018

If passed by Noteholders, Austraclear Ltd, being the holder of the Subordinated Notes issued by the Issuer, will execute the following duly completed confirmation (on its letterhead) as evidence of the Special Resolution having been passed as a Circulating Resolution.

RESOLUTION IN RESPECT OF THE SUBORDINATED NOTES PASSED BY THE NOTEHOLDERS

Austraclear Ltd, being the holder of the Subordinated Notes issued by the Issuer, in accordance with instructions in the Notification of Voting Intention duly received from the Issuer and the Notice of Meeting dated 5 December 2018 votes in favour of the Special Resolution and consequently, the Special Resolution set out below is passed by this Circulating Resolution.

"That pursuant to the Meeting Provisions:

- a) *approval is given for the Subordinated Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- b) *the Subordinated Note Trustee is instructed to:*
 - i. *take no action under Subordinated Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
 - ii. *amend the conditions subsequent applicable to the waivers granted by the Subordinated Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) *any obligation for the Subordinated Note Trustee or the Subordinated Security Trustee to convene a meeting of Noteholders or beneficiaries of the Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) *In accordance with Subordinated Note Condition 17.1:*
 - i. *the definition of "Interest Cover Ratio" in Subordinated Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. *the definition of "EBIT" in Subordinated Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. *a new definition of "Extraordinary Items" is inserted into Subordinated Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

 - (a) *items which are unusual or infrequent; or*
 - (b) *items unrelated to the typical operating activities of the Covenant Group's business;"*

- iv. amend the definition of "Interest Expense" in Subordinated Note Condition 1.2 by inserting "and" at the end of paragraph (b) and inserting new paragraph (c) as follows:

"(c) establishment costs, waiver fees, and other fees not payable on a recurring basis;"

- v. amend definition of "Eligible Receivables " in Subordinated Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"
- vi. amend definition of "Arrears Receivable" in Subordinated Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days...";
- vii. amend Subordinated Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:

"... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;"

- viii. amend Subordinated Note Condition 5.2(b)(iii)(B) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June...";
- ix. amend definition of Credit Adjusted Financial Indebtedness in Subordinated Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt";
- x. insert new Subordinated Note Condition "1.7" immediately after Subordinated Note Condition 1.6 as follows:

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer.;"

Noteholder	Name of	Outstanding	Outstanding	Outstanding	Date of
------------	---------	-------------	-------------	-------------	---------

	authorised representative	principal amount of Subordinated Notes to be voted for	principal amount of Subordinated Notes to be voted against	principal amount of Subordinated Notes abstained	signing
Austraclear Ltd		[A\$[•]]	[A\$[•]/Nil]	[A\$[•]/Nil]	

Executed by

[•], as attorney for **AUSTRACLEAR LTD** under Power of Attorney dated 4 August 2010 in the presence of:

 ▲ Signature of witness

 ▲ Signature of Attorney

 ▲ Full name of witness (print)

 ▲ Full name of Attorney (print)

ANNEXURE B – INSTRUCTIONS TO SIGN

1 DETAILS OF AUSTRACLEAR HOLDER

Name:

Address:

2 DETAILS OF SUBORDINATED NOTES HELD BY AUSTRACLEAR HOLDER

	Aggregate principal amount of Subordinated Notes held by the Austraclear Holder
A\$35,000,000 in aggregate amount outstanding Australian Dollar Subordinated Notes due 9 October 2021 (ISIN: AU3FN0029096)	A\$[xx]

3 DETAILS OF BENEFICIAL HOLDERS WHICH HAVE INSTRUCTED YOU AS THE AUSTRACLEAR HOLDER (This section is not mandatory and failure to complete this section does not invalidate these Instructions to Sign.)

Name:

Name:

Name:

Name:

4 DIRECTION TO SIGN

I direct Austraclear Ltd to vote in favour of the Special Resolution below by signing and dating the circulating Special Resolution in accordance with the following directions.

Resolutions in respect of the Subordinated Notes					
The Noteholder resolves that with effect on and from [●] 2018, the Special Resolution in the Circulating Resolution and execution of the Circulating Resolution by A.C.N. 603 303 126 Pty Ltd be agreed and approved.					
Noteholder	Name of authorised representative	Outstanding principal amount of Subordinated Notes to be voted for	Outstanding principal amount of Subordinated Notes to be voted against	Outstanding principal amount of Subordinated Notes abstained	Date of signing
Austraclear Ltd		A\$[xx]	A\$[xx]/Nil	A\$[xx]/Nil	

SIGNING PAGE

Signing Instructions:

Austraclear Holders are requested to:

- 1 select the appropriate execution clause from those set out below (or if the appropriate execution clause is not set out below, insert the appropriate execution clause);
- 2 sign and date it accordingly; and
- 3 deliver the completed Instructions to Sign form by fax or by email to BNY Mellon at the following details, by no later than 10.00am (Sydney time) 14 December 2018:
 - Fax no: +61 2 9260 6009
 - email: pei.caipan@bnymellon.com

Executed as a deed on 2018

EXECUTED by)	
)	
.....)	
Name of Austraclear Holder)	
)	
.....)
Company Secretary/Director	)	Director
)	
.....)
Name of Company Secretary/Director (block letters)	)	Name of Director (block letters)

OR

SIGNED by)	
)	
.....)	
Name of Attorney)	
as attorney for:)	
)	
.....)
[insert name of Austraclear Holder]	)	By executing these Instructions to Sign
pursuant to power of attorney in the	)	the attorney states that the attorney has
presence of:	)	received no notice of revocation of the
	)	power of attorney and has included a
	)	certified copy of the power of attorney
.....	)	with these Instructions to Sign.
Signature of witness)	
)	
.....)	
Name of witness (block letters))	

OR

SIGNED by)
)
)
 as Authorised Representative for)
)
)
 [*insert name of Austraclear Holder*])
 in the presence of:)
)
)
 Signature of witness)
)
)
 Name of witness (block letters))

.....
By executing these Instructions to Sign
the authorised representative states
that the authorised representative has
received no notice of revocation of their
authority to sign.

OR INSERT OTHER BELOW

ANNEXURE C - NOTIFICATION OF VOTING INTENTION RECEIVED FROM AUSTRACLEAR HOLDERS

[To be provided by the Issuer to Austraclear]

[Letterhead of the Issuer]

Amendment of the Subordinated Note Conditions of the following Notes

Issuer	ISIN	Title	Status	Aggregate outstanding principal amount
A.C.N. 603 303 126 Pty Ltd trading as Axsesstoday	AU3FN0029096	Floating Rate Subordinated Notes due 9 October 2021	Secured	A\$35,000,000

Date: [●] 2018

To: **Austraclear Ltd (ABN 94 002 060 773) as the registered Noteholder of the Notes issued by A.C.N. 603 303 126 Pty Ltd trading as Axsesstoday (Issuer) and described above (the Notes)**

We refer to the Notice of Circulating Resolution and Explanatory Memorandum dated [●] 2018 (**Notice**) in respect of the proposed waivers and amendments (**Proposed Waivers and Amendments**) set out in that Notice. We confirm that a Special Resolution in the form set out in the Notice is required to give effect to the Proposed Waivers and Amendments. Terms not defined in this letter have the meanings given in that Notice.

We confirm that the Subordinated Note Trustee has advised us that the Notice was circulated to Austraclear Holders.

We certify that we received instructions from the Subordinated Note Trustee that, as at [●][am/pm] on [●] 2018, the Subordinated Note Trustee had received validly completed Instructions to Sign in respect of the Special Resolution from Austraclear Holders (or nominee Austraclear Holders) in whose Security Record the Notes are held, in the form satisfactory to the Subordinated Note Trustee in respect of Notes representing A\$[●] in aggregate principal amount outstanding.

We confirm that those Austraclear Holders have instructed Austraclear Ltd to vote on the resolution by signing a Circulating Resolution in the form set out in the Notice, as follows

Voted for	Voted against	Abstained	No votes received
A\$[●]	A\$[●]	A\$[●]	A\$[●]

The Issuer certifies that this is sufficient majority to pass the resolution as a Special Resolution and that the Austraclear Holders have authorised and instructed Austraclear Ltd to pass the resolution set out below:

"That pursuant to the Meeting Provisions:

- a) *approval is given for the Subordinated Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- b) *the Subordinated Note Trustee is instructed to:*
 - i. *take no action under Subordinated Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed*

Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and

- ii. amend the conditions subsequent applicable to the waivers granted by the Subordinated Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) any obligation for the Subordinated Note Trustee or the Subordinated Security Trustee to convene a meeting of Noteholders or beneficiaries of the Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) In accordance with Subordinated Note Condition 17.1:*
 - i. the definition of "Interest Cover Ratio" in Subordinated Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. the definition of "EBIT" in Subordinated Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. a new definition of "Extraordinary Items" is inserted into Subordinated Note Condition 1.2 after the definition of "Event of Default" as follows:*
 - "Extraordinary Items means, for any Relevant Period:*
 - (a) items which are unusual or infrequent; or*
 - (b) items unrelated to the typical operating activities of the Covenant Group's business;"*
 - iv. amend the definition of "Interest Expense" in Subordinated Note Condition 1.2 by inserting "and" at the end of paragraph (b) and inserting new paragraph (c) as follows:*
 - "(c) establishment costs, waiver fees, and other fees not payable on a recurring basis;"*
 - v. amend definition of "Eligible Receivables " in Subordinated Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"*
 - vi. amend definition of "Arrears Receivable" in Subordinated Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days..."*
 - vii. amend Subordinated Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:*
 - "... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or*

conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;"

- viii. *amend Subordinated Note Condition 5.2(b)(iii)(B) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June..."*;
- ix. *amend definition of Credit Adjusted Financial Indebtedness in Subordinated Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt"*;
- x. *insert new Subordinated Note Condition "1.7" immediately after Subordinated Note Condition 1.6 as follows:*

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer."

We **attach** a Circulating Resolution to be signed by Austraclear reflecting those instructions.

We have relied, without further investigation or verification, on the Instructions to Sign received by the Subordinated Note Trustee and from the Austraclear Holders and forwarded to us as we have no reasonable grounds to believe that those Instructions to Sign are not genuine or correct.

.....
Authorised signatory of A.C.N. 603 303 126 Pty Ltd trading as Axesstoday

.....
Name (print):

EXPLANATORY MEMORANDUM

OVERVIEW

The information in this section is a brief summary of the reasons for the proposed amendment being requested by the Issuer. The Issuer is of the view that for the reasons set out below, the proposed waivers and amendments will not be adverse to the rights or interests of the Subordinated Noteholders.

1. Background and Summary

Holdco has gone through a significant review process internally over the course of the last few months (**Internal Review**). As part of this review process it has reviewed in granular detail all of its lending documents and liaised with external consultants and its auditors to ensure that all breaches are identified and covenants are complied with in the future.

The review process has resulted in Holdco needing to restate its 2018 Financial Statements due to prior breaches of its lending agreements being identified.

Following discussions with Holdco's auditor, a more conservative interpretation of the terms of the Holdco's lending documents was adopted. This has led to changes in the calculation methodology and interpretation of clauses within the agreements. The Holdco has retested all of its covenants in prior periods relating to FY18, implementing the updated methodologies to ensure all actual and potential historical breaches are identified and addressed. As part of the broader audit of the reissued Financial Statements, Holdco's auditor has reviewed these calculations, as disclosed in Holdco's Restated Financial Statements, which modified the methodology that Holdco had previously applied to calculating its covenants. As a result, Holdco is in the process of obtaining waivers for breaches that were previously not believed to exist but have been reviewed under the strictest interpretation of the documents.

Due to the changes in the interpretation of the lending agreements to a strict reading of the documents rather than the commercial intent, Holdco is taking the opportunity to bring the definitions and covenants in each of its debt facilities into closer alignment.

Holdco is also seeking approval to amend the terms of the Senior Facility Agreement and the Simple Corporate Bond. The amendments (if approved) will remove ambiguities which are contrary to the commercial intent of the documents. The below outlines the details of the amendments to the Subordinated Notes that the Issuer and Initial Guarantors are seeking.

The Internal Review has taken longer than anticipated because of the number of separate parties involved and expansion of the scope of the review. This has delayed the implementation of the capital management plan.

Holdco is still targeting completion of the first phase of the capital management plan in December 2018, however, to mitigate risk that the Issuer will incur further costs and delays in seeking an extension of current waivers should an unforeseen event further delay the implementation of the plan, the Issuer and Initial Guarantors request that the Subordinated Noteholders consent to and instruct the Subordinated Note Trustee to amend the conditions subsequent referred to in the Previous Notice by adopting the Conditions Subsequent.

2. Actions Taken by Holdco Board of Directors and Management

Following the Board of Directors' completion of the strategic review begun on 24 September 2018, Holdco has refocused its strategy and implemented the following four key strategic initiatives:

1. Refocus on core competency of funding business critical equipment predominantly in the hospitality and transport sectors which remain sound opportunities for Holdco;
2. Exit non-core business, including:

- Canadian operations have ceased originating new receivables and the loan portfolio is being amortised;
 - Business loan funding has been discontinued; and
 - All new non-core product and sector initiatives have been discontinued indefinitely (albeit immaterial to FY18 revenue);
3. Implement revised capital management plan to ensure ongoing compliance with all debt facilities and funding for future receivables growth; and
 4. Strengthen governance and control measures.

Dermott McVeigh has been appointed as interim Chief Executive Officer, with an ongoing process to appoint new Board members and a Chief Executive Officer.

The business has continued to operate throughout the period of suspension from the ASX with origination volumes reducing to align with the strategy of predominantly funding business critical equipment.

Moving forward the Holdco has refocused on funding business critical equipment and ensuring that strong risk adjusted returns are achieved from the portfolio. The key elements that will have target levels and be measured, tracked and enforced are:

- Net interest margin (Revenue yield less cost of funds)
- Cost to income ratio (Operating costs as a proportion of Portfolio Income)
- Annualised loan impairments (Actual bad debt write offs on an annualised basis)

These metrics will ensure that Holdco is actively managing its pricing, reducing its cost of funds through time, creating operating leverage through efficiencies and technology, and achieving the expected loss rates for the risk assumed across the portfolio. Employing these disciplines across all departments in the business and enforcing them as the key drivers for business success will ensure that the returns on the portfolio are strong and underlying profitable growth is delivered.

3. Summary and Request for amendment

The following section sets out additional detail of the breaches discussed in the Notice which were identified during the course of Holdco's Internal Review.

The section will detail the circumstances surrounding breaches of financial covenants, but the Cross Defaults will be grouped together because there are a number that have been waived, remedied or which are considered immaterial.

A number of the breaches in the waiver request resulted from the changed interpretation of covenant calculations adopted in the restatement of 2018 financial results. Several of these arising under the Senior Facility Agreement have already been remedied but have been included in the waiver request to resolve any possibility that they may have triggered a Cross Default in the Subordinated Notes. The Subordinated Notes have a hairline trigger with respect to Cross Defaults arising under other facilities; a strict interpretation of the Subordinated Note Conditions is that past breaches, even where remedied or waived, trigger Cross Defaults in the Subordinated Notes which continue to subsist, even where the initial breach has been remedied or waived. This would require the Issuer to convene meetings of Subordinated Noteholders for matters already resolved and is a key reason for the proposed amendment discussed below in paragraph 4(c). In addition to the Cross Defaults connected to the Senior Facility Agreement, the Further Notes Cross Default also require waiver.

As discussed above, contrary to the understanding of the Issuer at the time of issue of the Previous Circular, the Financial Indebtedness Ratio Covenant was in breach for the months of May and June 2018. Furthermore, compliance certificates issued by the Issuer to the Subordinated Note Trustee on a monthly

basis pursuant to Subordinated Note Condition 5.4(a) were consequently incorrect, including for the months of May and June 2018.

As part of the restatement, the Equipment Receivables Covenant Breach, Secured Debt Ratio Breach and Credit Adjusted Financial Indebtedness Ratio Breach were also identified.

Accordingly, the Issuer and Initial Guarantors seek waiver of these breaches, and submit that given the waivers already obtained with respect to breaches and Events of Default which gave Subordinated Noteholders the right to accelerate repayment of the Subordinated Notes, the waivers requested are technical in nature or otherwise of no greater significance than those already requested and provided in the Previous Notice.

4. Request of Noteholders for Amendment

The following section outlines Subordinated Notes amendments that Holdco is asking Subordinated Noteholders to approve.

a) Interest cover ratio

The Issuer and Initial Guarantors are seeking to amend the definition of the Interest Cover Ratio (**ICR**) by replacing reference to "Finance Charges" with "Interest Expense".

Interest Expenses will exclude one-off costs such as establishment costs, waiver fees and other fees which are not payable on a recurring basis and therefore not indicative of the Issuer's ability to meet its recurring debt-servicing obligations.

The change brings the definition into line with the Senior Facility Agreement, and similar amendments currently being requested with respect to the Simple Corporate Bond.

It is the Issuer's view that the intention of the ICR is to test the Group's ability to service its debt obligations as and when they fall due over a twelve month period. One-off expenses paid in setting up a debt facility and unusual or extraordinary items like waiver fees do not reflect Holdco's ability to meet the future costs of maintaining its debt. Simplifying the covenant to Interest Expenses focuses the test on how well Holdco can meet its normal obligations to creditors in future.

b) Earnings Before Interest and Tax (EBIT)

Holdco requests that the definition of EBIT be amended to specifically provide that Extraordinary Expenses; items which are unusual or infrequent or outside of typical operations, be added back to calculate EBIT. It is also requested that the Issuer and Group may add-back expenses incurred in any capital raising, not just those paid in issuing the Subordinated Notes. The proposed amendments seek to exclude items which do not reflect the underlying EBIT of Holdco produced in the typical course of operations.

c) Cross Defaults:

The current wording of the Cross Defaults clause in the Subordinated Note Conditions has been identified as a legal risk during the review process. Cross Default is triggered where other facilities are "*capable of being declared*" due and payable. The unintended outcome is that even if Holdco receives a waiver of minor breaches in another facility, an Event of Default occurs in the Subordinated Notes. The Issuer is then forced to undertake the expensive and time-consuming process of seeking a waiver from Subordinated Noteholders in circumstances where the primary breach giving rise to Cross Default has already been remedied or waived.

The Issuer submits that the current Cross Defaults condition in the Subordinated Note Conditions is unfit for purpose, unnecessarily increasing compliance costs for the Issuer without significantly improving the risk mitigation measures that are available to Subordinated Noteholders. Triggering immediate Events of Default for breaches that are subsequently waived, breaches which are subsequently remedied, or breaches which another creditor has ignored due to their being immaterial, is uncommercial and unfit for purpose.

The proposed change would better align the rights of Subordinated Noteholders to those rights available to financiers that may take action following the occurrence of the originating breach. Accordingly, it is proposed that the rights of Subordinated Noteholders to accelerate repayment of the Subordinated Notes should be aligned with the rights a financier has with respect to the originating breach. If the rights to accelerate repayment with respect to the originating breach cease to be available to the financier, the rights available to the Subordinated Noteholders with respect to Cross Default should also cease.

d) Eligible Receivable Balance

The Issuer requests that the definition of Eligible Receivable Balance be amended to add "prepaid commissions", which had previously been added in the calculation. During the review process, a strict interpretation of the definition was taken. Holdco is seeking amendment to the Subordinated Note Conditions to clearly include the balance of prepaid commission.

Prepaid commissions is a ledger item which exists due to previous accounting treatments in Holdco's old loan management system. It refers to the commissions paid to retailers and brokers at the start of leases and loans. Accounting standards require that these commissions be included in the balance of receivables as a balance sheet asset. Holdco's current loan management system does not have this issue for newer accounts, hence this item will shrink over time. Prepaid commissions totalled approximately \$10 million, relating to both receivables in the Covenant Group and in the SWF, at 31 October 2018 and will reduce by approximately \$300k per month until reaching zero in four years.

The inclusion of prepaid commissions within Eligible Receivable will impact the Arrears Ratio where Eligible Receivables Balance is the denominator used in calculating the Arrears Ratio.

e) Arrears Receivables:

The Issuer is asking Subordinated Noteholders to consent to amendment of the calculation of "Arrears Receivables" to exclude receivables related to research and development funding (**R&D Loans**). R&D Loans advance payment against the expected rebate from the Australian Tax Office (**ATO**) for a portion of that research and development expense. R&D Loans do not have a set payment schedule due to the uncertain timing of ATO rebates. This means they cannot be classified as being in Arrears in the same way as typical equipment receivables which have weekly payments. R&D Loans considered impaired by Holdco will still be included as Arrears Receivables.

f) Applicable Accounting Standard:

It is common for debt terms and conditions to include clauses governing how changes in accounting standards are managed. Presently, the Subordinated Note Conditions contemplate that the Accepted Accounting Practices to be applied are those which are applicable to a member of the Group "from time to time". It is not known what further changes to the Accepted Accounting Practices the Group may be legally required to adopt in the future and there is still a significant period of time until the Maturity Date, 9 October 2021. The dollar impact of upcoming accounting standard changes such as AASB 9 on the company's financial have not been quantified, and this creates uncertainty for future covenant compliance. To remove this uncertainty, it is requested that covenant compliance be based on the Accepted Accounting Practices which were in place at 30 June 2018 unless the Issuer determines otherwise and elects to apply the current Accepted Accounting Practices or such combination of old and current Accepted Accounting Practices as the Issuer determines is appropriate.

g) Dividend Distributions:

The Issuer requests that it be permitted to make Distributions, including dividends of up to 50% of its NPAT for Half Years as well as full Financial Years. The current wording of the clause relating to Distributions prevents Holdco from paying dividends until after the completion of a Financial Year. This wording was in place before Holdco listed on the ASX, and is contra to market standard for ASX listed companies which is to declare interim dividends in respect of Half Year profits as well as final dividends following completion of the Financial Year.

To facilitate this, it is proposed that the Issuer may refer to the 12 months preceding 31 December or the preceding Financial Year when determining amounts available for Distribution.

Holdco cancelled its dividend declared in respect of FY18 and has no intention to declare a dividend in the near future. Holdco is taking the opportunity now to resolve this issue as the Subordinated Notes do not mature for at least two years, and Holdco should in order to reward investors have the flexibility of making interim and final dividends or other Distributions where there is sufficient NPAT available.

h) Credit Adjusted Financial Indebtedness

The Credit Adjusted Financial Indebtedness Ratio was established before Holdco had any unsecured debt in place and is intended to test the debt coverage provided by the rental payments from the secured receivables, with a buffer based on the Arrears Ratio. As part of the capital management plan, Holdco will shrink its balance sheet and repay secured debt over time by financing more receivables with securitisation. Holdco requests that the definition of Credit Adjusted Financial Indebtedness be amended to apply to secured debt only (including the Subordinated Notes), excluding unsecured debt. This change matches the rental payments from secured receivables to the secured indebtedness which they provide coverage for.

The Issuer asks that you approve the proposed waivers as it works to complete its strategic review and refocus on funding business critical equipment in the hospitality and transport sectors.

SPECIAL RESOLUTION

Special Resolution:

To consider and, if thought fit, pass the following resolution as a Special Resolution:

"That pursuant to the Meeting Provisions:

- a) *approval is given for the Subordinated Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- b) *the Subordinated Note Trustee is instructed to:*
 - i. *take no action under Subordinated Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
 - ii. *amend the conditions subsequent applicable to the waivers granted by the Subordinated Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) *any obligation for the Subordinated Note Trustee or the Subordinated Security Trustee to convene a meeting of Noteholders or beneficiaries of the Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) *In accordance with Subordinated Note Condition 17.1:*
 - i. *the definition of "Interest Cover Ratio" in Subordinated Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. *the definition of "EBIT" in Subordinated Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. *a new definition of "Extraordinary Items" is inserted into Subordinated Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

 - (a) *items which are unusual or infrequent; or*
 - (b) *items unrelated to the typical operating activities of the Covenant Group's business;"*

- iv. amend the definition of "Interest Expense" in Subordinated Note Condition 1.2 by inserting "and" at the end of paragraph (b) and inserting new paragraph (c) as follows:

"(c) establishment costs, waiver fees, and other fees not payable on a recurring basis;"

- v. amend definition of "Eligible Receivables" in Subordinated Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"
- vi. amend definition of "Arrears Receivable" in Subordinated Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days...";
- vii. amend Subordinated Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:

"... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;"

- viii. amend Subordinated Note Condition 5.2(b)(iii)(B) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June...";
- ix. amend definition of Credit Adjusted Financial Indebtedness in Subordinated Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt";
- x. insert new Subordinated Note Condition "1.7" immediately after Subordinated Note Condition 1.6 as follows:

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer.;"

Notice of Circulating Resolution and Explanatory Memorandum

Issued by A.C.N. 603 303 126 Pty Ltd (ABN 98 603 303 126)
trading as Axsesstoday
in relation to a proposed Circulating Resolution of Noteholders of its
Australian Dollar Subordinated Notes due 22 June 2021
(ISIN:AU3CB0244192)

SERIES 2 NOTES

Date:

5 December 2018

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IMPORTANT NOTICE

What is this document?

This Notice of Circulating Resolution has been prepared and is issued by A.C.N. 603 303 126 Pty Ltd trading as Axesstoday as the **Issuer** of the Series 2 Notes, to allow Noteholders to consider and vote on a Special Resolution to be put to Noteholders. It is noted that each Noteholder's interests in the Series 2 Notes are recorded in an Austraclear Security Record for each Noteholder.

Terms used in this Notice of Circulating Resolution have the meaning given in the section entitled "Glossary" on pages 7, 8, 9, and 10.

THE EXPLANATORY MEMORANDUM (SET OUT ON PAGES 35 TO 40) CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ CAREFULLY.

No investment advice

The information contained in this Notice of Circulating Resolution does not constitute financial product advice, and has been prepared without reference to any Noteholder's particular investment objectives, financial situation, taxation position, and needs nor those of the Noteholders as a whole. None of the Issuer, the Series 2 Note Trustee, the Series 2 Security Trustee or any other person is providing any taxation, legal or other advice regarding the proposed amendment. It is important that you read the Notice of Circulating Resolution in its entirety before making any decision on how to vote on the Special Resolution. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendment in your own particular circumstances.

Approval

A written resolution signed by or on behalf of the Noteholders of not less than 75% of the aggregate principal amount of Notes outstanding shall, for all purposes, also be as valid and effective as a Special Resolution passed at a meeting of Noteholders duly convened and held.

By submitting an Instruction to Sign in favour of the Special Resolution, a Noteholder is irrevocably instructing Austraclear Ltd, in its capacity as registered holder of the Notes, to sign a written resolution (the **Circulating Resolution**) if holders of at least 75% of the aggregate principal amount of Notes outstanding as at the date of this Notice of Circulating Resolution have submitted an Instruction to Sign in favour of the Special Resolution at any time prior to the date that is one month after the date of this Notice. The Issuer will notify the Noteholders if and when the Special Resolution has been passed. The Special Resolution will take effect on and from the date that it is passed.

If the Special Resolution in respect of the Notes is passed, then unless the Conditions Subsequent have not been satisfied on or prior to 28 February 2019, each Noteholder will be bound by the Special Resolution, irrespective of whether such Noteholder voted in favour of, rejected or voted against or abstained from voting on that Special Resolution or otherwise took no action at all in respect of the Special Resolution.

CONDITIONS SUBSEQUENT

If the Special Resolution is passed, the Proposed Waivers will be provided subject to the condition subsequent that the Issuer:

- A. by no later than 28 February 2019, will deliver confirmation that:

- i. in the reasonable opinion of the Issuer (based on the current capital management plan for the Group), the ratio of all Financial Indebtedness of the Group to the Eligible Receivable Balance of the Issuer will be no greater than 0.85:1 upon completion of the Capital Raising and funding having been received by the Issuer;
- ii. in the reasonable opinion of the Issuer (based on the current capital management plan for the Group) the monthly average of the ratio of all Financial Indebtedness of the Group to Eligible Receivable Balance of the Issuer calculated as at the end of each month over the period starting on the month immediately following the completion of the Capital Raising and receipt of funding by the Issuer to June 2019 will be no greater than 0.85:1;
- iii. the Further Senior Facility Cross Defaults have been remedied or unconditionally waived by the Senior Lenders; and
- iv. the Further Subordinated Notes Cross Defaults have been unconditionally waived by the Subordinated Noteholders,

collectively, the “**Confirmation**”. The Issuer will provide the Confirmation in the form of a Directors Certificate signed by 2 directors of the Issuer.

If the above conditions are not satisfied, then the Proposed Waivers automatically cease to be of effect, do not and did not constitute any form of waiver and Noteholders will have all of their rights and remedies as if the Proposed Waiver had never been passed.

Questions

If you have any questions about your holding of Series 2 Notes or the Circulating Resolution, please consult your professional adviser. Alternatively, please contact the following:

- for a further explanation of the Circulating Resolution, email Joe Flanagan (ir@axesstoday.com.au); and
- for questions regarding the process and operational aspects of the Circulating Resolution, email Pei Cai Pan (pei.caipan@bnymellon.com).

Date

This Notice of Circulating Resolution is dated 5 December 2018.

KEY DATES

Notification Date Wednesday, 5 December 2018

Record Date Wednesday, 5 December 2018

The attached “Instruction to Sign” form must be received no later than 10.00am on Friday, 14 December 2018 to be valid.

Only those Austraclear Participants in whose Austraclear Security Record the Series 2 Notes appear immediately prior to the Austraclear System opening on the Record Date (**Austraclear Holders**) will be entitled to instruct Austraclear Ltd (**Austraclear**) to sign the Special Resolution set out in Annexure A.

If you are a person with a beneficial interest in the Series 2 Notes on the Record Date (but are not recorded as such in the Austraclear Security Record) (**Beneficial Holder**) you must direct the Austraclear Holder in whose Security Record the Series 2 Notes in respect of which you have that beneficial interest are recorded (**Trustee Austraclear Holder**) to complete the “Instructions to Sign” form set out in Annexure B.

Action required by Austraclear Holders

To instruct Austraclear to sign the Special Resolution set out in Annexure A, Austraclear Holders must complete the Instructions to Sign form in Annexure B and return your “Instructions to Sign” form by fax or by email to BNY Mellon (as the Series 2 Note Trustee) at the following details:

- Fax no: +61 2 9260 6009
- email: pei.caipan@bnymellon.com

The “Instruction to Sign” form must be received no later than 10.00am on Friday, 14 December 2018 to be valid.

An Instruction to Sign is irrevocable once received unless otherwise agreed by the Issuer.

Monday, 17
December 2018
5.00pm or such
earlier time if
instructions of
Austraclear Holders
have been received
for the Special
Resolution to be
passed

The date Austraclear will sign the Special Resolution

Austraclear is recorded in the Register as the sole Noteholder for the Series 2 Notes. Consequently, only Austraclear will be entitled to sign the Circulating Resolution set out in Annexure A. Austraclear will approve the Special Resolution and sign the Circulating Resolution, as the Noteholder, on the instruction of Austraclear Holders.

On or about 24
December 2018 or
such earlier time if the
Special Resolution
has been passed

Notification to Noteholders

The Issuer will provide notification to the Registrar, the Series 2 Note Trustee and to the Noteholders of the voting outcome of the Special Resolution.

All references to time in this Notice of Circulating Resolution are to Sydney time. **This timetable is indicative only. The Issuer reserves the right to vary the timetable set out above.**

GLOSSARY

Terms used but not otherwise defined in this Notice have the meaning given to them in the Series 2 Note Conditions. Terms not defined in the Series 2 Note Conditions or this Notice have the meaning given to them in the Austraclear Regulations.

Term	Definition
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it (as the context requires).
Austraclear	Austraclear Ltd (ABN 94 002 060 773).
Austraclear Regulations	has the meaning given to that term in the Series 2 Note Conditions.
Axesstoday Second Note Trust	the note trust constituted under the Series 2 Note Trust Deed and established in favour of holders of the Series 2 Notes.
Axesstoday Second Security Trust	the security trust constituted under the Security Trust Deed and established in favour of holders of the Series 2 Notes.
CAFI	means credit adjusted financial indebtedness.
Capital Raising	means the raising of additional equity by Holdco through issue of shares.
Circulating Resolution	the Circulating Resolution set out in this Notice of Circulating Resolution.
Conditions Subsequent	means the conditions subsequent set out in the Notice having been satisfied on or prior to 28 February 2019.
Consequential Default	means any breaches of covenants, warranties, representations, undertakings, other provisions and consequential Event of Defaults in relation to the Senior Facility Agreement, Subordinated Notes, and Series 2 Notes which may have occurred or will occur (either directly or as a result of a cross default provision) as a consequence of the events and breaches disclosed by the Issuer and Initial Guarantors in this Notice.
Cross Default or Cross Default Provision	the Event of Default in Series 2 Note Condition 14.3(d)(ii).
Event of Default	means any event of default however described in the Senior Facility Agreement, Subordinated Notes and Series 2 Notes.
Explanatory Memorandum	the Explanatory Memorandum accompanying this Notice of Circulating Resolution.
Financial Indebtedness Ratio Covenant	means Series 2 Note Condition 5.2(a)(i)(E).
First Senior Party	each of CBA Corporate Services (NSW) Pty Ltd and each beneficiary of the Axesstoday Senior Security Trust.
First Senior Security Trustee	CBA Corporate Services (NSW) Pty Ltd.
Further Arrears Ratio Breach	has the meaning given to that term in paragraph 1.3.5 of this Notice.

Further Compliance Certificate Breach	means the issue of incorrect compliance certificates by the Issuer to the Series 2 Note Trustee for the months of May and June 2018 in breach of Series 2 Note Condition 5.4(a).
Further Notes Cross Default	has the meaning given to it in this Notice.
Further Senior Facility Cross Defaults	has the meaning given to it in this Notice.
Further Subordinated Notes Cross Defaults	has the meaning given to it in this Notice.
Further Indebtedness Ratio Breach	means the breach of Financial Indebtedness Ratio Covenant for the months of May and June 2018.
Gearing Ratio Breach	has the meaning given to that term in paragraph 1.3.2 of this Notice.
Gearing Ratio Default	has the meaning given to that term in paragraph 1.3.2 of this Notice.
Group	Axesstoday Limited ACN 603 323 182 and its subsidiaries.
Holdco	Axesstoday Limited ACN 603 323 182.
Industry Concentration Defaults	has the meaning given to that term in paragraph 1.3.4 of this Notice.
Industry Concentration Ratios	has the meaning given to that term in paragraph 1.3.4 of this Notice.
Initial Guarantors	each of Holdco, Axesstoday Retail Pty Ltd (formerly A.C.N. 161 130 696 Pty Ltd), and Axesstoday Operations Pty Ltd (formerly A.C.N. 604 340 785 Pty Ltd).
Intercreditor Deed	the Intercreditor Deed – Axesstoday Group dated 28 April 2017 between, amongst others, the Issuer, the Initial Guarantors, the Series 2 Note Trustee, the Series 2 Security Trustee and the First Senior Parties.
Interest Cover Ratio Breach	has the meaning given to that term in paragraph 1.3.3 of this Notice.
Interest Cover Ratio Default	has the meaning given to that term in paragraph 1.3.3 of this Notice.
Issuer or Axsess	A.C.N. 603 303 126 Pty Ltd (ABN 98 603 303 126) trading as Axesstoday.
Liquidity Ratio	has the meaning given to it in paragraph 1.3.1 of this Notice.
Liquidity Ratio Default	has the meaning given to that term in paragraph 1.3.1 of this Notice.
Meeting Provisions	the provisions for Meetings of the Noteholders set out in Schedule 5 (“Meeting Provisions”) of the Series 2 Note Trust Deed.
Note Documents	The Series 2 Note Conditions, the Series 2 Note Trust Deed, the Subordinated Note Conditions, and Subordinated Note Trust Deed;
Noteholders or Series 2	those persons whose names are entered on the Register of Series 2 Notes as

Noteholders	the holder of Series 2 Notes, being Austraclear as at the date of this Notice.
Notice of Circulating Resolution or Notice	this Notice of Circulating Resolution, including the Explanatory Memorandum accompanying this Notice.
Notification Date	Wednesday, 5 December 2018, being the date of this Notice.
Other Industry Breach	has the meaning given to that term in paragraph 1.3.4 of this Notice.
Previous Notice	means the Notice of Circulating Resolution and Explanatory Memorandum dated 1 November 2018 with respect to the Series 2 Notes.
Proposed Waiver	has the meaning given to it in this Notice.
Record Date	Wednesday, 5 December 2018, being the date on which those Austraclear Holders entitled to instruct Austraclear to sign the Special Resolution is determined, (being those Austraclear Holders recorded as having an interest in the Series 2 Notes in their respective Austraclear Records on that date).
Review Event	means a review event under the Senior Facility Agreement as a result of the suspension of trading on the ASX specific to Holdco or its securities for five or more consecutive Business Days.
RPA	means rental payment amount.
Senior Facility Agreement	the Facility Agreement dated 9 November 2016 between the Senior Lenders, Commonwealth Bank of Australia as agent, the Issuer and Initial Guarantors (as amended and restated from time to time).
Senior Lenders	Commonwealth Bank of Australia and Macquarie Bank Limited (and includes Commonwealth Bank of Australia as Agent for the Senior Lenders)
Series 2 Information Memorandum	the Information Memorandum dated 28 April 2017, as supplemented by the Pricing Supplement dated 28 April 2017.
Series 2 Note Conditions	the terms and conditions of the Series 2 Notes as set out in the Series 2 Information Memorandum.
Series 2 Note Trust Deed	the Series 2 Note Trust Deed dated 28 April 2017 between the Issuer, each Initial Guarantor and the Series 2 Note Trustee, establishing the Axesstoday Second Note Trust.
Series 2 Note Trustee	BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee for the Axesstoday Second Note Trust constituted by the Series 2 Note Trust Deed.
Series 2 Notes	A\$30,000,000 7.50% Fixed Rate Secured Notes due 22 June 2021 (ISIN: AU3CB0244192).
Series 2 Security Trust Deed	the Security Trust Deed dated 28 April 2017 between the Issuer, each Initial Guarantor, Series 2 Note Trustee and Series 2 Security Trustee, establishing the Axesstoday Second Security Trust.
Series 2 Security Trustee	Permanent Custodians Limited (ABN 55 001 426 384) as trustee of the Axesstoday Second Security Trust.
Simple Corporate Bond	means the "Simple Corporate Bonds" quoted on the ASX under ASX code

	"AXHLA".
Special Resolution	a resolution passed by written resolution under the Meeting Provisions by Noteholders representing (in aggregate) at least 75 per cent of the principal amount of outstanding Series 2 Notes as at the Notification Date.
Subordinated Note Conditions	the terms and conditions of the Subordinated Notes as set out in the Subordinated Note Information Memorandum.
Subordinated Note Information Memorandum	The Information Memorandum dated 7 October 2015, as supplemented by the Pricing Supplement dated 7 October 2015, the Supplemental Information Memorandum dated 27 September 2016 as supplemented by the Pricing Supplement dated 27 September 2016, and the Supplemental Information Memorandum dated 22 June 2017 as supplemented by the Pricing Supplement dated 22 June 2017.
Subordinated Note Trust Deed	the Note Trust Deed dated 7 October 2015 between the Issuer, each Initial Guarantor and the Subordinated Note Trustee, establishing the Axesstoday Note Trust.
Subordinated Note Trustee	BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee for the Axesstoday Note Trust constituted by the Subordinated Note Trust Deed.
Subordinated Noteholders	those persons whose names are entered on the Register of Subordinated Notes as the holder of Subordinated Notes, being Austraclear as at the date of this Notice.
Subordinated Notes	A\$50,000,000 Floating Rate Subordinated Notes due 9 October 2021 (ISIN: AU3FN0029096).
Subordinated Security Trust Deed	the Security Trust Deed dated 7 October 2015 between the Issuer, each Initial Guarantor, and Subordinated Security Trustee, establishing the Axesstoday Security Trust.
Subordinated Security Trustee	Permanent Custodians Limited ABN 55 001 426 384 as security trustee of the Axesstoday Security Trust.
SWF	means the securitisation warehouse facility settled with Macquarie Bank Limited on 30 April 2018.
Transport Industry Breach	has the meaning given to that term in paragraph 1.3.4 of this Notice.

NOTICE OF CIRCULATING RESOLUTION TO NOTEHOLDERS

5 December 2018

Dear Noteholder

NOTICE OF CIRCULATING RESOLUTION OF NOTEHOLDERS

We provide you with this Notice of Circulating Resolution and Explanatory Memorandum in relation to a Circulating Resolution proposed by the Issuer for consideration and approval by Noteholders of the Australian Dollar Subordinated Notes due 22 June 2021 issued by A.C.N. 603 303 126 Pty Ltd (ABN 98 603 303 126) (ISIN: AU3CB0244192).

Terms used but not otherwise defined in this Notice of Circulating Resolution have the meaning given to them in the Series 2 Note Conditions. Terms not defined in the Series 2 Note Conditions or this Notice of Circulating Resolution have the meaning given to them in the Austraclear Regulations.

Since the issue of our previous Notice of Circulating Resolution and Explanatory Memorandum dated 1 November 2018 with respect to the Series 2 Notes (**Previous Notice**), further progress has been made with respect to the board-led strategic review that has been undertaken with the assistance of a 3rd party independent consultant. In the course of strategic review, further breaches have been identified. In addition, we are seeking some amendments to clarify the operation of the Series 2 Note Conditions.

1 FURTHER DEFAULTS

1.1 DEFAULT

Our Previous Notice referred to the Issuer, Holdco and the Group's obligation that it must not incur or allow to subsist any Financial Indebtedness after the Issue Date unless at all times, the ratio of all Financial Indebtedness of the Group to the Eligible Receivables Balance of the Issuer is not greater than 0.85:1 (Series 2 Note Condition 5.2(a)(i)(E) (**Financial Indebtedness Ratio Covenant**)) and that as a result of the issue of Simple Corporate Bonds pursuant to the Axesstoday Bonds Trust Deed dated 20 July 2018, the Financial Indebtedness Ratio Covenant was breached. Since obtaining the conditional waiver for this breach from Series 2 Noteholders, as part of the restatement of the Issuer, Holdco and the Group's financial accounts, it has been identified that the Financial Indebtedness Ratio Covenant was also breached in previous months and that the breach of covenant was not solely as a result of the issue of the Simple Corporate Bonds (**Further Indebtedness Ratio Breach**). The Further Indebtedness Ratio Breach is the result of a revised interpretation of the relevant provisions adopted during the restatement of the Group's 2018 financial statements. Furthermore, compliance certificates issued by the Issuer to the Series 2 Note Trustee on a monthly basis pursuant to Series 2 Note Condition 5.4(a) were consequently incorrect for those previous months (**Further Compliance Certificate Breach**).

Also as part of the restatement, it was identified that the Secured Debt to Eligible Receivables Balance specified in Series 2 Note Condition 5.2(a)(i)(A) was also breached for previous months (**Secured Debt Ratio Breach**). Similarly breaches in prior months of the ratio of Credit Adjusted Financial Indebtedness to the Rental Payment Amount specified in Series 2 Note Condition 5.2(a)(i)(D) were identified (**Credit Adjusted Financial Indebtedness Ratio**

Breach).

The Issuer and Initial Guarantors have, since the Secured Debt Ratio Breach disclosed above, been in compliance with this provision.

The Further Indebtedness Ratio Breach and Further Compliance Certificate Breach are not capable of remedy having occurred in the past but it is expected that the Financial Indebtedness Ratio Covenant will be complied with going forward upon completion of the Capital Raising.

The proposed amendment to the definition of *Credit Adjusted Financial Indebtedness* will prevent further breaches of that covenant.

1.2 CROSS DEFAULT – SUBORDINATED NOTE CONDITIONS

The Cross Default provision of the Series 2 Note Conditions (**Cross Default Provision**) provides that it is an Event of Default if any financial indebtedness of the Issuer or Holdco or any of its Subsidiaries totalling more than A\$1,000,000 has become (or becomes capable of being declared) due and payable before its scheduled maturity by reasons of a default, event of default or potential event of default, however described.

In addition to the additional requirement that the equipment receivables ratio is at least 90% at all times (which was breached in the months of June, July, and August 2018; **Equipment Receivables Covenant Breach**), there have been breaches and Events of Default under the Subordinated Note Conditions which mirror the Further Indebtedness Ratio Breach, Further Compliance Certificate Breach, Secured Debt Ratio Breach, Credit Adjusted Financial Indebtedness Ratio Breach, and Further Defaults leading to Cross Default in the Subordinated Note Conditions (**Further Notes Cross Default**).

The Issuer and Initial Guarantors have requested waivers of the Equipment Receivables Covenant Breach and mirroring breaches in the Subordinated Note Conditions to those described in this Notice with respect to the Series 2 Note Conditions (**Further Subordinated Notes Cross Defaults**).

1.3 CROSS DEFAULT – SENIOR FACILITY

The Cross Default Provision referred to in paragraph 1.2 is also relevant in relation to breaches of covenant and potential Events of Default under the Senior Facility Agreement.

The following breaches of covenant (and any resulting Events of Default) have occurred in relation to the Senior Facility Agreement leading to Cross Default under the Series 2 Note Conditions:

1.3.1 LIQUIDITY RATIO

The Senior Facility Agreement provides that the credit adjusted senior financial indebtedness must be less than the rental payment amount (**Liquidity Ratio**).

During the restatement process, the Company tested the Liquidity Ratio under the Senior Facility Agreement. The result was that the Liquidity Ratio had been above the covenant limit of 100% for previous months (**Liquidity Ratio Default**).

The Liquidity Ratio measures the credit adjusted financial indebtedness (**CAFI**) against the

rental payment amount (**RPA**). The CAFI increases the level of indebtedness in proportion to the highest 3 month arrears ratio over the past 12 months. The increase in the arrears ratio in this financial year to 7-8% owing to the change in the arrears reporting methodology and establishment of the SWF has meant an increase in the CAFI. Additionally, since the implementation of risk based pricing in March 2018, and shift towards higher credit quality customers, the resulting yield on the transport portfolio has decreased. This means that the overall yield on the loan book has been reduced from the time when this covenant was first implemented. Notwithstanding this, the discount rate applied to arrive at the present value of the RPA has remained at 10%, hence the move to a lower credit risk product and customer base is penalised by the unchanged discount rate. These two circumstances have led to an increase in CAFI and a longer term trend of decline in RPA.

The breach of the Liquidity Ratio will be remedied by the successful completion of the upcoming Capital Raising.

The Senior Lenders granted an unconditional waiver of the Liquidity Ratio Default and waived any requirement for the Liquidity Ratio to be complied with until and including 31 December 2018.

1.3.2 GEARING RATIO

The Senior Facility Agreement provides that the gearing ratio must at all times be less than 40.00%.

In November 2018, the Company re-tested the financial covenants dating back to April 2018 as part of the restatement of its financial accounts for FY18. The following changes impacted the calculation of the gearing ratio:

- the relevant change in arrears recognition methodology, whereby receivables in arrears by more than 120 days were included in the calculation of arrears receivables, reducing the balance of eligible receivables; and
- the exclusion from eligible receivables, of an amount of prepaid commissions capitalised by the Company, which occurred because part of Holdco's portfolio was funded by securitisation even though none of the balance of prepaid commissions has been transferred from Holdco's balance sheet to the SWF.

Prepaid commissions are a balance sheet item representing the capitalised commissions paid up-front on accounts originated within Holdco's legacy loan management system. Holdco had previously included 100% of the total prepaid commissions in the calculation of eligible receivables because it has not transferred any of the prepaid commissions balance to the SWF when Receivables were sold into the SWF. This left prepaid commissions unmonetized by the SWF and remaining on the balance sheet of the Covenant Group.

The most conservative interpretation of the terms determined that prepaid commissions be pro-rated between the Covenant Group and SWF, based on the balance held by each. Pro-rating prepaid commissions meant a further reduction in the eligible receivables of the Covenant Group since the establishment of the SWF in April 2018.

The result was that the gearing ratio was in excess of the covenant limit of 40% (**Gearing Ratio Breach**), which is an event of default under the Senior Facility Agreement (**Gearing Ratio Default**).

The Gearing Ratio Breach was remedied in July by the repayment of a material amount of the Facility A drawn balance which reduced the gearing ratio to below 5%. The gearing ratio has been compliant since that repayment.

1.3.3 INTEREST COVER RATIO

The Senior Facility Agreement provides that the interest cover ratio must at all times be greater than 2.00 times.

As part of the restatement of financial accounts, the calculation of earnings before interest and tax was found to have been incorrect in prior months. The nature of the error was in double-counting establishment costs and certain other similar finance charges within earnings before interest and tax. They were included first as a component of the interest expense added back to net profit before tax to arrive at earnings before interest and tax; and secondly as an extraordinary or non-recurring loss.

The impact of this calculation is that the interest cover ratio was below the covenant minimum of 2.00 times in previous months (**Interest Cover Ratio Breach**). Each breach is an Event of Default under the Senior Facility Agreement (**Interest Cover Ratio Default**).

It is expected that the Senior Facility Agreement will be amended to ensure that, upon completion of the Capital Raising, the interest cover ratio will be complied with.

1.3.4 INDUSTRY CONCENTRATION RATIOS

The Senior Facility Agreement provides that at all times:

- no more than an amount equal to 70% of the aggregate of the current balance of all eligible receivables originated since 1 May 2018 may comprise receivables in respect of debtors operating in the transport industry;
- No more than an amount equal to 60% of the aggregate of the current balance of all eligible receivables originated since 1 May 2018 may comprise receivables in respect of debtors operating in the hospitality industry; and
- no more than an amount equal to 12.5% of the aggregate of the current balance of all eligible receivables originated since 1 May 2018 may comprise receivables in respect of debtors operating in industries other than the transport industry and the hospitality industry (together, with the ratios described above, the **Industry Concentration Ratios**).

Business loan receivables made up approximately 7% of eligible receivables at 30 September 2018. The industry in which the underlying Issuer and/or Initial Guarantor operates are not captured for business loan receivables. It is likely that a material portion of the business loan receivables are to the Issuer and Initial Guarantors who operate in the transport industry, which had an industry concentration ratio of close to 70% since the covenant was put in place on 1 May 2018.

This would place the transport concentration in breach of the covenant limit of 70% (**Transport Industry Breach**). A material portion of the business loan receivables likely also falls within the Other industry category, potentially placing this concentration above the covenant limit of 12.5% (**Other Industry Breach**). Each of the Transport Industry Breach and

Other Industry Breach has triggered an Event of Default (**Industry Concentration Defaults**).

It is expected that the Senior Facility Agreement will be amended to ensure that, upon completion of the Capital Raising, the Industry Concentration Ratios will be complied with.

1.3.5 ARREARS RATIO

The Senior Facility Agreement provides that the arrears ratio must at all times be less than 4.00%.

It was disclosed in the Previous Notice, that this covenant was breached since 30 June 2018. As stated above, covenants were retested back to April 2018 and the arrears ratio was found to be greater than 4.00% in prior months in breach of the arrears ratio covenant (**Further Arrears Ratio Breach**).

The Senior Lenders have provided a conditional waiver for the Further Arrears Ratio Breach. It is expected that the Senior Facility Agreement will be amended to ensure that, upon amendment, the arrears ratio will be complied with.

1.3.6 REVIEW EVENT

As advised in the Previous Notice because of Holdco's voluntary suspension from trading on the ASX since 12 September 2018, the Senior Lenders have the right to request changes to the conditions of the Senior Facility Agreement or to terminate the Senior Facility Agreement (**Review Event Breach**).

The Senior Lenders have not exercised this right and have advised that they will not issue a review notice under the Senior Facility Agreement with respect to the current voluntary suspension on the basis that Holdco completes the Capital Raising. If Holdco fails to complete the Capital Raising for a minimum gross amount of A\$25,000,000, the Senior Lender's will reconsider exercise of this right in the future.

1.3.7 CROSS DEFAULT

It is an Event of Default under the Senior Facility Agreement if any creditor of the Issuer and Initial Guarantors becomes entitled to declare any financial indebtedness (as that term is defined in the Senior Facility Agreement) of any member of the Group due and payable prior to its specified maturity as a result of an Event of Default or review event (however described).

The Intercreditor Deed provides that if any Event of Default occurs under a Note Document, an Event of Default is taken to have occurred under the Senior Facility Agreement.

Each Event of Default specified in paragraphs 1.1 and 1.2 above are Events of Default pursuant to the Senior Facility Agreement.

1.3.8 BREACHES OF OTHER REPRESENTATIONS AND UNDERTAKINGS

The facts and circumstances set out in both our Previous Notice and this Notice have resulted in several representations, undertakings and warranties contained in the Senior Facility Agreement (many of a similar type) being breached. A comprehensive review of the finance documents by the Issuer and Initial Guarantors have identified the following covenants that

have been breached each leading to an Event of Default:

- Gaps in compliance with Anti-Money Laundering and Counter-Terrorism Financing Rules and processes (which are in the process of correction). The gaps related to obtaining all associated KYC details in respect of incorporated companies, partnerships and trusts. The majority of the Issuer's customers comprise sole traders and private limited companies. The risk assessment performed by the Issuer concluded that this was a low AML/CTF risk and has voluntarily reported the compliance gaps.
- Failure to provide some unaudited monthly reports within 30 days of the end of the month and the Auditor's report for the September quarter which has not been provided within 30 days of the end of the quarter (the Senior Lenders are aware of the reasons why the report had not been prepared by the auditor).
- Failure to provide miscellaneous types of information including announcements at the same time as they are provided to the market, changes to authorised signatories and threats of non-material litigation.
- Failing to obtain Senior Lender's consent prior to amendment of credit policy.

A waiver of these breaches has been sought from the Senior Lenders.

Each of the breaches and Events of Default described in paragraph 1.3 are referred to as **Further Senior Facility Cross Defaults**.

1.4 SERIES 2 CONSEQUENTIAL DEFAULTS

The Issuer and Initial Guarantors advise that there may be other breaches of covenants, warranties, representations, undertakings, other provisions and consequential Event of Defaults in relation to the Senior Facility Agreement, Subordinated Notes, and Series 2 Notes which may have occurred or will occur (either directly or as a result of a cross default provision and either alone or in combination with other events or breaches) as a consequence of the events or breaches disclosed by the Issuer and Initial Guarantors above (**Consequential Defaults**).

1.5 PROPOSED WAIVERS

The Issuer and the Initial Guarantors request that the Noteholders instruct and approve the waiver by the Series 2 Note Trustee (such waiver by the Series 2 Note Trustee to be subject to the Conditions Subsequent being fulfilled following granting of the waiver) of the Further Indebtedness Ratio Breach, Further Compliance Certificate Breach, Review Event Breach, Secured Debt Ratio Breach, Credit Adjusted Financial Indebtedness Ratio Breach, Further Notes Cross Default, Further Senior Facility Cross Defaults, and any Consequential Defaults from the dates that the breach took place to the date that the Conditions Subsequent are satisfied (**Proposed Waivers**). For the avoidance of doubt, the Proposed Waivers do not negate or affect any waiver previously granted by the Series 2 Note Trustee.

2 REQUESTED AMENDMENTS TO SERIES 2 NOTE CONDITIONS

The Issuer and Initial Guarantors request that the Noteholders consider and approve a number of requested amendments to the terms of the Series 2 Note Conditions. These amendments are requested to clarify the operation of certain provisions as well as to strike a better balance between fairly protecting the interests of Noteholders while facilitating the Group's business.

2.1 AMENDMENT TO INTEREST COVER RATIO

As a result of the strategic review and actions determined to be necessary, Holdco is incurring additional costs, a number of which are non-recurring and not reflective of normal operating expenses, but which will nevertheless impact Interest Cover Ratio levels. In anticipation of this, in the Previous Notice, the Issuer sought and obtained Series 2 Noteholders' consent to reduce the applicable Interest Cover Ratio from 2.0x to 1.75x until 31 December 2019.

The Issuer is taking the necessary actions to ensure the future compliance with the Series 2 Note Conditions, by further revision to the definition of Interest Cover Ratio to better align the covenant with that in the Senior Facility Agreement.

The issue identified is that the Interest Cover Ratio in the Series 2 Note Conditions requires coverage of "Finance Charges" which includes one-off costs and fees paid in relation to the facility. These are expenses which do not reflect the ability of the Group's cashflows to meet its ongoing interest obligations.

The amendment requested is to replace "Finance Charges" in the definition of "Interest Cover Ratio" with "Interest Expense". This change will mean that the Interest Cover Ratio is concerned with ongoing costs in the nature of interest, and does not include establishment costs, waiver fees or any fees which are not recurring. The intent is that the Interest Cover Ratio specifically look to the ability of existing cashflows of the Group to meet interest and other ongoing finance-related expenses of a periodic nature.

2.2 AMENDMENT TO EBIT

As part of the process for restatement of accounts, it has become apparent that there is some uncertainty in the current definition as to what costs are excluded from EBIT. It is proposed to clarify what costs are excluded so that the Issuer, Holdco and the Group are not prevented from completing their strategic review or implementing changes identified in the process. The current definition of EBIT is arguably too broad and will impede the ability of the Issuer, Holdco and the Group to complete their restructure.

It is proposed to revise the definition of EBIT by replacing the undefined reference to "extraordinary items" with a capitalised term "Extraordinary Items" which will clarify that EBIT does not include items that are unusual or infrequent or that are unrelated to the typical operating activities of the business, the intent being to ensure that the restructuring costs being incurred and which do not relate to normal operations of the business are not included within EBIT.

For similar reasons, it is also proposed that the definition of EBIT is revised to expressly exclude costs incurred as a result of raising debt or equity capital on the basis that such costs do not relate to the normal operations of the business and do not in effect have an impact on cash flow from the perspective of the Series 2 Noteholder as such costs are generally incurred and paid for upfront out of funds borrowed or raised.

2.3 AMENDMENT TO INTEREST EXPENSE

As part of the process for restatement of the accounts, it was identified that the current definition of Interest Expense has some ambiguity as to what constitutes an Interest Expense.

It is requested that the definition of Interest Expense is clarified to make it clear that fees that are not payable on a recurring basis such as establishment costs or waiver fees are not within the purview of Interest Expense. This better aligns with the understood primary role of this definition which is to look at those costs necessary to service the debt when the facility is operating as expected.

2.4 AMENDMENT TO ELIGIBLE RECEIVABLES

It is proposed that the definition of Eligible Receivables is clarified to confirm that prepaid commissions of the Issuer are within the scope of the definition and so count towards the Eligible Receivables. This better aligns the definition with how similar clauses are applied in the Senior Facility Agreement and Simple Corporate Bonds.

2.5 AMENDMENT TO ARREARS RECEIVABLE

Currently, the definition of Arrears Receivable captures any Receivable which has been in Arrears for 30 or more days. This does not facilitate the lending by the Issuer on account of Research and Development funding. In contrast to those standard receivables currently contemplated in the definition of Arrears Receivable, research and development funding receivables do not have a payment schedule. This is due to the inherently uncertain timing of research and development grants.

It is proposed that the Issuer would monitor Research and Development loans for impairment and that unless such receivables are determined by the Issuer to be impaired, such amounts would not be included in Arrears Receivable.

2.6 AMENDMENT TO CROSS DEFAULT

Currently certain Events of Default arising from cross defaults under other finance documentation will continue to subsist under the Series 2 Note Conditions, even where the underlying default has been unconditionally waived by or remedied to the satisfaction of the relevant financier. This has resulted in the Issuer and Initial Guarantors being required to obtain waivers from the Series 2 Noteholders in circumstances where the Senior Financiers have already waived the underlying breach which gives rise to the Event of Default for cross default under the Series 2 Note Conditions.

It is suggested that the purpose of cross default is to allow Series 2 Noteholders to accelerate repayment of the Series 2 Notes in circumstances where the right to accelerate repayment of Financial Indebtedness subsists and that such right should not subsist where the underlying breach has been waived or otherwise remedied. Accordingly, it is suggested that the current Cross Default Provisions are revised so that it is made clear that where a breach which would otherwise constitute a cross default under the Series 2 Note Conditions is waived or remedied by the relevant financier, acceleration for cross default, solely in relation to that matter, is not available under the Series 2 Note Conditions.

By way of example: ABC Pty Ltd has issued notes on the contemplated amended terms of the

Series 2 Note Conditions and breaches a covenant owed to its primary financier, BBB Pty Ltd, which is subsequently waived by BBB Pty Ltd one month after occurrence of breach of covenant by ABC Pty Ltd. In this example, it is proposed that in the month where the breach subsists and is not waived, that a right of acceleration under cross default would be available to noteholders, but that upon waiver of breach by BBB Pty Ltd, that right would cease. Where the waiver by BBB Pty Ltd is granted on a conditional basis, the right of acceleration for cross default would not be available for the duration of the conditional waiver but would again become available where the conditions to waiver were not satisfied resulting in the waiver no longer being effective.

2.7 AMENDMENT TO PERMITTED DISTRIBUTIONS

Current drafting of Series 2 Note Condition 5.2(b)(iii) does not contemplate interim dividends. It is proposed that the clause is revised to facilitate this by providing that as an alternate to considering the NPAT for the preceding Financial Year when determining the amount available for distribution, the Issuer may alternately have regard to the NPAT for the preceding twelve month period ending on 31 December in order to determine the amount available for Distribution.

2.8 AMENDMENT TO CREDIT ADJUSTED FINANCIAL INDEBTEDNESS

Part of the capital management plan of the Issuer is to sell and transfer the receivables book of Holdco into securitisation trusts. This is presently permitted under the Series 2 Note Conditions on certain conditions, in particular, where net proceeds realised on the sale are applied against prepayment or repayment of Financial Indebtedness of the Issuer or the Group.

The effect of the proposed sale of the receivables book to securitisation trusts helps to de-risk the Covenant Group, but does have the side effect of causing the Arrears Ratio to potentially spike as a result of the sale of Eligible Receivables, resulting in greater weighting being attributed to any receivables which are in arrears.

This in turn has a negative impact on Series 2 Note Condition 5.2(a)(i)(D) which requires that the Credit Adjusted Financial Indebtedness is less than the Rental Payment Amount.

The Credit Adjusted Financial Indebtedness Ratio was established before Holdco had any unsecured debt in place and is intended to test the debt coverage provided by the rental payments from the secured receivables, with a buffer based on the Arrears Ratio.

The Issuer requests that the definition of Credit Adjusted Financial Indebtedness be amended to apply to Secured Debt only (including the Notes), and exclude any unsecured Financial Indebtedness. This change matches the rental payments from secured receivables to the secured indebtedness for which they provide coverage.

2.9 CLARIFICATION OF HOW CHANGES IN ACCEPTED ACCOUNTING PRACTICES ARE TO BE APPLIED

As stated in the Previous Notice, changes in accounting practices and standards to which the Issuer and Initial Guarantors must comply had an unintended impact on the Issuer's financial covenants under its various facilities.

Presently, the Series 2 Note Conditions contemplate that the Accepted Accounting Practices

to be applied are those which are applicable to a member of the Group "from time to time". It is not known what further changes to the Accepted Accounting Practices the Group may be legally required to adopt in the future and there is still a significant period of time until the Maturity Date, 9 October 2021.

Owing to the uncertainty and potential unnecessary costs that the Issuer could incur where a legally required change in Accepted Accounting Practices has an unintended consequence under the Series 2 Note Conditions, it is requested that for the purposes of determining whether the Issuer and Initial Guarantors are in compliance with the covenants in the Series 2 Note Conditions, the Accepted Accounting Practices to be applied are those as at 30 June 2018, unless the Issuer determines otherwise.

3 INSTRUCTIONS TO NOTE TRUSTEE AND MEETING WAIVER

3.1 INSTRUCTIONS TO NOTE TRUSTEE

In addition to the Proposed Waivers and requested amendments discussed above, the Issuer and Initial Guarantors request:

- that the Series 2 Noteholders resolve to take no action pursuant to the Series 2 Note Conditions 14.4(b) and 14.6 either in their own capacity or by requesting the Series 2 Note Trustee to take action in relation to any Event of Default; and
- that the Series 2 Noteholders instruct the Series 2 Note Trustee to amend the conditions subsequent described in the Previous Notice and applied by the Series 2 Note Trustee to the waivers granted following passing of resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent in this Notice.

3.2 MEETING WAIVER

Any obligation for the Series 2 Note Trustee or the Series 2 Security Trustee to convene a meeting of Series 2 Noteholders or beneficiaries of the Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived.

REQUESTED RESOLUTION

The purpose of the Circulating Resolution is to seek and, if passed, obtain waivers for breaches and Events of Default, instructions to the Series 2 Note Trustee and amendments to the Series 2 Note Conditions as per the Special Resolution set out below:

"That pursuant to the Meeting Provisions:

- *approval is given for the Series 2 Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- *the Series 2 Note Trustee is instructed to:*

- *take no action under Series 2 Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
- *amend the conditions subsequent applicable to the waivers granted by the Series 2 Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- *any obligation for the Series 2 Note Trustee or the Series 2 Security Trustee to convene a meeting of Noteholders or beneficiaries of the Axesesestoday Second Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- *In accordance with Series 2 Note Condition 17.1:*
 - *the definition of "Interest Cover Ratio" in Series 2 Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - *the definition of "EBIT" in Series 2 Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - *a new definition of "Extraordinary Items" is inserted into Series 2 Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

- (a) *items which are unusual or infrequent; or*
- (b) *items unrelated to the typical operating activities of the Covenant Group's business;"*;
- *amend the definition of "Interest Expense" in Series 2 Note Condition 1.2 by inserting "...and establishment costs, waiver fees, and other fees not payable on a recurring basis" after "... which have been notionally accounted for..."*;
- *amend definition of "Eligible Receivables " in Series 2 Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"*
- *amend definition of "Arrears Receivable" in Series 2 Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days..."*;
- *amend Series 2 Note Condition 14.3(d) by replacing ";" at the end of subparagraph (ii) with "." and inserting the following:*

"... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been

remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;";

- *amend Series 2 Note Condition 5.2(b)(iii) by inserting after "...previous Financial Year..." ""...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June..."*;
- *amend definition of Credit Adjusted Financial Indebtedness in Series 2 Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt"*;
- *insert new Series 2 Note Condition "1.7" immediately after Series 2 Note Condition 1.6 as follows:*

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer.";

Your vote is important.

This Notice of Circulating Resolution constitutes notice (given under and in accordance with Series 2 Note Condition 19 ("Notices") and the Meeting Provisions).

Instructions to Austraclear Ltd to sign

Only those Austraclear Participants in whose Austraclear Security Record the Series 2 Notes appear immediately prior to the Austraclear System opening on 5 December 2018 (**Austraclear Holders**) will be entitled to instruct Austraclear Ltd (**Austraclear**) to sign the Special Resolution set out in Annexure A.

A person with a beneficial interest in the Series 2 Notes must direct the Austraclear Holder in whose Security Record the Series 2 Notes in respect of which you have that beneficial interest are recorded to complete the "Instructions to Sign" form set out in Annexure B.

Action required by Austraclear Holders

To instruct Austraclear to sign the Special Resolution set out in Annexure A, Austraclear Holders must complete the Instructions to Sign form in Annexure B and return your "Instructions to Sign" form by fax or by email to BNY Mellon. The "Instruction to Sign" form must be received no later than 10.00am on Friday, 14 December 2018 to be valid.

Austraclear to sign

Austraclear is recorded in the Register as the sole Noteholder for the Series 2 Notes.

Consequently, only Austraclear will be entitled to sign the Special Resolution set out in Annexure A. Austraclear will approve the Special Resolution set out in Annexure A, as the sole Noteholder, on the instruction of Austraclear Holders on whose behalf it holds the Series 2 Notes as nominee.

The Special Resolution will be determined by a single circulating resolution with respect to the Series 2 Notes. The Special Resolution will be passed if it is signed by the sole Noteholder acting on the instructions of Austraclear Holders which represent (in aggregate) at least 75% of the principal amount of outstanding Series 2 Notes as at the Notification Date.

No investment advice

The information contained in the Notice of Circulating Resolution and Explanatory Memorandum does not constitute financial product advice, and has been prepared without reference to Noteholders' particular investment objectives, financial situation, taxation position, and needs. Axsesstoday is not providing any taxation, legal or other advice regarding the proposed amendment. It is important that you read the Notice of Circulating Resolution and Explanatory Memorandum in its entirety before making any decision on how to vote on the Circulating Resolution. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendment in your own particular circumstances.

Neither the Series 2 Note Trustee nor the Series 2 Security Trustee expresses any opinion about the terms of the Special Resolution or makes any recommendation as to whether to vote in favour of or against or how to vote in respect of the Special Resolution.

Yours sincerely

A.C.N. 603 303 126 Pty Ltd
trading as **Aksesstoday**

ANNEXURE A – SPECIAL RESOLUTION

The Special Resolution to be considered by Noteholders is set out below.

RESOLUTION IN RESPECT OF THE SERIES 2 NOTES TO BE CONSIDERED AND IF APPROVED PASSED BY NOTEHOLDERS AS A SPECIAL RESOLUTION

1. Special Resolution

To consider and, if thought fit, pass the following resolution as a Special Resolution:

"That pursuant to the Meeting Provisions:

- a) *approval is given for the Series 2 Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- b) *the Series 2 Note Trustee is instructed to:*
 - i. *take no action under Series 2 Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
 - ii. *amend the conditions subsequent applicable to the waivers granted by the Series 2 Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) *any obligation for the Series 2 Note Trustee or the Series 2 Security Trustee to convene a meeting of Noteholders or beneficiaries of the Axesesotoday Second Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) *In accordance with Series 2 Note Condition 17.1:*
 - i. *the definition of "Interest Cover Ratio" in Series 2 Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. *the definition of "EBIT" in Series 2 Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. *a new definition of "Extraordinary Items" is inserted into Series 2 Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

 - (a) *items which are unusual or infrequent; or*
 - (b) *items unrelated to the typical operating activities of the Covenant Group's business;"*

- iv. amend the definition of "Interest Expense" in Series 2 Note Condition 1.2 by inserting "...and establishment costs, waiver fees, and other fees not payable on a recurring basis" after "... which have been notionally accounted for...";
- v. amend definition of "Eligible Receivables " in Series 2 Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"
- vi. amend definition of "Arrears Receivable" in Series 2 Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days...";
- vii. amend Series 2 Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:

"... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;"
- viii. amend Series 2 Note Condition 5.2(b)(iii) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June...";
- ix. amend definition of Credit Adjusted Financial Indebtedness in Series 2 Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt";
- x. insert new Series 2 Note Condition "1.7" immediately after Series 2 Note Condition 1.6 as follows:

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer."

The Directors recommend that you vote in favour of the Special Resolution.

A.C.N. 603 303 126 Pty Ltd

trading as **Aksesstoday**

Dated: 5 December 2018

If passed by Noteholders, Austraclear Ltd, being the holder of the Series 2 Notes issued by the Issuer, will execute the following duly completed confirmation (on its letterhead) as evidence of the Special Resolution having been passed as a Circulating Resolution.

RESOLUTION IN RESPECT OF THE SERIES 2 NOTES PASSED BY THE NOTEHOLDERS

Austraclear Ltd, being the holder of the Series 2 Notes issued by the Issuer, in accordance with instructions in the Notification of Voting Intention duly received from the Issuer and the Notice of Meeting dated 1 November 2018 votes in favour of the Special Resolution and consequently, the Special Resolution set out below is passed by this Circulating Resolution.

"That pursuant to the Meeting Provisions:

- a) *approval is given for the Series 2 Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- b) *the Series 2 Note Trustee is instructed to:*
 - i. *take no action under Series 2 Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
 - ii. *amend the conditions subsequent applicable to the waivers granted by the Series 2 Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) *any obligation for the Series 2 Note Trustee or the Series 2 Security Trustee to convene a meeting of Noteholders or beneficiaries of the Axsesestoday Second Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) *In accordance with Series 2 Note Condition 17.1:*
 - i. *the definition of "Interest Cover Ratio" in Series 2 Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. *the definition of "EBIT" in Series 2 Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. *a new definition of "Extraordinary Items" is inserted into Series 2 Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

- (a) *items which are unusual or infrequent; or*

- (b) *items unrelated to the typical operating activities of the Covenant Group's business;*;
- iv. *amend the definition of "Interest Expense" in Series 2 Note Condition 1.2 by inserting "...and establishment costs, waiver fees, and other fees not payable on a recurring basis" after "... which have been notionally accounted for...";*
- v. *amend definition of "Eligible Receivables " in Series 2 Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"*
- vi. *amend definition of "Arrears Receivable" in Series 2 Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days...";*
- vii. *amend Series 2 Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:*
- "... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;"*;
- viii. *amend Series 2 Note Condition 5.2(b)(iii) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June...";*
- ix. *amend definition of Credit Adjusted Financial Indebtedness in Series 2 Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt";*
- x. *insert new Series 2 Note Condition "1.7" immediately after Series 2 Note Condition 1.6 as follows:*

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer.;"

Noteholder	Name of authorised representative	Outstanding principal amount of Series 2 Notes to be voted for	Outstanding principal amount of Series 2 Notes to be voted	Outstanding principal amount of Series 2 Notes abstained	Date of signing

			against		
Austraclear Ltd		[A\$[•]]	[A\$[•]/Nil]	[A\$[•]/Nil]	

Executed by

[•], as attorney for **AUSTRACLEAR LTD** under
Power of Attorney dated 4 August 2010 in the
presence of:

▲ Signature of witness

▲ Signature of Attorney

▲ Full name of witness (print)

▲ Full name of Attorney (print)

ANNEXURE B – INSTRUCTIONS TO SIGN

1 DETAILS OF AUSTRACLEAR HOLDER

Name:

Address:

2 DETAILS OF SERIES 2 NOTES HELD BY AUSTRACLEAR HOLDER

	Aggregate principal amount of Series 2 Notes held by the Austraclear Holder
A\$30,000,000 in aggregate amount outstanding Australian Dollar Subordinated Notes due 22 June 2021 (ISIN: AU3CB0244192)	A\$[xx]

3 DETAILS OF BENEFICIAL HOLDERS WHICH HAVE INSTRUCTED YOU AS THE AUSTRACLEAR HOLDER (This section is not mandatory and failure to complete this section does not invalidate these Instructions to Sign.)

Name:

Name:

Name:

Name:

4 DIRECTION TO SIGN

I direct Austraclear Ltd to vote in favour of the Special Resolution below by signing and dating the circulating Special Resolution in accordance with the following directions.

Resolutions in respect of the Series 2 Notes					
The Noteholder resolves that with effect on and from [●] 2018, the Special Resolution in the Circulating Resolution and execution of the Circulating Resolution by A.C.N. 603 303 126 Pty Ltd be agreed and approved..					
Noteholder	Name of authorised representative	Outstanding principal amount of Series 2 Notes to be voted for	Outstanding principal amount of Series 2 Notes to be voted against	Outstanding principal amount of Series 2 Notes abstained	Date of signing
Austraclear Ltd		A\$[xx]	A\$[xx]/Nil	A\$[xx]/Nil	

SIGNING PAGE

Signing Instructions:

Austraclear Holders are requested to:

- 1 select the appropriate execution clause from those set out below (or if the appropriate execution clause is not set out below, insert the appropriate execution clause);
- 2 sign and date it accordingly; and
- 3 deliver the completed Instructions to Sign form by fax or by email to BNY Mellon at the following details, by no later than 10.00am (Sydney time) 14 December 2018:
 - Fax no: +61 2 9260 6009
 - email: pei.caipan@bnymellon.com

Executed as a deed on 2018

EXECUTED by)	
)	
.....)	
Name of Austraclear Holder)	
)	
.....)
Company Secretary/Director	)	Director
)	
.....)
Name of Company Secretary/Director (block letters)	)	Name of Director (block letters)

OR

SIGNED by)	
)	
.....)	
Name of Attorney)	
as attorney for:)	
)	
.....)
[insert name of Austraclear Holder]	)	By executing these Instructions to Sign
pursuant to power of attorney in the	)	the attorney states that the attorney has
presence of:	)	received no notice of revocation of the
	)	power of attorney and has included a
	)	certified copy of the power of attorney
.....	)	with these Instructions to Sign.
Signature of witness)	
)	
.....)	
Name of witness (block letters))	

OR

SIGNED by)
)
)
 as Authorised Representative for)
)
)
 [*insert name of Austraclear Holder*])
 in the presence of:)
)
)
 Signature of witness)
)
)
 Name of witness (block letters))

.....
By executing these Instructions to Sign
the authorised representative states
that the authorised representative has
received no notice of revocation of their
authority to sign.

OR INSERT OTHER BELOW

ANNEXURE C - NOTIFICATION OF VOTING INTENTION RECEIVED FROM AUSTRACLEAR HOLDERS

[To be provided by the Issuer to Austraclear]

[Letterhead of the Issuer]

Amendment of the Series 2 Note Conditions of the following Notes

Issuer	ISIN	Title	Status	Aggregate outstanding principal amount
A.C.N. 603 303 126 Pty Ltd trading as Axsesstoday	AU3CB0244192	7.50% Fixed Rate Notes due 22 June 2021	Secured	A\$30,000,000

Date: [●] 2018

To: **Austraclear Ltd (ABN 94 002 060 773) as the registered Noteholder of the Notes issued by A.C.N. 603 303 126 Pty Ltd trading as Axsesstoday (Issuer) and described above (the Notes)**

We refer to the Notice of Circulating Resolution and Explanatory Memorandum dated [●] 2018 (**Notice**) in respect of the proposed waivers and amendments (**Proposed Waivers and Amendments**) set out in that Notice. We confirm that a Special Resolution in the form set out in the Notice is required to give effect to the Proposed Waivers and Amendments. Terms not defined in this letter have the meanings given in that Notice.

We confirm that the Series 2 Note Trustee has advised us that the Notice was circulated to Austraclear Holders.

We certify that we received instructions from the Series 2 Note Trustee that, as at [●][am/pm] on [●] 2018, the Series 2 Note Trustee had received validly completed Instructions to Sign in respect of the Special Resolution from Austraclear Holders (or nominee Austraclear Holders) in whose Security Record the Notes are held, in the form satisfactory to the Series 2 Note Trustee in respect of Notes representing A\$[●] in aggregate principal amount outstanding.

We confirm that those Austraclear Holders have instructed Austraclear Ltd to vote on the resolution by signing a Circulating Resolution in the form set out in the Notice, as follows

Voted for	Voted against	Abstained	No votes received
A\$[●]	A\$[●]	A\$[●]	A\$[●]

The Issuer certifies that this is sufficient majority to pass the resolution as a Special Resolution and that the Austraclear Holders have authorised and instructed Austraclear Ltd to pass the resolution set out below:

"That pursuant to the Meeting Provisions:

- a) approval is given for the Series 2 Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;
- b) the Series 2 Note Trustee is instructed to:
 - i. take no action under Series 2 Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the

Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and

- ii. amend the conditions subsequent applicable to the waivers granted by the Series 2 Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) any obligation for the Series 2 Note Trustee or the Series 2 Security Trustee to convene a meeting of Noteholders or beneficiaries of the Axsesestoday Second Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) In accordance with Series 2 Note Condition 17.1:*
 - i. the definition of "Interest Cover Ratio" in Series 2 Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. the definition of "EBIT" in Series 2 Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. a new definition of "Extraordinary Items" is inserted into Series 2 Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

- (a) items which are unusual or infrequent; or*
- (b) items unrelated to the typical operating activities of the Covenant Group's business;";*
- iv. amend the definition of "Interest Expense" in Series 2 Note Condition 1.2 by inserting "...and establishment costs, waiver fees, and other fees not payable on a recurring basis" after "... which have been notionally accounted for...";*
- v. amend definition of "Eligible Receivables " in Series 2 Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"*
- vi. amend definition of "Arrears Receivable" in Series 2 Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days...";*
- vii. amend Series 2 Note Condition 14.3(d) by replacing ";" at the end of sub-paragraph (ii) with "." and inserting the following:*
 - "... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;";*

- viii. *amend Series 2 Note Condition 5.2(b)(iii) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June...";*
- ix. *amend definition of Credit Adjusted Financial Indebtedness in Series 2 Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt";*
- x. *insert new Series 2 Note Condition "1.7" immediately after Series 2 Note Condition 1.6 as follows:*

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer.;"

We **attach** a Circulating Resolution to be signed by Austraclear reflecting those instructions.

We have relied, without further investigation or verification, on the Instructions to Sign received by the Series 2 Note Trustee and from the Austraclear Holders and forwarded to us as we have no reasonable grounds to believe that those Instructions to Sign are not genuine or correct.

.....
 Authorised signatory of A.C.N. 603 303 126 Pty Ltd trading as Axesstoday

.....
 Name (print):

EXPLANATORY MEMORANDUM

OVERVIEW

The information in this section is a brief summary of the reasons for the proposed amendment being requested by the Issuer. The Issuer is of the view that for the reasons set out below, the proposed waivers and amendments will not be adverse to the rights or interests of the Noteholders.

1. Background and Summary

Holdco has gone through a significant review process internally over the course of the last few months (**Internal Review**). As part of this review process it has reviewed in granular detail all of its lending documents and liaised with external consultants and its auditors to ensure that all breaches are identified and covenants are complied with in the future.

The review process has resulted in Holdco needing to restate its 2018 Financial Statements due to prior breaches of its lending agreements being identified.

Following discussions with Holdco's auditor, a more conservative interpretation of the terms of Holdco's lending documents was adopted. This has led to changes in the calculation methodology and interpretation of clauses within the agreements. Holdco has retested all of its covenants in prior periods relating to FY18, implementing the updated methodologies to ensure all actual and potential historical breaches are identified and addressed. As part of the broader audit of the reissued Financial Statements, Holdco's auditor has reviewed these calculations, as disclosed in Holdco's Restated Financial Statements, which modified the methodology that Holdco had previously applied to calculating its covenants. As a result, Holdco is in the process of obtaining waivers for breaches that were previously not believed to exist but have been reviewed under the strictest interpretation of the documents.

Due to the changes in the interpretation of the lending agreements to a strict reading of the documents rather than the commercial intent, Holdco is taking the opportunity to bring the definitions and covenants in each of its debt facilities into closer alignment.

Holdco is also seeking approval to amend the terms of the Senior Facility Agreement and the Simple Corporate Bond. The amendments (if approved) will remove ambiguities which are contrary to the commercial intent of the documents. The below outlines the details of the amendments to the Series 2 Notes that the Issuer and Initial Guarantors are seeking.

The Internal Review has taken longer than anticipated because of the number of separate parties involved and expansion of the scope of the review. This has delayed the implementation of the capital management plan.

Holdco is still targeting completion of the first phase of the capital management plan in December 2018, however, to mitigate risk that the Issuer will incur further costs and delays in seeking an extension of current waivers should an unforeseen event further delay the implementation of the plan, the Issuer and Initial Guarantors request that the Series 2 Noteholders consent to and instruct the Series 2 Note Trustee to amend the conditions subsequent referred to in the Previous Notice by adopting the Conditions Subsequent.

2. Actions Taken by Holdco Board of Directors and Management

Following the Board of Directors' completion of the strategic review begun on 24 September 2018, Holdco has refocused its strategy and implemented the following four key strategic initiatives:

1. Refocus on core competency of funding business critical equipment predominantly in the hospitality and transport sectors which remain sound opportunities for Holdco;
2. Exit non-core business, including:
 - Canadian operations have ceased originating new receivables and the loan portfolio is being amortised;
 - Business loan funding has been discontinued; and
 - All new non-core product and sector initiatives have been discontinued indefinitely (albeit immaterial to FY18 revenue);
3. Implement revised capital management plan to ensure ongoing compliance with all debt facilities and funding for future receivables growth; and
4. Strengthen governance and control measures.

Dermott McVeigh has been appointed as interim Chief Executive Officer, with an ongoing process to appoint new Board members and a Chief Executive Officer.

The business has continued to operate throughout the period of suspension from the ASX with origination volumes reducing to align with the strategy of predominantly funding business critical equipment.

Moving forward the Holdco has refocused on funding business critical equipment and ensuring that strong risk adjusted returns are achieved from the portfolio. The key elements that will have target levels and be measured, tracked and enforced are:

- Net interest margin (Revenue yield less cost of funds)
- Cost to income ratio (Operating costs as a proportion of Portfolio Income)
- Annualised loan impairments (Actual bad debt write offs on an annualised basis)

These metrics will ensure that Holdco is actively managing its pricing, reducing its cost of funds through time, creating operating leverage through efficiencies and technology, and achieving the expected loss rates for the risk assumed across the portfolio. Employing these disciplines across all departments in the business and enforcing them as the key drivers for business success will ensure that the returns on the portfolio are strong and underlying profitable growth is delivered.

3. Summary and Request for amendment

The following section sets out additional detail of the breaches discussed in the Notice which were identified during the course of Holdco's Internal Review.

The section will detail the circumstances surrounding breaches of financial covenants, but the Cross Defaults will be grouped together because there are a number that have been waived, remedied or which are considered immaterial.

A number of the breaches in the waiver request resulted from the changed interpretation of covenant calculations adopted in the restatement of 2018 financial results. Several of these arising under the Senior Facility Agreement have already been remedied but have been included in the waiver request to resolve any possibility that they may have triggered a Cross Default in the Series 2 Notes. The Series 2 Notes have a hairline trigger with respect to Cross Defaults arising under other facilities; a strict interpretation of the Series 2 Note Conditions is that past breaches, even where remedied or waived, trigger Cross Defaults in the Series 2 Notes which continue to subsist, even where the initial breach has been remedied or waived. This would require the Issuer to convene meetings of Series 2 Noteholders for matters already resolved and is a key reason for the proposed amendment discussed below in paragraph 4(c). In addition to the Cross Defaults connected to the Senior Facility Agreement, the Further Notes Cross Default also require waiver.

As discussed above, contrary to the understanding of the Issuer at the time of issue of the Previous Circular, the Financial Indebtedness Ratio Covenant was in breach for the months of May and June 2018. Furthermore, compliance certificates issued by the Issuer to the Series 2 Note Trustee on a monthly basis pursuant to Series 2 Note Condition 5.4(a) were consequently incorrect, including for the months of May and June 2018.

As part of the restatement, the Secured Debt Ratio Breach and Credit Adjusted Financial Indebtedness Ratio Breach were also identified.

Accordingly, the Issuer and Initial Guarantors seek waiver of these breaches, and submit that given the waivers already obtained with respect to breaches and Events of Default which gave Series 2 Noteholders the right to accelerate repayment of the Series 2 Notes, the waivers requested are technical in nature or otherwise of no greater significance than those already requested and provided in the Previous Notice.

4. Request of Noteholders for Amendment

The following section outlines Series 2 Notes amendments that Holdco is asking Series 2 Noteholders to approve.

a) Interest cover ratio

The Issuer and Initial Guarantors are seeking to amend the definition of the Interest Cover Ratio (ICR) by replacing reference to "Finance Charges" with "Interest Expense".

Interest Expenses will exclude one-off costs such as establishment costs, waiver fees and other fees which are not payable on a recurring basis and therefore not indicative of the Issuer's ability to meet its recurring debt-servicing obligations.

The change brings the definition into line with the Senior Facility Agreement, and similar amendments currently being requested with respect to the Simple Corporate Bond.

It is the Issuer's view that the intention of the ICR is to test the Group's ability to service its debt obligations as and when they fall due over a twelve month period. One-off expenses paid in setting up a debt facility and unusual or extraordinary items like waiver fees do not reflect Holdco's ability to meet the future costs of maintaining its debt. Simplifying the covenant to Interest Expenses focuses the test on how well Holdco can meet its normal obligations to creditors in future.

b) Earnings Before Interest and Tax (EBIT)

Holdco requests that the definition of EBIT be amended to specifically provide that Extraordinary Expenses; items which are unusual or infrequent or outside of typical operations, be added back to calculate EBIT. It is also requested that the Issuer and Group may add-back expenses incurred in any capital raising, not just those paid in issuing the Series 2 Notes. The proposed amendments seek to exclude items which do not reflect the underlying EBIT of Holdco produced in the typical course of operations.

c) Cross Defaults:

The current wording of the Cross Defaults clause in the Series 2 Note Conditions has been identified as a legal risk during the review process. Cross Default is triggered where other facilities are "capable of being declared" due and payable. The unintended outcome is that even if Holdco receives a waiver of minor breaches in another facility, an Event of Default occurs in the Series 2 Notes. The Issuer is then forced to undertake the expensive and time-consuming process of seeking a waiver from Series 2 Noteholders in circumstances where the primary breach giving rise to Cross Default has already been remedied or waived.

The Issuer submits that the current Cross Defaults condition in the Series 2 Note Conditions is unfit for purpose, unnecessarily increasing compliance costs for the Issuer without significantly improving the risk mitigation measures that are available to Series 2 Noteholders. Triggering immediate Events of Default for breaches that are subsequently waived, breaches which are subsequently remedied, or breaches which another creditor has ignored due to their being immaterial, is uncommercial and unfit for purpose.

The proposed change would better align the rights of Series 2 Noteholders to those rights available to financiers that may take action following the occurrence of the originating breach. Accordingly, it is proposed that the rights of Series 2 Noteholders to accelerate repayment of the Series 2 Notes should be aligned with the rights a financier has with respect to the originating breach. If the rights to accelerate repayment with respect to the originating breach cease to be available to the financier, the rights available to the Series 2 Noteholders with respect to Cross Default should also cease.

d) Eligible Receivable Balance

The Issuer requests that the definition of Eligible Receivable Balance be amended to add "prepaid commissions", which had previously been added in the calculation. During the review process, a strict interpretation of the definition was taken. Holdco is seeking amendment to the Series 2 Note Conditions to clearly include the balance of prepaid commission.

Prepaid commissions is a ledger item which exists due to previous accounting treatments in Holdco's old loan management system. It refers to the commissions paid to retailers and brokers at the start of leases and loans. Accounting standards require that these commissions be included in the balance of receivables as a balance sheet asset. Holdco's current loan management system does not have this issue for newer accounts, hence this item will shrink over time. Prepaid commissions totalled approximately \$10 million, relating to both receivables in the Covenant Group and in the SWF, at 31 October 2018 and will reduce by approximately \$300k per month until reaching zero in four years.

The inclusion of prepaid commissions within Eligible Receivable will impact the Arrears Ratio where Eligible Receivables Balance is the denominator used in calculating the Arrears Ratio.

e) Arrears Receivables:

The Issuer is asking Series 2 Noteholders to consent to amendment of the calculation of "Arrears Receivables" to exclude receivables related to research and development funding (R&D Loans). R&D Loans advance payment against the expected rebate from the Australian Tax Office (ATO) for a portion of that research and development expense. R&D Loans do not have a set payment schedule due to the uncertain

timing of ATO rebates. This means they cannot be classified as being in Arrears in the same way as typical equipment receivables which have weekly payments. R&D Loans considered impaired by Holdco will still be included as Arrears Receivables.

f) Applicable Accounting Standard:

It is common for debt terms and conditions to include clauses governing how changes in accounting standards are managed. Presently, the Series 2 Note Conditions contemplate that the Accepted Accounting Practices to be applied are those which are applicable to a member of the Group "from time to time". It is not known what further changes to the Accepted Accounting Practices the Group may be legally required to adopt in the future and there is still a significant period of time until the Maturity Date, 9 October 2021. The dollar impact of upcoming accounting standard changes such as AASB 9 on the company's financial have not been quantified, and this creates uncertainty for future covenant compliance. To remove this uncertainty, it is requested that covenant compliance be based on the Accepted Accounting Practices which were in place at 30 June 2018 unless the Issuer determines otherwise and elects to apply the current Accepted Accounting Practices or such combination of old and current Accepted Accounting Practices as the Issuer determines is appropriate.

g) Dividend Distributions:

The Issuer requests that it be permitted to make Distributions, including dividends of up to 50% of its NPAT for Half Years as well as full Financial Years. The current wording of the clause relating to Distributions prevents Holdco from paying dividends until after the completion of a Financial Year. This wording was in place before Holdco listed on the ASX, and is contra to market standard for ASX listed companies which is to declare interim dividends in respect of Half Year profits as well as final dividends following completion of the Financial Year.

To facilitate this, it is proposed that the Issuer may refer to the 12 months preceding 31 December or the preceding Financial Year when determining amounts available for Distribution.

Holdco cancelled its dividend declared in respect of FY18 and has no intention to declare a dividend in the near future. Holdco is taking the opportunity now to resolve this issue as the Series 2 Notes do not mature for at least two years, and Holdco should in order to reward investors have the flexibility of making interim and final dividends or other Distributions where there is sufficient NPAT available.

h) Credit Adjusted Financial Indebtedness

The Credit Adjusted Financial Indebtedness Ratio was established before Holdco had any unsecured debt in place and is intended to test the debt coverage provided by the rental payments from the secured receivables, with a buffer based on the Arrears Ratio. As part of the capital management plan, Holdco will shrink its balance sheet and repay secured debt over time by financing more receivables with securitisation. Holdco requests that the definition of Credit Adjusted Financial Indebtedness be amended to apply to secured debt only (including the Series 2 Notes), excluding unsecured debt. This change matches the rental payments from secured receivables to the secured indebtedness which they provide coverage for.

The Issuer asks that you approve the proposed waivers as it works to complete its strategic review and refocus on funding business critical equipment in the hospitality and transport sectors.

SPECIAL RESOLUTION

Special Resolution:

To consider and, if thought fit, pass the following resolution as a Special Resolution:

"That pursuant to the Meeting Provisions:

- a) *approval is given for the Series 2 Note Trustee to provide for the benefit of the Issuer and each Initial Guarantor, the Proposed Waivers (as defined in the Notice of Circulating Resolution dated 5 December 2018) and execute any document necessary to give effect to the Proposed Waivers noting that the Proposed Waivers would automatically cease to be of effect if the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- b) *the Series 2 Note Trustee is instructed to:*
 - i. *take no action under Series 2 Note Conditions 14.4(b) or 14.6 with respect to any breach or Event of Default contemplated in the Proposed Waivers unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019; and*
 - ii. *amend the conditions subsequent applicable to the waivers granted by the Series 2 Note Trustee following passing of the resolution contemplated in the Previous Notice by replacing those conditions subsequent with the Conditions Subsequent.*
- c) *any obligation for the Series 2 Note Trustee or the Series 2 Security Trustee to convene a meeting of Noteholders or beneficiaries of the Axsesestoday Second Security Trust with respect to any Event of Default contemplated in the Proposed Waivers is waived unless the Confirmation of the Conditions Subsequent is not delivered on or before 28 February 2019;*
- d) *In accordance with Series 2 Note Condition 17.1:*
 - i. *the definition of "Interest Cover Ratio" in Series 2 Note Condition 1.2 is amended by replacing the words "Finance Charges" with "Interest Expense";*
 - ii. *the definition of "EBIT" in Series 2 Note Condition 1.2 is amended by replacing reference to "extraordinary items" with "Extraordinary Items" and insertion of "raising of debt, or issue of equity capital," after "...the Notes," in paragraph (d);*
 - iii. *a new definition of "Extraordinary Items" is inserted into Series 2 Note Condition 1.2 after the definition of "Event of Default" as follows:*

"Extraordinary Items means, for any Relevant Period:

 - (a) *items which are unusual or infrequent; or*
 - (b) *items unrelated to the typical operating activities of the Covenant Group's business;;*
 - iv. *amend the definition of "Interest Expense" in Series 2 Note Condition 1.2 by inserting "...and establishment costs, waiver fees, and other fees not payable on a recurring basis" after "... which have been notionally accounted for...";*

- v. amend definition of "Eligible Receivables " in Series 2 Note Condition 1.2 by replacing "...means, on any date, a Receivable:" with "...means, on any date, a prepaid commission of the Issuer, or a Receivable which, solely with respect to a Receivable:"
- vi. amend definition of "Arrears Receivable" in Series 2 Note Condition 1.2 by inserting "..., other than Receivables relating to research and development grant funding which are not deemed by the Group to be impaired" after "...or more days...";
- vii. amend Series 2 Note Condition 14.3(d) by replacing "," at the end of sub-paragraph (ii) with "." and inserting the following:

"... . For the avoidance of doubt, where a default, event of default or potential event of default (howsoever described) has been waived (whether unconditionally or conditionally), for so long as the waiver is effective, and/or the default, event of default or potential event of default has been remedied, such event does not constitute an Event of Default under this sub-paragraph (ii) and to the extent that prior to waiver or remedy, such matter constituted an Event of Default, it no longer constitutes an Event of Default;"
- viii. amend Series 2 Note Condition 5.2(b)(iii) by inserting after "...previous Financial Year..." "...in the case of a dividend declared between July and December or the latest period of twelve months ending 31 December for a dividend declared between January and June...";
- ix. amend definition of Credit Adjusted Financial Indebtedness in Series 2 Note Conditions 1.2 by replacing sub-definition of "C" with "C = the aggregate of Secured Debt";
- x. insert new Series 2 Note Condition "1.7" immediately after Series 2 Note Condition 1.6 as follows:

"1.7 Calculation of Covenants

All calculations in Condition 5 (and the elements included in those calculations) required to be calculated for the purposes of the Conditions shall be determined in accordance with Accepted Accounting Practices as at 30 June 2018 unless the Issuer notifies the Trustee that such amounts will instead be determined in accordance with Accepted Accounting Practices at the time of making the determination or such combination of old and current Accepting Accounting Practices as determined by the Issuer."