



**ASX ANNOUNCEMENT
14 OCTOBER 2014**

Proposed Amendment of Conditions of Senior Secured Notes

PAYCE Consolidated Limited (**PAYCE**) announced today that it will seek approval from the holders of the 9.50% Notes due 3 December 2018 (**Senior Notes**) issued by PAYCE on 3 December 2013 (ISIN: AU3CB0216950), pursuant to a senior secured note offering which was completed and announced to the market on 2 December 2013 to amend the Conditions of the Senior Notes. The proposed amendments are set out in the annexure to this announcement.

The proposed amendments to the Conditions of the Senior Notes will give PAYCE the flexibility to issue a separate and distinct instrument in the form of Subordinated Unsecured Notes in the future if it determines it prudent to do so as part of its future capital management plans.

Timetable

The proposed timetable for noteholders is set out below:

Date	Action
3 October 2014	Date on which a holder must be recorded as the holder of the Senior Notes in order to be entitled to vote on the proposed resolution to amend the Conditions of the Senior Notes. The special resolution will be determined by a single circulating resolution with respect to the Senior Notes. The special resolution will be passed if it is signed by the sole Noteholder acting on the instruction of Austraclear Holders which represent more than 66⅔ in aggregate principle amount of the outstanding Senior Notes, voting in favour of the proposed amendments.
10 October 2014	Dispatch of Notice of Circulating Resolution and Explanatory Memorandum to Noteholders
31 October 2014	Date by which responses must be received

Impact of proposed amendment

PAYCE proposes that the Conditions of the Senior Notes be amended to allow for the potential issuance of the Subordinated Unsecured Notes if it determines it is prudent to do so as part of its future capital management plans, on the basis that any Subordinated Unsecured Notes would rank behind the rights and interests of current holders of Senior Notes, and be subordinated to the Senior Notes in all respects.

ENDS

Brian Bailison
Company Secretary

**ANNEXURE - CONDITIONS OF THE PAYCE CONSOLIDATED NOTES WITH PROPOSED CHANGES
HIGHLIGHTED**

AMENDMENT OF CONDITIONS

1. Interpretation

1.1 Terms defined in Pricing Supplement

Terms which are specified in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions.

1.2 Definitions

In these Conditions, the following meanings apply unless the contrary intention appears:

Agency Agreement means:

- (a) the agreement entitled Agency and Registry Services Agreement between the Issuer, the Initial Guarantor, the Registrar, the Issuing & Paying Agent and the Calculation Agent dated 29 November 2013;
- (b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Notes; and/or
- (c) any other agency agreement entered into between the Issuer and an agent in connection with any issue of Notes;

Agent means each of the Registrar, the Issuing and Paying Agent, the Calculation Agent and any other agent appointed under an Agency Agreement, or any of them as the context requires;

Austraclear means Austraclear Ltd (ABN 94 002 060 773);

Austraclear Regulations means the regulations known as "Austraclear Regulations" together with any instructions or directions established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

Business Day means a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney and, if a Note held in the Austraclear System is to be issued or payment made in respect of a Note held in the Austraclear System on that day, a day on which the Austraclear System is operating;

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and, where specified, Following Business Day Convention means that the date is postponed to the first following date that is a Business Day;

Calculation Agent means BTA Institutional Services Australia Limited (ABN 48 002 916 396);

Capital Reduction has the meaning given in Condition (b) ("Financial Covenants");

Conditions means, in relation to the Notes, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Note and references to a particular numbered Condition shall be construed accordingly;

Corporations Act means the Corporations Act 2001 of Australia;

Date of Practical Completion means 15 August 2014;

Day Count Fraction means, in respect of the calculation of interest on a Note for any period of time ("Calculation Period"), one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does

not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

- (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
- (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365));

Denomination means A\$1,000, being the notional face value of each Note;

Distribution has the meaning given in Condition (b) ("Financial Covenants");

East Village Construction Contract means the construction agreement dated 26 June 2012 between the East Village Owner and Dasco Australia Pty Ltd (ABN 32 135 751 049) in relation to the construction and development of the East Village Property;

East Village Financier means each of Commonwealth Bank of Australia (ABN 48 123 123 124) and Gresham Property Funds Management Limited (ABN 37 092 191 270);

East Village Gross Interest Expense means the aggregate interest and undrawn commitment fee amounts (if any) under the East Village Investment Loan and the aggregate interest payments of the Notes;

East Village Investment Loan means any agreement to refinance the East Village Project Debt Facilities;

East Village Net Property Cashflow means, for any period, the aggregate of:

- (a) gross rental received by the East Village Owner from the East Village Property; plus
- (b) all outgoings recoverable by East Village Owner under any lease of the East Village Property for that period, less outgoings directly attributable to the East Village Property for that period; plus
- (c) interest received on all bank accounts held in the name of East Village Owner; plus
- (d) other income of the East Village Property received for that period;

East Village Owner means Joynton North Pty Ltd (ABN 31 108 663 403) solely in its capacity as trustee of the Joynton North Property Trust (ABN 45 325 199 048);

East Village Project means the construction and development of the East Village Property;

East Village Project Debt Facility means each of the agreements dated 28 June 2012, between the East Village Owner and the relevant East Village Financier and providing the financial accommodation to the East Village Owner in connection with the East Village Project;

East Village Property means the land which as at the Issue Date is described as Lot 1, Deposited Plan 1130613 being 2 Defries Avenue, Zetland, New South Wales inclusive of any buildings on that land (however that land or any buildings on that land may be subdivided, consolidated, titled or re-titled from time to time) which is owned by the East Village Owner;

East Village Refinance means the event whereby any outstanding amount under the East Village Project Debt Facilities is refinanced with the East Village Investment Loan;

Event of Default means the happening of any event set out in Condition 12 ("Events of Default");

Existing Security Interests means each Security Interest granted by or held over any member of the Group as at the Issue Date;

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised under any acceptance credit, or bill acceptance, discount or endorsement facility;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with any applicable generally accepted accounting practices, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any redeemable shares where the holder has the right, or the right in certain conditions, to require redemption;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) inclusive above;

First Optional Redemption Date means the date so specified in the Pricing Supplement;

Fixed Coupon Amount means the amount specified in, or determined in accordance with, the Pricing Supplement;

Group means the Issuer and each of its Subsidiaries from time to time;

Guarantee means the guarantee of the Notes set out in the Note Trust Deed;

Guarantors means the Initial Guarantor and each other entity that has provided a Guarantee of the Notes (and has not been released from such Guarantee) under the Note Trust Deed from time to time;

Information Memorandum means the information memorandum, disclosure document or other offering document referred to in a Pricing Supplement in each case prepared by, or on behalf of, and approved by, the Issuer in connection with the issue of Notes and all documents incorporated by reference in it;

Initial Guarantor means Henlia Holdings Limited (ABN 32 127 548 190);

a person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it has a controller appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property (each as defined in the Corporations Act);
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by a Special Resolution of Noteholders);
- (d) an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above;
- (e) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which the Note Trustee, the Security Trustee or the Noteholders reasonably deduces it is so subject);
- (g) it is otherwise unable to pay its debts when they fall due; or

- (h) something having a substantially similar effect to paragraphs (a) to (g) above happens in connection with that person under the law of any jurisdiction;

Interest Commencement Date means, for a Note, the Issue Date of the Note or any other date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Cover Ratio means, in respect of any date, the ratio of the East Village Net Property Cashflow for the immediately preceding 12 month period to the East Village Gross Interest Expense for the immediately preceding 12 month period;

Interest Payment Date means each date so specified in the Pricing Supplement;

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date or, if redeemed earlier, an Optional Redemption Date;

Interest Rate means the rate specified in the Pricing Supplement;

Issue Date means the date on which a Note is, or is to be issued, as specified in, or determined in accordance with, the Pricing Supplement;

Issuing & Paying Agent means BTA Institutional Services Australia Limited (ABN 48 002 916 396);

Issuer means PAYCE Consolidated Limited (ABN 19 001 566 310);

Maturity Date means the date so specified in the Pricing Supplement;

Meeting Provisions means the provisions relating to meetings of Noteholders set out in the Note Trust Deed;

Net Tangible Assets means the Total Tangible Assets of the Group less the total liabilities of the Group (but excluding the aggregate principal amount outstanding of the Notes) (as calculated in accordance with the Relevant Financial Statements of the Group);

Note means a medium term debt obligation issued or to be issued by the Issuer which is constituted by, and owing under the Note Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register;

Note Trust Deed means the document entitled "Note Trust Deed" dated 29 November 2013 and executed by, amongst others, the Issuer, the Initial Guarantor and the Note Trustee;

Note Trustee means BNY Trust Company of Australia Limited (ABN 49 050 294 052) in its capacity as trustee of the PAYCE Consolidated Note Trust constituted by the Note Trust Deed or such other person appointed under the Note Trust Deed as trustee of the PAYCE Consolidated Note Trust.

Noteholder means, in respect of a Note, the person whose name is entered in the Register as the holder of that Note;

NPAT for any financial period, (including any half year and/or full year), the net profit after tax for the period of the Group, as shown in the consolidated financial statements of the Group for the financial period after removing the impact of any loss or gain against book value arising from the disposal of any asset (not being disposals made in the ordinary course of trading) during that period and any increment or decrement relating to the revaluation of any asset during that period which goes through the profit and loss account (net of the effect of any deduction or contribution as a result of the same);

Optional Redemption Date means each First Optional Redemption Date or Second Optional Redemption Date;

Payment Date means, as applicable, the Maturity Date, an Interest Payment Date or other relevant date on which a payment in respect of a Note is due;

a **Permitted Security Interest** means:

- (a) the Existing Security Interests;
- (b) the Security Interests granted:
 - (i) in connection with any new financing or lending to the Issuer, a Guarantor or any other member of the Group on or after the Issue Date; and
 - (ii) without limiting sub-paragraph (i) above, in connection with the refinancing of amounts secured by Existing Security Interests,

provided that, at the time the new financing or lending or the refinancing occurs (as the case may be), on a pro-forma basis, the ratio of the aggregate principal amount of all Secured Debt (less cash held in the Group) at that time (excluding the aggregate principal amount outstanding of the Notes) to the Total Tangible Assets (less cash held in the Group) of the Group is not more than 0.65:1; and

- (c) any Security Interest approved by the Noteholders pursuant to the Meeting Provisions;

Pricing Supplement means, in respect of a Tranche, the pricing supplement prepared and issued specifying the relevant issue details of such Notes and which has been confirmed by the Issuer;

Record Date means the close of business in the place where the Register is maintained on the eighth day before the Payment Date;

Register means the register of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement;

Registrar means BTA Institutional Services Australia Limited (ABN 48 002 916 396);

Related Body Corporate has the meaning it has in the Corporations Act;

Relevant Financial Statements means the most recent audited consolidated financial statements of the Group for a financial year adjusted to give pro-forma effect to the changes in the Group's actual financial position including the incurrence of drawn Financial Indebtedness and the application of the proceeds thereof (in all cases in accordance with applicable accounting standards);

Second Optional Redemption Date means the date so specified in the Pricing Supplement;

Secured Debt means all Financial Indebtedness of the Group secured by a Security Interest granted by the relevant member of the Group but excludes any bank guarantee given in the ordinary course of trading;

Security has the meaning given to that term in the Security Trust Deed;

Security Interest has the meaning given to that term in the Security Trust Deed;

Security Trust Deed means the document entitled "Security Trust Deed" dated 29 November 2013 between the Issuer and the Security Trustee;

Security Trustee means Permanent Custodians Limited (ABN 55 001 426 384) or any person who becomes the "Security Trustee" under the Security Trust Deed;

Specified Office means, for a person, that person's office specified in the Information Memorandum or Pricing Supplement or any other address notified to Noteholders from time to time;

Subordinated Unsecured Notes means debentures to be issued by the Issuer to the shareholders of the Issuer, which:

- (a) are unsecured obligations of the Issuer, ranking behind all direct, secured and unconditional obligations of the Issuer including the Notes;
- (b) have a maturity date of no less than seven years from the date of issue (if not redeemed earlier at the option of the Issuer);

- (c) have an interest rate of not more than 8% per annum payable semi-annually in arrear, which may be capitalised on each interest payment date of the Subordinated Unsecured Notes;
- (d) will only be issued after the "practical completion" of the East Village Project (as "practical completion" (or any comparable concept) is defined for the purposes of the East Village Construction Contract);
- (e) will only be issued subject to the accession of the owner of the East Village Project as a Guarantor to provide a Guarantee of the Notes under the Note Trust Deed; and
- (f) will only be issued subject to the entry into a subordination deed between the Note Trustee and the trustee acting on behalf of the holders of Subordinated Unsecured Notes;

Subsidiary has the meaning given in the Corporations Act and:

- (a) an entity is a "Subsidiary" of another entity if controlled by that other entity for the purposes of section 50AA of the Corporations Act;
- (b) a trust may be a "Subsidiary" (and a unit or other beneficial interest in the trust is to be treated as a share accordingly); and
- (c) an entity is to be treated as a "Subsidiary" of a trust as if that trust were a corporation;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest in respect of the Notes;

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any Tax Authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Noteholder;

Test Date means each date on which:

- (a) any Security Interest has been granted by the Issuer, a Guarantor or another member of the Group;
- (b) the East Village Refinance commences;
- (c) the East Village Refinance completes;
- (d) on any Distribution or Capital Reduction has been made by the Issuer or any Guarantor;
- (e) an Interest Payment Date occurs;
- (f) there is any disposal of a material part of the assets of the Issuer, a Guarantor or any other member of the Group; or
- (g) any disposal of all or a material part of the East Village Property by the Issuer, a Guarantor or any other member of the Group;

Total Tangible Assets means the aggregate amount of all assets of the Group as shown in the Relevant Financial Statements of the Group, but adjusted if necessary (without any double counting) so as to exclude any intangible assets (including, but not limited to, goodwill and trademarks, as calculated in accordance with the Relevant Financial Statements of the Group);

Tranche means an issue of Notes specified as such in the Pricing Supplement issued on the same Issue Date and on the same terms; and

Valuation means a valuation:

- (a) prepared by an independent licensed valuer, and on instructions for first mortgage lending purposes, acceptable to an East Village Financier (or the financier under the East Village Investment Loan);
- (b) in a form and substance satisfactory to an East Village Financier (or the financier under the East Village Investment Loan); and

- (c) addressed to an East Village Financier (or the financier under the East Village Investment Loan) or able to be relied on by an East Village Financier (or the financier under the East Village Investment Loan) (with a confirmation that the financier has the benefit of the valuer's professional indemnity insurance policy).

1.3 References to certain general terms

Unless the contrary intention appears, a reference to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) a document (including these Conditions) includes any amendment, variation or replacement of it;
- (d) anything (including any amount) is a reference to the whole and each part of it;
- (e) a "law" includes common law, principles of equity, any decree and any statute or other law made by a parliament (and a statute or other law made by parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
- (f) a "directive" includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any case having the force of law) with which responsible participants in the relevant market generally comply;
- (g) "Australian dollars" or "A\$" is a reference to the lawful currency of Australia;
- (h) a time of day is a reference to Sydney time;
- (i) a "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (j) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- (k) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

1.4 Number

The singular includes the plural and vice versa.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

1.6 Calculation of period of time

If a notice must be given within a certain period of days or a certain number of days notice must be given or any other matter must take place within a certain number of days, the day on which the notice is given or action taken, and the day on which the meeting is to be held or other action taken, are not to be counted in calculating that period and references to a "day" are to a calendar day.

2. Introduction

2.1 Pricing Supplement

- (a) The Issuer will issue the Notes on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes. If there is any inconsistency between these Conditions and such Pricing Supplement, the Pricing Supplement prevails.
- (b) The Notes are issued in a single series. The series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than in respect of the issue price and first

payment of interest). A Tranche is the subject of a Pricing Supplement which supplements, amends, modifies or replaces these Conditions.

- (c) Copies of the Pricing Supplement and Conditions applicable to any Tranche of Notes are available for inspection or on request by a Noteholder or prospective Noteholder during normal business hours at the Specified Office of the Issuer, the Note Trustee or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

2.2 Currency and denomination

The Notes are issued in Australian dollars in a single denomination of A\$1,000.

2.3 Issue restrictions and tenor

The Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Notes, if:

- (a) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the offeror or its associates to the offeree or its associates) or if the offer or invitation (including any resulting issue) otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act; and
- (b) the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.

2.4 Clearing systems

Notes may, but need not, be held in the Austraclear System, in which case the rights of a person holding an interest in the Notes lodged in the Austraclear System are subject to the rules and regulations of the Austraclear System. Neither the Issuer nor any Guarantor is responsible for anything the Austraclear System does or omits to do.

3. Form

3.1 Constitution under the Note Trust Deed

The Notes are debt obligations of the Issuer constituted by, and owing under, the Note Trust Deed.

3.2 Form

The Notes are issued in registered form by entry in the Register.

3.3 No certificates

No certificates will be issued to Noteholders unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.

3.4 Effect of entries in Register

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

- (a) an unconditional and irrevocable undertaking by the Issuer to the Note Trustee and the Noteholder to:
 - (i) pay principal, any interest and any other amount in accordance with these Conditions and the Note Trust Deed; and
 - (ii) comply with all other Conditions of the Note and the Note Trust Deed; and
- (b) an entitlement to the other benefits given to the Noteholder in respect of the Note under these Conditions and the Note Trust Deed.

3.5 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

3.6 Non-recognition of interests

Except as ordered by a court of competent jurisdiction or required by law or directive, the Issuer, the Note Trustee, the Security Trustee and the Registrar must treat the person whose name is entered in the Register as the Noteholder of a Note as the absolute owner of that Note. This Condition applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

3.7 Joint Noteholders

Where two or more persons are entered in the Register as the joint holder of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

4. Status and Guarantee

4.1 Status of Notes

The Notes are direct, secured, unconditional and unsubordinated obligations of the Issuer.

4.2 Ranking of Notes

The Notes rank equally among themselves and at least equally with all other direct, secured, unconditional and unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.

4.3 Guarantee

The Notes are issued with the benefit of the Guarantee. Pursuant to the Guarantee, each Guarantor unconditionally and irrevocably guarantees to the Noteholders, among other things, the due and punctual performance by the Issuer of its obligations under the Notes.

4.4 Security

Amounts due under the Notes, the Note Trust Deed and the Guarantee of the Initial Guarantor are secured by the Security. The Security Trustee holds the Security on trust for the Beneficiaries (as defined in the Security Trust Deed, and which includes the Note Trustee and the Noteholders).

5. Negative Pledge and financial and other covenants

5.1 Group Negative Pledge

- (a) Subject to paragraph (b) below, the Issuer will not (and will ensure that no other member of the Group will) create or permit to subsist any Security Interest upon the whole or any part of its (or that of a member of the Group's) present or future assets or revenues other than a Permitted Security Interest.
- (b) The Issuer or a member of the Group may create or permit to subsist a Security Interest (which is not a Permitted Security Interest) or a Security Interest may also be created or permitted to exist if, at the same time, either the same Security Interest as is granted by the Issuer or a member of the Group or such other security:
 - (i) securing the Issuer's or a Guarantor's obligations to the Noteholders, equally and rateably in all respects so as to rank *pari passu* with the applicable Security Interest; or
 - (ii) as shall be approved by the Noteholders pursuant to the Meeting Provisions,is also granted in favour of the Noteholders in a manner that is satisfactory to the Note Trustee.

5.2 East Village Covenants

The Issuer will (and will procure that each member of the Group, whether jointly or severally, will) ensure that:

- (a) at any time prior to the "practical completion" of the East Village Project (as "practical completion" (or any comparable concept) is defined for the purposes of the East Village Construction Contract) and prior to the full repayment of the East Village Project Debt Facilities:
 - (i) there are no changes to the covenants (howsoever described) contained in the East Village Project Debt Facilities as at the Issue Date which would reasonably be considered to be materially favourable to the obligors under such facilities; and

- (ii) the ratio of:
 - (A) the sum of the "facility limit" (howsoever described) under the East Village Project Debt Facilities plus the aggregate principal amount of the Notes; to
 - (B) the Valuation of the East Village Project dated 1 September 2013,
 (expressed as a percentage) will not exceed 78%; and
- (b) at the time the East Village Refinance occurs:
 - (i) the East Village Owner enters into the East Village Investment Loan and no other agreement or arrangement will be entered into in relation to the East Village Refinance; and
 - (ii) such Financial Indebtedness of the East Village Investment Loan is the only Financial Indebtedness of any member of the Group in relation to the East Village Project which ranks ahead of the Notes (whether by virtue of structural priority, a Security Interest or otherwise); and
- (c) at all times after the East Village Refinance has completed:
 - (i) the ratio of:
 - (A) the "facility limit" (howsoever described) under the East Village Investment Loan; to
 - (B) the then latest Valuation of the East Village Project,
 (expressed as a percentage) will not exceed 55%;
 - (ii) the ratio of:
 - (A) the sum of the "facility limit" (howsoever described) under the East Village Investment Loan plus the outstanding principal amount of the Notes; to
 - (B) the then latest Valuation of the East Village Project,
 (expressed as a percentage) will not exceed:
 - (1) during the period of three years from the Issue Date, 70%; and
 - (2) thereafter, 60%; and
 - (iii) the Interest Cover Ratio is to be at least 1.40:1.

5.3 East Village Guarantee

The Issuer agrees to procure that the East Village Owner becomes a Guarantor pursuant to the Note Trust Deed at the time of the East Village Refinance.

5.4 Financial Covenants

- (a) The Issuer will not (and will procure that no other member of the Group, whether jointly or severally, will) incur or permit to subsist any new Financial Indebtedness after the Issue Date, unless:
 - (i) the ratio of:
 - (A) the aggregate amount of all the outstanding Financial Indebtedness of the Issuer (excluding any outstanding intra-Group Financial Indebtedness of the Issuer and the aggregate principal amount of any outstanding Subordinated Unsecured Notes); to
 - (B) the Net Tangible Assets of the Group,
 (expressed as a percentage) will not exceed 40%; and

- (ii) the ratio of:
 - (A) the aggregate amount of all then outstanding Financial Indebtedness (less cash held in the Group and excluding the aggregate principal amount of any outstanding Subordinated Unsecured Notes) available to the Group; to
 - (B) the Total Tangible Assets (less cash held in the Group) of the Group,
 (expressed as a percentage) will not exceed 75%.
- (b) The Issuer will not (and will procure that no Guarantor will) declare or pay any dividend or make any other payment or distribution (including in relation to the Subordinated Unsecured Notes) having the same effect ("Distribution"), or repay, cancel or redeem any of the Subordinated Unsecured Notes or reduce, return, purchase, repay, cancel or redeem any of its share capital or buy back any of its shares ("Capital Reduction") under Chapter 2J of the Corporations Act (or an equivalent provision under any legislation in another jurisdiction applicable to that Guarantor) except:
 - (i) where the recipient of the proceeds of such Distribution or Capital Reduction is the Issuer or a Guarantor; or
 - (ii) where the consideration for the Capital Reduction is the issue of Subordinated Unsecured Notes; or
 - (iii) where the source of the funds to effect such Distribution, or Capital Reduction has not been raised by way of secured Financial Indebtedness (or a transaction or series of transactions having substantially the same effect); or
 - (iv) where:
 - (A) the Distributions, or the Capital Reductions are paid out of NPAT of the Group; and
 - (B) the maximum aggregate amount of all Distributions, and Capital Reductions while the Notes remain outstanding does not exceed:
 - (aa) at any time, 40% of the cumulative reported NPAT (including retained earnings to 30 June 2013); or
 - (bb) in a financial year, 100% of NPAT for the financial year ended 30 June 2014 and each financial year thereafter,

provided that, in any case, such Distribution is no greater than an amount lawfully permitted under applicable law.

So long as an Event of Default is subsisting, the Issuer will not declare or pay a dividend or make any distribution on any issued share in the Issuer, or pay any interest or other amounts in respect of any debt security issued which ranks behind (or equally with) the Notes in priority for payment of interest.

- (c) The Issuer will ensure that it will not (and will procure that no member of the Group will) (whether in a single transaction or a series of related transactions) sell, transfer, lease, or otherwise dispose of, or create or allow to exist an interest in all or a material part of its assets or the assets of a member of the Group, other than:
 - (i) disposals, partings with possession and interests created (including sub-leases):
 - (A) in the ordinary course of business and on arm's length commercial terms;
 - (B) where the asset are waste, obsolete and are not required for the efficient operation of its business;
 - (C) in exchange for other assets comparable or superior as to type, value and quality;
 - (D) from the Issuer or a Guarantor to the Issuer or another Guarantor; or
 - (E) Permitted Security Interests; and

- (ii) where an amount equal to the net proceeds of the disposal is used within 180 days after such disposal to:
 - (A) purchase, acquire, develop, redevelop or construct productive assets for use by the Issuer or a Guarantor in its business; and/or
 - (B) prepay or repay any secured or unsecured Financial Indebtedness of the Issuer or a member of the Group.
- (d) The Issuer will ensure that it will not (and will procure that no member of the Group will) (whether in a single transaction or a series of related transactions) sell, transfer, lease (other than a lease, sub-lease or license in the ordinary course of business) or otherwise dispose of, or create or allow to exist an interest in, all or any material part of the East Village Property (other than any part of the residential buildings of the East Village Property):
 - (i) during the period of 3 years from the Issue Date, other than by way of a Permitted Security Interest; or
 - (ii) following the period ending on the 3rd anniversary of the Issue Date, unless an amount equal to the net proceeds of the disposal (or such lesser portion of such net proceeds) is used by the Issuer to redeem all (but not some) of the Notes and:
 - (A) if during the period from the 3rd anniversary of the Issue Date to the 4th anniversary of the Issue Date, by payment of 102% of the outstanding principal amount of each Note being redeemed, together with any accrued interest, if any, to the date of redemption; or
 - (B) if during the period from the 4th anniversary of the Issue Date to the Maturity Date, by payment of 101% of the outstanding principal amount of each Note being redeemed, together with any accrued interest, if any, to the date of redemption.

5.5 Other covenants

- (a) The Issuer will (and will procure that each Guarantor will) do everything necessary to maintain its corporate existence.
- (b) The Issuer will comply (and will procure that each Guarantor complies) with all laws (including any laws relating to the environment) binding on it where a failure to comply would have a material adverse effect on the ability of the Issuer or a Guarantor (as the case may be) to comply with its obligations under the Notes or the Guarantee.
- (c) The Issuer will provide the following to the Note Trustee not later than 30 days after each applicable Test Date a certificate signed by either two directors or a director and the company secretary of the Issuer which certifies whether, in the opinion of the directors and/or the company secretary of the Issuer (as appropriate) and after having made all reasonable enquiries, the Issuer has complied with each of the covenants set out in Conditions 5.1 ("Group Negative pledge"), 5.2 ("East Village Covenants"), 5.4 ("Financial Covenants"), (a) and (b) above immediately following the relevant granting of a Security Interest, the incurring of new Financial Indebtedness, the making of a Distribution or Capital Reduction, the disposal of assets or material acquisition of a business on that Test Date (as the case may be). In the event the Issuer is not in compliance with any such covenant, such certificate will give reasonable detail of such non-compliance (including any relevant figures and calculations) and the steps being taken to remedy the same.
- (d) At the request of the Note Trustee (acting either on its own discretion or upon receipt of a written request of a Noteholder) the Issuer will provide (at its own cost), any document or other information that the Note Trustee may reasonably request that is necessary or desirable to allow the Note Trustee or a Noteholder to determine whether or not the Issuer is in compliance with each of the covenants set out in Conditions 5.2 ("East Village Covenants"), 5.4 ("Financial Covenants"), (a) and (b) above.

6. Title and transfer of Notes

6.1 Title

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

6.2 Transfer

Notes may only be transferred in accordance with these Conditions and the Note Trust Deed.

6.3 Transfers in whole

Notes may only be transferred in whole and not in part.

6.4 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

6.5 Unincorporated associations

A transfer of a Note to an unincorporated association is not permitted.

6.6 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of all the Notes registered as having been transferred equals the aggregate principal amount of all the Notes expressed to be transferred in the transfer.

6.7 Compliance with law

Notes may only be transferred if:

- (a) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the offeror or its associates to the offeree or its associates) or if the offer or invitation (including any resulting issue) otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act; and
- (b) the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.

6.8 Restrictions on transfer

- (a) Transfers of Notes which are not lodged in the Austraclear System cannot be made between a Record Date and the relevant following Payment Date if a redemption of such Note is to occur during, or at the end of, that period in accordance with these Conditions.
- (b) Transfers of Notes will not be registered later than the close of business in the place where the Register is maintained on the eighth day prior to the Maturity Date of the Notes.

7. Interest

7.1 Interest

Each Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date or, if redeemed earlier, the Optional Redemption Date, at the Interest Rate. Interest is payable in arrears on each Interest Payment Date or such other date on which a Note is redeemed.

7.2 Fixed Coupon Amount

The amount of interest payable on each Note on each scheduled Interest Payment Date in respect of the preceding Interest Period is the Fixed Coupon Amount unless interest is due on a date that is otherwise than a scheduled Interest Payment Date, in which case Condition 7.3 ("Calculation of interest payable") shall apply to calculate the amount of interest payable for that period.

7.3 Calculation of interest payable

The amount of interest payable in respect of a Note for any period which does not end on a scheduled Interest Payment Date shall be calculated by the Calculation Agent by multiplying the Interest Rate, the outstanding principal amount of the Note and the Day Count Fraction.

7.4 Notification of Interest Rate, interest payable and other items

- (a) The Calculation Agent must notify the Issuer, the Registrar, the Noteholders, the Note Trustee and each other Agent of the amount of interest calculated or determined by it under Condition 7.3 ("Calculation of interest payable").
- (b) The Calculation Agent must give notice under this Condition as soon as practicable after making its determination.
- (c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or Calculation Period without prior notice but must promptly notify the Issuer, the Registrar, the Noteholders, the Note Trustee and each other Agent of any such amendment.

7.5 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of fraud or manifest error, final and binding on the Issuer, each Guarantor, the Registrar, each Noteholder, the Note Trustee, the Security Trustee and each other Agent.

7.6 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);
- (b) all figures must be rounded to five decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent.

8. Redemption

8.1 Redemption on maturity

The Issuer agrees to redeem each Note on its Maturity Date at its outstanding principal amount unless:

- (a) the Note has been previously redeemed (including pursuant to Condition (d) ("Financial Covenants")); or
- (b) the Note has been purchased and cancelled.

8.2 Early redemption at the option of Noteholders (Noteholder put)

Upon the occurrence of a Change of Control, each Noteholder will have the right to require the Issuer to redeem all or any part of such Notes at a redemption price equal to 101% of the outstanding principal amount of each Note being redeemed (together with any accrued interest, if any, to the date of redemption) (the "**Change of Control Redemption Price**"). Within 30 days after a Change of Control, the Issuer shall deliver a notice to the Registrar and the Note Trustee and use its reasonable endeavours to ensure that the Note Trustee promptly notifies Noteholders stating that:

- (a) a Change of Control has occurred and that such Noteholder has the right to require the Issuer to redeem such Notes at the Change of Control Redemption Price;
- (b) the redemption date (which shall be no earlier than 30 days nor later than 50 days from the date of such notice is delivered); and
- (c) the procedures determined by the Issuer, consistent with terms and conditions of the Notes, that a Noteholder must follow in order to have its Notes redeemed.

In this Condition, "**Change of Control**" means, on any date, an event where a person (and its associates) or such persons acting together which held, whether directly or indirectly, 40% or less of the issued shares of the Issuer as at the Issue Date (and including a zero holding) subsequently holds, whether directly or indirectly, more than 40% of the issued shares of the Issuer on that date.

8.3 Early redemption at the option of the Issuer (Issuer call)

The Issuer may redeem all (but not some) of the Notes before their Maturity Date as follows:

- (a) on the First Optional Redemption Date by payment of 102% of the outstanding principal amount of each Note being redeemed; and
- (b) on the Second Optional Redemption Date by payment of 101% of the outstanding principal amount of each Note being redeemed,

in each case, together with any accrued interest, if any, to the date of redemption.

However, the Issuer may only do so if:

- (i) the amount of Notes to be redeemed is a whole multiple of their Denomination; and
- (ii) the Issuer has given at least 30 days (and not more than 60 days) notice to the Registrar, the Note Trustee, the Noteholders and each other Agent.

8.4 Partial redemptions

If only some of the Notes are to be redeemed, the Notes to be redeemed will be specified in the notice and selected:

- (a) in a fair and reasonable manner; and
- (b) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the Notes are listed.

8.5 Effect of notice of redemption

Any notice of redemption given under this Condition 8 ("Redemption") is irrevocable.

8.6 Late payment

If an amount payable is not paid under this Condition 8 ("Redemption") when due, then interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Noteholder.

8.7 Purchase

The Issuer and any of its Related Bodies Corporate may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased under this Condition 8.7 may be held, resold or cancelled at the discretion of the purchaser and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law or directive.

9. Payments

9.1 Payments to Noteholders

- (a) Payments of principal will be made to each person registered in the Register at 10.00 am on the applicable Payment Date as the holder of a Note; and
- (b) Payment of interest shall be made to each person registered in the Register at close of business on the applicable Record Date as the holder of a Note.

9.2 Payments to accounts

Payments in respect of a Note will be made:

- (a) if the Note is held in the Austraclear System, by crediting on the Payment Date, the amount due to:
 - (i) the account of Austraclear (as the Noteholder) previously notified to the Issuer and the Registrar; or

- (ii) if requested by Austraclear, the accounts of the persons in Australia in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with the Austraclear Regulations; and
- (b) if the Notes are not held in the Austraclear System, by crediting on the Payment Date, the amount then due under each Note to an account in Australia previously notified by the Noteholder to the Issuer and the Registrar.

9.3 Payments by cheque

If a Noteholder has not notified the Registrar of an account to which payments to it must be made by close of business on the Record Date or it has notified the Registrar that it wishes to be paid by cheque, payments in respect of the Note will be made by cheque sent by prepaid post on the Payment Date, at the risk of the registered Noteholder, to the Noteholder (or if two or more persons are entered in the Register as joint Noteholders, to the first named joint Noteholder of the Note) at its address appearing in the Register at close of business on the Record Date. Cheques sent to the nominated address of a Noteholder will be taken to have been received by the Noteholder on the Payment Date and no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

9.4 Payments subject to law

All payments are subject to applicable law but without prejudice to the provisions of Condition 10 ("Taxation").

9.5 Payments on Business Days

If a payment:

- (a) is due on a Note on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the applicable Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, a Noteholder is not entitled to any additional payment in respect of that delay.

9.6 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds, cheque or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque and if the Issuer has so cancelled,

then, in each case and subject to Condition 11 ("Time limit for claims"), the amount is to be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder or any legal personal representative of the Noteholder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

9.7 Payment to joint Noteholders

A payment to any one of joint Noteholders will discharge the Issuer's liability in respect of the payment.

10. Taxation

10.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

10.2 Withholding tax

If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of a Note such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to deduct the amount for the Taxes; and
- (b) no additional amounts are payable under these Conditions.

11. Time limit for claims

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

12. Events of Default

12.1 Events of Default

Each of the following is an Event of Default in respect of the Notes:

- (a) **(non-payment of principal)** the Issuer fails to pay any principal in respect of the Notes when due;
- (b) **(non-payment of interest)** the Issuer fails to pay any interest in respect of the Notes of the relevant series when due and the failure to pay continues for a period of 2 Business Days;
- (c) **(other non-compliance)** the Issuer:
 - (i) fails to comply with any of its obligations in connection with a Note (other than in relation to the payment of money referred to in paragraphs (a) and (b) above); and
 - (ii) if the non-compliance is capable of remedy, it is not remedied within 30 days after notice of such default shall have been given to the Issuer by the Note Trustee, the Security Trustee or any Noteholder;
- (d) **(cross default)** any Financial Indebtedness of the Issuer or a Guarantor (other than any intra-Group Financial Indebtedness of the Issuer or a Guarantor) for amounts totalling more than A\$5,000,000 (or its equivalent in any other currency):
 - (i) is not satisfied on the later of its scheduled due date or the end of any applicable grace period; or
 - (ii) 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 (howsoever described);
- (e) **(insolvency)** except for the purpose of a solvent reconstruction or amalgamation, an order is made or an effective resolution passed for the liquidation, dissolution or winding-up of the Issuer or any Guarantor, an administrator, liquidator, receiver, manager, receiver and manager or other controller (as defined in the Corporations Act) is appointed to the Issuer or any Guarantor or any of their property or the Issuer or any Guarantor becomes insolvent, is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of its debts generally;
- (f) **(no arrangement with creditors)** the Issuer or any Guarantor makes a general assignment for the benefit of creditors, or any proceeding (which is not dismissed within 30 days) shall be instituted by or against the Issuer or a Guarantor seeking to adjudicate it insolvent, or seeking liquidation, winding up, reorganisation, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganisation or relief of debtors, seeking the entry of any order for relief or the appointment of a receiver, trustee, administrator or other similar official over the Issuer or Guarantor, its activities or any substantial part of its property;
- (g) **(obligations unenforceable)** any Note or the Guarantee is or becomes (or is claimed to be by the Issuer, a Guarantor or anyone on their behalf) wholly or any part of a material provision of it void,

voidable or unenforceable or any Note or the Guarantee ceases to wholly or in relation to any part of a material provision of it have full force and effect or the whole or any part of a material provision of it is declared by any court of competent jurisdiction to be void or unenforceable;

- (h) **(authorisations)** any authorisation of a government agency which is essential to the performance by an Issuer or a Guarantor of its obligations in respect of the Notes or the Guarantee, is repealed, revoked, terminated or expires and is not replaced by another sufficient authorisation within 30 days;
- (i) **(no litigation)** a judgement or award in an amount exceeding A\$5,000,000 (or its equivalent in any other currency) is obtained against the Issuer or a Guarantor or any of their assets and is not set aside or satisfied within 30 days unless the Issuer or the Guarantor is diligently and in good faith pursuing an appeal;
- (j) **(cessation of business)** the Issuer or any Guarantor ceases to carry on business generally and no other body corporate assumes the business of that person;
- (k) **(East Village Project practical completion)** practical completion of the East Village Project (as "practical completion" (or any comparable concept) is defined for the purposes of the East Village Construction Contract) has not been achieved within 6 months of the Date of Practical Completion; and
- (l) **(East Village Guarantee)** the East Village Owner does not become a Guarantor in accordance with Condition 5.3 ("East Village Guarantee") within 6 months of the Date of Practical Completion.

12.2 Consequences of an Event of Default

If an Event of Default occurs and continues unremedied in relation to the Notes, then a Noteholder or the Note Trustee (if requested in writing by a Noteholder) may declare by notice to the Issuer (with a copy to the Registrar and the Note Trustee (if notice is given by a Noteholder)) that each Note held by it is (or if the Note Trustee has given the declaration, all Notes are) to be redeemed by the Issuer paying to the Noteholder the applicable redemption amount for the Note (together with any accrued interest) in which case those amounts become immediately due and payable.

12.3 Notification

If an Event of Default occurs, the Issuer must promptly (and in any event within 5 days) after becoming aware of it notify the Note Trustee, the Security Trustee, the Registrar and the Noteholders of the occurrence of the Event of Default (specifying details of it).

12.4 Enforcement

- (a) Subject to Condition (c), at any time after the occurrence of an Event of Default, the Note Trustee may, either at its discretion or pursuant to a direction of Noteholders in accordance with paragraph (c)(i) below and, in either case, without further notice, institute such proceedings and/or take such other action as it may think fit against or in relation to the Issuer to enforce the Issuer's obligations under the Notes. The Issuer shall, as a result of the bringing of any such proceedings, be obliged to pay any sums representing or measured by reference to principal or interest on the Notes sooner than the same would otherwise have been payable by it.
- (b) Without prejudice to Condition (a) but subject to Condition (c), if the Issuer breaches any of its obligations under the Note Trust Deed, the Note Trustee may, either at its discretion or pursuant to a direction of Noteholders in accordance with paragraph (c)(i) below and, in either case, without further notice, bring such proceedings as it may think fit to enforce such obligations.
- (c) Unless the Note Trustee, acting reasonably, forms the view that immediate steps must be taken to protect the Noteholders' interests or to enforce the Issuer's obligations under the Notes, it must not take any of the actions referred to in paragraphs (a) or (b) above to enforce the obligations of the Issuer in respect of the Notes or take any other enforcement action pursuant to or in connection with the Note Trust Deed or the Notes unless:
 - (i) it shall have been so requested in writing by Noteholders who hold in aggregate 25% or more of the outstanding principal amount of all Notes then outstanding; and
 - (ii) it shall have been indemnified to its satisfaction in accordance with the terms of the Note Trust Deed.

If, prior to acting on a direction received pursuant to paragraph (a), the Note Trustee receives further directions to take any action pursuant to this paragraph (c)(i) that are, in its reasonable opinion, materially inconsistent or conflicting in any material respect with the initial directions, the Note Trustee must call a meeting of Noteholders in accordance with the terms of these Conditions, the Note Trust Deed and the Meeting Provisions in order to resolve the inconsistency or conflict and shall act in accordance with any resolutions passed at that meeting or in accordance with any direction by Noteholders who hold in aggregate 50% or more of the outstanding principal amount of all Notes then outstanding.

- (d) No Noteholder is entitled to proceed directly against the Issuer to enforce any right or remedy under or in respect of any Note, the Note Trust Deed or the Security Trust Deed unless expressly entitled to do so under these Conditions, the Note Trust Deed, the Security Trust Deed or the Note Trustee or the Security Trustee, having become bound to proceed, fails to do so within five days from the date that the Note Trustee is notified by a Noteholder of the failure, and such failure is continuing.

13. Agents

13.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust with any Noteholder.

13.2 Appointment and replacement of Agents

Each initial Agent for a series of Notes is specified in the Pricing Supplement. Subject to Condition 13.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

13.3 Change of Agent

The Issuer (or the Agent on its behalf) must notify the Note Trustee and the Noteholders if there is any change in the identity of any Agent or any Agent's Specified Office.

13.4 Required Agents

The Issuer must at all times maintain a Registrar, Issuing & Paying Agent and Calculation Agent.

14. Meetings of Noteholders

The Meeting Provisions contain provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including any variation of these Conditions.

15. Variation

15.1 Variation with consent

Unless Condition 15.2 ("Variation without consent") applies, any Note may be varied by the Issuer and the Noteholders of the series in accordance with the Meeting Provisions.

15.2 Variation without consent

Any Condition may be amended by the Issuer with the consent of the Note Trustee (not to be unreasonably withheld or delayed) but without the consent of the Noteholders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error; or
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision,

provided that, in all cases, in the reasonable opinion of the Issuer and the Note Trustee, such amendment is not materially prejudicial to the interests of the Noteholders.

16. Further issues of Notes

The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same conditions as the Notes of the series in all respects (or in all respects except for the first payment of interest, if any, on them) so as to form a single series with any existing Notes.

17. Notices

17.1 Notices to Noteholders

All notices and other communications to Noteholders must be in writing and must be sent by prepaid post (airmail, if appropriate) to or left at the address of the Noteholder (as shown in the Register at close of on the day which is 3 Business Days before the date of the notice or communication) and may also be given by an advertisement published in *The Australian Financial Review* or *The Australian*.

17.2 Notices to the Issuer, the Note Trustee, the Security Trustee and the Agents

All notices and other communications to the Issuer, the Note Trustee, the Security Trustee or an Agent must be in writing and may sent by prepaid post (airmail, if appropriate) to or left at the Specified Office of the Issuer, the Note Trustee, the Security Trustee or the Agent.

17.3 Receipt - publication in newspaper

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers.

17.4 Deemed receipt - postal

If sent by post, notices or other communications are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).

17.5 Deemed receipt - general

Despite Condition 17.4 ("Deemed receipt - postal"), if notices or other communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

18. Governing law

18.1 Governing law

These Conditions are governed by the law in force in New South Wales, Australia.

18.2 Jurisdiction

The Issuer irrevocably and unconditionally submits and each Noteholder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to any actions or proceedings ("**Proceedings**") being brought in those courts including, without limitation, by claiming that the Proceedings have been brought in an inconvenient forum or that those courts do not have jurisdiction.

18.3 Serving documents

Without preventing any other method of service, any document in any Proceedings (including, without limitation any writ of summons or other originating process or any third or other party notice) may be served on the Issuer by being delivered or left at the Specified Office of the Issuer or otherwise at the Issuer's registered office or principal place of business.