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Australia Bank Limited, Commonwealth Bank of Australia, SMBC Nikko Capital Markets Limited and Westpac Banking Corporation.

National Australia Bank Limited as Arranger and Joint Lead Manager, Commonwealth Bank of Australia as Joint Lead Manager, SMBC Nikko Capital Markets Limited as Joint Lead Manager and Westpac Banking Corporation as Joint Lead Manager have no responsibility to or liability for and do not owe any duty to any person who purchases or intends to purchase Notes in respect of this transaction, including without limitation in respect of the preparation and due execution of the Transaction Documents.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Series 2018-1 REDS Trust

Information Memorandum

Mortgage Backed Pass-Through Floating Rate Securities

A\$920,000,000

CLASS A1 NOTES

Provisional Rating

"AAA(sf)" by Standard & Poor's (Australia) Pty Limited ABN 62 007 324 852 and

"AAAsf" by Fitch Australia Pty Ltd ABN 93 081 339 184

A\$26,000,000

CLASS A2 NOTES

Provisional Rating

"AAA(sf)" by Standard & Poor's (Australia) Pty Limited ABN 62 007 324 852

"AAAsf" by Fitch Australia Pty Ltd ABN 93 081 339 184

A\$9,400,000

CLASS AB NOTES

Provisional Rating

"AAA(sf)" by Standard & Poor's (Australia) Pty Limited ABN 62 007 324 852

A\$17,800,000

CLASS B NOTES

Provisional Rating

"AA(sf)" by Standard & Poor's (Australia) Pty Limited ABN 62 007 324 852

A\$13,400,000

CLASS C NOTES

Provisional Rating

"A(sf)" by Standard & Poor's (Australia) Pty Limited ABN 62 007 324 852

A\$6,200,000

CLASS D NOTES

Provisional Rating

"BBB(sf)" by Standard & Poor's (Australia) Pty Limited ABN 62 007 324 852

A\$7,200,000

CLASS E NOTES

Unrated

NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937

Arranger, Class A1 Notes Joint Lead Manager and Lead Manager

**COMMONWEALTH BANK
OF AUSTRALIA
ABN 48 123 123 124**

**NATIONAL AUSTRALIA
BANK LIMITED
ABN 12 004 044 937**

**SMBC NIKKO CAPITAL
MARKETS LIMITED
ABN 13 155 365 567**

**WESTPAC BANKING
CORPORATION
ABN 33 007 457 141**
Class A1 Notes Joint Lead Managers

AND

BANK OF QUEENSLAND LIMITED ABN 32 009 656 740
Sponsor

31 May 2018

No Guarantee

None of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes nor the Class A1-R Notes (if issued) (the **Notes**) represent deposits or other liabilities of Bank of Queensland Limited ABN 32 009 656 740 (**Bank of Queensland**), National Australia Bank Limited ABN 12 004 044 937 (**NAB**), Commonwealth Bank of Australia ABN 48 123 123 124 (**CBA**), SMBC Nikko Capital Markets Limited ABN 13 155 365 567 (**SMBC Nikko**), Westpac Banking Corporation ABN 33 007 457 141 (**Westpac**) or any of their associated entities.

None of Bank of Queensland, B.Q.L. Management Pty Ltd ABN 87 081 052 342 (the **Manager**), NAB, CBA, SMBC Nikko, Westpac, Perpetual Trustee Company Limited ABN 42 000 001 007 (in its corporate capacity or as trustee of any trust) (**PTCL**), P.T. Limited ABN 67 004 454 666 (in its corporate capacity or as trustee of any trust) (**PTL**) or any of their associated entities guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the Assets of the Series Trust.

In addition, none of the obligations of the Manager are guaranteed in any way by Bank of Queensland, NAB, CBA, SMBC Nikko, Westpac or any of their associated entities and no party guarantees in any way performance of any other party.

The Notes are subject to Investment Risk

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

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1. Important Notice

1.1 Terms

References in this Information Memorandum to various documents are explained in Section 15. Unless defined elsewhere, all other terms are defined in the Glossary in Section 16. Sections 15 and 16 should be referred to in conjunction with any review of this Information Memorandum.

1.2 Purpose

This Information Memorandum relates solely to a proposed issue of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (the **Offered Notes**) by Perpetual Trustee Company Limited ABN 42 000 001 007 in its capacity as trustee of the Series 2018-1 REDS Trust (the **Trustee**). The sole purpose of this Information Memorandum is to assist the recipient to decide whether to proceed with a further investigation regarding whether it should invest in the Offered Notes. This Information Memorandum does not relate to, and is not relevant for, any other purpose. In particular, but without limiting the generality of the foregoing, nothing in this Information Memorandum should be construed as constituting an offer to subscribe for or purchase or an invitation to subscribe for or buy any Class A1-R Notes.

1.3 Summary only

This Information Memorandum is only a summary of the terms and conditions of the Notes and the Series Trust and is to assist each recipient to decide whether it will undertake its own further independent investigation of the Offered Notes. This Information Memorandum does not purport to contain all the information a person considering subscribing for or purchasing the Offered Notes may require. Accordingly, this Information Memorandum should not be relied upon by intending subscribers or purchasers of the Offered Notes. Instead, the definitive terms and conditions of the Offered Notes and the Series Trust are contained in the Transaction Documents which should be reviewed by intending subscribers or purchasers of the Offered Notes. If there is any inconsistency between this Information Memorandum and the Transaction Documents, the Transaction Documents should be regarded as containing the definitive information. A copy of the Transaction Documents (other than the Dealer Agreement) may be inspected by intending subscribers or purchasers of the Offered Notes, on the conditions contained in Section 15, at the offices of the Trustee referred to in the Directory at the back of this Information Memorandum.

This Information Memorandum should not be construed as an offer or invitation to any person to subscribe for or buy the Offered Notes and must not be relied upon by intending subscribers or purchasers of the Offered Notes.

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

1.4 Limited Responsibility for Information

The Manager has prepared and authorised the distribution of this Information Memorandum and has accepted sole responsibility for the information contained in it except for Section 7 which has been prepared and authorised by Bank of Queensland.

None of Bank of Queensland (except for Sections 7.2 and 7.3), the Trustee (except for Section 7.1), the Security Trustee, NAB (in any capacity), CBA, SMBC Nikko or Westpac have authorised, caused the issue of, or have (and expressly disclaim) any responsibility for, or made any statement in, any part of this Information Memorandum. Furthermore, neither the Trustee nor the Security Trustee has had any involvement in the preparation of any part of this Information Memorandum (other than where parts of this Information Memorandum contain particular references to PTCL or PTL in their corporate capacity).

Whilst the Manager believes the statements made in this Information Memorandum are accurate, neither it nor Bank of Queensland, PTCL, PTL, NAB (in any capacity), CBA, SMBC Nikko, Westpac nor any external adviser to any of the foregoing makes any representation or warranty, express or implied, as to, nor assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation.

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

- (a) not relied on any of the persons referred to in this Information Memorandum nor on any person affiliated with such persons in connection with their investigation of the accuracy of such information, other than in respect of sections of this Information Memorandum for which such persons expressly assume responsibility; and
- (b) been afforded an opportunity to request and to review, and have received and reviewed, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information in this Information Memorandum.

1.5 Date of this Information Memorandum

This Information Memorandum has been prepared as at 31 May 2018 (the **Preparation Date**), based upon information available, and the facts and circumstances known, to the Manager (or, in the case of Sections 7.2 and 7.3, Bank of Queensland) at that time.

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

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

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

None of the Manager, Bank of Queensland, PTCL, PTL nor any other person accepts any responsibility to the Noteholders or prospective Noteholders to update this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

1.6 Independent Investment Decisions

This Information Memorandum is not intended to be, and does not constitute, a recommendation, offer or invitation by the Manager, Bank of Queensland, PTCL, PTL, NAB (in any capacity), CBA, SMBC Nikko or Westpac that any person subscribe for or purchase any Offered Notes. Accordingly, any person contemplating the subscription or purchase of the Offered Notes must:

- (a) make their own independent investigation (with particular reference to their own investment objectives and experience) of the terms of the Offered Notes (including reviewing the Transaction Documents) and the financial condition, affairs and creditworthiness of the Trustee and the Series Trust, after taking all appropriate legal, tax, accounting and other advice from qualified professional persons; and

- (b) base (and will be deemed to base) any investment decision on the investigation and advice referred to in paragraph (a) and not on this Information Memorandum or any other information or material supplied in connection with the Offered Notes.

1.7 Authorised Information

No person is authorised to give any information or to make any representation which is not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of the Manager, Bank of Queensland, PTCL, PTL, NAB (in any capacity), CBA, SMBC Nikko, Westpac or any other person referred to in this Information Memorandum.

1.8 Distribution

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

The distribution of this Information Memorandum and the offering or invitation to subscribe for or buy the Offered Notes in certain jurisdictions may be restricted by law. No action has been taken or will be taken which would permit the distribution of this Information Memorandum or the offer or invitation to subscribe for or buy the Offered Notes in any jurisdiction where action for that purpose is required.

1.9 Issue Not Requiring Disclosure to Investors under the Corporations Act

This Information Memorandum is not a "Prospectus", an "Offer Information Statement" or a "Product Disclosure Statement" for the purposes of the Corporations Act 2001 (Cth) (the **Corporations Act**) and is not required to be lodged with the Australian Securities and Investments Commission (**ASIC**) under the Corporations Act as each offer for the issue, any invitation to apply for the issue, and any offer for sale of, and any invitation for offers to purchase, the Offered Notes to a person under this Information Memorandum:

- (a) will be for a minimum amount payable by each person on acceptance of the offer or application (as the case may be) of at least \$500,000 (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001) (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates); or
- (b) does not otherwise require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act and is not made to a Retail Client.

A person may not (directly or indirectly) offer for issue or sale, or make any invitation to apply for the issue or to purchase, the Offered Notes, nor distribute this Information Memorandum except if the offer or invitation:

- (a) does not need disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act;
- (b) is not made to a Retail Client; and
- (c) complies with any other applicable laws, regulations and directives in all jurisdictions in which the offer or invitation is made.

1.10 Offshore Associates Not to Acquire Notes

Under present law, the Offered Notes will not be subject to withholding tax if they are issued in accordance with prescribed conditions set out in section 128F of the Tax Act and they are not acquired directly or indirectly by Offshore Associates of the Trustee or Bank of Queensland, subject to certain exceptions.

Accordingly, the Notes must not be acquired by any Offshore Associate of the Trustee or Bank of Queensland.

1.11 Disclosure of Interests

Each of Bank of Queensland, the Manager, NAB, CBA, SMBC Nikko and Westpac discloses that it and its respective affiliates, directors and employees:

- (a) may have a pecuniary or other interest in the Notes; and
- (b) may receive fees, brokerage and/or commissions, and may act as principal, in any dealings in the Notes.

These interests and dealings may adversely affect the price of the Notes.

Each of the Arranger, each Class A1 Notes Joint Lead Manager, the Lead Manager and Perpetual Trustee Company Limited (other than in its capacity as trustee of the Series Trust) (the **Transaction Parties**) discloses that, in addition to the arrangements and interests it will or may have with respect to the Manager, Bank of Queensland, the Servicer, PTCL or PTL (together, the **Group**) as described in this Information Memorandum (the **Transaction Document Interests**), it, its respective Related Entities, directors, officers and employees:

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

together, the **Note Interests**.

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

- (a) each of the Transaction Parties and each of their Related Entities, directors, officers and employees (each a **Relevant Entity**) will or may have the Transaction Document Interests and may from time to time have the Note Interests and is, or from time to time may be, involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research (the **Other Transactions**) in various capacities in respect of any member of the Group or any other person, both on the Relevant Entity's own account and for the account of other persons (the **Other Transaction Interests**);
- (b) each Relevant Entity in the course of its business (whether with respect to the Transaction Document Interests, the Note Interests, the Other Transaction Interests or otherwise) may act independently of any other Relevant Entity;
- (c) to the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of any member of the Group and the Notes are limited to the contractual obligations of the Transaction Parties to the relevant members of the Group as set out in the Transaction Documents and, in particular, no advisory or fiduciary duty is owed to any person;
- (d) a Relevant Entity may have or come into possession of information not contained in this Information Memorandum that may be relevant to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors (**Relevant Information**);
- (e) to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to any member of the Group or to any potential investor and this Information Memorandum and any subsequent conduct by a

Relevant Entity should not be construed as implying that the Relevant Entity is not in possession of such Relevant Information; and

- (f) each Relevant Entity may have various potential and actual conflicts of interest arising in the course of its business, including in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests. For example, the exercise of rights against a member of the Group arising from the Transaction Document Interests (for example, by a joint lead manager) or from an Other Transaction may affect the ability of the Group member to perform its obligations in respect of the Notes. In addition, the existence of a Transaction Document Interest or Other Transaction Interest may affect how a Relevant Entity in another capacity (for example, as a Noteholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of the Group or a Noteholder, and the Group or a Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Entity is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders or the Group, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

1.12 Limited Recovery

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

None of Bank of Queensland, the Manager, NAB (in any capacity), CBA, SMBC Nikko, Westpac, PTCL, PTL or any member of the Bank of Queensland, NAB, CBA, SMBC Nikko, Westpac, PTCL or PTL groups or their affiliates guarantees the success of the Notes issued by the Trustee or the repayment of capital or any particular rate of capital or income return in respect of the investment by Noteholders in the Notes, nor do they make any statement, including, without limitation, any representation with respect to income tax or other taxation consequences of any subscription, purchase or holding of the Notes or the receipt of any amounts thereunder.

1.13 References to Ratings

There are various references in this Information Memorandum to the credit rating of the Notes and of particular parties. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by each Rating Agency. In addition, the provisional rating of the Notes does not address the expected timing of principal repayments under the Notes. Other than Section 3, the Rating Agencies have not been involved in the preparation of this Information Memorandum.

Credit ratings in respect of the Rated Notes are for distribution only to persons who are not Retail Clients and are also sophisticated, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 or Part 7.9 of the Corporations Act and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.

1.14 Australian Financial Services Licence

Perpetual Trustee Company Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act 2001 of Australia (Australian Financial Services Licence No. 236643). Perpetual

Trustee Company Limited has appointed P.T. Limited (Authorised Representative No. 266797) to act as its authorised representative under that licence.

1.15 Listing

The Manager may, in its absolute discretion, lodge an application for the listing of the Class A1 Notes on the Australian Securities Exchange. However, it is wholly at the discretion of the Australian Securities Exchange whether to accept the application to list the Class A1 Notes. Any such listing is subject to the Australian Securities Exchange Listing Rules and the Australian Securities Exchange Market Rules and may be subject to any other conditions imposed by the Australian Securities Exchange.

2. Summary of the Issue

2.1 Summary Only

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

2.2 The REDS Programme

Bank of Queensland established a securitisation programme known as the REDS programme in February 1998 pursuant to the Master Trust Deed for the purpose of enabling the Trustee to issue debt instruments and to apply the proceeds of those debt instruments to invest in assets originated from time to time by the Bank of Queensland group. The Master Trust Deed provides for the creation of an unlimited number of series trusts. Each series trust is a separate and distinct trust fund and is created pursuant to the Master Trust Deed, a trust creation deed and a series supplement establishing specific provisions of the relevant series trust and the instruments to be issued by that series trust. Multiple classes of notes may be issued by the Trustee in relation to each series trust that differ amongst themselves as to, among other things, currency of denomination and payment, priority of repayment and credit risk.

2.3 Series 2018-1 REDS Trust

The detailed terms of the Series Trust are set out in the Master Trust Deed, the Trust Creation Deed, the Series Supplement and the Security Trust Deed.

The Master Trust Deed establishes the general framework under which series trusts may be established from time to time. It does not actually establish any trusts. To establish a trust, the Trustee and the Manager must execute a trust creation deed which, in the case of the Series Trust, was created on 16 May 2018.

The Series Supplement sets out (among other things) various representations and undertakings of the parties specific to the Housing Loans, which are additional to those in the Master Trust Deed, and amends the Master Trust Deed to the extent necessary to give effect to the specific aspects of the Series Trust and the issue of the Notes. The Master Trust Deed, the Trust Creation Deed and the Series Supplement should therefore be read together when determining the rights, powers and obligations of the Trustee, the Manager and the Seller in relation to the Series Trust.

The proceeds of the issue of the Notes will fund the acquisition by the Series Trust of a pool of Housing Loans originated by the Seller.

2.4 General Information regarding the Notes

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

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

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

For the purposes of this Information Memorandum, the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are referred to as the **Offered Notes**.

For the purposes of this Information Memorandum, the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes are referred to as the **Rated Notes**.

Prior to enforcement of the Security under the Security Trust Deed, the Class

A1 Notes or the Class A1-R Notes, as the case may be, will rank *pari passu* and rateably between themselves and ahead of the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for payment of Coupon. The Class A2 Notes will rank *pari passu* and rateably between themselves and ahead of the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for payment of Coupon. The Class AB Notes will rank *pari passu* and rateably between themselves and ahead of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for payment of Coupon. The Class B Notes will rank *pari passu* and rateably between themselves and ahead of the Class C Notes, the Class D Notes and the Class E Notes for payment of Coupon. The Class C Notes will rank *pari passu* and rateably between themselves and ahead of the Class D Notes and the Class E Notes for payment of Coupon. The Class D Notes will rank *pari passu* and rateably between themselves and ahead of the Class E Notes for payment of Coupon.

Prior to enforcement of the Security under the Security Trust Deed and if the Subordination Conditions are not satisfied, the Class A1 Notes or the Class A1-R Notes, as the case may be, will rank *pari passu* and rateably between themselves and ahead of the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for repayment or allocation of principal. The Class A2 Notes will rank *pari passu* and rateably between themselves in respect of repayment of principal and ahead of the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The Class AB Notes will rank *pari passu* and rateably between themselves in respect of repayment of principal and ahead of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The Class B Notes will rank *pari passu* and rateably between themselves in respect of repayment of principal and ahead of the Class C Notes, the Class D Notes and the Class E Notes. The Class C Notes will rank *pari passu* and rateably between themselves in respect of repayment of principal and ahead of the Class D Notes and the Class E Notes. The Class D Notes will rank *pari passu* and rateably between themselves in respect of repayment of principal and ahead of the Class E Notes.

Prior to enforcement of the Security under the Security Trust Deed and if the Subordination Conditions are satisfied, the Class A1 Notes or the Class A1-R Notes, as the case may be, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will rank *pari passu* and rateably for repayment or allocation of principal.

On the Class A1 Scheduled Maturity Date, the Trustee may issue Class A1-R Notes in accordance with the Transaction Documents to redeem the Class A1 Notes.

Further details on the redemption of the Class A1 Notes on the Class A1 Scheduled Maturity Date are contained in Section 9.5.8.

Cut-Off Date:	24 May 2018.
Pricing Date:	On or about 24 May 2018, or such other date that the Manager, the Class A1 Notes Joint Lead Managers and the Lead Manager agree.
Closing Date:	Subject to the satisfaction of certain conditions precedent, on or about 31 May 2018.
Record Date:	The day which is one Business Day before each Determination Date.
Determination Date:	The day which is three Business Days before each Distribution Date.

Distribution Date:	The 16th day of each month (or if such day is not a Business Day, the next Business Day).
Maturity Date:	The Distribution Date occurring in July 2049.
Aggregate of the Invested Amounts of the Class A1 Notes on the Closing Date:	A\$920,000,000
Aggregate of the Invested Amounts of the Class A2 Notes on the Closing Date:	A\$26,000,000
Aggregate of the Invested Amounts of the Class AB Notes on the Closing Date:	A\$9,400,000
Aggregate of the Invested Amounts of the Class B Notes on the Closing Date:	A\$17,800,000
Aggregate of the Invested Amounts of the Class C Notes on the Closing Date:	A\$13,400,000
Aggregate of the Invested Amounts of the Class D Notes on the Closing Date:	A\$6,200,000
Aggregate of the Invested Amounts of the Class E Notes on the Closing Date:	A\$7,200,000
Denomination:	Each Note has a denomination of \$1,000. The Notes will be issued in minimum parcels of \$500,000.
Issue Price:	The Notes will be issued at par value.
Rating:	It is expected that the Class A1 Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, the Class A2 Notes will be rated AAA(sf) by S&P and AAAsf by Fitch, the Class AB Notes will be rated AAA(sf) by S&P only and will not be rated by Fitch, the Class B Notes will be rated AA(sf) by S&P only and will not be rated by Fitch, the Class C Notes will be rated A(sf) by S&P and will not be rated by Fitch, the Class D Notes will be rated BBB(sf) by S&P and will not be rated by Fitch and the Class E Notes will not be rated by S&P or Fitch.
Arranger:	NAB
Class A1 Notes Joint Lead Managers:	NAB, CBA, SMBC Nikko and Westpac as joint lead managers in respect of the Class A1 Notes.

Lead Manager: NAB as sole lead manager in respect of the Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes.

Listing: The Manager may, in its absolute discretion, lodge an application for the listing of the Class A1 Notes on the Australian Securities Exchange. However, it is wholly at the discretion of the Australian Securities Exchange whether to accept the application to list the Class A1 Notes. Any such listing is subject to the Australian Securities Exchange Listing Rules and the Australian Securities Exchange Market Rules and may be subject to any other conditions imposed by the Australian Securities Exchange.

2.5 Coupon on the Notes

Calculation of Coupon on the Notes: Coupon on the Notes for each Coupon Period will be calculated based on the aggregate of the Bank Bill Rate on the first day of that Coupon Period plus the applicable Margin for the relevant class or sub-class of Notes.

The Margins for the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be determined on the Pricing Date by agreement between the Manager and the Class A1 Notes Joint Lead Managers and the Lead Manager. The Margin for the Class A1-R Notes, if issued, will be determined on the Class A1 Scheduled Maturity Date in accordance with Section 9.5.9.

An additional margin of 0.25% per annum will also be payable on the Class A1-R Notes (if any) and the Class A2 Notes in respect of each Coupon Period that begins on or after the first date (the **Call Date**) on which the aggregate principal amount outstanding on the Housing Loans, when expressed as a percentage of the aggregate principal amount outstanding on the Housing Loans as at the Closing Date, is below 10%, as determined by the Manager. No additional margin will be payable on the Class A1 Notes (if any remain outstanding), the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

If the Class A1 Notes have not been redeemed on the Distribution Date occurring in June 2023, the margin payable on the Class A1 Notes will step up by 0.25% per annum.

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

Payment of Coupon on the Notes: Commencing 16 July 2018, subject to there being sufficient funds for this purpose, Noteholders as of record on the Record Date immediately preceding a Distribution Date will be entitled to receive payments of Coupon on the Notes monthly in arrears on that Distribution Date.

For further details on payment of Coupon on the Notes, see Sections 4.2.5 and 9.4.5.

2.6 Repayment of Principal on the Notes

Repayment of Principal: To the extent that Principal Collections are sufficient for this purpose (see Section 9.5), repayments of principal on the Notes will be made on each Distribution Date to Noteholders as of record on the immediately preceding Record Date.

The available principal will be distributed as follows:

- (a) if on a Determination Date, the Subordination Conditions are satisfied on that Determination Date, as determined by the Manager, the available principal will be distributed *pari passu* and rateably amongst the Class A1 Notes or the Class A1-R Notes, as the case may be, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes until the Stated Amount of the Class A1 Notes or the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are reduced to zero (see Sections 9.5.3 and 9.5.4).
- (b) if on a Determination Date, the Subordination Conditions are not satisfied on that Determination Date, as determined by the Manager, the available principal will be distributed first, *pari passu* and rateably amongst, if any Class A1 Notes remain outstanding, the Class A1 Notes until the Stated Amount of the Class A1 Notes is reduced to zero or, if any Class A1-R Notes remain outstanding, the Class A1-R Notes until the Stated Amount of the Class A1-R Notes is reduced to zero, second, amongst the Class A2 Notes until the Stated Amount of the Class A2 Notes is reduced to zero, third, amongst the Class AB Notes until the Stated Amount of the Class AB Notes is reduced to zero, fourth, amongst the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero, fifth, amongst the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero, sixth, amongst the Class D Notes until the Stated Amount of the Class D Notes is reduced to zero and seventh, amongst the Class E Notes until the Stated Amount of the Class E Notes is reduced to zero (see Sections 9.5.3 and 9.5.4).

**Clean-Up
Extinguishment:**

and On any Distribution Date occurring on or after the Call Date, the Seller may exercise its rights under the Clean-Up and Extinguishment by repurchasing the remaining Housing Loans.

The repurchase price (if the Seller elects to repurchase the remaining Housing Loans) (the **Clean-Up Settlement Price**) will be their Fair Market Value. If the Clean-Up Settlement Price is insufficient to ensure the Noteholders will receive the aggregate of the Invested Amount of the Notes and the Coupon payable on the Notes, the repurchase will be subject to approval by way of an Extraordinary **Resolution** of all of the Noteholders (being either a resolution passed at a meeting of Noteholders by a majority consisting of not less than 75% of the Noteholders present and voting at such meeting or a written resolution signed by all Noteholders) or where the Stated Amount of one or more classes of Notes is less than the then Invested Amount of those classes of Notes, the prior written consent of each of the Noteholders of such classes of Notes. Further details on the Clean-Up and Extinguishment are contained in Section 12.2.9.

Call Option:

On any Distribution Date occurring on or after the Call Date, the Trustee may, on the direction of the Manager (and after it has given five Business Days' notice to the Noteholders), redeem all of the Notes on that Distribution Date.

If the Call Option is not exercised, the Class A1-R Noteholders (if any) and the Class A2 Noteholders will be entitled to receive an additional margin as described in Section 2.5.

Further details on the Call Option are contained in Section 4.3.4

Transfer of Housing Loans to another REDS Trust:

If the aggregate principal amount outstanding on the Housing Loans is on the last day of a Monthly Period, when expressed as a percentage of the aggregate principal amount outstanding on the Housing Loans as at the Closing Date, below 10%, a transfer to another Series Trust (as defined in the Master Trust Deed) of some or all of the remaining Housing Loans may occur on a date nominated by the Manager (the **Assignment Date**). The transfer price of those Housing Loans (if the Manager directs the Trustee to transfer those Housing Loans) will be the sum of:

- (a) the aggregate principal amount outstanding on those Housing Loans as at the cut-off date specified in the Transfer Proposal for that transfer (the **Transfer Amount**); and
- (b) the Adjustment Advance in respect of those Housing Loans.

If the aggregate of the amounts referred to in paragraphs (a) and (b) is insufficient to ensure the Noteholders will receive the aggregate of the Invested Amount of the Notes and any accrued but unpaid Coupon payable on the Notes, the transfer can be effected for a transfer price equal to the Stated Amount of the Notes and Coupon payable with the approval of all of the Noteholders by way of an Extraordinary Resolution. Further details on such a transfer of Housing Loans are contained in Section 12.2.12.

2.7

The Housing Loans

Purchase of Housing Loans:

On the Closing Date, the Trustee will use the proceeds from the issue of the Notes to purchase a pool of housing loans (the **Housing Loans**) and related mortgages and collateral securities. These Housing Loans will be purchased from the Bank of Queensland.

The purchase price for the Housing Loans will be equal to the total principal amount outstanding as at the Cut-Off Date in respect of the purchased Housing Loans together with an Accrued Interest Adjustment in respect of the purchased Housing Loans.

For further details on the Accrued Interest Adjustment, see Section 9.4.4.

The Housing Loans are required, generally, to be secured by a registered first ranking mortgage over Australian residential property. Further details in relation to the Housing Loans are contained in Section 7.

Assignment of Housing Loans:

The Housing Loans and related mortgages and collateral securities will be initially assigned to the Trustee in equity. If a Perfection of Title Event occurs under the Series Supplement the Trustee may be required to take certain actions to perfect its legal title to the Housing Loans and related mortgages and collateral securities. For further details on perfection of title, see Section 12.2.11.

Custody of Housing Loan Documents:

Unless the Manager has issued a Rating Affirmation Notice confirming that the Seller being the initial custodian of the Housing Loan Documents will not prevent the Notes being given the relevant ratings (in which case the Seller will hold custody of the underlying Housing Loan Documents on behalf of the Trustee from the Closing Date), the Seller must transfer custody of the underlying Housing Loan Documents to the Trustee at least five Business Days prior to the Closing Date (or such other time as is agreed between the Trustee, the Rating Agencies and the Manager). The Seller may be appointed as custodian of the Housing Loan Documents after the Closing

Date in the circumstances set out in Section 13.1. The Seller may appoint a Custodial Delegate as custodian of the Housing Loan Documents. For further details on custody of the Housing Loan Documents, see Section 13.1.

Servicing:

The Seller has been appointed as the initial Servicer under the Series Supplement. For further details on the Servicer, see Section 8.6 and 12.5.

Collections:

The Trustee will be entitled to all Collections received in respect of:

- (a) principal received on the Housing Loans, from the Cut-Off Date; and
- (b) interest received on the Housing Loans from the Closing Date.

Moneys due by borrowers under the terms of the Housing Loans will be collected by the Servicer on behalf of the Trustee.

Whilst the Collections Account is permitted to be maintained with the Servicer (see Section 2.8), the Servicer may retain the Collections it receives in respect of a Monthly Period until one Business Day before the next following Distribution Date (the **Transfer Date**), when it must deposit them into the Collections Account together with, in certain circumstances, interest earned on those Collections during the period they are held by the Servicer.

If the Collections Account is not permitted to be maintained with the Servicer (see Section 2.8) the Servicer must pay all Collections it receives into the Collections Account within 2 Business Days of receipt or, where Collections are not received by the Servicer but are otherwise payable by the Servicer or the Seller, within 2 Business Days of when they fell due for payment by the Servicer or the Seller. The Servicer may, in its sole discretion, deposit amounts into the Collections Account in prepayment of its obligations to pay Collections into the Collections Account in these circumstances. Such prepaid amounts (**Outstanding Prepayment Amounts**) are, to the extent they are standing to the credit of the Collections Account, secured to the Servicer under the Security Trust Deed (see Section 11.4.1).

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

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

2.8

Structural Features

Mortgage Insurance:

The Noteholders' first level of protection against principal and/or interest losses on the Housing Loans is provided by the respective Mortgage Insurance Policies under which the Housing Loans are insured. The Mortgage Insurance Policies cover all principal and/or interest losses incurred (if any) on each Housing Loan. For further details on the Mortgage Insurance Policies, see Section 10.

Excess Investor Revenues:

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

- (a) first, to the extent that there are any amounts remaining, to make up any Liquidity Reserve Target Shortfall by depositing such amount to the Liquidity Reserve (see Section 11.2.2);
- (b) second, to the extent that there are any amounts remaining, to reimburse the Defaulted Amounts in respect of the relevant Monthly Period (see Section 9.5.6);
- (c) third, to the extent that there are any amounts remaining, to reimburse any unreimbursed Charge-Offs in relation to the Class A1 Notes (on a *pari passu* and rateable basis amongst the Class A1 Notes) or the Class A1-R Notes (on a *pari passu* and rateable basis amongst the Class A1-R Notes) (see Section 9.6.3);
- (d) fourth, to the extent that there are any amounts remaining, to reimburse, on a *pari passu* and rateable basis, any unreimbursed Charge-Offs in relation to the Class A2 Notes (see Section 9.6.3);
- (e) fifth, to the extent that there are any amounts remaining, to reimburse, on a *pari passu* and rateable basis, any unreimbursed Charge-Offs in relation to the Class AB Notes (see Section 9.6.3);
- (f) sixth, to the extent that there are any amounts remaining, to reimburse, on a *pari passu* and rateable basis, any unreimbursed Class B Charge-Offs (see Section 9.6.3);
- (g) seventh, to the extent that there are any amounts remaining, to reimburse, on a *pari passu* and rateable basis, any unreimbursed Class C Charge-Offs (see Section 9.6.3);
- (h) eighth, to the extent that there are any amounts remaining, to reimburse, on a *pari passu* and rateable basis, any unreimbursed Class D Charge-Offs (see Section 9.6.3);
- (i) ninth, to the extent that there are any amounts remaining, to reimburse, on a *pari passu* and rateable basis, any unreimbursed Class E Charge-Offs (see Section 9.6.3);
- (j) tenth, if the Distribution Date is on or after the Call Date and the outstanding principal on the Notes is greater than zero (taking into account any payments to be made on that date), the remaining amount will be allocated to the Excess Spread Reserve (see Section 9.5.11);
- (k) eleventh, to the extent that there are any amounts remaining, to make up the Income Reserve Target Shortfall by depositing such amount to the Income Reserve (see Section 9.5.10);
- (l) twelfth, in payment to the Arranger, and the Class A1 Notes Joint Lead Managers of any amounts payable in accordance with clause 9.2 of the Dealer Agreement on that Distribution Date and any such amounts remaining unpaid from prior Distribution Dates;
- (m) thirteenth, to the extent that there are any amounts remaining, in payment to the Redraw Facility Provider of any increased

costs and/or indemnity amounts payable in accordance with the Redraw Facility Agreement on that Distribution Date and any such amounts remaining unpaid from prior Distribution Dates;

- (n) fourteenth, to the extent that there are any amounts remaining, reimburse, on a *pari passu* and rateable basis, any Subordinated Termination Payments payable to a Hedge Provider in accordance with the relevant Hedge Agreement (see Section 9.4.5); and
- (o) finally, any amount remaining will be paid to the Income Unitholder (or in accordance with its directions) to be dealt with, and held by, the Income Unitholder.

Any amount remaining will be paid to the Income Unitholder.

For a more detailed description of these cash flows, see Section 9.

Charge-Offs allocated first to Class E Notes, then to Class D Notes, then to Class C Notes, then to Class B Notes, then to Class AB Notes, then to the Class A2 Notes and finally to Class A1 Notes or Class A1-R Notes:

To the extent that there is a loss on a Housing Loan which is not satisfied by the application of Excess Investor Revenues, Charge-Offs will be allocated as follows:

- (a) first, to the Class E Notes. The amount of the loss will be allocated *pari passu* to the Class E Notes, reducing the Stated Amount of the Class E Notes until their Stated Amount is zero;
- (b) second, to the extent that there are any amounts outstanding after the application of paragraph (a), to the Class D Notes. The amount of the loss will be allocated *pari passu* to the Class D Notes, reducing the Stated Amount of the Class D Notes until their Stated Amount is zero;
- (c) third, to the extent that there are any amounts outstanding after the application of paragraphs (a) and (b), to the Class C Notes. The amount of the loss will be allocated *pari passu* to the Class C Notes, reducing the Stated Amount of the Class C Notes until their Stated Amount is zero;
- (d) fourth, to the extent that there are any amounts outstanding after the application of paragraphs (a), (b) and (c), to the Class B Notes. The amount of the loss will be allocated *pari passu* to the Class B Notes, reducing the Stated Amount of the Class B Notes until their Stated Amount is zero;
- (e) fifth, to the extent that there are any amounts outstanding after the application of paragraphs (a), (b), (c) and (d), to the Class AB Notes. The amount of the loss will be allocated *pari passu* to the Class AB Notes, reducing the Stated Amount of the Class AB Notes until their Stated Amount is zero; and
- (f) sixth, to the extent that there are any amounts outstanding after the application of paragraphs (a), (b), (c), (d) and (e), to the Class A2 Notes. The amount of the loss will be allocated *pari passu* to the Class A2 Notes, reducing the Stated Amount of the Class A2 Notes until their Stated Amount is zero; and
- (g) seventh, to the extent that there are any amounts outstanding after the application of paragraphs (a), (b), (c), (d), (e) and (f), if any Class A1 Notes remain outstanding, to the Class A1 Notes or, if any Class A1-R Notes remain outstanding, to the

Class A1-R Notes. The amount of the loss will be allocated *pari passu* to the Class A1 Noteholders reducing the Stated Amount of the Class A1 Notes until their Stated Amount is zero or *pari passu* to the Class A1-R Noteholders reducing the Stated Amount of the Class A1-R Notes until their Stated Amount is zero.

Accordingly, the Class A1 Noteholders and Class A1-R Noteholders will have the benefit of Charge-Offs against the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The Class A2 Noteholders will have the benefit of Charge-Offs against the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The Class AB Noteholders will have the benefit of Charge-Offs against the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The Class B Noteholders will have the benefit of Charge-Offs against the Class C Notes, the Class D Notes and the Class E Notes. The Class C Noteholders will have the benefit of Charge-Offs against the Class D Notes and the Class E Notes. The Class D Noteholders will have the benefit of Charge-Offs against the Class E Notes.

Collections Account:

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

- (a) the Servicer's obligations to credit to, and to repay from, in accordance with normal banking practice, moneys deposited and to be deposited to the Collections Account are supported by a standby guarantee;
- (b) the Manager has issued a Rating Affirmation Notice in relation to the Collections Account being held with the Servicer; or
- (c) the Servicer deposits sufficient collateral (the **Servicer Collateral Amount**) into an account opened in the name of the Trustee with an Eligible Depository (the **Servicer Collateral Account**) to collateralise the Servicer's obligations in respect of the Collections account.

Interest will be earned on the amount standing to the credit of the Collections Account.

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

Liquidity Account:

Reserve

On the Closing Date the Trustee, on the direction of the Manager, will deposit part of the issue proceeds of the Notes equal to 1.0% of the aggregate Invested Amount of the Notes at the Closing Date into an account separate from the Collections Account held in the name of the Trustee with an Eligible Depository (the **Liquidity Reserve Account**). Interest will be earned on the amount standing to the credit of the Liquidity Reserve Account.

On the first Distribution Date, the Manager will apply amounts standing to

the credit of the Liquidity Reserve Account towards payment of Accrued Interest Adjustment.

In addition, if a Net Liquidity Shortfall remains after applying the Principal Draw on a Determination Date, the Trustee may apply funds on deposit in the Liquidity Reserve Account to meet that Net Liquidity Shortfall.

To the extent that as a result of a Liquidity Reserve Draw the funds on deposit in the Liquidity Reserve Account on a Distribution Date fall below the Liquidity Reserve Target Balance for the related Determination Date the Trustee will, on such Distribution Date, apply Excess Investor Revenues available for that purpose on that Distribution Date to be deposited into the Liquidity Reserve Account until the Liquidity Reserve Balance equals the Liquidity Reserve Target Balance.

For further details on the Liquidity Reserve Account, see Section 11.2.

Income Reserve:

The Trustee may, in certain circumstances, be unable to meet Extraordinary Expenses from funds available to be applied for such purposes in the Series Trust. Accordingly, an Income Reserve will be established on the Closing Date, by a deposit by Bank of Queensland of an amount equal to \$150,000 (or such other amount notified by the Manager to the Trustee on or before the Closing Date) (the **Income Reserve Target Balance**) into the Collections Account, to mitigate the risk of such liquidity deficiency if such Extraordinary Expenses arise.

The Income Reserve will be held in the Collections Account and must not be withdrawn by the Trustee other than to be applied towards any Extraordinary Expenses payable on a Distribution Date or in other limited circumstances.

If there are sufficient Total Investor Revenues in a Monthly Period, the Trustee will allocate such Total Investor Revenues towards the Income Reserve to the extent required to maintain the Income Reserve Target Balance (as defined in Section 9.5.10).

For further details in relation to the Income Reserve, see Section 9.5.10.

Excess Spread Reserve:

The Trustee will establish and maintain a separate ledger in the Collections Account to be known as the Excess Spread Reserve to be applied towards any Gross Liquidity Shortfall on a Distribution Date.

Amounts will only start to be retained by the Trustee pursuant to Section 9.4.5 from Total Investor Revenues in the Excess Spread Reserve after the Call Date and only where the outstanding principal on the Notes is greater than zero.

For a more detailed description of the Excess Spread Reserve, see Section 9.5.11.

Redraw Facility:

If Adjusted Principal Collections for a Monthly Period are insufficient to fully reimburse the Seller for Redraws made during that Monthly Period, the Trustee may be able to request an advance from the Redraw Facility Provider under the Redraw Facility up to a total aggregate amount equal to the Unutilised Redraw Facility Amount, being \$1,000,000 as at the Closing Date. The provision of the Redraw Facility will be subject to normal credit criteria and a market rate of interest will be charged.

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

Bank of Queensland will be the initial Redraw Facility Provider.

For further details on the Redraw Facility, see Section 11.3.

Hedge Agreement:

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

Bank of Queensland will be the initial Hedge Provider for the Basis Swap and the Fixed Rate Swap.

National Australia Bank Limited ABN 12 004 044 937 (**NAB**) will act as the Standby Swap Provider in respect of the Fixed Rate Swap. In certain circumstances this role will require NAB to assume the rights and obligations of Bank of Queensland as Hedge Provider under the Fixed Rate Swap.

The Basis Swap and the Fixed Rate Swap will each be governed by the terms of a Hedge Agreement to which the Trustee, the Manager, Bank of Queensland and the Standby Swap Provider are parties.

For further details in relation to the Basis Swap and the Fixed Rate Swap, see Section 11.1

**Threshold
Rate:**

Mortgage

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

On each Determination Date the Manager must determine the rate that is the minimum interest rate required to be set on Housing Loans which are subject to a variable rate, in order to cover, together with amounts to be received in respect of fixed rate Housing Loans, the Total Expenses of the Series Trust plus a margin of 0.10% (the Threshold Mortgage Rate) and notify that rate to the Trustee, the Seller and the Servicer on or prior to the following Distribution Date.

For further details, see Sections 8.6.10 and 11.1.2

Security Trust Deed:

The obligations of the Trustee in respect of the Notes (among other obligations) are secured by a security interest granted by the Trustee over the Assets of the Series Trust in favour of the Security Trustee pursuant to the Security Trust Deed. The Security Trust Deed and the order of priority in which the proceeds of enforcement of the Security are to be applied are described in Section 11.4.

2.9

Further Information

Transfer:

Following their issue, the Notes may (unless lodged with Austraclear) only be purchased or sold by execution and registration of a Note Transfer. For further details, see Sections 4.8 and 4.10.

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

- (a) does not require disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) is not made to a Retail Client; and
- (c) complies with all applicable laws, regulations and directives in

any jurisdictions in which the offer or invitation is made; and

- (d) is in accordance with the listing and market rules of any exchange on which the Notes are listed or quoted as such rules apply to the Notes.

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

Stamp Duty: The Manager has received advice that none of the issue, the transfer or redemption of the Notes will currently attract stamp duty in any jurisdiction of Australia. For further details, see Section 14.1.9.

Withholding Tax and TFNs: Payments of principal and interest on the Notes will be reduced by any applicable withholding taxes (including any FATCA Withholding). The Trustee is not obligated to pay any additional amounts to the Noteholders to cover any withholding taxes. Under present law, the Offered Notes will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Tax Act. The Class A1 Notes Joint Lead Managers and the Lead Manager have agreed with the Trustee to offer the Offered Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied and all Offered Notes having the benefit of the section 128F exemption. One of these conditions is that the Trustee must not know or have reasonable grounds to suspect that an Offered Note, or an interest in an Offered Note, was being, or would later be, acquired directly or indirectly by any Offshore Associates of the Trustee or Bank of Queensland. Accordingly, Offshore Associates of the Trustee or Bank of Queensland should not acquire the Offered Notes (subject to the exceptions referred to in Section 14.1.2). For further information see Section 14.1.2.

Under current tax law, tax will be deducted on payments to an Australian resident or to a non-resident holding the Notes in carrying on a business at or through a permanent establishment in Australia who does not provide a Tax File Number or Australian Business Number (where applicable) or proof of an appropriate exemption from quoting such numbers.

Investors should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Notes.

Selling Restrictions: The offering, sale and delivery of the Offered Notes and the distribution of this Information Memorandum and other material in relation to the Offered Notes are subject to restrictions and the relevant laws such as may apply in any jurisdiction in connection with the offering and sale of the Notes.

Governing Law: The Transaction Documents (other than the Master Trust Deed) will be governed by the laws of the State of New South Wales. The Master Trust Deed is governed by the laws of the Australian Capital Territory.

3. Credit Rating

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

The credit ratings of the Rated Notes should be evaluated independently from similar ratings on other types of notes or securities. A credit rating by a Rating Agency is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, qualification or withdrawal at any time by the Rating Agency. A revision, suspension, qualification or withdrawal of the credit rating of the Notes may adversely affect the market price of the Rated Notes. In addition, the credit ratings of the Rated Notes do not address the expected timing of principal repayments under the Rated Notes, only that principal will be received no later than the Maturity Date. Other than this Section 3, the Rating Agencies have not been involved in the preparation of this Information Memorandum.

4. Description of the Notes

4.1 General Description of the Notes

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

The Notes have been divided into 8 classes: the Class A1 Notes, the Class A1-R Notes (if issued), the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The allocation of principal between these 8 classes may occur on either, subject to certain conditions, a serial basis or sequential basis. See Sections 9.5.3 and 9.5.4 for further details.

Prior to the enforcement of the Security and if the Subordination Conditions are not satisfied, the Class A1 Notes or the Class A1-R Notes (as the case may be) will rank *pari passu* and rateably between themselves and ahead of the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for the repayment of principal on each Distribution Date. The Class A2 Notes will rank *pari passu* and rateably between themselves and ahead of the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for repayment of principal on each Distribution Date. The Class AB Notes will rank *pari passu* and rateably between themselves and ahead of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes for repayment of principal on each Distribution Date. The Class B Notes will rank *pari passu* and rateably between themselves and ahead of the Class C Notes, the Class D Notes and the Class E Notes for repayment of principal on each Distribution Date. The Class C Notes will rank *pari passu* and rateably between themselves and ahead of the Class D Notes and the Class E Notes for repayment of principal on each Distribution Date. The Class D Notes will rank *pari passu* and rateably between themselves and ahead of the Class E Notes for repayment of principal on each Distribution Date. Finally, the Class E Notes will rank *pari passu* and rateably between themselves for repayment of principal on each Distribution Date.

Prior to the enforcement of the Security and if the Subordination Conditions are satisfied, the repayment of principal on the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be on a *pari passu* and rateable basis.

Following the enforcement of the Security Trust Deed, the Class A1 Notes or the Class A1-R Notes will rank *pari passu* and rateably between themselves and ahead of the Class A2 Notes, the Class A2 Notes rank ahead of the Class AB Notes, the Class AB Notes rank ahead of the Class B Notes, the Class B Notes rank ahead of the Class C Notes, the Class C Notes rank ahead of the Class D Notes and the Class D Notes rank ahead of the Class E Notes, in each case, in respect of Coupon and principal and any other amounts payable in respect of the Notes.

4.2 Coupon on the Notes

4.2.1 Period for which the Notes accrue interest

Each Note accrues interest from (and including) the Closing Date and ceases to accrue interest from (and including) the earlier of:

- (a) the date on which the Stated Amount of that Note is reduced to zero; and
- (b) the date on which that Note is deemed to be redeemed as described in Section 4.3.3.

4.2.2 Coupon Periods

The period during which a Note accrues interest (as described above) is divided into periods (each a **Coupon Period**). The first Coupon Period commences on (and includes) the Closing Date and ends on (but does not include) the first Distribution Date (being 16 July 2018). Each succeeding Coupon Period commences on (and includes) a Distribution Date and ends on (but does not include) the next Distribution

Date. The final Coupon Period ends on (but does not include) the date on which interest ceases to accrue on the Notes (as described in Section 4.2.1).

4.2.3 Coupon Rates

The Coupon Rate for each Coupon Period in respect of the Notes is the Bank Bill Rate for the Coupon Period plus the applicable Margin for that class of Notes.

The Margin for the Offered Notes will be determined on the Pricing Date by agreement between the Manager, the Class A1 Notes Joint Lead Managers and the Lead Manager. The Margins in respect of the Offered Notes will be notified to prospective Noteholders by the Class A1 Notes Joint Lead Managers and the Lead Manager.

The Margin for the Class A1-R Notes (if issued) will be determined on the Class A1 Scheduled Maturity Date in accordance with Section 9.5.9.

An additional margin of 0.25% per annum will also be payable on the Class A1-R Notes (if issued) and the Class A2 Notes in respect of each Coupon Period that begins on or after the Call Date. No such additional margin is payable in respect of the Class A1 Notes (if any remain outstanding), the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

An additional margin of 0.25% per annum will also be payable on the Class A1 Notes in respect of each Coupon Period that begins on or after the Distribution Date occurring in June 2023.

4.2.4 Calculation of Coupon on the Notes

Coupon in respect of the Notes is calculated for each Coupon Period:

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

4.2.5 Coupon Payment on each Distribution Date

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

If Total Investor Revenues available for payment of Coupon on the Notes are insufficient for the payment in full of Coupon on the Notes on a Distribution Date, the amount available will be applied first in satisfying on a *pari passu* and rateable basis the Coupon due on the relevant Distribution Date in respect of the Class A1 Notes and any Coupon in respect of the Class A1 Notes remaining unpaid from prior Distribution Dates or the Coupon due on the relevant Distribution Date in respect of the Class A1-R Notes and any Coupon in respect of the Class A1-R Notes remaining unpaid from prior Distribution Dates and the fees and interest payable in respect of the Redraw Facility. Only after these amounts in respect of the Class A1 Notes or the Class A1-R Notes and the Redraw Facility have been satisfied will the Coupon due in respect of the Class A2 Notes on the relevant Distribution Date and any Coupon in respect of the Class A2 Notes remaining unpaid from prior Distribution Dates be paid *pari passu* and rateably. Only after these amounts have been satisfied in respect of the Class A2 Notes will the Coupon due in respect of the Class AB Notes on the relevant Distribution Date and any Coupon in respect of the Class AB Notes remaining unpaid from prior Distribution Dates be paid *pari passu* and rateably. Only after these amounts have been

satisfied in respect of the Class AB Notes will the Coupon due in respect of the Class B Notes on the relevant Distribution Date and any Coupon in respect of the Class B Notes remaining unpaid from prior Distribution Dates be paid *pari passu* and rateably. Only after these amounts have been satisfied in respect of the Class B Notes will the Coupon due in respect of the Class C Notes on the relevant Distribution Date and any Coupon in respect of the Class C Notes remaining unpaid from prior Distribution Dates be paid *pari passu* and rateably. Only after these amounts have been satisfied in respect of the Class C Notes will the Coupon due in respect of the Class D Notes on the relevant Distribution Date and any Coupon in respect of the Class D Notes remaining unpaid from prior Distribution Dates be paid *pari passu* and rateably. Only after these amounts have been satisfied in respect of the Class D Notes will the Coupon due in respect of the Class E Notes on the relevant Distribution Date and any Coupon in respect of the Class E Notes remaining unpaid from prior Distribution Dates be paid *pari passu* and rateably.

A failure to pay Coupon on the Class A1 Notes or Class A1-R Notes within a specified period of time (see Section 11.4.2) will be an Event of Default under the Security Trust Deed. The Events of Default and the remedies available to Noteholders are detailed in Sections 11.4.2 and 11.4.3. A failure to pay Coupon on the Class E Notes will not be an Event of Default under the Security Trust Deed while any Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, a failure to pay Coupon on the Class D Notes will not be an Event of Default under the Security Trust Deed while any Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes or Class C Notes are outstanding, a failure to pay Coupon on the Class C Notes will not be an Event of Default under the Security Trust Deed while any Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes or Class B Notes are outstanding, a failure to pay Coupon on the Class B Notes will not be an Event of Default under the Security Trust Deed while any Class A1 Notes, Class A1-R Notes, Class A2 Notes or Class AB Notes are outstanding, a failure to pay Coupon on the Class AB Notes will not be an Event of Default under the Security Trust Deed while any Class A1 Notes, Class A1-R Notes or Class A2 Notes are outstanding and a failure to pay Coupon on the Class A2 Notes will not be an Event of Default under the Security Trust Deed while any Class A1 Notes or Class A1-R Notes are outstanding.

No interest accrues on the amount of any Coupon shortfall.

The method for calculating whether there are sufficient Total Investor Revenues available on a Distribution Date for the payment of Coupon on the Notes for the Coupon Period then ended (and any shortfalls of Coupon from previous Coupon Periods) is set out in Section 9.

4.3 Principal Repayments on the Notes

4.3.1 Final Redemption

Unless previously redeemed (or deemed to be redeemed) in full, the Notes will be redeemed at their then Stated Amount, together with all accrued but unpaid interest, on the Distribution Date occurring in July 2049 (the **Maturity Date**).

4.3.2 Repayment of Principal on the Notes

On each Distribution Date, to the extent that Principal Collections are sufficient for this purpose (after payment of prior ranking distributions of Principal Collections):

- (1) if the Subordination Conditions are not satisfied on the Determination Date immediately preceding that Distribution Date, as determined by the Manager, and subject to the final sentence of this Section 4.3.2(1) and to the extent that Principal Collections are sufficient for this purpose (after payment of prior ranking distributions of Principal Collections), the Remaining Principal Collections (see Section 9.5.3) for that Distribution Date will be applied:
 - (a) first:
 - (i) if any Class A1 Notes remain outstanding, to the Class A1 Noteholders, in repayment of principal in respect of the Class A1

Notes, *pari passu* and rateably amongst the Class A1 Notes until the Stated Amount of the Class A1 Notes is reduced to zero; or

- (ii) if any Class A1-R Notes remain outstanding, to the Class A1-R Noteholders, in repayment of principal in respect of the Class A1-R Notes, *pari passu* and rateably amongst the Class A1-R Notes until the Stated Amount of the Class A1-R Notes is reduced to zero;
- (b) second, to the Class A2 Noteholders in repayment of principal in respect of the Class A2 Notes, *pari passu* and rateably amongst the Class A2 Notes until the Stated Amount of the Class A2 Notes is reduced to zero;
- (c) third, to the Class AB Noteholders, in repayment of principal in respect of the Class AB Notes, *pari passu* and rateably amongst the Class AB Notes until the Stated Amount of the Class AB Notes is reduced to zero;
- (d) fourth, to the Class B Noteholders, in repayment of principal in respect of the Class B Notes, *pari passu* and rateably amongst the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero;
- (e) fifth, to the Class C Noteholders, in repayment of principal in respect of the Class C Notes, *pari passu* and rateably amongst the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero;
- (f) sixth, to the Class D Noteholders, in repayment of principal in respect of the Class D Notes, *pari passu* and rateably amongst the Class D Notes until the Stated Amount of the Class D Notes is reduced to zero; and
- (g) seventh, to the Class E Noteholders, in repayment of principal in respect of the Class E Notes, *pari passu* and rateably amongst the Class E Notes until the Stated Amount of the Class E Notes is reduced to zero.

Immediately upon the Subordination Conditions becoming satisfied on a Distribution Date as a result of the application of Total Principal Collections in accordance with the above paragraphs, the Manager must direct the Trustee to apply, and the Trustee must apply, the balance of any Remaining Principal Collections on that Distribution Date pursuant to Section 4.3.2(2);

- (2) if the Subordination Conditions (see Section 9.5.5) have been satisfied on the Determination Date immediately preceding that Distribution Date, as determined by the Manager, the Remaining Principal Collections (see Section 9.5.4) for that Distribution Date will be applied *pari passu* and rateably:
 - (a) towards if any:
 - (i) Class A1 Notes remain outstanding, to the Class A1 Noteholders, in repayment of principal in respect of the Class A1 Notes, amongst the Class A1 Notes until the Stated Amount of the Class A1 Notes is reduced to zero; or
 - (ii) Class A1-R Notes remain outstanding, to the Class A1-R Noteholders, in repayment of principal in respect of the Class A1-R Notes, amongst the Class A1-R Notes until the Stated Amount of the Class A1-R Notes is reduced to zero; and
 - (b) to the Class A2 Noteholders, in repayment of principal in respect of the Class A2 Notes, amongst the Class A2 Notes until the Stated Amount of the Class A2 Notes is reduced to zero; and

- (c) to the Class AB Noteholders, in repayment of principal in respect of the Class AB Notes, amongst the Class AB Notes until the Stated Amount of the Class AB Notes is reduced to zero; and
- (d) to the Class B Noteholders, in repayment of principal in respect of the Class B Notes, amongst the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero; and
- (e) to the Class C Noteholders, in repayment of principal in respect of the Class C Notes, amongst the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero; and
- (f) to the Class D Noteholders, in repayment of principal in respect of the Class D Notes, amongst the Class D Notes until the Stated Amount of the Class D Notes is reduced to zero; and
- (g) to the Class E Noteholders, in repayment of principal in respect of the Class E Notes, amongst the Class E Notes until the Stated Amount of the Class E Notes is reduced to zero.

The allocation of Principal Collections to the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and the Subordination Conditions are explained in Sections 9.5.3, 9.5.4 and 9.5.5. The method for calculating whether there are sufficient Principal Collections available on a Distribution Date for the payment of principal in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is set out in Section 9.5.

4.3.3 Redemption on Final Payment

Upon a final distribution being made in respect of the Notes in the circumstances described in Section 12.6.4 or under the Security Trust Deed, the Notes will be deemed to be redeemed and discharged in full and any obligation to pay any accrued but unpaid interest, any then unpaid Stated Amount or any other amounts in relation to the Notes will be extinguished in full. Thereafter the Noteholders will have no further rights or entitlements in respect of their Notes.

4.3.4 Call Option

On any Distribution Date occurring on or after the Call Date, the Trustee may, on the direction of the Manager (and after it has given at least five Business Days' notice to the Noteholders), redeem all of the Notes on that Distribution Date.

Notwithstanding the foregoing, if there is one or more classes of Notes in respect of which the then Stated Amount of those classes of Notes is less than the then Invested Amount of those classes of Notes (the **Affected Notes**), the Trustee may (as directed by the Manager) either:

- (a) redeem all the then outstanding Notes at their Stated Amount, instead of at their Invested Amount, together with the Coupon payable on the Notes, if approved by an Extraordinary Resolution of all the Noteholders; or
- (b) redeem the then outstanding Affected Notes at their Stated Amount, instead of at their Invested Amount, together with the Coupon payable on the Affected Notes, subject to the Manager and the Trustee receiving the prior written consent of each of the Noteholders of the Affected Notes.

The Manager may only direct the Trustee to redeem all the Notes in accordance with the foregoing if the Trustee will have sufficient funds available to it on the relevant Distribution Date to ensure that the Noteholders will receive the aggregate of the then Invested Amount of the Notes and the Coupon payable on the Notes or otherwise the aggregate Stated Amount of the Notes (rather than the Invested Amount) if the Noteholders have approved the redemption at the Stated Amount by an Extraordinary Resolution of Noteholders.

The rights of the Seller described in Section 12.2.9 may, but need not, be exercised by the Seller in conjunction with the exercise by the Trustee of the Call Option in respect of the Notes.

4.3.5 No Payment in Excess of Stated Amount

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

4.4 Payments

4.4.1 Method of Payment

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

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

4.4.2 Rounding of Coupon and Principal Payments

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

4.4.3 Payments Subject to Fiscal Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (such withholding or deduction, **FATCA Withholding**). In no event will the Trustee be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction.

4.5 Reporting of Pool Performance Data

The Manager or a person nominated by the Manager will, on a monthly basis, publish on Bloomberg L.P. and/or ABSPerpetual (or another similar electronic reporting service) pool performance data.

Pool performance data will include:

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

4.6 The Register of Noteholders

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

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

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

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

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

The Register may be inspected by a Noteholder during normal business hours in respect of information relating to that Noteholder only. Copies of the Register may not be taken by the Manager or Noteholders. However, the Trustee must make a copy of the Register available to the Manager within 1 Business Day of the Manager's request for a copy.

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

4.7 Note Certificates

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

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

4.8 Transfer of Notes

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

- (a) if the offer for sale or invitation to purchase to the proposed transferee by the Noteholder:
 - (i) does not require disclosure to investors under Part 6D.2 of the Australian Corporations Act;
 - (ii) is not an offer or invitation to a Retail Client;
 - (iii) complies with all applicable laws, regulations and directives in any jurisdictions in which the offer or invitation is made; and
 - (iv) is in accordance with the listing and market rules of any exchange on which the Notes are listed or quoted as such rules apply to the Notes; and

- (b) unless lodged with Austraclear as explained in Section 4.10, all transfers of Notes must be effected by a Note Transfer. Note Transfers are available from the Trustee's registry office. Every Note Transfer must be duly completed, duly stamped (if applicable), executed by the transferor and the transferee and lodged for registration with the Trustee accompanied by the Note Certificate for the Notes to which it relates.

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

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

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

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

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

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

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

4.9 Marked Note Transfer

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

4.10 Lodgement of Notes in Austraclear

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

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

4.11 Limit on Rights of Noteholders

Apart from any security interest arising under the Security Trust Deed (as to which see Section 11.4.1), the Noteholders do not own and have no interest in the Series Trust or any of its assets. In particular, but without prejudice to the rights and powers of the Noteholders under the Security Trust Deed, no Noteholder in its capacity as such is entitled to:

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

4.12 Notices to Noteholders

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

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

4.13 Joint Noteholders

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

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

5. EU Risk Retention Requirements

5.1 Retention Statement

Bank of Queensland, as originator, will retain a material net economic interest of not less than five per cent in the securitisation in accordance with the text of each of Article 405(1) of Regulation (EU) No 575/2013 (the **Capital Requirements Regulation**), and Article 51(1) of Regulation (EU) No 231/2013 (the **AIFM Regulation**) and Article 254 of Regulation (EU) No 2015/35 (the **Solvency II Regulation**) (which, in each case, does not take into account any relevant national measures). As at the Closing Date, such interest will be comprised of certain randomly selected exposures held on the balance sheet of the Seller as required by the text of each of paragraph (c) of Article 405(1), paragraph (c) of Article 51(1) and paragraph (c) of Article 254(2). Bank of Queensland will confirm its ongoing retention of the net economic interest described above in the monthly investor reports and any change to the manner in which such interest is held will be notified to Noteholders.

As to the information made available to prospective investors, reference is made to the information set out herein and forming part of this Information Memorandum and to any other information provided separately (which information will not form part of this Information Memorandum) and, after the Closing Date, to the monthly investor reports. For the avoidance of doubt, none of Bank of Queensland (in its capacity as the Seller and the Servicer), PTCL, PTL, the Manager, any Class A1 Notes Joint Lead Manager nor the Lead Manager makes any representation as to the accuracy or suitability of any financial model which may be used by a prospective investor in connection with its investment decision.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and elsewhere in this Information Memorandum generally for the purposes of complying with each of Part Five of the Capital Requirements Regulation (including Article 405) and Section Five of Chapter III of the AIFM Regulation (including Article 51) and any national measures which may be relevant and none of PTCL, PTL, the Manager, Bank of Queensland (in its capacity as the Seller and the Servicer), the Class A1 Notes Joint Lead Managers nor the Lead Manager makes any representation that the information described above or elsewhere in this Information Memorandum or any other information which may be made available to investors (if any) is sufficient in all circumstances for such purposes.

For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), please refer to Section 6.23.

5.2 AIFM Qualitative Requirements

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

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits, as to which see Sections 8.4 and 8.5;
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which the Housing Loan Pool will be serviced in line with the usual servicing procedures of Bank of Queensland;
- (c) adequate diversification of credit portfolios given Bank of Queensland's target market and overall credit strategy, as to which, in relation to the Housing Loan Pool, please see Annexure 1 of this Information Memorandum; and
- (d) policies and procedures in relation to risk mitigation techniques, as to which see Sections 8.4 and 8.5.

6. Some Risk Factors

The purchase, and subsequent holding, of the Notes is not free of risk. The Manager believes that the risks described below are some of the principal risks inherent in the transaction for Noteholders and that the discussion in relation to those Notes indicates some of the possible implications for Noteholders. However, the inability of the Trustee to pay Coupon or principal on the Notes may occur for other reasons and the Manager does not in any way represent that the description of the risks outlined below is exhaustive. It is only a summary of some particular risks. Further, although the Manager believes that the various structural protections available to Noteholders may lessen certain of these risks, there can be no assurance that these measures will be sufficient to ensure the payment or distribution of Coupon or principal on the Notes on a timely or full basis. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.

6.1 Limited Liability Under the Notes

The Notes are debt obligations of the Trustee in its capacity as trustee of the Series Trust. They are issued with the benefit of, and subject to, the Master Trust Deed, the Trust Creation Deed, the Series Supplement and the Security Trust Deed. The Trustee's liability in respect of the Notes is limited to, and can be enforced against the Trustee only to the extent to which it can be satisfied out of, the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability except in certain limited circumstances (as to which see Section 12.3.11).

6.2 Secondary Market Risk

There is currently no secondary market for the Notes. The Class A1 Notes Joint Lead Managers and the Lead Manager have undertaken to use their reasonable endeavours, subject to market conditions, to assist Noteholders so requesting them to locate potential purchasers of Notes from time to time in order to facilitate liquidity in the Notes. A secondary market for the Notes may not develop even though the Notes may be listed on the Australian Securities Exchange or any other stock exchange. There is no assurance that any secondary market will develop or, if one does develop, that it will provide liquidity of investment or will continue for the life of the Notes. No assurance can be given that it will be possible to effect a sale of the Notes, nor can any assurance be given that, if a sale takes place, it will not be at a discount to the acquisition price.

6.3 Timing of Principal Distributions

Set out below is a description of some circumstances in which the Trustee may receive early or delayed repayments of principal on the Housing Loans and, as a result of which, the Noteholders may receive repayments of principal on the Notes earlier or later than would otherwise have been the case:

- (a) enforcement proceeds received by the Trustee due to a borrower having defaulted on its Housing Loan;
- (b) receipt of insurance proceeds by the Trustee in relation to an insurance claim in respect of a Housing Loan;
- (c) repurchases of Housing Loans by the Seller as a result of any one of the following occurring:
 - (i) the discovery and subsequent notice by the Trustee, the Seller or the Manager, no later than five Business Days prior to the expiry of the Prescribed Period, that any of the representations and warranties made by the Seller in respect of a certain Housing Loan were incorrect when given (see Sections 12.2.4 and 12.2.6);
 - (ii) the Seller making a Further Advance under a Housing Loan which causes the Scheduled Balance for that Housing Loan to be exceeded by more than one scheduled monthly instalment (see Section 12.2.7);

- (iii) there being a change in law which leads to the Series Trust being terminated early and the Housing Loans are then repurchased by the Seller or sold to a third party (see Section 12.6); or
 - (iv) the Seller exercising its option to repurchase the balance of the Housing Loans in accordance with an offer to the Seller on or following the termination of the Series Trust (see Section 12.6.3) or upon the principal amount outstanding on the Housing Loans on a Distribution Date, when expressed as a percentage of the aggregated principal amount outstanding on the Housing Loans at the Closing Date, being below 10%;
- (d) the Servicer is obliged to service the Housing Loans in accordance with its Servicing Guidelines or, to the extent not covered by the Servicing Guidelines, the standards and practices of a prudent lender in the business of making retail home loans. There is no definitive view as to whether the standards and practices of a prudent lender in the business of making retail home loans do or do not include the Servicer's own franchise considerations. If those considerations are included the Servicer would be entitled to consider its own reputation and future business writing prospects in making a determination as to how current Housing Loans are administered. Such a course may result in a delay of principal returns to Noteholders. The Servicer is, however, required to give undertakings as to how it will administer the Housing Loans (see Section 12.5.1) and comply with the express limitations in the Series Supplement;
- (e) early repayment of an amount in excess of the scheduled repayment amount by a borrower under a Housing Loan (see Section 8.4.2 for further details);
- (f) the terms and conditions of the Housing Loans and related securities allow borrowers, with the consent of the Seller, to substitute their mortgaged property with a different mortgaged property without necessitating the repayment of the Housing Loan in full. Housing Loans which are secured by mortgaged property which may be substituted in this way may show a slower rate of prepayment than Housing Loans secured by mortgaged property which cannot be substituted in this way;
- (g) the terms and conditions of a Housing Loan and its related securities may allow a borrower, at the discretion of the Seller, to redraw funds previously prepaid by that borrower (see Section 11 for a description of the Redraw Facility). This may slow the rate of prepayment on the Housing Loans;
- (h) the mortgage which secures a Housing Loan may also secure other financial accommodation provided by the Seller. If the mortgagor is in default under that other financial accommodation and the Seller enforces the relevant mortgage, the proceeds of enforcement will be made available to the Trustee (in priority to the Seller) for repayment of the Housing Loan. This may in turn result in the relevant Housing Loan being prepaid earlier than would otherwise be the case. This may occur notwithstanding there being no default under the Housing Loan; and
- (i) the Trustee transferring (on the direction of the Trust Manager) some or all of the Housing Loans to another Series Trust (as defined in the Master Trust Deed) when the aggregate principal amount outstanding on the Housing Loans is on the last day of a Monthly Period, when expressed as a percentage of the aggregated principal amount outstanding on the Housing Loans at the Closing Date, below 10% (see Section 12.2.12).

6.4 Prepayment then Non-Payment

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

The failure of borrowers to make payments when due after an amount has been prepaid under their Housing Loans may affect the ability of the Trustee to make timely payments of Coupon and principal to Noteholders. If the above situation arises, or if the Trustee otherwise has insufficient funds to pay Coupon on the Notes because the above situation has occurred, the Trustee may be entitled to apply the moneys held in the Liquidity Reserve Account up to the amount of the deficiency (see Section 11.2.4) and/or apply the Excess Spread Reserve on or after the Call Date (see Section 9.5.11) and/or make a Principal Draw. The Liquidity Reserve Account, the Excess Spread Reserve and any Principal Draw mitigate the risk of such a deficiency but may not be sufficient to cover the whole of the deficiency.

6.5 Delinquency and Default Risk

The Trustee's obligations to pay Coupon and principal on the Notes in full is limited by reference to, amongst other things, receipts under or in respect of the outstanding Housing Loans. Noteholders must rely, amongst other things, for payment upon payments being made under the Housing Loans and on amounts available under the Mortgage Insurance Policies and, if and to the extent available, money held in the Liquidity Reserve Account or (on or after the Call Date) the Excess Spread Reserve (see Sections 11.2.4 and 9.5.11).

If borrowers fail to make their monthly payments when due (other than when the borrower has prepaid principal under its Housing Loan, as to which see Section 6.4), there is a possibility that the Trustee may have insufficient funds to make full payments of Coupon on the Notes and eventual payment of principal to the Noteholders. A wide variety of local or international developments of a legal, social, economic, political or other nature could conceivably affect the performance of borrowers under their Housing Loans.

In particular, as at the Cut-Off Date, some of the Housing Loans will be set at variable rates. These rates are reset from time to time at the discretion of the Servicer (see Section 6.9.1). It is possible, therefore, that if these rates increase significantly relative to historical levels, borrowers may experience distress and increased default rates on the Housing Loans may result.

If a borrower defaults on payments to be made under a Housing Loan and the Servicer seeks to enforce the mortgage securing the Housing Loan, many factors may affect the length of time before the mortgaged property is sold and the proceeds of sale are realised. In such circumstances, the sale proceeds are likely to be less than if the sale was carried out by the borrower in the ordinary course. Any such delay and any loss incurred as a result of the realised proceeds of the sale of the property being less than the principal amount outstanding at that time under the Housing Loan may affect the ability of the Trustee to make payments under the Notes, notwithstanding any amounts that may be claimed under the Mortgage Insurance Policies (see Section 10) or mitigated by the money held in the Liquidity Reserve Account (see Section 11.2) or (on or after the Call Date) the Excess Spread Reserve (see Section 9.5.11).

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

6.6 Servicer Risk

The appointment of the Servicer may be terminated in certain circumstances which are outlined in Section 12.5.4. If the appointment of the Servicer is terminated, the Trustee is obliged to find another entity to perform the role of Servicer for the Series Trust. The appointment of a substitute Servicer will only have effect once the Manager has issued a Rating Affirmation Notice in relation to such appointment and the substitute Servicer has executed a deed under which it agrees to service the Housing Loans and related securities upon the same terms as originally agreed to by the Servicer. However, there is no guarantee that a substitute Servicer will be found who would be willing to service the Housing Loans and related securities on the same terms agreed to by the Servicer.

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

The Servicer may also retire as Servicer by giving not less than 3 months' notice in writing to the Trustee and each Rating Agency (or, if the Trustee has agreed to a lesser period of notice, that lesser period). For further details see Section 12.5.5.

6.7 Assignment and Risks of Equitable Assignment

The Housing Loans will initially be assigned to the Trustee in equity. If the Trustee declares that a Perfection of Title Event has occurred under the Series Supplement (see Section 12.2.11), the Trustee and the Manager must, amongst other things, take all such steps as are necessary to protect the Trustee's legal title in the mortgages relating to the Housing Loans (see Section 12.2.11 for further details on Perfection of Title Events). Until such time, the Trustee is not to take any such steps to perfect legal title and, in particular, it will not notify the borrowers or any security providers of the assignment of the Housing Loans.

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

- (a) until a borrower, guarantor or security provider has notice of the assignment, such person is not bound to make payment to anyone other than the Seller and can obtain a valid discharge from the Seller. However, the Seller is appointed as the initial Servicer of the Housing Loans and is obliged to deal with all moneys received from borrowers in accordance with the Series Supplement and to service those Housing Loans in accordance with the Servicing Standards;
- (b) until a borrower, guarantor or security provider has notice of the assignment, rights of set-off or counterclaim may accrue in favour of the borrower, guarantor or security provider against its obligations under the Housing Loans which may result in the Trustee receiving less money than expected from the Housing Loans (see Section 6.8 below);
- (c) for so long as the Trustee holds only an equitable interest in the Housing Loans, the Trustee's interest in the Housing Loans may become subject to the interests of third parties created after the creation of the Trustee's equitable interest but prior to it acquiring a legal interest. To reduce this risk, the Servicer has undertaken not to consent to the creation or existence of any security interest over the mortgages securing the Housing Loans; and
- (d) for so long as the Trustee holds only an equitable interest in the Housing Loans, the Seller must be a party to any legal proceedings against any borrower, guarantor or security provider in relation to the enforcement of any Housing Loan. In this regard, the Servicer undertakes to service (including enforce) the Housing Loans in accordance with the Servicing Standards.

In addition, section 80(7) of the PPSA provides that an obligor in relation to a receivable will be entitled to make payments to, and obtain a good discharge from, the seller of a receivable rather than directly to, and from, the purchaser of the receivable until such time as the obligor receives a notice of the assignment of the relevant receivable that complies with the requirements of section 80(7)(a) of the PPSA (including a statement that payment is to be made to the purchaser of the receivable). If, however, an obligor receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the seller of the receivable, the obligor requests the purchaser of the receivable to provide proof of the assignment and the purchaser of the receivable fails to provide that proof within 5 business days of the request, the obligor may continue to make payments to the seller. Accordingly, after a Perfection of Title Event has occurred and legal title to the Housing Loans has been transferred to the Trustee, an obligor in relation to a Housing Loan may in certain circumstances nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of the relevant Housing Loan to the Trustee, if the Trustee fails to comply with these notice requirements. However, this risk is mitigated by the fact that the Seller will provide the Trustee with powers of attorney to permit it to give notice of such an assignment of the Housing Loans to the relevant obligor in the name of the Seller.

6.8 Set-Off

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

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

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

6.9 Ability of the Trustee to Redeem the Notes

The ability of the Trustee to redeem all the Notes at their aggregate Stated Amounts whilst any of the Housing Loans are still outstanding will depend upon whether the Trustee is able to collect or otherwise obtain an amount sufficient to redeem the Notes and to pay its other obligations in the order explained in Section 7. Following the enforcement of the Security under the Security Trust Deed and the crystallisation of the floating charge in favour of the Noteholders and other Secured Creditors, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of the priority set out in the Security Trust Deed (described in Section 11.4). The moneys available to the Security Trustee for distribution may not be sufficient to satisfy in full the claims of all or any of the Noteholders and neither the Security Trustee nor the Trustee will have any liability to the Noteholders in respect of any such deficiency. Although the Security Trustee may seek to obtain the necessary funds by means of a sale of the outstanding Housing Loans, there is no guarantee and no party gives any assurance that there will be at that time an active and liquid secondary market for mortgages. Further, if there was such a secondary market, there is no guarantee that the Security Trustee will be able to sell the Housing Loans for the principal amount then outstanding under such Housing Loans.

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

6.10 Breach of Representation and Warranty

The Trustee will have the benefit of certain representations and warranties made by the Seller to it in respect of Housing Loans sold directly by the Seller to the Trustee as at the Cut-Off Date.

The Trustee has not investigated or made any enquiries regarding the accuracy of the representations and warranties. Under the Series Supplement, the Trustee is under no obligation to test the truth of the representations and warranties and is entitled to rely entirely upon the representations and warranties being correct unless it is actually aware of any breach (see Section 12.2.5). The Seller has agreed in the Series Supplement to repurchase any Housing Loan in respect of which it is discovered by the Trustee, the Manager or the Seller within the Prescribed Period that any one of the representations and warranties given by the Seller was incorrect when given and notice of such discovery is given by the Manager or the Seller to the Trustee or by the Trustee to the Seller, as applicable, no later than five Business Days prior to the expiry of the Prescribed Period, unless such breach is remedied to the satisfaction of the Trustee within five Business Days of each notice being given. If the Trustee discovers that a representation and warranty was incorrect when given in relation to a Housing Loan after the last day that the above notice can be given, the Seller has agreed to pay damages to the Trustee for any loss or costs incurred by the Trustee. However, the amount of such loss or costs cannot exceed the principal amount outstanding and accrued but unraised interest and any outstanding fees in respect of the Housing Loans. Besides these two remedies, there is no other express remedy available to the Trustee in respect of a breach of the representations and warranties given in respect of the Housing Loans. The rights of the Trustee in respect of any representation or warranty being incorrect are described in more detail in Section 12.2.6.

6.11 Interest Rate Risks and the Hedge Agreement

To provide a hedge against the fixed rates payable on the fixed rate Housing Loans and the rate of interest payable by the Trustee, the Trustee will exchange payments calculated by reference to the weighted average fixed rate charged on the fixed rate Housing Loans for variable rate payments based on the Bank Bill Rate. If the Fixed Rate Swap is terminated or the Hedge Provider for the Fixed Rate Swap fails to perform its obligations, Noteholders will be exposed to the risk that the floating rate of interest payable on the Notes will be greater than the discretionary fixed rate set by the Servicer on the fixed rate Housing Loans, which may lead to losses on the Notes.

To provide a hedge against the variable rates payable on the variable rate Housing Loans and the rate of interest payable by the Trustee, the Trustee will also exchange payments calculated by reference to the variable rate in respect of the variable rate Housing Loans for variable rate payments based upon the Bank Bill Rate. The Trustee will receive interest on the variable rate loans, which is based on variable rates set by the Servicer. The payment obligations of the Trustee under the Basis Swap will, among other things, be based on the variable rate applicable to the variable rate Housing Loans. While it is anticipated that such average rate will broadly track the variable rates set by the Servicer, the variance between such average rate and the variable rates set by the Servicer respectively, may affect the ability of the Trustee to meet its payment obligations under the Basis Swap.

If the rates on the variable rate Housing Loans are set above the market interest rate for similar variable Housing Loans, the affected borrowers will have an incentive to refinance their loans with another institution, which may lead to higher rates of principal prepayment than Noteholders initially expected, which will affect the yield on the Notes.

6.12 Termination Payments on the Hedge Agreements

If the Trustee is required to make a termination payment to a Hedge Provider upon the termination of a Hedge Agreement, the Trustee (as directed by the Manager) will make the termination payment from the Assets of the Series Trust. Prior to an Event of Default under the Security Trust Deed and provided that a Hedge Provider Event of Default has not occurred, that payment to the Hedge Provider will be made prior to any payment of interest on any of the Notes. Thus, there may not be sufficient funds remaining to pay interest on the Notes on the next relevant Distribution Date and the principal on the Notes may not be repaid in full.

6.13 Reinvestment risk

If a prepayment is received on a Housing Loan during the period between one Distribution Date and the next, interest at the then rate on the Housing Loan will cease to accrue on that part of the Housing Loan prepaid from the date of the prepayment. The amount repaid will be deposited into the Collections Account or invested in Authorised Short-Term Investments for the balance of the Monthly Period. Interest will, however, continue to be payable in respect of a corresponding amount of principal on the Notes until the next Distribution Date following the prepayment. Accordingly, this may affect the ability of the Trustee to pay interest in full on the Notes. The Trustee, however, has access to Investor Revenues, any Principal Draw and moneys held in the Liquidity Reserve Account and (on or after the Call Date) the Excess Spread Reserve to cover such shortfalls in whole or in part. For further details, see Sections 9.4.2, 9.5.11 and 11.2.

6.14 Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called **flip clauses**). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Subordinated Termination Payments.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the US Bankruptcy Court has held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. The implications of this conflict remain unresolved.

If a creditor of the Trustee (such as a Hedge Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the United States), and it is owed a payment by the Trustee, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the New South Wales law governed

Transaction Documents (such as a provision of the priority of payments which refers to the ranking of the Hedge Provider's payment rights in respect of Subordinated Termination Payments). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as a Hedge Provider, including US established entities and certain non-US established entities with assets and/or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state).

In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Trustee to satisfy its obligations under the Notes.

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

6.15 Governing Law of the Transaction Documents

Each of the Transaction Documents (other than the Master Trust Deed) are governed by the laws of New South Wales and the parties to the Transaction Documents have agreed, and the Noteholders are deemed to have agreed, to the jurisdiction of the courts of New South Wales with respect to legal action arising under the Transaction Documents and have waived any objection to such a proceeding on the grounds that it is brought in an inconvenient forum.

6.16 Ratings of the Rated Notes do not ensure their payment and withdrawal of any ratings may affect the value of the Rated Notes

It is a condition to the issuance of the Notes that the Class A1 Notes are rated AAA(sf) by S&P and AAAsf by Fitch, the Class A2 Notes are rated AAA(sf) by S&P and AAAsf by Fitch, the Class AB Notes are rated AAA(sf) by S&P, the Class B Notes are rated AA(sf) by S&P, the Class C Notes are rated A(sf) by S&P and the Class D Notes are rated BBB(sf) by S&P. The Class E Notes will not be rated.

A rating is not a recommendation to purchase, hold or sell the Rated Notes, inasmuch as such rating does not address the market price or the suitability for a particular investor of a security. The rating of the Rated Notes addresses the likelihood of the payment of principal and interest on the Rated Notes pursuant to their terms. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a Rating Agency, if in its judgment circumstances in the future so warrant. The ratings of the Rated Notes will be based primarily on the creditworthiness of the Housing Loans, the availability of excess interest Collections after payment of interest on the Notes and the Series Trust's expenses and the creditworthiness of the swap providers. The ratings may not reflect the potential impacts of all risks discussed in this Section 6.

6.17 Investment in the Notes may not be suitable for all investors

The Notes are not a suitable investment for any investor that requires a regular or predictable schedule of payments or payment on any specific date. The Notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyse the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors. Mortgage-backed securities, like the Notes, usually produce more returns of principal to investors when market interest rates fall below the interest rates on the housing loans and produce less returns of principal when market interest rates rise above the interest rates on the housing loans.

If borrowers refinance or pay out their housing loans as a result of lower interest rates, Noteholders will receive an unanticipated payment of principal. As a result, Noteholders are likely to receive more money

to reinvest at a time when other investments generally are producing a lower yield than that on the Notes and are likely to receive less money to reinvest when other investments generally are producing a higher yield than that on the Notes. Noteholders will bear the risk that the timing and amount of distributions on the Notes will prevent Noteholders from attaining the desired yield.

6.18 A decline in Australian economic conditions may lead to losses on your Notes

The obligors in respect of the Housing Loans are located in Australia. As a consequence, if the Australian economy were to experience a decline in economic conditions, an increase in inflation, an increase in unemployment or an increase in interest rates or any combination of these factors, delinquencies or losses on the Housing Loans might increase, which might cause losses on the Notes.

6.19 The concentration of Housing Loans in specific geographic areas may increase the possibility of loss on the Notes

To the extent that the Series Trust contains a high concentration of Housing Loans secured by properties located within a single state or region within Australia, any deterioration in the real estate values or the economy of any of those states or regions could result in higher rates of delinquencies, foreclosures and losses than expected on the Housing Loans. In addition, these states or regions may experience natural disasters, which may not be fully insured against and which may result in property damage and losses on the Housing Loans. These events may in turn have a disproportionate impact on funds available to the Series Trust, which could cause Noteholders to suffer losses.

6.20 Third party security interests

If the Seller breaches its contractual obligations, through inadvertence or otherwise, and as a result of that breach a third party acquires:

- (a) an interest in any Housing Loan Rights, under the PPSA the third party would acquire that interest free of any interest of the Trustee in the Housing Loan Rights if that acquisition was made for value and any security interest held by the Trustee in relation to the Housing Loan Rights was not perfected for the purposes of the PPSA at the time of the acquisition; or
- (b) a perfected security interest in any Housing Loan Rights, under the PPSA the third party's security interest would rank in priority to any security interest held by the Trustee in relation to the Housing Loan Rights if at the time of perfection of the third party's security interest, the Trustee's security interest was not perfected.

For the purpose of protecting the Trustee's interests and security interests in the Housing Loans, each of the Seller and the Manager has agreed to do all things reasonably necessary to permit any security interest held by the Trustee in relation to the Housing Loan Rights to be perfected by registration on the PPS Register. However, if such registration is not completed or is completed incorrectly, the Trustee's security interest in relation to a Housing Loan Right will not be perfected and a third party will be able to take an interest in that Housing Loan Right free of any interest held by the Trustee or take a security interest which ranks in priority to any security interest of the Trustee.

6.21 Lower Ranking Notes provide only limited protection against losses

The amount of credit enhancement provided through the subordination of the lower ranking Notes to the higher ranking Notes is limited and could be depleted prior to the payment in full of the higher ranking Notes. If the Stated Amount of the lower ranking Notes is reduced to zero, higher ranking Noteholders may suffer losses on their Notes.

6.22 The use of Principal Collections to cover liquidity shortfalls may lead to principal losses

If Principal Collections are drawn upon to cover shortfalls in Investor Revenues and there are insufficient Investor Revenues in succeeding Monthly Periods to repay any Principal Draws, Noteholders may not receive full repayment of principal on their Notes.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes

In Australia, Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures (including, without limitation, a new prudential standard in respect of securitisation has been released by APRA effective from 1 January 2018, the Capital Requirements Regulation, the AIFM Regulation and the Solvency II Regulation) for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Trustee, the Manager, the Class A1 Notes Joint Lead Managers, the Lead Manager or Bank of Queensland makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should note that the Basel Committee on Banking Supervision (**BCBS**) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as **Basel III**), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries (which include Australia) agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

APRA is proceeding with its original timetable for the implementation of the new global liquidity standards (notwithstanding the BCBS's proposed gradual phase-in of such standards). The LCR became a minimum liquidity standard on 1 January 2015. In November 2014, the BCBS released final requirements for the NSFR, which became a minimum prudential standard from 1 January 2018. In addition, APRA has released a new prudential standard with respect to securitisation (Prudential Standard APS 120 Securitisation) effective from 1 January 2018.

In addition, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational requirement provision. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is, or will be, required to demonstrate compliance to national regulators remain unclear.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of Bank of Queensland to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Trustee or another relevant party (or, after the Closing Date, by Bank of Queensland in its capacity as the Servicer on the Trustee's behalf), please see the statements set out in Section 5.1. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Trustee, Bank of Queensland (in its capacity as the Seller and the Servicer), the Manager, any Class A1 Notes Joint Lead Manager nor the

Lead Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

6.24 The Trustee and the Security Trustee may agree to modifications to the Transaction Documents without the Noteholders or other Voting Secured Creditors' prior consent

The Trustee and the Security Trustee will be obliged to concur in and to effect modifications to (a) in the case of the Trustee, any Transaction Document and (b) in the case of the Security Trustee, the Security Trust Deed requested by (i) in the case of the Trustee, the Manager or (ii) in the case of the Security Trustee, the Trustee or the Manager to:

- (a) accommodate the appointment of a new Servicer, new Hedge Provider or new Manager provided that:
 - (i) the Hedge Provider provides written confirmation to the Trustee or the Security Trustee (as applicable) consenting to such modification of those documents to which they are a party (such consent not to be unreasonably withheld);
 - (ii) the Manager has certified to the Trustee or the Security Trustee (as applicable) in writing that such modifications are required in order to accommodate the appointment of the new Servicer, new Hedge Provider or new Manager;
 - (iii) the Manager has certified to the Trustee or the Security Trustee (as applicable) in writing that all other conditions precedent to the appointment of the new Servicer, new Hedge Provider or new Manager set out in the Transaction Documents have been satisfied at the time of the appointment; and
 - (iv) the Manager has issued a Rating Affirmation Notice in respect of the appointment of the new Servicer, new Hedge Provider or new Manager and the proposed modifications;
- (b) take into account any changes in the ratings criteria of the Rating Agencies where, absent such modifications, the Manager is reasonably satisfied following discussions with the relevant Rating Agency (and has provided a certificate in writing to the Trustee or the Security Trustee (as applicable) to that effect) that the rating assigned by the relevant Rating Agency to the Notes would be subject to a downgrade, qualification or withdrawal and even if such changes are, or may be, prejudicial or materially prejudicial to the interests of the Noteholders; and
- (c) ensure compliance of the Series Trust, the Manager, the Seller and the Servicer, as applicable, with, or ensure that the Series Trust, the Manager, the Seller and the Servicer may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) relating to securitisation provided that the Manager has certified to the Trustee or the Security Trustee (as applicable) in writing that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be.

Accordingly, the Trustee and the Security Trustee may agree to amendments to the Transaction Documents without the Noteholders or any other Voting Secured Creditors' prior consent, irrespective of

whether such amendments may be prejudicial to the interests of one or more Noteholders or other Voting Secured Creditors.

6.25 The Mortgage Insurance Policies

A claim under a Mortgage Insurance Policy may be refused or reduced in certain circumstances if one of the exclusions to the Mortgage Insurance Policies applies (see generally Section 10) including in the event of a misrepresentation or a breach of any duty of disclosure by the Seller (see Section 10.1). This may affect the ability of the Trustee to make timely payments of Coupon and principal on the Notes. However, in respect of certain of these circumstances, the Trustee may have recourse to the Seller either for breach of a representation and warranty (see Section 12.2.6) or for breach of its obligations as Servicer (see Section 12.2.4).

6.26 Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)

The Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the **AML/CTF Act**) may require an entity providing a financial service to cease providing that service. This ultimately may result in a delay or decrease in payments on the Notes. The AML/CTF Act regulates reporting entities. Reporting entities are identified by reference to a list of various designated services. These include making a loan in the course of carrying on a loans business or the issuing or selling of a security (e.g., a share or debenture) by a company other than a security in the company itself.

The AML/CTF Act imposes the following key obligations (among others) on reporting entities:

- (a) the verification of customer identities and collection of account holder information;
- (b) the reporting of suspicious transactions, significant cash transactions (being transfers of A\$10,000 or more) and international funds transfer instructions;
- (c) the retention of records;
- (d) the adoption of and compliance with an AML/CTF Act programme in managing compliance with their AML/CTF Act obligations and in verifying customer identities; and
- (e) the conduct of ongoing due diligence of customers in relation to money laundering and financing of terrorism risks.

The AML/CTF Act operates subject to the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the **AML/CTF Rules**) and any other Anti-Money Laundering and Counter-Terrorism Financing rules which may be made by the Chief Executive Officer of the Australian Transaction Reports and Analysis Centre from time to time. Among other things, the AML/CTF Rules outline more detailed risk-based requirements for verifying customer identities and monitoring customer transactions on an ongoing basis. Contravention of the AML/CTF Act attracts civil penalties of fines up to A\$21 million and certain criminal penalties of imprisonment for up to 10 years and fines up to A\$1.8 million.

The obligations imposed upon a reporting entity under the AML/CTF Act could affect the services of a reporting entity or the funds it provides and ultimately may result in a delay or decrease in the amounts an investor receives.

6.27 Personal Property Securities Act 2009 (Cth)

A new personal property securities regime commenced operation throughout Australia on 30 January 2012 pursuant to the Personal Property Securities Act 2009 (Cth) (**PPSA**). The PPSA adopts a "functional approach" to security interests. This means that the PPSA regulates any interest in relation to personal property that, in substance, secures payment or performance of an obligation. In addition, the PPSA regulates security interests which are deemed to arise upon the transfer of certain types of assets (including loans); these are generally referred to as "deemed security interests". The PPSA does not regulate the granting of security interests in land.

Generally, in order to be perfected under the PPS Act, a security interest should be registered on the register maintained pursuant to the PPS Act (the **PPS Register**). If a security interest in personal property is not registered on the PPS Register, there is a risk that other persons with competing interests in the personal property may take free of that security interest because it will not have been perfected. In addition, if the security interest is unperfected, the holder of the security interest or the owner of the personal property may not be able to enforce that security interest or claim title to the personal property (as the case may be) if the lessee or other security provider becomes insolvent. Additionally, as the personal property security regime is new to the Australian security landscape, there is uncertainty as to its implementation from a legal and practical perspective and accordingly market practice and the application and interpretation of the PPS Act continue to evolve. As a result, there could be delays and/or reductions in collections on the Housing Loans available to make payments on the Notes. The PPS Act was the subject of statutory review which concluded in 2015. The terms of reference for this review were generally aimed at simplification and clarification of certain aspects of the PPS Act. The final report prepared pursuant to this review was released publicly in March 2015. At this stage, there is uncertainty as to whether any or all of the recommendations made by the review will ultimately be adopted and result in changes to the PPS Act and, if ultimately adopted, the timing and impact of such changes.

Although the Trustee is required under the Security Trust Deed to, upon the request of the Security Trustee, take such actions as are necessary or appropriate to, among other things, more satisfactorily secure to the Security Trustee the payment of the corresponding Secured Moneys or assure or more satisfactorily assure the Secured Property to the Security Trustee, and each of Bank of Queensland (in its capacity as Seller and Servicer) and the Manager agree to do all things reasonably necessary (including, without limitation, directing the Trustee or the Security Trustee to take any required action) to permit the Security to be perfected by registration on the PPS Register and to otherwise perfect the Trustee's interest in the Assets of the Series Trust in the context of the PSSA, there can be no assurance that such actions will be successful in achieving such perfection.

6.28 **Changes to Australian Consumer Law**

Unfair Terms

The Australian Securities and Investments Commission Act 2001 (Cth) (the ASIC Act) sets out a national unfair terms regime in respect of financial products and services whereby a term of (i) a standard form consumer contract entered into or varied on or after 1 July 2010, or (ii) a standard form small business contract entered into or varied on or after 12 November 2016, will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract, is not reasonably necessary to protect the supplier's legitimate interests and it would cause detriment to a party if applied or relied on.

Consumer contracts in respect of financial products and services entered into before 1 July 2010 may be subject to unfair terms regimes as previously enacted by a particular State or Territory of Australia but subsequently superseded by the ASIC Act regime and equivalent remedies to those outlined above may be available under those superseded regimes in respect of any unfair terms contained in such legacy contracts.

National Consumer Credit Legislation

The National Consumer Credit Protection Act 2009 (**NCCP Act**), which includes a new National Credit Code (**Credit Code**), commenced on 1 July 2010.

The Credit Code applies (with some limited exceptions) to Housing Loans that had previously been regulated under the Consumer Credit Code and also to all new consumer loans made after 1 July 2010.

The NCCP Act incorporates a requirement for providers of credit related services to hold an "Australian credit licence", and to comply with "responsible lending" requirements, including a mandatory "unsuitability assessment" before a loan is made or there is an agreed increase in the amount of credit under a loan.

Obligations under the NCCP Act extend to the Seller and, following a perfection of title by the Trustee in respect of any Housing Loans, the Trustee and their respective service providers (including the Servicer) in respect of the Housing Loans.

Under the terms of the Credit Code each of the Seller and, following a perfection of title by the Trustee in respect of any Housing Loans, the Trustee would be a "credit provider" with respect to regulated loans, and as such is exposed to civil and criminal liability for certain violations. These include violations caused in fact by the Servicer. The Servicer has indemnified the Trustee for any civil or criminal penalties in respect of Credit Code violations caused by the Servicer (except to the extent such penalties arise as a result of the fraud, negligence or wilful default of the Trustee). There is no guarantee that the Trustee will have the financial capability to pay any civil or criminal penalties which arise from Credit Code violations.

If for any reason the Servicer does not discharge its obligations to the Trustee, then the Trustee will be entitled to indemnification from the Assets of the Series Trust. Any such indemnification may reduce the amounts available to the Trustee to make payments due in respect of the Notes when due.

Under the Credit Code, a borrower in relation to a regulated Housing Loan may have the right to apply to a court to:

- (a) vary the contractual terms applicable to that Housing Loan on the grounds of hardship or that it is an unjust contract;
- (b) reduce or cancel any interest rate payable on the Housing Loan which is unconscionable;
- (c) have certain provisions of the Housing Loan or related security which are in breach of the legislation declared unenforceable; or
- (d) obtain restitution or compensation in relation to any breach of the Credit Code.

Any order made under any of the above consumer credit laws may affect the timing or amount of principal repayments under the relevant Housing Loans which may in turn affect the timing or amount of payments by the Trustee when due.

6.29 Conflicts of Interest

Certain of the parties to this offering, including, without limitation, PTCL, the Manager and Bank of Queensland, may effect transactions in which they may have, directly or indirectly, a material interest or a relationship of any description with another party to such transaction or a related transaction, which may involve a potential conflict with an existing contractual duty to the Trustee under this offering and could adversely affect the value and return of the Offered Notes.

6.30 Capacities of Bank of Queensland

Bank of Queensland acts in various capacities in this transaction, including as Seller, Servicer, Redraw Facility Provider, Hedge Provider and, through its wholly-owned subsidiary B.Q.L. Management Pty Limited, as Manager. There can be no assurance that if Bank of Queensland must be replaced in respect of any one of these capacities, it will not also be necessary to replace Bank of Queensland in any of its other capacities. There can be no assurance that replacing Bank of Queensland in various capacities at the same time will not result in any adverse consequences to Noteholders.

6.31 The sale of the Housing Loans may be recharacterised as a loan

If Bank of Queensland were to become insolvent, a liquidator or other person that assumes control of Bank of Queensland could attempt to recharacterise the sale of the Housing Loans as a loan or to consolidate the Housing Loans with the assets of Bank of Queensland. Any such attempt could result in a delay in or reduction of Collections on the Housing Loans available to make payments on the Notes.

6.32 Unreimbursed Redraws and advances under the Redraw Facility will be paid before principal on the Notes

Unreimbursed Redraws and repayment of advances under the Redraw Facility will rank ahead of the Notes with respect to payment of principal prior to enforcement of the Security under the Security Trust Deed, and Noteholders may not receive full repayment of principal on their Notes.

6.33 Subordination of the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes

Prior to enforcement of the Security where the Subordination Conditions are not satisfied, repayments of principal on the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will only occur after all principal has been repaid on the Class A1 Notes or the Class A1-R Notes. Similarly, repayments of principal on the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will only occur after all principal has been repaid or allocated in respect of the Class A1 Notes or the Class A1-R Notes and the Class A2 Notes. Repayments of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will only occur after all principal has been repaid or allocated in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes and the Class AB Notes, repayments of principal on the Class C Notes, the Class D Notes and the Class E Notes will only occur after all principal has been repaid or allocated in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes and the Class B Notes, repayments of principal on the Class D and the Class E Notes will only occur after all principal has been repaid or allocated in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and repayments of principal on the Class E Notes will only occur after all principal has been repaid or allocated in respect of the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Accordingly, if any loss is suffered which cannot be recovered under the Mortgage Insurance Policies (see Section 11.2), such loss may be suffered by the Class E Noteholders in priority to the Class A1 Noteholders, the Class A1-R Noteholders, the Class A2 Noteholders, the Class AB Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, by the Class D Noteholders in priority to the Class A1 Noteholders, the Class A1-R Noteholders, the Class A2 Noteholders, the Class AB Noteholders, the Class B Noteholders and the Class C Noteholders, by the Class C Noteholders, in priority to the Class A1 Noteholders, the Class A1-R Noteholders, the Class A2 Noteholders, the Class AB Noteholders and the Class B Noteholders, by the Class B Noteholders, in priority to the Class A1 Noteholders, the Class A1-R Noteholders, the Class A2 Noteholders and the Class AB Noteholders, by the Class AB Noteholders, in priority to the Class A1 Noteholders, the Class A1-R Noteholders and the Class A2 Noteholders and by the Class A2 Noteholders in priority to the Class A1 Noteholders and the Class A1-R Noteholders.

Prior to enforcement of the Security, where the Subordination Conditions are satisfied, the Class A1 Notes, the Class A1-R Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (as a group) will rank *pari passu* and rateably between themselves in respect of repayment of principal.

Following enforcement of the Security, repayments of principal on the Class A1 Notes or the Class A1-R Notes will rank *pari passu* and rateably between themselves and in priority to repayments of principal on the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Similarly, repayments of principal on the Class A2 Notes will rank *pari passu* and rateably between themselves and in priority to repayments of principal on the Class AB Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes, the Class AB Notes will rank *pari passu* and rateably between themselves and in priority to repayments of principal on the Class B Notes, Class C Notes, Class D Notes and Class E Notes, repayments of principal on the Class B Notes will rank *pari passu* and rateably between themselves and in priority to repayments of principal on the Class C Notes, Class D Notes and Class E Notes, repayments of principal on the Class C Notes will rank *pari passu* and rateably between themselves and in priority to repayments of principal on the Class D Notes and Class E Notes and repayments of principal on the Class D Notes will rank *pari passu* and rateably between themselves and in priority to repayments of principal on the Class E Notes. Finally, repayments of principal on the Class E Notes will rank *pari passu* and rateably between themselves.

Ipsa Facto Moratoriums

On 18 September 2017 the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 (the **Act**) received royal assent and was enacted. The Act contains reforms to Australian insolvency laws, including the introduction of a regime in respect of so-called "ipso facto" clauses. Under the Act, any right under a contract, agreement or arrangement arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act, will not be enforceable during a prescribed moratorium period.

The Act will take effect on 1 July 2018 and will apply to contracts entered into on or after that date. Accordingly, the proposed ipso facto regime does not have any applicability to this transaction or any rights arising under any Housing Loan Documents comprised in the Assets of this Series Trust.

7. The Trustee, Bank of Queensland and the Manager

7.1 Description of the Trustee

Perpetual Trustee Company Limited (in its personal capacity) was incorporated on 28 September 1886 as Perpetual Trustee Company (Limited) under the Companies Statute of New South Wales as a public company. The name was changed to Perpetual Trustee Company Limited on 14 December 1971 and it now operates as a limited liability public company under the Australian Corporations Act. The Australian Business Number of Perpetual Trustee Company Limited is 42 000 001 007 and its registered office is at Level 18, 123 Pitt Street, Sydney NSW 2000.

The Trustee will issue the Notes in its capacity as trustee of the Series Trust. Details of the Series Trust are set out under Section 12 below.

Perpetual Trustee Company Limited is a wholly owned subsidiary of Perpetual Limited, which is a publicly listed company on the Australian Securities Exchange.

The principal activities of Perpetual Trustee Company Limited are the provision of trustee and other commercial services. Perpetual Trustee Company Limited is an authorised trustee corporation and holds an Australian Financial Services Licence under Part 7.6 of the Australian Corporations Act (Australian Financial Services Licence No. 236643).

Perpetual Trustee Company Limited has over 110 years' experience. Perpetual Trustee Company Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets.

7.2 Description of Bank of Queensland

The Bank of Queensland Limited ABN 32 009 656 740 (**BOQ** and the **Bank**) is a full service financial institution, listed on the Australian Securities Exchange (**ASX**), regulated by APRA as an authorised deposit-taking institution (**ADI**) and currently ranked among the top 100 companies by market capitalisation on the ASX. BOQ was established in 1874 and was the first permanent building society in Queensland. It has evolved into a national bank with a network of retail branches, brokers and brands spanning every state and territory in Australia.

BOQ's registered office is located at Level 6, 100 Skyring Terrace, Newstead, Queensland 4006 and its telephone number is +61 7 3212 3333.

Business strategies and prospects for the future

BOQ aims to build a differentiated position in the Australian financial services sector by demonstrating to customers that "It's Possible to Love a Bank". BOQ's corporate strategy is to focus on niche customer segments that value a more intimate banking relationship. BOQ is one of Australia's leading regional banks, and one of the few not owned by one of the major banks. Most of BOQ's retail branches are run by local owner-managers, meaning the person running the branch owns the branch. As small business owners, owner-managers know what it means to deliver personal service. Through its specialisation in niche commercial segments, including medical & dental, corporate healthcare & retirement living, hospitality & tourism and agribusiness, BOQ provides a level of support to business banking customers unique to that offered by other banks.

BOQ's corporate strategy is delivered through four strategic pillars: Customer in Charge; Grow the Right Way; There's Always a Better Way; and Loved Like No Other.

Customer in Charge is about improving customers' experience and expanding BOQ's avenues for growth by putting customers in charge of when, where and how they choose to engage with BOQ. This is regardless of whether they come into a branch, use online services, call on the phone or buy products through a third party intermediary.

BOQ's home loan products, including Virgin Money Australia home loans, are distributed by more than 7,500 accredited brokers, making the Bank more accessible to customers who prefer to use brokers. The Bank continued to expand its distribution into the mortgage broker market in 1H18, with 30 per cent of new home loans originated through mortgage brokers. In 1H18 BOQ also launched a new website to improve customers' digital experience. This followed similar upgrades for the Virgin Money Australia and BOQ Specialist websites during 2017.

Grow the Right Way is about building a strong and profitable business by making the right decisions about where and how to grow. This includes focusing on niche customer segments that value an intimate banking relationship. The niche segments in the BOQ commercial portfolio contributed \$281 million in new lending growth in 1H18. Together with its BOQ Specialist, BOQ Finance and Virgin Money business, BOQ's niche strategy is delivering.

BOQ continued its conservative approach to lending, maintaining a high quality lending portfolio. In the branch network, as existing franchise agreements expire, BOQ is moving owner-managers onto a new balanced scorecard agreement that includes a wider range of metrics, such as customer and compliance measures. 75 per cent of owner managed branches are now on the new franchise agreement. The Bank continues to actively encourage the earlier than contracted conversion of owner managers to the new agreement.

There's Always a Better Way is about BOQ's commitment to making its systems and processes simpler, faster and smarter. The aim is to improve efficiency, reduce costs, deliver better customer service and establish a nimble organisation positioned to take advantage of a rapidly changing landscape. BOQ is digitising its lending platforms by making improvements to retail, commercial and lease management lending systems. Ongoing focus on efficiency across the Group has enabled it to achieve flat expense growth, whilst investing in new technology aligned to a simplified and business enabled target architecture which will enable it to respond more quickly to emerging opportunities than has been possible in the past.

Loved Like No Other is about how BOQ maintains positive stakeholder relationships by living its values, creating a place where people love to work and contributing to the communities in which it operates. These are just some of the things BOQ does to prove "It's Possible to Love a Bank".

In recent years, BOQ staff and management have shown their commitment to ethical conduct by signing up to the Banking and Finance Oath, with one of the highest participation rates in the industry. The Bank also built on its internal ethics training and conduct reporting, and introduced a range of team-based initiatives to embed company values and drive a customer centric culture. It continues to demonstrate its commitment to a diverse and inclusive workforce by making significant progress on its reconciliation journey.

By focusing on the four strategic pillars, BOQ aims to deliver robust and sustainable financial performance, consistent growth in returns to shareholders and superior service to customers and the wider community.

7.3

Description of the Manager

The Manager, B.Q.L. Management Pty. Ltd, is a wholly owned subsidiary of BOQ. Its principal business activity is the management of securitisation trusts established under BOQ's securitisation programmes. The Manager's registered office is Level 6, 100 Skyring Terrace, Newstead, Queensland 4006.

As at the date of this Information Memorandum the directors of the Manager are as follows:

Name	Business Address	Principal Activities
Jon Sutton	Level 6, 100 Skyring Terrace, Newstead, Queensland 4006	Chief Executive Officer & Managing Director
Peter Raymond Deans	Level 6, 100 Skyring Terrace, Newstead, Queensland 4006	Chief Risk Officer
Anthony Peter Rose	Level 6, 100 Skyring Terrace, Newstead,	Chief Operating Officer

Queensland 4006

Michelle Joy Elizabeth Thomsen	Level 6, 100 Skyring Terrace, Newstead, Queensland 4006	General Counsel
Michael Andrew Bencsik	Level 6, 100 Skyring Terrace, Newstead, Queensland 4006	Deputy Chief Financial Officer
Vicki Marie Tzimas Clarkson	Level 6, 100 Skyring Terrace, Newstead, Queensland 4006	Secretary

8. Housing Loans

8.1 Bank of Queensland's Housing Loans

The Seller offers variable and fixed interest Housing Loans for owner occupation and investment purposes up to a maximum term of 30 years. The terms and conditions (including interest rates and fees) offered by the Seller are the same regardless of the purpose of the Housing Loan and are specifically detailed in borrower's loan documentation.

8.1.1 Loan Purpose

The Housing Loans offered by the Seller are for the following purposes:

- (a) **Owner Occupied Housing Loans:** Owner occupied Housing Loans have been made for the purchase, construction or improvement of residential property or to refinance existing mortgages as the principal residence of the borrower. Owner occupied Housing Loans may be granted for stand alone houses, strata-title units and townhouses.
- (b) **Investment Loans:** Investment loans are loans secured by a residential property other than the principal residence of the borrower (e.g. a holiday home or rental property). Investment loans are not available to finance major investments of a commercial nature.

For the purpose of this Information Memorandum, "residential property" means property that is zoned for residential use by the relevant local council.

Loans for business purposes are specifically excluded.

8.1.2 Loan Types

The Seller offers the following loan types for all Housing Loans regardless of loan purpose:

- (a) **Variable Rate:** Interest rates on these loans can be altered at any time and generally change in conjunction with movements in cash rates.
- (b) **Fixed Rate:** Borrowers can elect to fix the interest rate up to a maximum of 5 years. At the expiry of the fixed rate term the loan automatically reverts to the applicable variable rate unless the borrower specifically requests (and the Bank accepts) another fixed rate term.

Borrowers can elect to switch between loan types at any time and may remain in the Housing Loan Pool depending on loan type.

8.1.3 Housing Loan Products

Set out below is a summary of the Seller's loan product types. The products described below apply to both owner occupied and investment loans.

The Seller offers a variety of loan product types with various features and options that are summarised in this section. Market competition and economics may require that the Seller offer new product types or add features to a Housing Loan which are not described in this section.

The Seller's standard variable rate and fixed rate Housing Loans

These types of Housing Loans are the Seller's traditional standard mortgage products which consist of standard variable rate and fixed rate options. The standard variable rate product is not linked to any other variable rates in the market. However, it may fluctuate with market conditions. Borrowers may switch to a fixed interest rate at any time. Some of the Housing Loans will be subject to fixed rates for differing periods.

In addition, some of these Housing Loans have an interest rate which is discounted by a fixed percentage to the standard variable rate or fixed rate. These discounts are offered to members of certain professional groups, other high income individuals and borrowers who take out a “package” (i.e. a bundle of transaction and lending products which includes discounts and fee concessions) and/or meet certain loan size requirements.

The Seller offers fixed rate Housing Loan terms from one to five years providing certainty in terms of interest rates and repayments. These Housing Loans convert to the standard variable interest rate at the end of the agreed fixed rate period unless the borrower elects to fix the interest rate for a further period.

In addition to the carded or advertised rates on offer for products BOQ may offer customers either at origination of the Housing Loans or at any time after being established an additional discount to their interest rates.

Clear Path Home Loan

This is the traditional borrowing option with interest rates fluctuating according to market changes. This product provides maximum flexibility with repayment and redraw options as well as the full range of Housing Loan features. This product is the Seller’s primary acquisition product for new business and is typically priced lower than the Standard Variable Home Loan product.

Economy Home Loan

This is a low cost "no frills" Housing Loan for those borrowers looking for the flexibility of a variable rate Housing Loan without the extra features.

Home Loan Privileges Package (HLPP)

This is a complete home loan and banking package with benefits and savings that last for the full term of the Housing Loan. Customers have the option of taking either a variable rate or fixed rate option, with discounted interest rate benefits applying to the variable option. The discount is tiered according to the customer’s total borrowings with the eligibility restricted to borrowers with total borrowings greater than \$150,000. In all other aspects, the loan products operate exactly the same as the standard products including with respect to repayment options. In all cases, fee savings apply to their Housing Loans, transaction accounts and credit cards.

This package replaced the Queenslander Advantage Package in October 2004 and has higher entry level borrowing requirements with different discounts applied to the tiers as illustrated below.

These changes were specifically implemented to increase the margin on the packaged loan products but new tiering was required to be implemented in September 2005 and again in November 2011 as a result of competitive pressures.

In addition to the features and benefits offered under the HLPP, the Seller also offers on a campaign basis a Discount Variable Rate Home Loan product that offers an additional discount to the customer for the first two years of the Housing Loan. From 2 February 2015, this product has been reintroduced as a core offering targeting premium clients by providing larger discounts to clients that have a loan-to-value ratio of less than 80% and greater than \$1,000,000 in lending.

The tiers are as follows:

Standard Variable Rate Home Loan (effective 21/11/11)

Min Borrowings	Discount
\$150,000 to less than \$250,000	0.50% p.a. below Standard Variable Home and Investment Loan rate
\$250,000 to less than \$1,000,000	0.85% p.a. below Standard Variable Home and Investment Loan rate
\$1,000,000 and over	0.90% p.a. below Standard Variable Home and Investment Loan rate

Discount Variable Rate Home Loan (effective from 02/02/15)

Min Borrowings and LVR	Discount
\$1,000,000 and over and up to 80% maximum LVR	1.52% p.a. below Standard Variable Home and Investment Loan rate for 2 years then 1.26% p.a thereafter

8.2 The Housing Loan Pool

The Housing Loan Pool consists of 2048 Housing Loans with Current Balances totalling \$499,998,948.10 as at the Cut-Off Date. A statistical analysis of the Housing Loan Pool is contained in Annexure 1.

Note that the statistical information provided in the tables in Annexure 1 may not reflect the actual Housing Loan Pool as of the Closing Date. This is because the pool of Housing Loans to be acquired by the Series Trust on the Closing Date will not be finalised until immediately prior to the Closing Date. Bank of Queensland will prepare an updated copy of the statistical information provided in the tables in Annexure 1 shortly before the Closing Date reflecting the details of the actual Housing Loan Pool that will be acquired on the Closing Date.

8.3 Eligibility Criteria

The Housing Loans included in the Housing Loan Pool must meet the following eligibility criteria or such other eligibility criteria as the Trustee, the Seller and the Manager may agree in writing prior to the Closing Date and in respect of which the Manager has issued a Rating Affirmation Notice (the **Eligibility Criteria**). In respect of the Housing Loans to be sold directly from the Seller, the Eligibility Criteria are determined as at the Cut-Off Date. All Housing Loans comprised in the Housing Loan Pool will be acquired by the Trustee directly from the Seller. The Eligibility Criteria are:

- (a) Each Housing Loan must:
 - (i) be advanced and repayable in Australian dollars;
 - (ii) be secured by a first ranking mortgage or, if there are two mortgages over the land securing the Housing Loan and the Seller is the mortgagee of the first ranking mortgage, a second ranking mortgage;
 - (iii) be secured by a mortgage over land which is residential property;
 - (iv) have a stated remaining term to maturity at the Cut-Off Date not exceeding 30 years;
 - (v) have an LVR not exceeding 95% determined at or about the time of its approval date;
 - (vi) be assignable by the Seller in equity without prior consent being required from, or notice of the assignment needing to be given to, the mortgagor or any other person; and
 - (vii) be fully drawn down at least two months prior to the Cut-Off Date.
- (b) Each Housing Loan must not be:
 - (i) partially drawn down;
 - (ii) a loan secured by a mortgage over land which does not contain a residential building;

- (iii) a loan pursuant to which the Seller is only entitled to receive interest payments under the terms of the loan for a period greater than five years;
 - (iv) a loan whose Arrears Days (as defined in the Series Supplement) are greater than 30 as at the Cut-Off Date;
 - (v) a home equity loan or a loan branded as a "HELP" loan;
 - (vi) a loan that allows interest to be paid in advance; or
 - (vii) a loan that has a fixed rate period greater than five years.
- (c) A Housing Loan may be a Staff Housing Loan, which is a Housing Loan made to staff of the Seller on arms-length terms and conditions and subject to the usual credit assessment criteria of the Seller.

8.4 Housing Loan Features

Each Housing Loan may have some or all of the features described in this section. In addition, during the term of any Housing Loan, the Servicer may agree to change any of the terms of that Housing Loan from time to time at the request of the borrower.

8.4.1 Repayment Holiday

A borrower is allowed a repayment holiday where the borrower has taken a principal and interest loan and has prepaid principal, creating a difference between the outstanding principal balance of the loan and the scheduled amortised principal balance of the Housing Loan. The borrower is not required to make any payments, including payments of interest, until the outstanding principal balance of the Housing loan plus unpaid interest equals the scheduled amortised principal balance. The failure by the borrower to make payments during a repayment holiday will not cause the related Housing Loan to be considered delinquent.

8.4.2 Early Repayment

A borrower may incur a fee if an early repayment occurs on a fixed rate Housing Loan. A borrower may also incur break fees if an early repayment or partial prepayment of principal occurs on a fixed rate Housing Loan. However, at present fixed rate Housing Loans allow for partial prepayment by the borrower of up to A\$5,000 in any 12 month period without any break fees being applicable.

8.4.3 Redraw

Borrowers can elect to redraw prepaid principal on their Housing Loans on variable rate loans. The redraw facility is subject to approval by the Seller and the loan's Current Balance after the redraw must not exceed the Scheduled Balance of that Housing Loan. Redraws can occur in either of the following manners:

- (a) Electronically via internet banking, where the amount available for redraw is controlled by the banking system (i.e. redraw is not permitted if the funds are not available); or
- (b) Manually – all these redraws are centrally administered and approved.

The Seller will be reimbursed by the Trustee for redraws made by borrowers in the circumstances described in Section 9.5.2.

8.4.4 Combination or "Split" Housing Loans

A borrower may elect to split a Housing Loan into separate funding portions which may, among other things, be subject to different types of interest rates. Each part of the Housing Loan is effectively a separate Housing Loan contract, even though all the separate Housing Loans are secured by the same mortgage.

8.4.5 Interest Off-Set

The Seller offers borrowers certain interest off-set products under which the interest accrued on the borrower's transaction account is off-set against interest on the borrower's Housing Loan. The Seller does not actually pay interest to the borrower on the Housing Loan off-set account, but simply reduces the amount of interest which is payable by the borrower under its Housing Loan. The borrower continues to make their scheduled mortgage payments with the result that the portion allocated to principal is increased by the amount of interest off-set. For transaction accounts, the interest off-set is only available for certain types of Housing Loan.

In the event of a Perfection of Title Event occurring, interest off-set will no longer apply.

If the Basis Swap has terminated on or prior to its scheduled termination date and the long-term credit rating of Bank of Queensland by S&P is less than BBB, Bank of Queensland must: (a) within four Business Days of the occurrence of both of these events (the **First Payment Date**), pay an amount equal to the aggregate of the Off-Set Amounts for the then Monthly Period, in relation to the Housing Loans then forming part of the Assets of the Trust, to the Trustee; and (b) on the Distribution Date following the First Payment Date, and on each Distribution Date thereafter, pay an amount equal to the aggregate of the Off-Set Amounts for the Monthly Period ending immediately prior to that Distribution Date in relation to the Housing Loans then forming part of the Assets of the Trust to the Trustee.

8.4.6 Interest Only Periods

A borrower may also request to make payments of interest only on his or her Housing Loan. If the Servicer agrees to such a request in respect of a Housing Loan it does so conditional upon higher principal repayments or a bulk reduction of principal applying upon expiry of the interest only period so that the Housing Loan is repaid within its original term. The interest only period can be extended beyond the initial period provided the total interest only period for the life of the Housing Loan does not exceed 5 years (for owner occupier loans), and does not exceed 15 years (for investment loans).

8.4.7 Special Introductory Rates

The Seller may offer borrowers introductory rates for periods of up to three years during which period the rate is either variable or fixed. On the expiry of the introductory offer, these Housing Loans automatically convert to the standard or base variable interest rate.

8.4.8 Additional Features

The Seller and Servicer, as applicable, may from time to time offer additional features in relation to a Housing Loan which are not described in the preceding section or may cease to offer features that have been previously offered and may add, remove or vary any fees or other conditions applicable to such features.

8.4.9 Further Advances

It is the Seller's current policy that borrowers are not to be advanced further funds under a Housing Loan if that advance would cause the Current Balance to exceed the Scheduled Balance of that Housing Loan by more than one scheduled monthly instalment.

If at some future date, however, a borrower was advanced further funds under a Housing Loan and that advance resulted in the Current Balance of the Housing Loan exceeding its Scheduled Balance by more than one scheduled monthly instalment, the Housing Loan will be removed from the Housing Loan Pool.

8.4.10 Origination of Housing Loans

All Housing Loans in the Housing Loan Pool have been directly originated by the Seller through loan applications from new and existing customers. All of the Seller's loan applications are sourced from the Seller's branch network, approved and accredited mortgage brokers, approved referral sources and business banking relationship managers. Each Housing Loan is subject to the normal credit and settlement processes of the Seller.

8.5 Credit Approval Process

8.5.1 Approval and Underwriting Process

When a Housing Loan application is received, it is processed in accordance with the Seller's approval policies. These policies are monitored and are subject to continuous review by the Seller, which, like other lenders in the Australian residential housing loan market, does not divide its borrowers into groups of differing credit quality for the purposes of setting standard interest rates for their residential housing loans. In certain situations discounted interest rates are provided to retain existing borrowers or to attract certain customer segments. All borrowers must satisfy the appropriate approval criteria of the Seller described in this section.

Authorised roles within the Seller are provided with the authority and accountability designed to assist customers with the lending application and process. Staff occupying these roles are trained to have the necessary skills and knowledge designed to meet the full financial needs of customers with particular regard to lending products, sales and services, risk management and associated issues. Authorised roles include, but are not limited to, lending managers.

Applications scored as 'refer' and those that are not credit scored (incorporated entities/trusts) are assessed by an appropriately authorised staff member in a specialised credit decisioning team. The Retail Credit Risk Assessment Department is a centralised function which is independent from the origination of Housing Loans and the Head of Retail Credit Assessment reports to the Chief Risk Officer, BOQ Retail and BOQ Specialist.

Credit Risk Assessment Managers must be assessed prior to a personal credit approval authority delegation being approved. The credit risk assessment manager's performance and approval authority is regularly monitored and reviewed by the Seller. This is intended to ensure that Housing Loans are approved by a credit risk assessment manager with the proper authority level and that the quality of the underwriting process by each individual lending officer is maintained.

Housing loans processed by the Seller may be either approved outright by being "auto-decisioned" by a credit scorecard system or, in certain circumstances, "auto-decisioned" and then referred for approval to a credit risk assessment manager or referred from the outset for approval to a credit risk assessment manager holding a personal credit approval authority. A Housing Loan will be approved or declined by a credit risk assessment manager holding the appropriate level of delegation and Housing Loans which have higher risk characteristics or do not meet the Seller's normal lending criteria are assessed by a credit risk assessment manager with higher delegation.

8.5.2 Verification of application details

The verification process involves borrowers providing proof of identity, evidence of income and evidence of savings (where applicable). For an employed applicant, it includes confirming employment and income levels using evidence such as payslips, salary credits to transaction accounts or employer written confirmation. For a self-employed person or an incorporated entity as an applicant, the Seller obtains annual financial statements and tax assessments. Where applicants are refinancing debts from another financial institution, a check of recent statements of the existing Housing Loan(s) is made to determine the regularity of debt payments. The credit history of any existing borrowings from the Seller is also checked.

8.5.3 Assessing ability to repay

Based upon the application, once verified, an assessment is made of the applicant's ability to repay the Housing Loan. This is primarily based on the net servicing position along with any risk factors identified in verifying the applicant's income, savings or credit history. The credit decision is made using one of the following processes.

- (a) Credit scorecard: In the majority of cases, a credit scorecard system automatically and consistently applies the Seller's credit assessment rules without relying on the credit experience of the inputting officer. The credit scorecard returns a decision to approve or refer an application. An application is referred by the system if certain risk factors, such as loan size or a negative net servicing position, are present which require the application to be

assessed by an experienced credit risk assessment manager. The credit score determined by this system is based on historical performance data of the Seller's Housing Loan portfolio.

In addition, in certain circumstances, such as to comply with the Seller's internal approval policies, an application approved by the credit scorecard system can also be referred for approval to a credit risk assessment manager.

- (b) Credit approval authorities: Housing Loan applications which are not credit scored, which are referred by the credit scorecard system or which have been approved by the credit scorecard system but identified for referral, are assessed by a credit risk assessment manager. Credit risk assessment managers are allocated delegated approval authorities based on their level of experience and past performance. Housing Loans which have certain risk characteristics, such as loan size or a negative net servicing position, are assessed by more experienced credit risk assessment managers. The Seller monitors the quality of lending decisions and conducts regular audits of approvals.

In addition to the processes described above, all Housing Loan applications are also subject to a credit history search of the applicant's credit file which is provided by Equifax (formerly known as Veda Advantage Ltd and previously as Baycorp Advantage Ltd).

Borrowers in respect of Housing Loans may be natural persons, corporations or trusts. Housing Loans to corporations and trusts may be secured, if deemed necessary, by guarantees from directors. Guarantees may also be obtained in other circumstances.

8.5.4 Valuations

For applications which are approved during the credit decision process, the maximum allowable loan-to-value ratio, being the ratio of the Housing Loan amount to the value of the mortgaged property, is calculated and an offer for finance is made conditional upon a satisfactory valuation of the mortgaged property and any other outstanding conditions being satisfied. The amount of the Housing Loan that will be approved for a successful applicant is based on an assessment of the applicant's ability to service the proposed Housing Loan and the loan-to-value ratio.

For the purposes of calculating the loan-to-value ratio, the value of a mortgaged property is determined at origination by (i) a registered valuer approved by the Seller (who is an accredited panel valuer); (ii) reference to an acceptable source document such as a contract for the purchase of the mortgaged property; (iii) an automated valuation model to support contract purchase price or to confirm property value for a variation request or (iv) a Desktop valuation (undertaken by an accredited panel valuer) in certain circumstances. The risk criteria includes limits on the Housing Loan amount and the value and geographical location of the security property.

The maximum loan-to-value ratio that is permitted for any Housing Loan is determined according to the Seller's credit policy and is dependent on the size of the proposed Housing Loan, the nature and location of the proposed mortgaged property and other relevant factors. Where more than one mortgaged property is offered as security for a Housing Loan, the sum of the valuations for each mortgaged property is assessed against the Housing Loan amount sought and any existing Housing Loans.

The Seller's formal Housing Loan offer with the Housing Loan security documentation is printed at the point of sale by the Housing Loan originator. After acceptance and execution, the documentation, together with a signed acknowledgement that all non-documentary conditions of approval have been met, is returned by the business unit to the lending services team authorising settlement and funding of the Housing Loan can proceed.

One of the conditions of settlement is that the borrower establish and maintain full replacement general home owner's insurance on the mortgaged property. However, there is no on-going monitoring of the level of home owner's insurance maintained by borrowers.

If an existing borrower is requesting new lending, an increase or variation, the Seller requires a new valuation of all security property where the existing valuation is more than 2 years old. Where the purchase contract price for a residential property has been relied upon in the lieu of a valuation, this may

only be relied upon for a maximum period of 12 months after the date of the contract (provided the LVR is not more than 80%). After 12 months, the Seller will require a new valuation.

Please note that for all loans where the LVR is greater than 80% at loan origination, it is necessary for the borrower to take out mortgage insurance at their own cost. This mortgage insurance is separate and over and above the mortgage insurance required to cover the housing loans included in this Housing Loan Pool.

Any loans approved without mortgage insurance, require approval by the Head of Retail Credit Assessment, Chief Risk Officer, BOQ Retail and BOQ Specialist, or Group Chief Risk Officer.

8.5.5 Mortgage Insurance

Each Mortgage Loan with a loan-to-value ratio of greater than 80% upon origination is insured by a Mortgage Insurance Policy issued to the Seller by either Genworth Financial Mortgage Insurance Pty Limited or QBE Lenders' Mortgage Insurance Limited.

The Seller has the benefit of the 1995 QBE Master Policy, the 1997 QBE Master Policy, the 2000 QBE Master Policy, the 2007 QBE Master Policy, 2010 QBE Master Policy, the 1999 Genworth Capital Mortgage Insurance Master Policy, the 2008 Genworth Master Policy, the GE/Seller Master Policy, the 1999 Genworth Master Policy and Genworth Policies under which certain Housing Loans are covered for mortgage insurance purposes.

For more information on the Mortgage Insurance Policies, see Section 10.

8.5.6 Documentation and Settlements

After approval, the documentation and settlement of the Housing Loan is processed by our Loan Centre managed by DXC Technology under an Outsourced Agreement. Standard documentation supplied and approved by the Seller is produced by DXC Technology using information from the Seller's CRS Applications.

For Housing Loans the Seller requires, prior to or at settlement and the disbursement of funds, the following:

- (a) copy of the purchase contract (where applicable);
- (b) signed offer and acceptance letter;
- (c) valuation report (if applicable);
- (d) certificate of title (if applicable);
- (e) evidence of mortgage insurance (if applicable);
- (f) guarantor acknowledgement (if guaranteed);
- (g) signed guarantee document (if guaranteed);
- (h) where applicable executed land transfer documents and discharges of existing mortgages;
- (i) a disbursement authority for the Seller;
- (j) a signed and stamped loan contract (if applicable) and the Seller's mortgage documents; and
- (k) appropriate building insurance noting the Seller's interest.

The Loan Centre checks the legal documents including the mortgage, effects final title searches and arranges preparation of disbursements as per the disbursement authority. Once the final checks have been effected settlement takes place and the relevant documents are lodged for registration at the relevant land titles office.

8.6 Housing Loan Servicing

8.6.1 Seller as Initial Servicer

Under the Series Supplement, Bank of Queensland will be appointed as the initial Servicer of the Housing Loans and related securities.

The Servicer has centralised processes which are used to service the Housing Loans. These processes include handling inquiries, accounting for Housing Loan transactions, development and management of computer systems relating to Housing Loans and the collection of payments and enforcement procedures for delinquent Housing Loans.

8.6.2 Servicing to be in accordance with Servicing Standards

Subject, unless the prior written consent of the Trustee and the Manager is obtained, to the express limitations on servicing (see Section 8.6.9), the Servicer must ensure that the servicing of the Housing Loans and related securities is in accordance with the Servicing Standards.

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

The Servicing Guidelines are the written guidelines, policies and procedures established by the Servicer for servicing its housing loan portfolio, as amended from time to time. The Servicer may amend the Servicing Guidelines from time to time. Any proposed material amendments relating to the servicing of the Housing Loan Rights must be notified to each Rating Agency, the Trustee and the Manager at least one month prior to the date of their intended effect. Such amendments take effect upon the Manager issuing a Rating Affirmation Notice in relation to the proposed amendments.

All acts of the Servicer are binding on the Trustee. However, neither the Trustee nor the Manager or their respective delegates is liable for any Servicer Default except to the extent that the Servicer Default is caused by the Trustee's or the Manager's or their respective delegate's (as the case may be) fraud, negligence or wilful default.

8.6.3 Custody of Documentation

The Seller will be the initial Custodian of the loan documentation. The Seller has appointed the Trustee as its Custodial Delegate. See Section 13 for further details regarding the Custodian.

8.6.4 Repayments/Arrears

Mortgagors are expected to make repayments on a monthly basis and maintain the Current Balance of the Housing Loan at or below the Scheduled Balance.

Arrears are assessed by comparing the difference between the Scheduled Balance and Current Balance with the scheduled monthly repayment.

8.6.5 Payment of Collections into the Collections Account

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

Where the Collections Account is permitted to be maintained with the Servicer (see Section 2.8), the Servicer may retain the Collections it receives in respect of a Monthly Period until the following Transfer Date, when it must deposit them into the Collections Account. Interest will be earned on the amount standing to the credit of the Collections Account.

Where the Collections Account is not permitted to be maintained with the Servicer, the Servicer must pay all Collections in respect of the Housing Loans into the Collections Account within two Business Days of receipt (where they are received by the Servicer) or within two Business Days of their due date for payment (where they are payable by the Seller or the Servicer). The Servicer may, in its sole discretion,

deposit amounts into the Collections Account in prepayment of its obligations to pay Collections into the Collections Account in these circumstances. Such prepaid amounts are, to the extent they are standing to the credit of the Collections Account, secured to the Servicer under the Security Trust Deed as an **Outstanding Prepayment Amount** (see Section 11.4.4).

The Servicer may from time to time request that the Trustee repay amounts standing to the credit of the Collections Account which represent earlier prepayments (as described above) but only to the extent those prepayments are not required to offset the Servicer's earlier obligations to deposit Collections into the Collections Account.

Provided the Collections for a Monthly Period are sufficient to meet the Trustee's expenses (other than amounts payable to the Income Unitholder) for that Monthly Period, the Servicer will (unless it is insolvent) be entitled to retain the interest and other income it has derived from holding any Collections prior to depositing the Collections into the Collections Account. Where there are insufficient Collections to fund the Trustee's expenses (other than amounts payable to the Income Unitholder) in any Monthly Period the Servicer must pay interest on the Collections from the date it receives them until the date they are deposited into the Collections Account. The rate of interest payable by the Servicer in respect of the Collections is the commercial rate agreed between the Manager and the Servicer from time to time.

8.6.6 Collections and Enforcement

Pursuant to the terms of the Housing Loans, borrowers must make the minimum repayment due under the terms and conditions of the Housing Loans, on or before each monthly installment due date. A borrower may elect to make his or her repayments weekly or fortnightly so long as the equivalent of the minimum monthly repayment is received on or before the monthly installment due date. Borrowers often select repayment dates to coincide with receipt of their salary or other income. In addition to payment to a branch by cash or cheque, Housing Loan repayments may be made by direct debit to a nominated bank account or direct credit from the borrower's salary by their employer.

A Housing Loan is subject to action in relation to arrears of payment whenever the monthly repayment is not paid by the monthly installment due date. However, under the terms of the Housing Loans, borrowers may prepay amounts which are additional to their required monthly repayments to build up a "credit buffer", being the difference between the total amount paid by them and the total of the monthly repayments required to be made by them. If a borrower subsequently fails to make some or all of a required monthly repayment, the servicing system will apply the amount not paid against the credit buffer until the total amount of missed payments exceeds the credit buffer. The Housing Loan will be considered to be arrears only in relation to that excess.

The Servicer's collections system identifies all Housing Loan accounts which are in arrears and produces lists of those Housing Loan. The collection system allocates overdue loans to the Servicer's designated collection officers who take action in relation to the arrears.

Actions taken by the Servicer in relation to delinquent accounts will vary depending on a number of elements, including the following and, if applicable, with the input of a mortgage insurer:

- (a) arrears history;
- (b) equity in the property; and
- (c) arrangements made with the borrower to meet overdue payments.

If satisfactory arrangements cannot be made to rectify a delinquent Housing Loan, legal notices are issued and recovery action is initiated by the Servicer. This includes, if the Servicer obtains possession of the mortgaged property, ensuring that the mortgaged property supporting the Housing Loan still has adequate general home owner's insurance and that the upkeep of the mortgaged property is maintained. Recovery action is arranged by experienced collections and recoveries staff in conjunction with internal or external legal advisers. A number of sources of recovery are pursued including the following:

- (a) voluntary sale by the mortgagor;

- (b) guarantees;
- (c) mortgagee sale;
- (d) claims on mortgage insurance; and
- (e) action against the mortgagor/borrower personally.

The Servicer reports all actions that it takes on overdue Housing Loans to the relevant mortgage insurer where required in accordance with the terms of the mortgage insurance policies.

When a Housing Loan becomes delinquent a combination of contact methods will be used to follow up with the borrower seeking full and immediate clearance of all arrears. The type of contact methods may include SMS, reminder letters and phone calls. The timing of the follow up contact depends on the risk profile of the account, but generally contact is made between 7 and 15 days of the account becoming delinquent.

If an arrangement has not been entered into to rectify the arrears, a Notice of Demand is issued advising the borrower that if the matter is not rectified within a period of 30 days, the bank is entitled to commence enforcement proceedings without further notice. Generally, a Notice of Demand will be sent when the loan is the equivalent of three payments past due. Upon the expiry of the Notice of Demand, and if a payment arrangement has not been entered into, the file is reviewed for the issuance of a Statement of Claim for possession of the property in the relevant Australian court.

Once a borrower is served with a statement of claim, the borrower is given up to 28 days to file a defence to the Statement of Claim. Should a defence to the Statement of Claim not be filed the servicer will then, apply to the court to have judgment entered in its favour for the outstanding debt. The Servicer will then apply to the court for a 'Warrant of Possession' whereby the court approves for Servicer to take possession of the security. The servicer awaits the eviction date to be set by the Sheriff and engages a property presenter to assist with obtaining possession of the security. Appraisals and valuations are ordered and a reserve price is set for sale by way of public auction, tender or private treaty. These time frames assume that the borrower has either taken no action or has not honoured any commitments made in relation to the delinquency to the satisfaction of the Servicer and the mortgage insurers.

It should also be noted that the Servicer's ability to exercise its power of sale on the mortgaged property is dependent upon the statutory restrictions of the relevant state or territory as to notice requirements. In addition, there may be factors outside the control of the mortgagee such as whether the mortgagor contests the sale and the market conditions at the time of sale. These issues may affect the length of time between the decision of the Servicer to exercise its power of sale and final completion of the sale.

The collection and enforcement procedures may change from time to time in accordance with business judgment and changes to legislation and guidelines established by the relevant regulatory bodies.

8.6.7 Reviews of Policies and Procedures

The Servicing Guidelines will be reviewed by the Servicer on an ongoing basis and may be altered from time to time in line with accepted practices within the mortgage servicing industry.

8.6.8 Act of Servicer Binding

All acts of the Servicer in servicing the Housing Loans are binding on the Trustee. However, neither the Trustee nor the Manager (or their respective delegates) is responsible or liable for any Servicer Default except to the extent that the Servicer Default is caused by fraud, negligence or wilful default on the part of the Trustee, the Manager or their respective delegates, officers, employees or agents or any other person whose acts or omissions the Trustee or the Manager (as the case may be) is liable for under the Transaction Documents.

8.6.9 Express Powers and Limitations on Servicing

The Series Supplement regulates certain aspects of the servicing function. The relevant provisions are summarised below.

8.6.10 Interest Rates

The Servicer must set the interest rate on each Housing Loan at the rate which the Servicer charges on similar housing loans within its portfolio which have not been sold to the Trustee. However, in certain circumstances the Servicer must reduce the interest offset rates on the Interest Off-Set Accounts to the lesser of zero and a level which will ensure that the Trustee has sufficient income from the Housing Loans to meet its expenses (including the Coupon and principal payable on the Notes). If the interest offset rates on the Interest Off-Set Accounts have been reduced to zero and the Trustee's income is still insufficient to meet its expenses, the Servicer must (in addition to reducing the interest offset rates on the Interest Off-Set Accounts) ensure that the weighted average of the rates of interest charged on the variable rate Housing Loans is at least equal to the Threshold Mortgage Rate.

The circumstances in which the Servicer must adjust the rates of interest and the interest offset rates applicable to the variable rate Housing Loans in accordance with the above requirements are:

- (a) where the Basis Swap has terminated on or prior to its scheduled termination date, until a replacement swap or other arrangement is entered into in accordance with the requirements explained in Section 11.1.6; and
- (b) following notice from the Manager that it has determined that the aggregate principal amount outstanding on the Housing Loans on a Distribution Date, when expressed as a percentage of the aggregate principal amount outstanding on the Housing Loans on the Closing Date, will be below 10% and that the Manager has requested the Seller to exercise its rights to acquire Housing Loans under the Clean-Up and Extinguishment (see Section 12.2.9) and the Seller has advised the Manager that it will not exercise those rights prior to that Distribution Date.

If the Servicer fails to adjust the rates of interest and the interest offset rates applicable to the variable rate Housing Loans in the circumstances described in paragraph (a) and this failure gives rise to the Servicer Default referred to in paragraph (e) of Section 12.5.4, the Trustee must, on the direction of the Manager, adjust or maintain the rates charged in relation to the variable rate Housing Loans in accordance with the above requirements until a replacement Servicer is appointed (see Sections 12.5.4 and 12.5.6).

8.6.11 Release or Substitution of Securities

A borrower may apply to the Servicer to release or substitute any securities relating to a Housing Loan. The Servicer has agreed that it will only do this if:

- (a) at least one mortgage is retained after the release or substitution to secure that Housing Loan;
- (b) prior to the release or substitution, the LVR of that Housing Loan is reappraised by the Servicer in accordance with the Servicing Standards and, based on that reappraisal, the LVR of that Housing Loan after the release or substitution will be below the LVR immediately prior to the release or substitution; and
- (c) the Mortgage Insurer in respect of that Housing Loan confirms in writing to the Servicer that the release or substitution will not result in a reduction in the amount that could otherwise be recovered under the Mortgage Insurance Policy under which that Housing Loan is insured.

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

8.6.12 Extension of Maturity of Housing Loans and Variation or Relaxation of Other Terms

Except in the circumstances set out in Section 8.6.19 or where a Housing Loan is regarded as being repaid in full following the making of a Further Advance (see Section 12.2.7), the Servicer must not:

- (a) grant any extension of the maturity date of a Housing Loan beyond 30 years from the date the Housing Loan was made or allow a reduced monthly payment that would result in such an extension; or
- (b) vary the time to maturity of a Housing Loan which is then an Asset of the Series Trust such that the maturity of the Housing Loan is within 18 months of the Maturity Date.

Subject to the foregoing considerations and to Section 8.6.13, the Servicer may vary, extend or relax the time to maturity, the terms of repayment or any other term of a Housing Loan and its related securities in accordance with the Servicing Standards.

8.6.13 Release of Debt

Except in the circumstances set out in Section 8.6.19, the Servicer may not release the borrower or any security provider from any amount owing in respect of a Housing Loan or its related securities unless the amount has been, or is to be, written-off by the Servicer as uncollectible, in each case, in accordance with the Servicing Standards.

8.6.14 Waivers, Releases and Compromises

Subject to:

- (a) the Servicer indemnifying the Trustee against any loss suffered by the Trustee as a result of any release or substitution of a mortgage or collateral securities securing a Housing Loan other than as described in Section 8.6.11; and
- (b) the restriction referred to in Section 8.6.13,

the Servicer is empowered to waive any breach under, or to compromise, compound or settle any claim in respect of, or to release any party from an obligation under, a Housing Loan or its related securities.

8.6.15 Consent to Subsequent Security Interests

The Servicer may only consent to the creation or existence of a subsequent security interest in favour of a party (other than the Trustee or the Seller) in relation to the land the subject of a mortgage held as security for a Housing Loan if the Servicer ensures that the relevant mortgage ranks in priority to the third party's security interest on enforcement for an amount not less than the principal amount (plus accrued but unpaid interest) outstanding on the Housing Loan plus an amount determined in accordance with the Servicing Guidelines. The Trustee and the Seller have agreed that where a subsequent security interest is granted in their favour over land the subject of a mortgage securing a Housing Loan, the relevant mortgage will rank in priority to their security interest on the same basis as is described above for third parties.

8.6.16 Consent to Leases

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

8.6.17 Litigation and Enforcement

The Servicer may take such action to enforce a Housing Loan and its related securities as it determines should be taken. The Servicer is not required to institute or continue any litigation in respect of any amount owing under a Housing Loan if it has reasonable grounds for believing, based on advice from its legal advisers, that:

- (a) the Servicer is, or will be, unable to enforce the provisions of the Housing Loan under which the amount is owing; or
- (b) the likely proceeds of any such litigation, in light of the costs involved, do not warrant the litigation.

The Servicer must not, however, knowingly take any action, or knowingly fail to take any action, if that action or failure will interfere with the enforcement of any Housing Loan Rights by the Servicer or the Trustee, unless such action or failure is in accordance with the Servicing Standards.

8.6.18 Insurance Policies and Claims

The Servicer may settle any claim in respect of any mortgage or property insurance policy. Any insurance proceeds received in respect of a Housing Loan must be applied to the account in the Servicer's records for the Housing Loan up to the principal amount outstanding in respect of that Housing Loan, together with any accrued but unraised interest (unless the proceeds relate to property insurance and are released in accordance with the Servicing Standards and are paid directly for work being carried out to rebuild, reinstate or repair the property to which the proceeds relate).

8.6.19 Binding Provisions and Orders of a Competent Authority

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

If the order is or would be due to:

- (a) the Seller or the Servicer breaching any applicable law or official directive (other than one which provides for relief on equitable or like grounds when the Servicer is acting in accordance with the standards and practices of a prudent lender) at the time the Housing Loan or related security was entered into or a Further Advance was made; or
- (b) the Servicer not acting in accordance with the standards and practices of a prudent lender in the business of making retail home loans,

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

8.7 Information on the Housing Loans

If the Seller is appointed the custodian of the Housing Loan Documents (see Section 13), it must deliver to the Trustee an electronic file containing certain information in connection with the Housing Loans and related securities. The Seller must thereafter, at the beginning of each Monthly Period, deliver to the Trustee a new electronic file updating the information previously provided to reflect any amendment to that information that occurred in the previous Monthly Period and, in respect of information regarding the offices at which the Housing Loan Documents are retained, any amendment which to the Seller's knowledge will occur in the Monthly Period that has just commenced. The Seller has agreed to indemnify the Trustee for any losses suffered as a result of the Seller failing to supply adequate information or supplying inaccurate or incomplete information on such electronic file such that the Trustee is unable to lodge and register caveats and transfers upon the occurrence of a Perfection of Title Event (see Section 12.2.11) or a Document Transfer Event (see Section 13).

9. Cashflow Allocation Methodology

9.1 Principles Underlying the Allocation of Cash Flows

This Section 9 describes the methodology for the calculation of the amounts to be paid by the Trustee on each Distribution Date to, amongst others, the Noteholders.

In summary, the Series Supplement provides for Collections to be allocated and paid on a monthly basis, in accordance with a set order of priorities, to satisfy the Trustee's payment obligations in relation to the Series Trust. The underlying cash flows comprising the Collections are explained in Section 9.3. The methodology for allocating Collections between Coupon on the Notes and other charges, on one hand, and principal, on the other, are explained in Sections 9.4 and 9.5.

The calculation of the various amounts payable on each Distribution Date and the priority in which these amounts are paid are also explained in Sections 9.4 and 9.5.

In certain circumstances the principal amount of the Notes can be reduced by way of Charge-Off. This is explained in Section 9.6.

9.2 Monthly Periods, Determination Dates and Distribution Dates

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

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

3 July to 2 August (inclusive)	Monthly Period
16 July to 15 August (inclusive)	Coupon Period
12 August	Record Date
13 August	Determination Date
15 August	Transfer Date
16 August	Distribution Date

9.3 Underlying Cash Flows

9.3.1 Collections

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

- (a) the sum of all amounts for which a credit entry is made during the Monthly Period to the accounts established in the Servicer's records for the Housing Loans less the sum of the amount of any credit entries to the accounts established in the Servicer's records for the Housing Loans which relate to any Defaulted Amount on the Housing Loans during the Monthly Period and the amount of any reversals made during the Monthly Period to the accounts established in the Servicer's records for the Housing Loans where the original credit entry (or part thereof) was made in error or was made but subsequently reversed due to funds not being cleared;

- (b) any Recoveries received by the Servicer in relation to the Housing Loans during the Monthly Period (less any reversals made during the Monthly Period in respect of Recoveries where the original credit entry (or part thereof) was made in error or subsequently reversed due to funds not being cleared);
- (c) any amounts received by the Trustee from the Seller in respect of the Monthly Period with respect to Housing Loans repurchased following the making of a Further Advance (see Section 12.2.7) or as a result of the discovery of an incorrect Seller representation;
- (d) any amounts received by the Trustee on the Determination Date following the Monthly Period upon the Seller's exercise of the Clean-Up and Extinguishment (see Section 12.2.9);
- (e) any damages or indemnities received by the Trustee in respect of the Monthly Period as a result of:
 - (i) the discovery after the Prescribed Period that a representation or warranty of the Seller mentioned in Section 12.2.4 was incorrect when given (see Section 12.2.6);
 - (ii) any release or substitution of any mortgage or related securities (other than as described in Section 8.6.11); or
 - (iii) the Servicer being required under the Code of Banking Practice, another binding provision, or a court or tribunal, to grant any form of relief to a mortgagor or collateral security provider as a result of the Seller having breached any applicable law, official directive, the Code of Banking Practice or other binding provision, or not having acted as a prudent lender of retail home loans;
- (f) any damages received by the Trustee in the Monthly Period which are not included in the amounts referred to in (e) above;
- (g) any amounts received by the Trustee in the Monthly Period as a result of the sale of the Assets of the Series Trust on or following the Termination Date;
- (h) in respect of the first Monthly Period, any subscription moneys in respect of the Notes received by the Trustee that are not used on the Closing Date to acquire Housing Loans or deposited into the Liquidity Reserve Account on the Closing Date;
- (i) any mortgage or general insurance proceeds received in relation to the Housing Loans by the Servicer or the Trustee during the Monthly Period;
- (j) the amount of any Waived Mortgagor Break Costs received by the Trustee in respect of the Monthly Period;
- (k) any Transfer Amount (or part thereof) received by the Trustee pursuant to clause 28 of the Master Trust Deed where the Series Trust is a Disposing Trust; and
- (l) any Class A1-R Note Proceeds remaining following redemption in full of the Class A1 Notes in accordance with Section 9.5.8,

less any amount debited during the Monthly Period to the accounts established in the Servicer's records for the Housing Loans representing fees or charges imposed by any governmental agency, bank accounts debits tax or similar taxes or duties imposed by any governmental agency (including any tax or duty in respect of payments or receipts to or from bank or other accounts) or insurance premiums paid by the Servicer and any amounts paid by the Seller in respect of Redraws during that period in accordance with the Series Supplement.

Without limiting the above, any Class A1-R Note Proceeds to be applied towards redemption of the Class A1 Notes in accordance with Section 9.5.9 do not form part of Collections.

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

9.3.2 Finance Charges

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

- (a) the aggregate of:
 - (i) all debit entries representing interest or other charges that have been charged (net of any interest offset benefits under the Interest Off-Set Accounts) or other charges charged during the Monthly Period made to the accounts established in the Servicer's records for the Housing Loans;
 - (ii) subject to paragraph (iii), any Mortgagor Break Costs charged in relation to the Housing Loans during a prior Monthly Period and received by the Servicer during the Monthly Period; and
 - (iii) any amounts received by the Servicer during the Monthly Period from the enforcement of any mortgage in relation to the Housing Loans or in accordance with any Mortgage Insurance Policy in relation to the Housing Loans, where such amounts exceed the aggregate of the costs of enforcement of any such mortgage and the interest and principal then outstanding on the Housing Loans in respect of which the amounts are received and represent part or all of the Mortgagor Break Costs charged during a prior period on the Housing Loans in respect of which the amounts are received,less:
 - (iv) the aggregate of any reversals made during the Monthly Period in respect of interest or other charges (in relation to any of the accounts established in the Servicer's records for those Housing Loans where the original debit entry (or part thereof) was in error), any Mortgagor Break Benefits paid to a mortgagor during the Monthly Period, and any Mortgagor Break Costs charged, but not received by the Servicer, during the Monthly Period;
- (b) any Recoveries received by the Servicer in relation to the Housing Loans during the Monthly Period (less any reversals made during the Monthly Period in respect of Recoveries where the original debit entry (or part thereof) was in error);
- (c) any amounts received by the Trustee for Housing Loans repurchased following the making of a Further Advance (see Section 12.2.7) or as a result of the discovery of an incorrect Seller representation (see Section 12.2.6) where such amounts represent accrued but unraised interest on the Housing Loans in respect of the Monthly Period;
- (d) the amount of any Clean-Up Settlement Price received by the Trustee in respect of the Monthly Period which represents amounts in respect of accrued but unraised interest on the Housing Loans;
- (e) any amount received by the Trustee from the Seller, Servicer or Manager in respect of the Monthly Period for breach of a representation, warranty or obligation under the Master Trust Deed or Series Supplement;
- (f) any amounts received by the Trustee in the Monthly Period as a result of the sale of Assets of the Series Trust on or following the Termination Date which the Manager determines are to be treated as Finance Charges;
- (g) the amount of any Waived Mortgagor Break Costs received by the Trustee from the Servicer during the Monthly Period;

- (h) any Collections received by the Trustee or the Servicer during the Monthly Period if during that Monthly Period the Total Stated Amount of the Notes has been reduced to zero; and
- (i) any Adjustment Advance (or part thereof) received by the Trustee pursuant to clause 28.8 of the Master Trust Deed where the Series Trust is a Disposing Trust,

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

9.4 Determination of Investor Revenues

9.4.1 Determination of Investor Revenues

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

- (a) the lesser of:
 - (i) Collections for the Monthly Period; and
 - (ii) Finance Charges for the Monthly Period;
- (b) any net amount receivable by the Trustee under any Hedge Agreement in respect of the Coupon Period ending on the Distribution Date immediately following the end of the Monthly Period;
- (c) any interest income (or amounts in the nature of interest income) credited to the Collections Account during the Monthly Period or amounts in the nature of interest otherwise paid by the Servicer or the Manager in respect of Collections held by it;
- (d) all income realised in the Monthly Period in respect of Authorised Short Term Investments of the Series Trust;
- (e) any amount of input tax credits (as defined in the GST Act) received by the Trustee in the Monthly Period in respect of the Series Trust;
- (f) the Income Reserve Draw (if any) for that Monthly Period;
- (g) any other amount received by the Trustee in the Monthly Period (excluding any Collection, any Redraw Advance, any amount drawn from the Liquidity Reserve Account (including any Liquidity Reserve Draw), any amount drawn from the Excess Spread Reserve (including any Excess Spread Reserve Liquidity Draw), any Servicer Collateral Amount or any collateral or prepayment under any Hedge Agreement) which the Manager determines is in the nature of income, including any Off-Set Amount (which will only be payable by Bank of Queensland in the circumstances set out in Section 8.4.4); and
- (h) for the purposes of the Determination Date immediately preceding the Termination Payment Date only, the Income Reserve Balance,

(excluding any interest or other income received during the Monthly Period in respect of the Servicer Collateral Amount or any collateral or prepayment under any Hedge Agreement).

The **Income Reserve Draw** in respect of a Determination Date is the lesser of (i) the Extraordinary Expenses payable on the Distribution Date immediately following that Monthly Period in accordance with paragraph (b) of Section 9.4.5 below (or zero, if there are no such Extraordinary Expenses) and (ii) the Income Reserve Balance as at that Determination Date (see Section 9.5).

9.4.2 Gross Liquidity Shortfall and Calculation of Adjusted Investor Revenues

If the Investor Revenues for a Monthly Period and the Determination Date immediately following the end of that Monthly Period are insufficient to meet the Total Expenses (see Section 9.4.5) for that Determination Date (such deficit being a **Gross Liquidity Shortfall**), the Manager will calculate the lesser of the following (being an **Excess Spread Reserve Liquidity Draw**) on that Determination Date:

- (a) the Gross Liquidity Shortfall in relation to that Determination Date (or zero if there is no Gross Liquidity Shortfall in relation to that Determination Date); and
- (b) the Excess Spread Reserve Balance as at that Determination Date.

On each Determination Date, the Manager will calculate the aggregate of the following in relation to the Monthly Period just ended (being the **Adjusted Investor Revenues**):

- (a) the Investor Revenues; and
- (b) the Excess Spread Reserve Liquidity Draw in relation to the Determination Date immediately following the end of that Monthly Period.

Draws from the Excess Spread Reserve may be reimbursed from Total Investor Revenues in the manner explained in Section 9.4.5.

9.4.3 Net Liquidity Shortfall

If the Adjusted Investor Revenues for a Monthly Period and the Determination Date immediately following the end of that Monthly Period are insufficient to meet the Total Expenses (see Section 9.4.5) for that Determination Date (such deficit being a **Net Liquidity Shortfall**), the Manager will calculate the lesser of the following (being a **Principal Draw**) on that Determination Date:

- (a) the Net Liquidity Shortfall in relation to that Determination Date (or zero if there is no Net Liquidity Shortfall in relation to that Determination Date); and
- (b) where the Collections exceed the Finance Charges for that Monthly Period, the amount of such excess or, where the Finance Charges exceed the Collections for that Monthly Period, zero.

If the Net Liquidity Shortfall for that Monthly Period after applying the Principal Draw on that Determination Date is greater than zero, the Manager will calculate the lesser of the following (being a **Liquidity Reserve Draw**) on that Determination Date:

- (a) the Net Liquidity Shortfall in relation to that Determination Date (or zero if there is no Net Liquidity Shortfall in relation to that Determination Date) less the Principal Draw in relation to that Determination Date; and
- (b) the Liquidity Reserve Balance as at that Determination Date.

Draws from the Liquidity Reserve Account and Principal Draws may be reimbursed from Total Investor Revenues in the manner explained in Section 9.4.5.

9.4.4 Accrued Interest Adjustment

Each Housing Loan assigned directly by the Seller to the Trustee will have accrued interest from (and including) the previous due date for the payment of interest on that Housing Loan up to (but excluding) the Closing Date. This accrued interest (the **Accrued Interest Adjustment**) is to be paid to the Seller on the first Distribution Date.

9.4.5 Calculation and Application of Total Investor Revenues

On each Determination Date the Manager will calculate the aggregate of the following (being **Total Investor Revenues**) in relation to the Monthly Period just ended and the Distribution Date immediately following such Monthly Period:

- (i) the Adjusted Investor Revenues;
- (ii) the Liquidity Reserve Draw in relation to the Determination Date immediately following the end of that Monthly Period; and
- (iii) the Principal Draw in relation to the Determination Date immediately following the end of that Monthly Period.

The Trustee will apply the Total Investor Revenues for each Monthly Period on the Distribution Date following the end of the Monthly Period in the following order of priority:

- (a) first, at the Manager's discretion, up to A\$1 to the Income Unitholder;
- (b) second, in payment of the Series Trust Expenses in the order set out in Section 9.4.6 below;
- (c) third, *pari passu* and rateably towards the net amount (if any) payable by the Trustee to the Hedge Providers under the Hedge Agreement for the Coupon Period ending on that Distribution Date, other than any Subordinated Termination Payment;
- (d) fourth, an amount equal to any unreimbursed Principal Draws (see Section 9.4.2) will be allocated towards the Adjusted Principal Collections (see Section 9.5.1);
- (e) fifth, in payment *pari passu* and rateably towards:
 - (i) any Redraw Facility Interest due on that Distribution Date and any remaining unpaid from prior Distribution Dates; and
 - (ii) if any:
 - (A) Class A1 Notes remain outstanding, any Coupon in respect of the Class A1 Notes (if any) due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class A1 Notes; and
 - (B) if any Class A1-R Notes remain outstanding, any Coupon in respect of the Class A1-R Notes (if any) due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class A1-R Notes;
- (f) sixth, in payment towards any Coupon in respect of the Class A2 Notes due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class A2 Notes;
- (g) seventh, in payment towards any Coupon in respect of the Class AB Notes due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class AB Notes;
- (h) eighth, in payment towards any Coupon in respect of the Class B Notes due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class B Notes;

- (i) ninth, in payment towards any Coupon in respect of the Class C Notes due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class C Notes;
- (j) tenth, in payment towards any Coupon in respect of the Class D Notes due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class D Notes;
- (k) eleventh, in payment towards any Coupon in respect of the Class E Notes due on that Distribution Date and any remaining unpaid from prior Distribution Dates to be distributed *pari passu* and rateably between the Class E Notes;
- (l) twelfth, an amount equal to the Liquidity Reserve Target Shortfall on that Determination Date, to be deposited into the Liquidity Reserve Account (see Section 11.2.5);
- (m) thirteenth, an amount equal to the Defaulted Amount (see Section 9.5.6) will be allocated towards Total Principal Collections (see Section 9.5.1);
- (n) fourteenth:
 - (i) if any Class A1 Notes remain outstanding, an amount equal to any Class A1 Charge-Offs remaining unreimbursed from all Prior Distribution Dates will be allocated towards the Adjusted Principal Collections (see Section 9.5.1); or
 - (ii) if any Class A1-R Notes remain outstanding, an amount equal to any Class A1-R Charge-Offs remaining unreimbursed from all Prior Distribution Dates will be allocated towards the Adjusted Principal Collections (see Section 9.5.1); or
- (o) fifteenth, an amount equal to any Class A2 Charge-Off remaining unreimbursed from all Prior Distribution Dates will be allocated towards the Adjusted Principal Collections (see Section 9.5.1)
- (p) sixteenth, an amount equal to any Class AB Charge-Off remaining unreimbursed from all Prior Distribution Dates will be allocated towards the Adjusted Principal Collections (see Section 9.5.1);
- (q) seventeenth, an amount equal to any unreimbursed Class B Charge-Offs will be allocated towards the Adjusted Principal Collections (see Section 9.5.1);
- (r) eighteenth, an amount equal to any unreimbursed Class C Charge-Offs will be allocated towards the Adjusted Principal Collections (see Section 9.5.1);
- (s) nineteenth, an amount equal to any unreimbursed Class D Charge-Offs will be allocated towards the Adjusted Principal Collections (see Section 9.5.1);
- (t) twentieth, an amount equal to any unreimbursed Class E Charge-Offs will be allocated towards the Adjusted Principal Collections (see Section 9.5.1);
- (u) twenty-first, if the Distribution Date is on or after the Call Date and the outstanding principal on the Notes is greater than zero (taking into account any payments to be made on that date) the remaining amount (if any) will be allocated to the Excess Spread Reserve (see Section 9.5.11);
- (v) twenty-second, an amount equal to the Income Reserve Target Shortfall on that Determination Date will be allocated to the Income Reserve (see Section 9.5.10);
- (w) twenty-third, in payment to the Arranger and the Class A1 Notes Joint Lead Managers of any amounts payable in accordance with clause 9.2 of the Dealer Agreement on that Distribution Date and any such amounts remaining unpaid from prior Distribution Dates;

- (x) twenty-fourth, in payment to the Redraw Facility Provider of any increased costs and/or indemnity amounts payable in accordance with the Redraw Facility Agreement on that Distribution Date and any such amounts remaining unpaid from prior Distribution Dates;
- (y) twenty-fifth, in or towards payment *pari passu* and rateably of any Subordinated Termination Payments payable by the Trustee to a Hedge Provider in accordance with the relevant Hedge Agreement; and
- (z) finally, the balance (if any) is paid to the Income Unitholder on that Distribution Date.

The **Total Expenses** in relation to a Determination Date means:

- (aa) if there are any Class B Charge-Offs remaining unreimbursed from prior Distribution Dates, the aggregate of the amounts referred to in (a) to (g) (inclusive) above for that Determination Date;
- (bb) if there are any Class C Charge-Offs remaining unreimbursed from prior Distribution Dates, the aggregate of the amounts referred to in (a) to (h) (inclusive) above for that Determination Date;
- (cc) if there are any Class D Charge-Offs remaining unreimbursed from prior Distribution Dates, the aggregate of the amounts referred to in (a) to (i) (inclusive) above for that Determination Date;
- (dd) if:
 - (i) there are no Class E Charge-Offs which remain unreimbursed pursuant to this Section 9.4.5;
 - (ii) the immediately following Distribution Date is prior to the Call Date; and
 - (iii) the average of the aggregate principal amount outstanding of Housing Loans which form part of the Assets of the Series Trust over the previous 4 calendar months with Arrears Days of greater than 60 days is less than or equal to 4% of the average of the aggregate principal amount outstanding of all Housing Loans which form part of the Assets of the Series Trust over the previous 4 calendar months,
 the aggregate of the amounts referred to in (a) to (k) (inclusive) above for that Determination Date; or
- (ee) otherwise, the aggregate of the amounts referred to in (a) to (j) (inclusive) above for that Determination Date.

9.4.6 Series Trust Expenses

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

- (a) first, on a *pari passu* and rateable basis, any taxes payable in relation to the Series Trust;
- (b) second, on a *pari passu* and rateable basis, any indemnities and reimbursements payable by the Trustee pursuant to the Transaction Documents;
- (c) third, on a *pari passu* and rateable basis, any Penalty Payments (to the extent the Trustee is liable for such payments); and
- (d) fourth, on a *pari passu* and rateable basis:

- (i) all other costs, charges and expenses incurred by the Trustee in respect of the Series Trust where such costs, charges and expenses are permitted to be reimbursed to the Trustee out of the Assets of the Series Trust under the Master Trust Deed or the Series Supplement (other than the amounts referred to in paragraphs (c) to (z) of Section 9.4.5, the Trustee's liability for Initial Principal Distributions, the Trustee's liability to repay principal on the Notes, any transportation costs incurred by the Trustee in delivering the Housing Loan Documents to the Seller as described in Section 13.1 and any liability of the Trustee to repay all or part of the Servicer Collateral Amount or any collateral or prepayment lodged with, or paid to, the Trustee under the terms of any Hedge Agreement or any other amount referred to in paragraphs (d)(ii) to (d)(vii) below);
- (ii) the Trustee Fee (this is described in Section 12.3.6);
- (iii) the Management Fee (this is described in Section 12.4.5);
- (iv) the Servicing Fee (this is described in Section 12.5.3);
- (v) the Custodian Fee (if any) (this is described in Section 13.3);
- (vi) the fees, costs and expenses incurred by or payable to the Security Trustee in acting as Security Trustee; and
- (vii) the Standby Swap Provider Fee.

The aggregate of (a) to (d) above represent the **Series Trust Expenses**, provided that Series Trust Expenses do not include: (i) any amounts payable in respect of increased costs or indemnities of the Redraw Facility Provider pursuant to the Redraw Facility Agreement; or (ii) any amounts payable to the Arranger or any Class A1 Notes Joint Lead Manager pursuant to clause 9.2 of the Dealer Agreement. The Series Trust Expenses are paid in the priority explained in Section 9.4.5.

9.5 Repayment of Principal on the Notes

9.5.1 Determination of Total Principal Collections

The Principal Collections for a Monthly Period are:

- (a) zero, where the Finance Charges for the Monthly Period exceed the Collections less the Principal Draw (if any) for the Monthly Period (being the **Net Collections** for the Monthly Period); or
- (b) in all other cases, the Net Collections for the Monthly Period less the Finance Charges in respect of the Monthly Period.

On each Determination Date the Manager will calculate the aggregate of the following (being the **Adjusted Principal Collections**):

- (a) the Principal Collections for the Monthly Period just ended; and
- (b) the amounts to be allocated from Total Investor Revenues to Adjusted Principal Collections on the next Distribution Date (see Sections 9.4.5(d), (n), (o), (p), (q), (r), (s) and (t)).

If the amount of Adjusted Principal Collections is insufficient to fund Redraws made by the Seller during the immediately preceding Monthly Period (such deficit being a **Redraw Shortfall**), the Trustee may be entitled to draw on the Redraw Facility for the lesser of the amount of the Redraw Shortfall and the amount which is available for drawing under the Redraw Facility (see Section 11.3).

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

- (a) the Adjusted Principal Collections for that Monthly Period;
- (b) the amount of any advance under the Redraw Facility to be made on the following Transfer Date;
- (c) the amount to be allocated from Total Investor Revenues to Total Principal Collections on the next Distribution Date (see Section 9.4.5(m));
- (d) any amount allocated to Total Principal Collections in accordance with Section 9.5.8; and
- (e) the Liquidity Reserve Balance Excess in relation to the Determination Date immediately following the end of that Monthly Period.

9.5.2 Application of Total Principal Collections

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

- (a) first, in repayment to the Seller of any Redraws made during the Monthly Period just ended to the extent that such Redraws have not been repaid to the Seller during the Monthly Period; and
- (b) second, in repayment to the Redraw Facility Provider of any Redraw Principal Outstanding,

being the Initial Principal Distributions.

After the Initial Principal Distributions have been satisfied, any remaining Total Principal Collections (the **Remaining Principal Collections**) will be available to repay principal in respect of the Notes to the Noteholders in accordance with Sections 9.5.3, 9.5.4 and 9.5.5, but only to the extent permitted by each of those Sections.

The balance (if any) of the Remaining Principal Collections will then be allocated *pari passu* and rateably to the Capital Unitholders.

9.5.3 Repayment of Principal on the Notes – Subordination Conditions not satisfied

On each Determination Date prior to enforcement of the Security, if the Manager determines that the Subordination Conditions are not satisfied on that Determination Date and subject to the final sentence of this Section 9.5.3, the Remaining Principal Collections for the Monthly Period just ended are to be applied by the Trustee (at the direction of the Manager) towards repayment of principal in respect of the Notes as follows:

- (a) first if any:
 - (i) Class A1 Notes remain outstanding, to the Class A1 Noteholders in repayment of principal in respect of the Class A1 Notes, *pari passu* and rateably amongst the Class A1 Notes until the Stated Amount of the Class A1 Notes is reduced to zero; or
 - (ii) Class A1-R Notes remain outstanding, to the Class A1-R Noteholders in repayment of principal in respect of the Class A1-R Notes, *pari passu* and rateably amongst the Class A1-R Notes until the Stated Amount of the Class A1-R Notes is reduced to zero;
- (b) second, to the Class A2 Noteholders in repayment of principal in respect of the Class A2 Notes, *pari passu* and rateably amongst the Class A2 Notes until the Stated Amount of the Class A2 Notes is reduced to zero;

- (c) third, to the Class AB Noteholders in repayment of principal in respect of the Class AB Notes, *pari passu* and rateably amongst the Class AB Notes until the Stated Amount of the Class AB Notes is reduced to zero;
- (d) fourth, to the Class B Noteholders in repayment of principal in respect of the Class B Notes, *pari passu* and rateably amongst the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero;
- (e) fifth, to the Class C Noteholders in repayment of principal in respect of the Class C Notes, *pari passu* and rateably amongst the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero;
- (f) sixth, to the Class D Noteholders in repayment of principal in respect of the Class D Notes, *pari passu* and rateably amongst the Class D Notes until the Stated Amount of the Class D Notes is reduced to zero; and
- (g) seventh, to the Class E Noteholders in repayment of principal in respect of the Class E Notes, *pari passu* and rateably amongst the Class E Notes until the Stated Amount of the Class E Notes is reduced to zero.

Immediately upon the Subordination Conditions becoming satisfied on a Distribution Date as a result of the application of the Remaining Principal Collections in accordance with this Section 9.5.3, the Manager must direct the Trustee to apply, and the Trustee must apply, the balance of any Remaining Principal Collections on that Distribution Date pursuant to Section 9.5.4.

9.5.4 Repayment of Principal on the Notes – Subordination Conditions satisfied

On each Determination Date prior to enforcement of the Security, to the extent that the Manager determines that the Subordination Conditions are satisfied on that Determination Date (including as a result of payments being made pursuant to Section 9.5.3), the Remaining Principal Collections for the Monthly Period just ended are to be applied by the Trustee (at the direction of the Manager) *pari passu* and rateably:

- (a) towards if any:
 - (i) Class A1 Notes remain outstanding, to the Class A1 Noteholders in repayment of principal in respect of the Class A1 Notes, *pari passu* and rateably amongst the Class A1 Notes until the Stated Amount of the Class A1 Notes is reduced to zero; or
 - (ii) Class A1-R Notes remain outstanding, to the Class A1-R Noteholders in repayment of principal in respect of the Class A1-R Notes, *pari passu* and rateably amongst the Class A1-R Notes until the Stated Amount of the Class A1-R Notes is reduced to zero; and
- (b) to the Class A2 Noteholders in repayment of principal in respect of the Class A2 Notes until the Stated Amount of the Class A2 Notes is reduced to zero; and
- (c) to the Class AB Noteholders in repayment of principal in respect of the Class AB Notes, *pari passu* and rateably amongst the Class AB Notes until the Stated Amount of the Class AB Notes is reduced to zero; and
- (d) to the Class B Noteholders in repayment of principal in respect of the Class B Notes *pari passu* and rateably amongst the Class B Notes until the Stated Amount of the Class B Notes is reduced to zero; and
- (e) to the Class C Noteholders in repayment of principal in respect of the Class C Notes *pari passu* and rateably amongst the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero; and

- (f) to the Class D Noteholders in repayment of principal in respect of the Class D Notes *pari passu* and rateably amongst the Class D Notes until the Stated Amount of the Class D Notes is reduced to zero; and
- (g) to the Class E Noteholders in repayment of principal in respect of the Class E Notes *pari passu* and rateably amongst the Class E Notes until the Stated Amount of the Class E Notes is reduced to zero.

9.5.5 Subordination Conditions

The Subordination Conditions are satisfied on any Determination Date if:

- (a) the Class A1 Subordination Percentage or the Class A1-R Subordination Percentage (as the case may be) as at that Determination Date is double or greater than the Initial Class A1 Subordination Percentage;
- (b) the immediately following Distribution Date occurs on or after the second anniversary of the Closing Date;
- (c) the average of the aggregate principal amount outstanding of Housing Loans then forming part of the Assets of the Series Trust over the previous 4 calendar months with arrears days of greater than 60 days is less than or equal to 4% of the average of the aggregate principal amount outstanding of all Housing Loans then forming part of the Assets of the Series Trust over the previous 4 calendar months;
- (d) there are no Class E Charge-Offs which remain unreimbursed; and
- (e) the immediately following Distribution Date is prior to the Call Date,

or such other Subordination Conditions as the Trustee and the Manager may agree in writing from time to time and in respect of which the Manager has issued a Ratings Affirmation Notice are satisfied.

9.5.6 Defaulted Amounts

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

If there are insufficient Total Investor Revenues to satisfy all of the Defaulted Amount, the Charge-Off provisions explained in Section 9.6 will apply.

9.5.7 No payment in excess of Stated Amounts

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

9.5.8 Redemption of Class A1 Notes on the Class A1 Scheduled Maturity Date

The Manager has agreed to use reasonable endeavours to arrange for, on behalf of the Trustee, the marketing of the issuance of Class A1-R Notes in order to fund the redemption of the Class A1 Notes on the Class A1 Scheduled Maturity Date.

If the proceeds of issue of any Class A1-R Notes on the Class A1 Scheduled Maturity Date, is greater than the amount required by the Trustee to redeem all Class A1 Notes on the Class A1 Scheduled Maturity Date, the amount of the surplus will form part of Total Principal Collections for distribution on the immediately following Distribution Date in accordance with Sections 9.5.3 and/or 9.5.4 above.

9.5.9 Issue of Class A1-R Notes

- (a) The Manager agrees to use reasonable endeavours to arrange for, on behalf of the Trustee, the marketing of the issuance of Class A1-R Notes with an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1 Notes on the Class A Scheduled Maturity Date (after taking into account any payments to be made by the Trustee in respect of the Class A1 Notes on the Class A1 Scheduled Maturity Date in accordance with Sections 9.5.3 and/or 9.5.4) rounded up to the nearest integral multiple of \$100,000.
- (b) If the Manager is able to arrange for Class A1-R Notes to be issued by the Trustee on the Class A1 Scheduled Maturity Date:
 - (i) with a margin that the Manager is reasonably satisfied will not result in a reduction, qualification or withdrawal of the ratings of the Notes (other than the Class A1 Notes);
 - (ii) with an interest rate which results in a margin over one month Bank Bill Rate that is determined to be not more than the Maximum Class A1-R Note Margin;
 - (iii) with the same credit rating from each Rating Agency as the Class A1 Notes had on the Class A1 Scheduled Maturity Date;
 - (iv) with an aggregate Initial Invested Amount equal to the amount set out in Section 9.5.9(a); and
 - (v) in accordance with the public offer test outlined in section 128F or 128FA of the Tax Act,

the Manager will direct the Trustee to (and the Trustee must on such direction) issue those Class A1-R Notes on the Class A Scheduled Maturity Date.
- (c) The Manager will send notice of a proposed redemption of the Class A1 Notes (which redemption may or may not occur) to the Class A1 Noteholders not less than 10 days and not more than 40 days prior to the Class A1 Scheduled Maturity Date.
- (d) On the Class A1 Scheduled Maturity Date, the Trustee must, in accordance with the directions of the Manager, apply the Class A1-R Note Proceeds (if any) towards repayment of principal on the Class A1 Notes, *pari passu* and rateably amongst the Class A1 Noteholders, until the aggregate Invested Amount of the Class A1 Notes is reduced to zero.
- (e) For so long as the Class A1-R Notes are not issued in accordance with the above paragraphs, each Class A1 Note outstanding on the Distribution Date occurring in June 2023 will be subject to the Margin applicable to that Class A1 Note, on and from that date.

9.5.10 Income Reserve

Purpose of the Income Reserve

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

The Income Reserve Target Balance

On the Closing Date, Bank of Queensland must deposit an amount equal to \$150,000 (or such other amount notified by the Manager to the Trustee on or before the Closing Date) (the **Income Reserve Target Balance**) into the Collections Account, which will form part of the Income Reserve. If there is sufficient Total Investor Revenues in a Monthly Period, the Trustee will allocate such Total Investor Revenues towards the Income Reserve as required to maintain the Income Reserve Target Balance (see Section 9.4.5(v)).

Utilisation of the Income Reserve

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

- (a) to be applied on a Distribution Date to meet any Extraordinary Expenses in an amount equal to the Income Reserve Draw;
- (b) to be applied on the Termination Payment Date in accordance with Section 12.6.4; or
- (c) to be paid into a new or additional Collections Account opened in accordance with the Transaction Documents.

Income Reserve Target Shortfall

The **Income Reserve Target Shortfall** (if any) means in relation to a Determination Date an amount equal to the difference between the Income Reserve Target Balance and the **Income Reserve Balance** which is on any day:

- (a) the amount deposited by Bank of Queensland to the Income Reserve on the Closing Date in accordance with this Section 9.5.10; plus
- (b) the amounts retained by the Trustee on prior Distribution Dates in accordance with Section 9.4.5(v); less
- (c) the amounts applied by the Trustee on prior Distribution Dates in accordance with Section 9.4.5.

9.5.11 Excess Spread Reserve

Excess Spread Reserve Balance

The Excess Spread Reserve will form part of the Collections Account and on any Determination Date the balance of the Excess Spread Reserve (the **Excess Spread Reserve Balance**) will be equal to:

- (a) the aggregate of the amounts retained by the Trustee pursuant to Section 9.4.5; less
- (b) the aggregate of any amounts applied by the Trustee in accordance with this Section 9.5.11.

Amounts will only start to be retained by the Trustee pursuant to Section 9.4.5 from Total Investor Revenues in the Excess Spread Reserve after the Call Date and only where the outstanding principal on the Notes is greater than zero.

Limitation on application of the Excess Spread Reserve Balance

The Excess Spread Reserve Balance will only be withdrawn by the Trustee, at the direction of the Manager:

- (a) on a Distribution Date, to be applied towards the Excess Spread Reserve Liquidity Draw in accordance with Section 9.4.2;
- (b) on the Clean-Up Settlement Date, to be paid directly to the Income Unitholder;
- (c) to be paid directly to the Income Unitholder if at any time the aggregate Invested Amount of the Notes is reduced to zero;
- (d) to be applied on the Termination Payment Date in accordance with Section 12.6.4; or
- (e) to be paid into a new or additional Collections Account opened in accordance with the Transaction Documents.

9.6 Charge-Offs

9.6.1 What is meant by a Charge-Off

In the circumstances described in Section 9.6.2, a Defaulted Amount (to the extent not able to be recovered from Total Investor Revenues) will be absorbed by:

- (a) first, reducing on a *pari passu* and rateable basis the Stated Amount in respect of the Class E Notes;
- (b) second, reducing on a *pari passu* and rateable basis the Stated Amount in respect of the Class D Notes;
- (c) third, reducing on a *pari passu* and rateable basis the Stated Amount in respect of the Class C Notes;
- (d) fourth, reducing on a *pari passu* and rateable basis the Stated Amount in respect of the Class B Notes;
- (e) fifth, reducing on a *pari passu* and rateable basis the Stated Amount in respect of the Class AB Notes;
- (f) sixth, reducing on a *pari passu* and rateable basis the Stated Amount in respect of the Class A2 Notes; and
- (g) seventh, reducing on a *pari passu* and rateable basis:
 - (i) if any Class A1 Notes remain outstanding, the Stated Amount in respect of the Class A1 Notes (*pari passu* and rateably amongst the Class A1 Notes); or
 - (ii) if any Class A1-R Notes remain outstanding, the Stated Amount in respect of the Class A1-R Notes (*pari passu* and rateably amongst the Class A1-R Notes),

in the manner described in Section 9.6.2.

Any such reduction of the Stated Amount of a Note is called a **Charge-Off**.

9.6.2 Defaulted Amount Insufficiency

If Total Investor Revenues for a Monthly Period are less than the Defaulted Amounts (if any) for that Monthly Period as described in Section 9.5.6, then the amount of the insufficiency (the **Defaulted Amount Insufficiency**) will be allocated as follows:

- (a) first, the insufficiency will be charged off against the Class E Notes (*pari passu* and rateably between the Class E Notes based on their Stated Amounts on the relevant Determination Date) until their Stated Amount is reduced to zero;
- (b) if the insufficiency is not fully taken into account by any Charge-Offs against the Class E Notes (because the Stated Amount of the Class E Notes has been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount for the Class D Notes so as to reduce the Stated Amount of the Class D Notes (*pari passu* and rateably between the Class D Notes based on their Stated Amounts), until the Stated Amount for the Class D Notes is reduced to zero;
- (c) if the insufficiency is not fully taken into account by any Charge-Offs against the Class E Notes and the Class D Notes (because the Stated Amount of the Class E Notes and the Class D Notes has been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount for the Class C Notes so as to reduce the Stated Amount of the Class C Notes (*pari passu* and rateably between the Class C Notes based on their Stated Amounts), until the Stated Amount for the Class C Notes is reduced to zero;
- (d) if the insufficiency is not fully taken into account by any Charge-Offs against the Class E Notes, the Class D Notes and the Class C Notes (because the Stated Amount of the Class E Notes, the Class D Notes and the Class C Notes has been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount of the Class B Notes (*pari passu* and rateably between the Class B Notes based on their Stated Amounts) until the Stated Amount of the Class B Notes is reduced to zero;
- (e) if the insufficiency is not fully taken into account by any Charge-Offs against the Class E Notes, Class D Notes, the Class C Notes and the Class B Notes (because the Stated Amount of the Class E Notes, the Class D Notes, the Class C Notes and the Class B Notes has been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount of the Class AB Notes (*pari passu* and rateably between the Class AB Notes based on their Stated Amounts) until the Stated Amount of the Class AB Notes is reduced to zero;
- (f) if the insufficiency is not fully taken into account by any Charge-Offs against the Class E Notes, Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes (because the Stated Amount of the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class AB Notes has been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount of the Class A2 Notes (*pari passu* and rateably between the Class A2 Notes based on their Stated Amounts) until the Stated Amount of the Class A2 Notes is reduced to zero; and
- (g) if the insufficiency is not fully taken into account by any Charge-Offs against the Class E Notes, Class D Notes, the Class C Notes, the Class B Notes, the Class AB Notes and the Class A2 Notes (because the Stated Amount of the Class E Notes, Class D Notes, the Class C Notes, the Class B Notes, the Class AB Notes and the Class A2 Notes has been reduced to zero), the remaining insufficiency will be charged off against:
 - (i) if any Class A1 Notes remain outstanding, the Stated Amount of the Class A1 Notes (*pari passu* and rateably between the Class A1 Notes based on their Stated Amounts) until the Stated Amounts of the Class A1 Notes are reduced to zero; or
 - (ii) if any Class A1-R Notes remain outstanding, the Stated Amount of the Class A1-R Notes (*pari passu* and rateably between the Class A1-R Notes based on

their Stated Amounts) until the Stated Amounts of the Class A1-R Notes are reduced to zero.

9.6.3 Reimbursements of Charge-Offs

Charge-Offs may be reimbursed from Total Investor Revenues in the manner explained in Section 9.4.5.

A reimbursement of a Charge-Off will increase the Stated Amount of the Notes by the amount allocated from Total Investor Revenues.

An amount determined by the Manager on a Determination Date to be allocated for reimbursement of a Charge-Off will be first paid on the next Distribution Date, if any Class A1 Notes remain outstanding, to the Class A1 Noteholders (*pari passu* and rateably amongst the Class A1 Notes based on their Stated Amounts) until all Charge-Offs in respect of the Class A1 Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero or, if any Class A1-R Notes remain outstanding, to the Class A1-R Noteholders (*pari passu* and rateably amongst the Class A1-R Notes based on their Stated Amounts), until all Charge-Offs in respect of the Class A1-R Notes and Class A1-R Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero.

After the application of the amount referred to in the paragraph above, any remaining amount allocated on a Determination Date in respect of a reimbursement of a Charge-Off will then be paid on the next Distribution Date to the Class A2 Noteholders *pari passu* and rateably amongst the Class A2 Notes based on their Stated Amounts, by the amount of the allocation remaining until all Charge-Offs in respect of the Class A2 Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero.

After the application of the amount referred to in the paragraph above, any remaining amount allocated on a Determination Date in respect of a reimbursement of a Charge-Off will then be paid on the next Distribution Date to the Class AB Noteholders *pari passu* and rateably amongst the Class AB Notes based on their Stated Amounts, by the amount of the allocation remaining until all Charge-Offs in respect of the Class AB Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero.

After the application of the amount referred to in the paragraphs above, any remaining amount allocated on a Determination Date in respect of a reimbursement of a Charge-Off will then be paid on the next Distribution Date to the Class B Noteholders *pari passu* and rateably amongst the Class B Notes based on their Stated Amounts, by the amount of the allocation remaining until all Charge-Offs in respect of the Class B Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero.

After the application of the amount referred to in the paragraphs above, any remaining amount allocated on a Determination Date in respect of a reimbursement of a Charge-Off will then be paid on the next Distribution Date to the Class C Noteholders *pari passu* and rateably amongst the Class C Notes based on their Stated Amounts, by the amount of the allocation remaining until all Charge-Offs in respect of the Class C Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero.

After the application of the amount referred to in the paragraphs above, any remaining amount allocated on a Determination Date in respect of a reimbursement of a Charge-Off will then be paid on the next Distribution Date to the Class D Noteholders *pari passu* and rateably amongst the Class D Notes based on their Stated Amounts, by the amount of the allocation remaining until all Charge-Offs in respect of the Class D Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero.

After the application of the amount referred to in the paragraphs above, any remaining amount allocated on a Determination Date in respect of a reimbursement of a Charge-Off will then be paid on the next Distribution Date to the Class E Noteholders *pari passu* and rateably amongst the Class E Notes based on their Stated Amounts, by the amount of the allocation remaining until all Charge-Offs in respect of the Class E Notes remaining unreimbursed from all prior Distribution Dates are reduced to zero.

9.7 Calculations and Directions

The calculations referred to in this Section 9 will be made by the Manager and provided to the Trustee on each Determination Date (based where necessary on information provided by the Servicer) in respect of the Monthly Period just ended. The Manager must also direct the Trustee to make all necessary payments

on the following Distribution Date. The Trustee is entitled to conclusively rely on the Manager's calculations and directions and is under no obligation to check their accuracy. The Trustee is not responsible or liable for any inaccuracy in these calculations and directions. Arrangements for notification of pool performance data are explained in Section 4.5.

10. The Mortgage Insurance Policies

10.1 General

Each Housing Loan is insured by a Mortgage Insurer under a Mortgage Insurance Policy issued to the Seller. Each Housing Loan is issued under an individual Mortgage Insurance Policy issued by a Mortgage Insurer to the Seller.

With effect from the Closing Date, the Seller's entire right, title and interest in each Mortgage Insurance Policy relating to the Housing Loans will be assigned to the Trustee.

The assignment will be in equity unless and until a Perfection of Title Event occurs, in which case the Trustee must perfect its interest in the Mortgage Insurance Policies (for further details, see 12.2.11).

Any amounts paid by the Mortgage Insurers under the assigned Mortgage Insurance Policies will, whilst the assignment is equitable, be received by the Seller and must be applied by the Seller (in its capacity as initial Servicer) in the manner described in Section 9.

Under the Series Supplement, the Seller (in its capacity as initial Servicer) undertakes to comply with its obligations (as the insured) under the Mortgage Insurance Policies in respect of each Housing Loan.

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

- (a) a breach of the Seller's representations and warranties in relation to the Housing Loan being discovered within the Prescribed Period which was not remedied within that period (see Section 12.2.6); or
- (b) a repurchase of a Housing Loan in accordance with the Seller's right of first refusal on or following the termination of the Series Trust (see Section 12.6.3) or following the payment by the Seller of the Clean-Up Settlement Price (see Section 12.2.9),

then the Seller will be entitled to the benefit of the Mortgage Insurance Policy under which that Housing Loan is insured.

The terms of the Mortgage Insurance Policies are contained in:

- (a) a Lenders Mortgage Insurance Master Policy issued to the Seller by Genworth dated 26 June 2008 (the **2008 Genworth Master Policy**);
- (b) a Lenders Mortgage Insurance Master Policy issued to the Seller by Genworth dated 19 August 2008 (the **Genworth/Seller Master Policy**);
- (c) a Lenders Mortgage Insurance Master Policy issued to the Seller by Genworth dated 15 July 1999 (the **1999 Genworth Master Policy**);
- (d) a Housing Loans Insurance Corporation Insurance Contract issued from time to time to the Seller in respect of certain Housing Loans by Genworth (the **Genworth Policies**);
- (e) a Residential Mortgage Insurance Master Policy issued to the Seller by QBE on 15 December 1995 (the **1995 QBE Master Policy**);
- (f) a Lenders' Mortgage Insurance Provisions issued to the Seller by QBE on 30 November 1997 (the **1997 QBE Master Policy**);
- (g) a Lenders' Mortgage Insurance Provisions issued to the Seller by QBE on 1 July 2000 (the **2000 QBE Master Policy**);
- (h) a Lenders' Mortgage Insurance Provisions issued to the Seller by QBE on 11 December 2007 (the **2007 QBE Master Policy**); and

- (i) a Lenders' Mortgage Insurance Provisions issued to the Seller by QBE on 12 August 2010 (the **2010 QBE Master Policy**),

as well as certain other Mortgage Insurance Policies entered into with respect to the Housing Loans from time to time.

QBE and Genworth have issued an individual insurance policy or certificate in respect of each Housing Loan governed by the terms of the Mortgage Insurance Policy they have issued. The remainder of this Section 10 contains a summary of some of the provisions of the Mortgage Insurance Policies.

10.2 2008 Genworth Master Policy

This Section 10.2 summarises the terms and conditions applicable to the 2008 Genworth Master Policy.

Period of Cover

The insured has the benefit of the 2008 Genworth Master Policy in respect of each Housing Loan insured under it generally from, with respect to each such Housing Loan, the date the related premium is paid until the earliest of:

- (a) the date the Housing Loan or the mortgage securing the Housing Loan is assigned, transferred or mortgaged to a person other than a person who is or becomes an insured under the policy;
- (b) the date the Housing Loan is repaid;
- (c) the date the Housing Loan ceases to be secured by the relevant mortgage (other than where the mortgage is discharged by the operation of a compulsory acquisition or sale by a government for public purpose);
- (d) the expiry date set out in the certificate of insurance issued by Genworth in relation to the Housing Loan (subject to any extension of such date with the consent of Genworth or any variation of such date by a court under the Consumer Credit Code; or
- (e) the date the 2008 Genworth Master Policy is cancelled in respect of the Housing Loan in accordance with the terms of the policy or the Insurance Contracts Act 1984.

Cover for Losses

If a loss date occurs in respect of a Housing Loan insured under the 2008 Genworth Master Policy, Genworth will pay to the insured the loss in respect of that Housing Loan.

A "loss date" means:

- (a) if a default occurs under the insured Housing Loan and the insured or an approved prior mortgagee sells the mortgaged property, the date on which the sale is completed;
- (b) if a default occurs under the insured Housing Loan and the insured or a prior approved mortgagee becomes the absolute owner by foreclosure of the mortgaged property, the date on which this event occurs;
- (c) if the mortgagor sells the mortgaged property with the prior approval of the insured and Genworth, the date on which the sale is completed;
- (d) if the mortgaged property is compulsorily acquired or sold by a government and there is a default under the Housing Loan (or where the mortgage has been discharged by the operation of the compulsory acquisition or sale and there is a default in repayment of the Housing Loan which would have been a default but for the discharge), the later of the date of the completion of the acquisition or sale or 28 days after the date of the default; or

- (e) where Genworth determines to purchase the mortgage relating to the Housing Loan, the related mortgage purchase date.

A "default" in respect of an insured Housing Loan means any event which triggers the insured's power of sale in relation to the mortgaged property.

The loss payable by Genworth to the insured in respect of an insured Housing Loan is the amount outstanding, less the deductions referred to below, in each case calculated as at the loss date.

The amount outstanding under a Housing Loan is the aggregate of the following:

- (a) the principal amount outstanding together with any interest, fees, taxes or charges outstanding as at the loss date;
- (b) fees and charges paid or incurred by the insured; and
- (c) certain other amounts, including fines or penalties,

which the insured is entitled to recover under the Housing Loan, subject to any applicable maximum amount specified in the 2008 Genworth Master Policy.

Genworth may make certain deductions from any loss claimed by the insured under the policy including the following:

- (a) where the mortgaged property is sold, the proceeds of sale of the property, or where the mortgaged property is compulsorily acquired, the amount of compensation, less, in either case, any amount required to discharge any approved prior mortgage;
- (b) where foreclosure action occurs, the value of the insured's interest in the mortgaged property, including the interest of any unapproved prior mortgagee;
- (c) any amount received by the insured under any collateral security;
- (d) any amounts paid to the insured by way of rents, profits or proceeds in relation to the mortgaged property or any collateral security;
- (e) any amounts received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property;
- (f) any other amount received relating to the Housing Loan or any collateral security, including any amount received from the mortgagor under the Housing Loan;
- (g) the reduction in value of the mortgaged property due to physical damage (other than fair wear and tear) or contamination of the mortgaged property;
- (h) any interest that exceeds interest at the non-default interest rate payable in relation to the Housing Loan; and
- (i) certain other fees, taxes or charges.

Refusal or Reduction in Claim

Genworth may reduce the amount of a claim with respect to a Housing Loan in certain circumstances, including where:

- (a) a collateral security in relation to that Housing Loan is unenforceable;
- (b) the borrower in respect of that Housing Loan establishes a defence or right of set-off against the insured; or

- (c) in certain circumstances if a negligent valuation is obtained in respect of that Housing Loan.

Genworth may also cancel or reduce the 2008 Genworth Master Policy, in relation to a particular Housing Loan, if the insured has failed to comply with other obligations under the 2008 Genworth Master Policy.

Exclusions

The 2008 Genworth Policy does not cover any loss arising under certain circumstances including any loss arising from:

- (a) any war or warlike activities;
- (b) the use, existence or escape of nuclear weapons or nuclear contamination;
- (c) the relevant mortgage not being enforceable in accordance with its terms; or
- (d) any civil or criminal penalty imposed under any legislation including the Consumer Credit Code.

Submission and Payment of Claims

A claim for loss in respect of a Housing Loan must be lodged within 30 days after the loss date.

10.3 Genworth/Seller Master Policy

Period of Cover

The insured has the benefit of the Genworth/Seller Master Policy in respect of each Housing Loan insured under it generally from the date the premium is paid until the earliest of:

- (a) the date the Housing Loan or the mortgage securing the Housing Loan is assigned, transferred or mortgaged to a person other than a person who is or becomes entitled to the benefit of the policy;
- (b) the date the Housing Loan is repaid in full;
- (c) the date the Housing Loan ceases to be secured by the relevant mortgage (other than where the mortgage is discharged by the operation of a compulsory acquisition or sale by a government for public purpose);
- (d) the maturity date set out in the certificate of insurance issued by Genworth in relation to the Housing Loan or as extended with the consent of Genworth or as varied by a court under the Consumer Credit Code; or
- (e) the date the Genworth/Seller Master Policy is cancelled in respect of the Housing Loan in accordance with the terms of the policy.

Cover for Losses

If a loss date occurs in respect of a Housing Loan insured under the Genworth/Seller Master Policy, Genworth will pay to the insured the loss in respect of that Housing Loan.

A loss date means:

- (a) if a default occurs under the insured Housing Loan and the mortgaged property is sold pursuant to enforcement proceedings, the date on which the sale is completed;
- (b) if a default occurs under the insured Housing Loan and the insured or a prior approved mortgagee becomes the absolute owner by foreclosure of the mortgaged property, the date on which this occurs;

- (c) if the mortgagor sells the mortgaged property with the prior approval of the insured and Genworth, the date on which the sale is completed; or
- (d) if the mortgaged property is compulsorily acquired or sold by a government for public purposes and there is a default under the Housing Loan (or where the mortgage has been discharged by the operation of the compulsory acquisition or sale and there is a default in repayment of the Housing Loan which would have been a default but for the occurrence of that event), the later of the date of the completion of the acquisition or sale or 28 days after the date of the default.

A "default" in respect of an insured Housing Loan means any event which triggers the insured's power of sale in relation to the mortgaged property.

The loss payable by Genworth to the insured in respect of an insured Housing Loan is the amount outstanding, less the deductions referred to below, in each case calculated as at the loss date.

The amount outstanding under a Housing Loan is the aggregate of the following:

- (a) the principal amount outstanding together with any interest, fees, taxes or charges outstanding as at the loss date;
- (b) fees and charges paid or incurred by the insured; and
- (c) other amounts, including fines or penalties, approved by Genworth,

which the insured is entitled to recover under the Housing Loan or a related guarantee.

Genworth may make the following deductions:

- (a) where the mortgaged property is sold, the sale price, or where the mortgaged property is compulsorily acquired, the amount of compensation, less, in either case, any amount required to discharge any approved prior mortgage;
- (b) where foreclosure action occurs, the value of the insured's interest in the mortgaged property, including the interest of any unapproved prior mortgagee;
- (c) any amount received by the insured under any collateral security;
- (d) any amounts paid to the insured by way of rents, profits or proceeds in relation to the mortgaged property or under any insurance policy relating to the mortgaged property and not applied in restoration or repair;
- (e) any interest that exceeds interest at the non-default interest rate payable in relation to the Housing Loan;
- (f) any fees or charges other than:
 - (i) premiums for general insurance policies, levies and other charges payable to a body corporate under the Australian strata titles system, rates, taxes and other statutory charges;
 - (ii) reasonable and necessary legal and other fees and disbursements of enforcing or protecting the insured's rights under the Housing Loan, up to a maximum of A\$10,000, unless otherwise approved in writing by Genworth;
 - (iii) repair, maintenance and protection of the mortgaged property, up to a maximum amount of A\$3,000, unless otherwise approved in writing by Genworth; and

- (iv) reasonable costs of the sale of the mortgaged property up to a maximum amount of A\$2,000.

In addition, any fees and charges exceeding those recoverable under the Consumer Credit Code, less any amount that must be accounted for to the borrower or the relevant mortgagor, will be excluded;

- (g) losses arising out of damage to the mortgaged property other than:
 - (i) fair wear and tear; or
 - (ii) losses recovered and applied in the restoration or repair of the mortgaged property or losses recovered under a general insurance policy and applied to reduce the amount outstanding under the Housing Loan; and
- (h) any amounts by which a claim may be reduced under the Genworth/Seller Master Policy.

Refusal or Reduction in Claim

Genworth may reduce the amount of a claim with respect to a Housing Loan in certain circumstances, including where:

- (a) a collateral security in relation to that Housing Loan is unenforceable;
- (b) the borrower in respect of that Housing Loan establishes a defence or right of set-off against the insured; or
- (c) in certain circumstances if a negligent valuation is obtained in respect of that Housing Loan;

Genworth may also cancel or reduce the Genworth/Seller Master Policy, in relation to a particular Housing Loan, if the insured has failed to comply with other obligations under the Genworth/Seller Master Policy.

Exclusions

The Genworth/Seller Master Policy does not cover any loss arising from:

- (a) any war or warlike activities;
- (b) the use, existence or escape of nuclear weapons or nuclear contamination;
- (c) the existence or escape of any pollution or environmentally hazardous material;
- (d) the fact that the Housing Loan or any collateral security is void or unenforceable; or
- (e) any failure of the Housing Loan mortgagor guarantee or collateral security to comply with the requirements of the Consumer Credit Code.

Submission and Payment of Claims

A claim for loss in respect of a Housing Loan must be lodged within 30 days after the loss date unless otherwise agreed by Genworth.

10.4 1999 Genworth Master Policy

Period of Cover

The insured has the benefit of the 1999 Genworth Master Policy in respect of each Housing Loan insured under it generally from the date the premium is paid until the earliest of:

- (a) the date the Housing Loan or the mortgage securing the Housing Loan is assigned, transferred or mortgaged to a person other than a person who is or becomes entitled to the benefit of the policy;
- (b) the date the Housing Loan is repaid in full;
- (c) the date the Housing Loan ceases to be secured by the relevant mortgage (other than where the mortgage is discharged by the operation of a compulsory acquisition or sale by a government for public purpose);
- (d) the maturity date set out in the certificate of insurance issued by Genworth in relation to the Housing Loan or as extended with the consent of Genworth or as varied by a court under the Consumer Credit Code; or
- (e) the date the 1999 Genworth Master Policy is cancelled in respect of the Housing Loan in accordance with the terms of the policy.

Cover for Losses

If a loss date occurs in respect of a Housing Loan insured under the 1999 Genworth Master Policy, Genworth will pay to the insured the loss in respect of that Housing Loan.

A loss date means:

- (a) if a default occurs under the insured Housing Loan and the mortgaged property is sold pursuant to enforcement proceedings, the date on which the sale is completed;
- (b) if a default occurs under the insured Housing Loan and the insured or a prior approved mortgagee becomes the absolute owner by foreclosure of the mortgaged property, the date on which this occurs;
- (c) if a default occurs under the insured loan and the mortgagor sells the mortgaged property with the prior approval of the insured and Genworth, the date on which the sale is completed;
- (d) if the mortgaged property is compulsorily acquired or sold by a government for public purposes and there is a default under the Housing Loan (or where the mortgage has been discharged by the operation of the compulsory acquisition or sale and there is a default in repayment of the Housing Loan which would have been a default but for the occurrence of that event), the later of the date of the completion of the acquisition or sale or 28 days after the date of the default; or
- (e) where Genworth has agreed to pay a claim under the 1999 Genworth Master Policy, the date specified in that agreement.

A "default" in respect of an insured Housing Loan means any event which triggers the insured's power of sale in relation to the mortgaged property.

The loss payable by Genworth to the insured in respect of an insured Housing Loan is the amount outstanding, less the deductions referred to below, in each case calculated as at the loss date.

The amount outstanding under a Housing Loan is the aggregate of the following:

- (a) the principal amount outstanding together with any interest, fees or charges outstanding as at the loss date;
- (b) fees and charges paid or incurred by the insured; and
- (c) other amounts, including fines or penalties, approved by Genworth,

which the insured is entitled to recover under the Housing Loan or a related guarantee.

Genworth may make the following deductions:

- (a) where the mortgaged property is sold, the sale price, or where the mortgaged property is compulsorily acquired, the amount of compensation, less, in either case, any amount required to discharge any approved prior mortgage;
- (b) where foreclosure action occurs, the value of the insured's interest in the mortgaged property, including the interest of any unapproved prior mortgagee;
- (c) any amount received by the insured under any collateral security;
- (d) any amounts paid to the insured by way of rents, profits or proceeds in relation to the mortgaged property or under any insurance policy relating to the mortgaged property and not applied in restoration or repair;
- (e) any interest that exceeds interest at the non-default interest rate payable in relation to the Housing Loan;
- (f) any fees or charges other than:
 - (i) premiums for general insurance policies, levies and other charges payable to a body corporate under the Australian strata titles system, rates, taxes and other statutory charges;
 - (ii) reasonable and necessary legal and other fees and disbursements of enforcing or protecting the insured's rights under the Housing Loan, up to a maximum of A\$2,000, unless otherwise approved in writing by Genworth;
 - (iii) repair, maintenance and protection of the mortgaged property, up to a maximum amount of A\$1,000, unless otherwise approved in writing by Genworth;
 - (iv) reasonable costs of the sale of the mortgaged property up to a maximum amount of A\$1,000.

In addition, any fees and charges exceeding those recoverable under the Consumer Credit Code, less any amount that must be accounted for to the borrower or the relevant mortgagor, will be excluded;

- (g) losses arising out of damage to the mortgaged property other than:
 - (i) fair wear and tear; or
 - (ii) losses recovered and applied in the restoration or repair of the mortgaged property or losses recovered under a general insurance policy and applied to reduce the amount outstanding under the Housing Loan; and
- (h) any amounts by which a claim may be reduced under the 1999 Genworth Master Policy.

Refusal or Reduction in Claim

Genworth may refuse or reduce the amount of a claim with respect to a Housing Loan in certain circumstances, including where:

- (a) the mortgaged property is not insured under a general home owner's insurance policy;
- (b) there is not a Servicer approved by Genworth;
- (c) the mortgage with respect to the Housing Loan has not been duly registered with the land titles office in the relevant Australian jurisdiction;

- (d) the insured does not comply with the obligation to seek Genworth's consent under certain circumstances;
- (e) the insured does not comply with certain reporting obligations;
- (f) any item used or relied upon by the insured is not Year 2000 ready as specified in the 1999 Genworth Master Policy; or
- (g) the insured does not lodge a claim within 28 days after the loss date under the 1999 Genworth Master Policy.

Genworth may also reduce its liability or cancel the 1999 Genworth Master Policy, in relation to a particular Housing Loan, if the insured has failed to comply with other obligations under the 1999 Genworth Master Policy.

Exclusions

The 1999 Genworth Master Policy does not cover any loss arising from:

- (a) any war or warlike activities;
- (b) the use, existence or escape of nuclear weapons or nuclear contamination;
- (c) the existence or escape of any pollution or environmentally hazardous material;
- (d) the fact that the Housing Loan or any collateral security is void or unenforceable;
- (e) any failure of the Housing Loan mortgagor guarantee or collateral security to comply with the requirements of the Consumer Credit Code; or
- (f) the failure of the insured's computer systems to be Year 2000 ready as specified in the 1999 Genworth Master Policy.

Submission and Payment of Claims

A claim for loss in respect of a Housing Loan must be lodged within 28 days after the loss date unless otherwise agreed by Genworth.

10.5 Genworth Policies

The Genworth policies were issued as individual policies, rather than as a master policy.

Period of Cover

Genworth may cancel a Genworth Policy by notice in writing to the insured if:

- (a) the insured, without the approval of Genworth:
 - (i) approves any transfer or assignment of the mortgaged premises without full discharge of the mortgage and the money secured by the mortgage; or
 - (ii) enters into possession of, sells, takes foreclosure action in relation to or appoints any receiver or manager of the mortgaged premises;
- (b) the insured fails to pay any premium within 30 days from the time it was due for payment under the Policy;
- (c) where the insured is not a lender approved by Genworth, at any time there is not a mortgage manager in respect of the Housing Loan; or

- (d) where the mortgage is not a first mortgage, the insured refuses or fails to take such action as Genworth requires to oppose any application by a prior mortgagee for foreclosure against the insured and the mortgagor.

Cover for Losses

Subject to the exclusions and the maximum amount recoverable as outlined below, the loss insured in respect of a Housing Loan under a Genworth Policy is the aggregate of:

- (a) the unpaid principal under the Housing Loan at the earliest of:
- (i) the date of completion of the sale or compulsory acquisition of the mortgaged premises;
 - (ii) the date upon which the insured becomes the absolute owner of the mortgaged premises by foreclosure;
 - (iii) the date upon which a claim is paid under the Genworth Policy; and
 - (iv) where the mortgage is not a first mortgage and where a prior mortgagee has sold the mortgaged premises or has taken foreclosure action, the date on which the insured receives from the prior mortgagee any proceeds payable to the insured, or where no part of those proceeds is so payable, the date on which the insured becomes aware of completion of the sale or that the prior mortgagee has become the absolute owner of the mortgaged premises;
- (b) interest unpaid in respect of the Housing Loan up to and including the earliest of the dates referred to in paragraph (a) above at the rate payable under the mortgage (or, where interest is chargeable at the lower of two rates if payment is made within a specified time, at that lower rate) but limited to the rate of interest specified in the Genworth Policy;
- (c) moneys recoverable by the insured under the terms of the mortgage in respect of:
- (i) sums properly paid or incurred by the insured in respect of the mortgaged premises for premiums on general insurance policies, levies and other charges payable to a body corporate under a strata title system, rates, taxes (including land taxes, although the amount allowed by Genworth for land tax may be limited according to certain criteria by Genworth at its option) and any other statutory charges;
 - (ii) reasonable and necessary legal and other fees and disbursements paid or incurred by the insured in enforcing or protecting the insured's rights under the mortgage;
 - (iii) other sums paid or incurred by the insured for repair, maintenance and protection of the mortgaged premises, provided that amounts exceeding \$500 will only be included if incurred with Genworth's prior approval; and
 - (iv) costs relating to the sale of the mortgaged premises by the insured; and
- (d) fines, penalties, additional interest and other sums of a like nature which are properly imposed by the insured under the Housing Loan or the mortgage which are unpaid (but only to the extent that they are not included in paragraphs (a) to (c) above, and Genworth determines that they should be admitted);

less deductions including:

- (e) all sums received by the insured under any collateral security;

- (f) where the insured has sold the mortgaged premises, the sale price less any amount required to discharge any prior mortgage;
- (g) where the insured or the prior mortgagee has taken foreclosure action, the value of the insured's interest in the mortgaged premises, as agreed between Genworth and the insured; and
- (h) all sums required to be applied in reduction of the claim (see below).

The amount recoverable as outlined above will not exceed the amount calculated to pay out the relevant Housing Loan under the Consumer Credit Code.

All sums received by the insured as compensation for the compulsory acquisition of the mortgaged premises or by way of rents, profits or proceeds from the mortgaged premises and all sums received by the insured under any policy of insurance in relation to loss arising from destruction of or damage to the mortgaged premises and not applied in restoration or repair must be applied by the insured in reduction of moneys due under the mortgage.

Reduction in a Claim

The amount of the insured's loss calculated as described above may be reduced, at the option of Genworth, by the amount by which in the sole opinion of Genworth the value of the insured's rights in respect of the mortgaged premises or Housing Loan has been diminished or impaired by:

- (a) the creation with the consent of the insured of any easement, restriction or encroachment on the mortgaged premises otherwise than for the benefit of a government, semi-government or local government authority for public purposes;
- (b) the creation with the consent of the insured of any further charge or encumbrance on the mortgaged premises otherwise than in favour of a government, semi-government or local government authority for public purposes;
- (c) the making of any additional loan secured upon the mortgaged property other than in accordance with the terms of the Genworth Policy;
- (d) any alteration of the terms of repayment of the Housing Loan or any increase in the rate of interest charged on the Housing Loan to a rate exceeding the rate specified in the Genworth Policy;
- (e) any derogation from the insured's rights against the mortgagor or the mortgaged premises or in respect of the Housing Loan by compromise, postponement, partial discharge or otherwise;
- (f) failure by the insured to ensure that where the insured is not a lender approved by Genworth, there is at all times a mortgage manager in respect of the Housing Loan;
- (g) the insured entering into possession of, selling, taking foreclosure action or appointing a receiver or manager in respect of the mortgaged property without the approval of Genworth;
- (h) where the Genworth Policy is issued under a low start loan plan, the total of all sums repayable under the Housing Loan which remain to be paid after one-third of the Housing Loan term becoming insufficient to repay the Housing Loan within the Housing Loan term;
- (i) where the mortgage is not a first mortgage, consent by the insured to the making of any further advance by a prior mortgagee upon the security of the prior mortgage or payment of any sum by the insured to a prior mortgagee; or
- (j) without the approval of Genworth, any sum at any time owing other than to the insured becomes secured by a mortgage or charge affecting the mortgaged premises so as to rank for payment in priority to money secured by the mortgage.

Genworth may refuse or reduce a claim if there is a contravention of the Consumer Credit Code.

The amount of insured loss claimable under a Genworth Policy may also be reduced in other circumstances including where the Seller has not complied with its duty of disclosure.

Submission and Payment of Claims

The insured must submit a properly completed claim for loss to Genworth if practicable within 30 days after and in any event within 12 months from the earliest of:

- (a) completion of the sale by the insured or the mortgagee (with the consent of the insured and the prior approval of Genworth) or compulsory acquisition of the mortgaged premises;
- (b) the date upon which the insured becomes the absolute owner of the mortgaged premises by foreclosure; or
- (c) where the mortgage is not a first mortgage, the date upon which a prior mortgagee has sold the mortgaged premises or has taken foreclosure action.

If a claim is not lodged within 30 days of the earliest of such dates, interest otherwise payable on the amount of the insured's loss will not be payable. If a claim is not lodged within 2 months of the earliest of such dates, the insured must indemnify the insurer against any loss or damage suffered by the insurer by reason of the delay in lodgement of the claim.

As far as is practicable, payment by Genworth in settlement of a claim will be made to the insured within 30 days of Genworth's receipt of the completed claim and supporting documents.

All sums received by the insured on account of a Housing Loan after the date on which a claim in respect of that Housing Loan is made under the Genworth Policy will be paid by the insured to Genworth until the total of sums so paid is equal to the amount payable or paid by Genworth under the Policy.

10.6 1995 QBE Master Policy

Period of Cover

Each insurance policy (referred to in this Section 10.6 as the **Policy**) issued under the terms of the 1995 QBE Master Policy terminates in respect of the Housing Loan it insures on the earliest of the following:

- (a) the date that the Housing Loan is repaid in full;
- (b) the date of payment of a claim for loss under the Policy;
- (c) the date the right to recover the Housing Loan, without the consent of QBE, ceases to exist or is deferred, other than by:
 - (i) the exercise by the insured of its powers under the Housing Loan; or
 - (ii) any variation to the Housing Loan made under legislation the effect of which cannot be excluded, modified or restricted by the insured;
- (d) if at any time it is established any person has a valid registrable security interest over the relevant mortgaged property which ranks ahead of the insured mortgage, other than a security interest noted in the relevant Certificate of Insurance or any endorsement thereto;
- (e) if at any time any guarantee or indemnity in respect of the Housing Loan ceases to be enforceable according to its terms;
- (f) if there is any material omission, material misstatement or material misrepresentation in, or material suppression from, the material upon the basis of which QBE issued the Policy; or

- (g) if any premium is not paid within 30 days of its due date.

If any termination of the Policy occurs under paragraphs (c) to (g) (inclusive) above, QBE will be absolutely released from all liability whatsoever under the Policy.

Cover for Losses

Subject to the exclusions outlined below, QBE must pay the insured's loss in respect of a Housing Loan, being the aggregate of:

- (a) the unpaid principal under the Housing Loan;
- (b) the unpaid interest to the date of the claim for loss at the rate specified for the Housing Loan (or, where a lower rate is provided for prompt payment, at that lower rate);
- (c) all sums properly paid by the insured in respect of the corresponding mortgaged property for insurance premiums, rates, land tax (calculated on a single holding basis) and other statutory charges;
- (d) reasonable and necessary legal fees and disbursements incurred by the insured with the prior written approval of QBE in enforcing or protecting the Trustee's rights under the insured mortgage;
- (e) other reasonable and necessary costs or expenses incurred by the insured in repairing, maintaining and preserving the corresponding mortgaged property. However, to the extent that such costs and expenses exceed \$1,000 they will only be included if incurred by the insured with the prior written consent of QBE; and
- (f) any additional costs relating to the sale of the corresponding mortgaged property not deducted in calculating the net proceeds in paragraph (g) below;

less deductions including:

- (g) the net proceeds of sale (after normal conveyancing adjustments) of the corresponding mortgaged property less any reasonable agents commission and less such amounts (if any) applied to discharge any prior mortgages over the mortgaged property;
- (h) the items referred to in "Applications of Compensation Payments, Rents etc" below;
- (i) all recoveries under or from the actual or proposed realisation of any security collateral to, or recovered or recoverable from any surety of, the Housing Loan; and
- (j) any previous payments made by QBE to the insured under the Policy.

Refusal or Reduction in Claim

The amount of a claim under the Policy may be reduced at the option of QBE by the amount by which in the reasonable opinion of QBE the value of the insured's rights in respect of the corresponding mortgaged property or Housing Loan have been reduced, postponed or impaired by reason of any of the following happening without the prior written consent of QBE:

- (a) the creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property;
- (b) the creation of any further mortgage, charge or encumbrance over the mortgaged property, other than in breach of the terms of the Housing Loan;
- (c) any alteration to the Housing Loan which has the consequence of increasing or accelerating payments of the Housing Loan or the exposure of QBE under the Policy;

- (d) any derogation, relinquishment, abandonment, waiver or discharge of the insured's rights against the borrower, the mortgaged property or any surety or under any collateral security;
- (e) any breach of a commitment to insure or of the Policy;
- (f) the failure to fully and accurately disclose the happening of any material event or circumstance known or which should reasonably have been known to the insured (or any person administering the Housing Loan on the insured's behalf) arising prior to the issue of the Policy in respect of the Housing Loan or any material event or circumstance or change of circumstance known or which should reasonably have been known to the insured (or any person administering the Housing Loan on the insured's behalf) after the issue of that insurance;
- (g) the consent of the insured to an increase in or acceleration of the exposure of the borrower under any mortgage ranking in priority to the mortgage securing the Housing Loan; or
- (h) any delay in submitting a claim for loss.

In addition, QBE may deduct from any sum payable under the Policy the amount of any damage sustained by QBE as a result of the negligence of the insured:

- (a) in the preparation, administration or management of a Housing Loan;
- (b) in the protection of the corresponding mortgaged property or the insured's interest therein (including a failure to ensure that the borrower is contractually obliged to, and to be progressively satisfied that the borrower does, maintain insurance in respect of normal physical damage risks to the mortgaged property); or
- (c) where improvements are under construction on land the subject of a Housing Loan, in failing to retain an adequate proportion of the principal sum so as to ensure that the construction of improvements may be completed.

However, negligence will not be imputed if normal procedures of prudent lenders are followed.

Also, QBE will not have any liability under the Policy unless at all relevant times the Housing Loan and corresponding securities constitute valid, enforceable and recoverable obligations in accordance with their terms.

Applications of Compensation Payments, Rents etc.

Unless otherwise agreed between QBE and the insured, compensation paid or payable for any part of the corresponding mortgaged property in relation to the Policy taken in the exercise of any power of resumption, compulsory acquisition or the like and all rents collected and other profits derived by the insured from the mortgaged property, and any sums paid or payable under fire or hazard insurance policies relating to the mortgaged property must be deducted from the claim for loss calculated in accordance with "Cover for Losses" and "Refusal or Reductions in Claim".

All such amounts are deemed to be applied first in payment of outstanding costs and expenses as specified in paragraphs (d) to (f) of "Cover for Losses", secondly in payment of interest (at the lower rate if applicable) under the relevant Housing Loan and thirdly in repayment of the principal under the Housing Loan.

Submission and Payment of Claims

The insured must submit a properly completed claim for loss to QBE under the Policy within 30 days (or such longer period approved by QBE) from the earlier of:

- (a) settlement of the sale of the corresponding mortgaged property; or
- (b) notification by QBE to submit a claim for loss.

QBE must pay a claim for loss properly payable by it under the Policy, insofar as is practicable, to the insured within one month of QBE's receipt of the completed claim for loss.

QBE has the right, instead of paying a claim for loss in full, to elect to pay the arrears of, and to progressively pay instalments in reduction of, a Housing Loan as and when the same fall due for payment under the Housing Loan. In this event, QBE is subrogated to the rights of the insured against the borrower and any sureties.

Valuer's Liability

The liability of QBE under the Policy relating to a Housing Loan is conditional upon any valuer whose report in respect of the Housing Loan forms part of the application for the issue of the Policy being liable to the insured and to QBE if the valuer is negligent in preparing the report.

Open Policies

Some insurance policies issued under the Policy were issued under open policy provisions. This means that Bank of Queensland as the insured, rather than QBE, assessed whether the relevant Housing Loan met QBE's criteria and thus was insurable under the Policy. Bank of Queensland no longer operates under an open policy arrangement with QBE.

10.7 1997 QBE Master Policy

Period of Cover

Each insurance policy (referred to in this Section 10.7 as the **Policy**) issued under the terms of the 1997 QBE Master Policy terminates in respect of the Housing Loan it insures on the earliest of the following:

- (a) repayment in full of the Housing Loan;
- (b) the expiry date of the Policy, however if before 14 days after the expiry date of the Policy notice is given of default under the Housing Loan, the Policy will continue solely for the purposes of a claim;
- (c) payment of a claim under the Policy; or
- (d) cancellation of the Policy in accordance with the Insurance Contracts Act 1984.

Cover for Losses

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

- (a) the balance of the loan account (being outstanding principal and interest) at the settlement date (being the date the sale of the mortgaged property relating to the Housing Loan is completed);
- (b) interest on the balance of the loan account from the settlement date to the date of claim to a maximum of 30 days; and
- (c) costs incurred by the insured on sale of the mortgaged property which include:
 - (i) costs properly incurred for insurance premiums, rates, land tax (calculated on a single holding basis) and other statutory charges on the mortgaged property;
 - (ii) reasonable and necessary legal fees and disbursements incurred in enforcing or protecting rights under the insured mortgage;
 - (iii) reasonable agent's commission, advertising costs, valuation costs and other costs relating to the sale of the mortgaged property;

- (iv) reasonable and necessary costs incurred in maintaining (but not restoring) the mortgaged property, provided that amounts exceeding \$1,500 will only be included if incurred by the insured with the prior written consent of QBE; and
- (v) any amounts applied with the prior written consent of QBE to discharge a security interest having priority over the insured mortgage;

less the following deductions:

- (d) the gross proceeds of sale of the mortgaged property; and
- (e) the following amounts if not already applied to the credit of the loan account:
 - (i) compensation received for any part of the mortgaged property or any collateral security that has been resumed or compulsorily acquired;
 - (ii) all rents collected and other profits received relating to the mortgaged property or any collateral security;
 - (iii) any sums received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property following damage or destruction;
 - (iv) all amounts recovered from the exercise of the insured's rights relating to any collateral security; and
 - (v) any other amount received relating to the insured mortgage or any collateral security including any amounts received from the borrower, any guarantor or prior mortgagee.

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

- (a) interest charged in advance;
- (b) default rate interest;
- (c) higher interest rate payable because of failure to make prompt payment;
- (d) fines, fees or charges debited to the loan account;
- (e) early repayment fees;
- (f) break funding costs;
- (g) costs of restoration following damage to or destruction of the mortgaged property;
- (h) costs of removal, clean up and restoration arising from contamination of the mortgaged property;
- (i) additional funds advanced to the borrower without QBE's written consent;
- (j) amounts paid by the insured in addition to the loan amount to complete improvements;
- (k) cost overruns; and
- (l) any civil or criminal penalties imposed on the insured under legislation including the Consumer Credit Code.

Reduction in Claim

The amount of a claim under the Policy may be reduced by the amount by which the insured loss is increased due to the insured making a false or misleading statement, assurance or representation to the borrower or any guarantor or the insured consenting to, without the written approval of QBE:

- (a) the creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property; or
- (b) an increase in or acceleration of the payment obligation of the borrower under any security interest having priority over the insured mortgage.

Submission for Payment of Claims

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

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

Open Policies

Some insurance policies issued under the Policy were issued under open policy provisions. This means that Bank of Queensland as the insured, rather than QBE, assessed whether the relevant Housing Loan met QBE's criteria and thus was insurable under the Policy. Bank of Queensland no longer operates under an open policy arrangement with QBE.

10.8 2000 QBE Master Policy

Period of Cover

Each insurance policy (referred to in this Section 10.8 as the **Policy**) issued under the terms of the 2000 QBE Master Policy terminates in respect of the Housing Loan it insures on the earliest of the following:

- (a) repayment in full of the Housing Loan;
- (b) the expiry date of the Policy, however if before 14 days after the expiry date of the Policy notice is given of default under the Housing Loan, the Policy will continue solely for the purposes of a claim;
- (c) payment of a claim under the Policy; or
- (d) cancellation of the Policy in accordance with the Insurance Contracts Act 1984.

Cover for Losses

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

- (a) the balance of the loan account (being outstanding principle and interest) at the settlement date (being the date the sale of the mortgaged property relating to the Housing Loan is completed);
- (b) interest on the balance of the loan account from the settlement date to the date of claim to a maximum of 30 days; and
- (c) costs incurred by the insured on sale of the mortgaged property which include:

- (i) costs properly incurred for insurance premiums, rates, land tax (calculated on a single holding basis) and other statutory charges on the mortgaged property;
- (ii) reasonable and necessary legal fees and disbursements incurred in enforcing or protecting rights under the insured mortgage;
- (iii) reasonable agent's commission, advertising costs, valuation costs and other costs relating to the sale of the mortgaged property;
- (iv) reasonable and necessary costs incurred in maintaining (but not restoring) the mortgaged property, provided that amounts exceeding \$1,500 will only be included if incurred by the insured with the prior written consent of QBE;
- (v) any amounts applied with the prior written consent of QBE to discharge a security interest having priority over the insured mortgage; and
- (vi) any amount incurred by the insured under the GST Legislation on the sale or transfer of the mortgaged property to a third party in or towards the satisfaction of any debt that the borrower owes to the insured under the loan account, and any amount properly incurred under the GST Legislation by the insured in respect of any costs, fees, disbursements or commissions specifically identified in the 2000 QBE Master Policy.

less the following deductions:

- (d) the gross proceeds of sale of the mortgaged property; and
- (e) the following amounts if not already applied to the credit of the loan account:
 - (i) compensation received for any part of the mortgaged property or any collateral security that has been resumed or compulsorily acquired;
 - (ii) all rents collected and other profits received relating to the mortgaged property or any collateral security;
 - (iii) any sums received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property following damage or destruction;
 - (iv) all amounts recovered from the exercise of the insured's rights relating to any collateral security;
 - (v) any other amount received relating to the insured mortgage or any collateral security including any amounts received from the borrower, any guarantor or prior mortgagee; and
 - (vi) any amount incurred by the insured under the GST Legislation relating to the mortgaged property or any collateral security to the extent to which the insured is entitled to claim an input tax credit.

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

- (a) interest charged in advance;
- (b) default rate interest;
- (c) higher interest rate payable because of failure to make prompt payment;
- (d) fines, fees or charges debited to the loan account;

- (e) early repayment fees;
- (f) break funding costs;
- (g) costs of restoration following damage to or destruction of the mortgaged property;
- (h) costs of removal, clean up and restoration arising from contamination of the mortgaged property;
- (i) additional funds advanced to the borrower without QBE's written consent;
- (j) amounts paid by the insured in addition to the loan amount to complete improvements;
- (k) cost overruns;
- (l) any civil or criminal penalties imposed on the insured under legislation including the Consumer Credit Code; and
- (m) the loss of the insured (including all legal costs and disbursements) attributable to any breach of or non compliance with the Managed Investments Act 1998 (Cth) or a managed investment scheme as defined in that Act however arising in relation to the mortgaged property.

Reduction in Claim

The amount of a claim under the Policy may be reduced by the amount by which the insured's loss is increased due to the insured making a false or misleading statement, assurance or representation to the borrower or any guarantor or the insured consenting to, without the written approval of QBE:

- (a) the creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property; or
- (b) an increase in or acceleration of the payment obligation of the borrower under any security interest having priority over the insured mortgage.

The amount of the claim under the Policy may be reduced where the loss of the insured has been increased due to any breach of or non compliance with the Managed Investments Act 1984 (Cth) or a managed investment scheme within the meaning of that Act however arising in relation to the mortgaged property.

The amount of any claim paid will also be reduced by the amount of any input tax credits or reduced input tax credits that are available to the insured under the GST Legislation in respect of a taxable supply, or would have been available to the insured in respect of a taxable supply in the opinion of QBE.

Submission for Payment of Claims

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

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

Open Policies

Some insurance policies issued under the Policy were issued under open policy provisions. This means that Bank of Queensland as the insured, rather than QBE, assessed whether the relevant Housing Loan met QBE's criteria and thus was insurable under the Policy. Bank of Queensland no longer operates under an open policy arrangement with QBE.

10.9 2007 QBE Master Policy

Period of Cover

Each insurance policy (referred to in this Section 10.11 as the **Policy**) issued under the terms of the 2007 QBE Master Policy terminates in respect of the Housing Loan it insures on the earliest of the following:

- (a) repayment in full of the Housing Loan;
- (b) the expiry date of the Policy, however if before 14 days after the expiry date of the Policy notice is given of default under the Housing Loan, the Policy will continue solely for the purposes of a claim;
- (c) payment of a claim under the Policy; or
- (d) cancellation of the Policy in accordance with the Insurance Contracts Act 1984.

Cover for Losses

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

- (a) the balance of the loan account (being outstanding principle and interest) at the settlement date (being the date the sale of the mortgaged property relating to the Housing Loan is completed);
- (b) interest on the balance of the loan account from the settlement date to the date of claim to a maximum of 30 days; and
- (c) costs incurred by the insured on sale of the mortgaged property which include:
 - (i) costs properly incurred for insurance premiums, rates, land tax (calculated on a single holding basis) and other statutory charges on the mortgaged property;
 - (ii) reasonable and necessary legal fees and disbursements incurred in enforcing or protecting rights under the insured mortgage;
 - (iii) reasonable agent's commission, advertising costs, valuation costs and other costs relating to the sale of the mortgaged property;
 - (iv) reasonable and necessary costs incurred in maintaining (but not restoring) the mortgaged property, provided that amounts exceeding \$1,500 will only be included if incurred by the insured with the prior written consent of QBE;
 - (v) any amounts applied with the prior written consent of QBE to discharge a security interest having priority over the insured mortgage; and
 - (vi) (any amount incurred by the insured under the GST Legislation on the sale or transfer of the mortgaged property to a third party in or towards the satisfaction of any debt that the borrower owes to the insured under the loan account, and any amount properly incurred under the GST Legislation by the insured in respect of any costs, fees, disbursements or commissions specifically identified in the 2007 QBE Master Policy.

less the following deductions:

- (d) the gross proceeds of sale of the mortgaged property;
- (e) early repayment fees;

- (f) break funding costs; and
- (g) the following amounts if not already applied to the credit of the loan account:
 - (i) compensation received for any part of the mortgaged property or any collateral security that has been resumed or compulsorily acquired;
 - (ii) all rents collected and other profits received relating to the mortgaged property or any collateral security;
 - (iii) any sums received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property following damage or destruction;
 - (iv) all amounts recovered from the exercise of the insured's rights relating to any collateral security;
 - (v) any other amount received relating to the insured mortgage or any collateral security including any amounts received from the borrower, any guarantor or prior mortgagee; and
 - (vi) any amount incurred by the insured under the GST Legislation relating to the mortgaged property or any collateral security to the extent to which the insured is entitled to claim an input tax credit.

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

- (a) interest charged in advance;
- (b) default rate interest;
- (c) higher interest rate payable because of failure to make prompt payment;
- (d) fines, fees or charges debited to the loan account;
- (e) costs of restoration following damage to or destruction of the mortgaged property;
- (f) costs of removal, clean up and restoration arising from contamination of the mortgaged property;
- (g) additional funds advanced to the borrower without QBE's written consent;
- (h) amounts paid by the insured in addition to the loan amount to complete improvements;
- (i) cost overruns; and
- (j) any civil or criminal penalties imposed on the insured under legislation including the Consumer Credit Code.

Reduction in Claim

The amount of a claim under the Policy may be reduced by the amount by which the insured's loss is increased due to the insured making a false or misleading statement, assurance or representation to the borrower or any guarantor or the insured consenting to, without the written approval of QBE:

- (a) the creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property; or

- (b) an increase in or acceleration of the payment obligation of the borrower under any security interest having priority over the insured mortgage.

The amount of the claim under the Policy may be reduced where the loss of the insured has been increased due to any breach of or non compliance with the Managed Investments Act 1984 (Cth) or a managed investment scheme within the meaning of that Act however arising in relation to the mortgaged property.

The amount of any claim paid will also be reduced by the amount of any input tax credits or reduced input tax credits that are available to the insured under the GST Legislation in respect of a taxable supply, or would have been available to the insured in respect of a taxable supply in the opinion of QBE.

Submission for Payment of Claims

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

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

Open Policies

Some insurance policies issued under the Policy were issued under open policy provisions. This means that Bank of Queensland as the insured, rather than QBE, assessed whether the relevant Housing Loan met QBE's criteria and thus was insurable under the Policy. Bank of Queensland no longer operates under an open policy arrangement with QBE.

10.10 2010 QBE Master Policy

Period of Cover

Each insurance policy (referred to in this Section 10.12 as the **Policy**) issued under the terms of the 2010 QBE Master Policy terminates in respect of the Housing Loan it insures on the earliest of the following:

- (a) repayment in full of the Housing Loan;
- (b) the expiry date of the Policy, however if before 14 days after the expiry date of the Policy notice is given of default under the Housing Loan, the Policy will continue solely for the purposes of a claim;
- (c) payment of a claim under the Policy; or
- (d) cancellation of the Policy in accordance with the Insurance Contracts Act 1984.

Cover for Losses

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

- (a) the balance of the loan account (being outstanding principal and interest) at the settlement date (being the date the sale of the mortgaged property relating to the Housing Loan is completed);
- (b) interest on the balance of the loan account from the settlement date to the date of claim to a maximum of 30 days; and
- (c) costs incurred by the insured on sale of the mortgaged property which include:
 - (i) costs properly incurred for insurance premiums, rates, land tax (calculated on a single holding basis) and other statutory charges on the mortgaged property;

- (ii) reasonable and necessary legal fees and disbursements incurred in enforcing or protecting rights under the insured mortgage;
- (iii) reasonable agent's commission, advertising costs, valuation costs and other costs relating to the sale of the mortgaged property;
- (iv) reasonable and necessary costs incurred in maintaining (but not restoring) the mortgaged property, provided that amounts exceeding \$1,500 will only be included if incurred by the insured with the prior written consent of QBE;
- (v) any amounts applied with the prior written consent of QBE to discharge a security interest having priority over the insured mortgage; and
- (vi) any amount incurred by the insured under the GST Legislation on the sale or transfer of the mortgaged property to a third party in or towards the satisfaction of any debt that the borrower owes to the insured under the loan account, and any amount properly incurred under the GST Legislation by the insured in respect of any costs, fees, disbursements or commissions specifically identified in the 2010 QBE Master Policy.

less the following deductions:

- (d) the gross proceeds of sale of the mortgaged property;
- (e) early repayment fees;
- (f) break funding costs; and
- (g) the following amounts if not already applied to the credit of the loan account:
 - (i) compensation received for any part of the mortgaged property or any collateral security that has been resumed or compulsorily acquired;
 - (ii) all rents collected and other profits received relating to the mortgaged property or any collateral security;
 - (iii) any sums received under any insurance policy relating to the mortgaged property not applied to restoration of the mortgaged property following damage or destruction;
 - (iv) all amounts recovered from the exercise of the insured's rights relating to any collateral security;
 - (v) any other amount received relating to the insured mortgage or any collateral security including any amounts received from the borrower, any guarantor or prior mortgagee; and
 - (vi) any amount incurred by the insured under the GST Legislation relating to the mortgaged property or any collateral security to the extent to which the insured is entitled to claim an input tax credit.

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

- (a) interest charged in advance;
- (b) default rate interest;
- (c) higher interest rate payable because of failure to make prompt payment;

- (d) fines, fees or charges debited to the loan account;
- (e) costs of restoration following damage to or destruction of the mortgaged property;
- (f) costs of removal, clean up and restoration arising from contamination of the mortgaged property;
- (g) additional funds advanced to the borrower without QBE's written consent;
- (h) amounts paid by the insured in addition to the loan amount to complete improvements;
- (i) cost overruns;
- (j) certain losses resulting from a tribunal, court or other competent body making orders affecting the insured's rights under the insured mortgage or any collateral security or the loan account imposing or requiring payment of any fines or any civil or criminal penalties;
- (k) any amount that would have been payable under any term or provision of the insured mortgage or any collateral security that is void, whether as a result of the operation of the NCCP Legislation or the Consumer Credit Code; and
- (l) any legal fees or disbursements relating to certain actions or proceedings.

Reduction in Claim

The amount of a claim under the Policy may be reduced by the amount by which the insured's loss is increased due to the insured making a false or misleading statement, assurance or representation to the borrower or any guarantor or the insured consenting to, without the written approval of QBE:

- (a) the creation of any lease, licence, easement, restriction or other notification affecting the mortgaged property; or
- (b) an increase in or acceleration of the payment obligation of the borrower under any security interest having priority over the insured mortgage.

The amount of any claim paid will also be reduced by the amount of any input tax credits or reduced input tax credits that are available to the insured under the GST Legislation in respect of a taxable supply, or would have been available to the insured in respect of a taxable supply in the opinion of QBE.

Submission for Payment of Claims

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

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

Open Policies

Some insurance policies issued under the Policy were issued under open policy provisions. This means that Bank of Queensland as the insured, rather than QBE, assessed whether the relevant Housing Loan met QBE's criteria and thus was insurable under the Policy. Bank of Queensland no longer operates under an open policy arrangement with QBE.

10.11 The Mortgage Insurers

Genworth Financial Mortgage Insurance Pty Limited

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

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

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

QBE

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

QBE Lenders' Mortgage Insurance Limited's parent is QBE Holdings (AAP) Pty Ltd, a subsidiary of the ultimate parent company, QBE Insurance Group Limited (**QBE Group**). QBE Group is an Australian-based public company listed on the Australian Securities Exchange. QBE Group is recognised as Australia's largest international general insurance and reinsurance company with operations in more than 35 countries around the world, and is one of the top 20 global general insurers and reinsurers as measured by net earned premium.

As of 31 December 2013, the audited financial statements of QBE Lenders' Mortgage Insurance Limited had total assets of A\$2,414 million and shareholder's equity of A\$1,379 million.

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

11. Support Facilities and Security Trust Deed

11.1 The Interest Rate Swaps

11.1.1 Interest Rate Mismatch between Housing Loans and Notes

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

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

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

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

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

The Fixed Rate Swap will apply in respect of any Housing Loan charged a fixed rate of interest as at the Closing Date or which converts, subject to the restrictions described in Section 11.1.7, from a variable rate to a fixed rate of interest after the Closing Date.

The Fixed Rate Swap and the Basis Swap will each be governed by the terms of a Hedge Agreement entered into by the Manager, the Trustee, the Hedge Provider and the Standby Swap Provider. The initial Hedge Provider under the Fixed Rate Swap and the Basis Swap will be Bank of Queensland. The Hedge Agreement will be governed by the laws applying in the State of New South Wales.

The initial Standby Swap Provider under the Fixed Rate Swap will be NAB who, in certain circumstances (see Section 11.1.4), may also become the Hedge Provider in respect of the Fixed Rate Swap.

11.1.2 The Basis Swap

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

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

The **Variable Finance Charges** for a Calculation Period are the Finance Charges for the Monthly Period immediately preceding the calendar month in which that Calculation Period ends in respect of each Housing Loan charged interest at a variable rate of interest during all or any relevant part of that Monthly Period, excluding those Finance Charges which are:

- (a) expressed to be charges in subparagraph (a)(i) of Section 9.3.2 (other than any interest charges); and
- (b) referred to in paragraphs (b), (e), (f) or (h) of Section 9.3.2; or
- (c) in relation to the first Calculation Period, Finance Charges represented by any amount of interest accrued on those Housing Loans for the period commencing on (and including) the Anniversary Date for those Housing Loans immediately prior to the Closing Date and ending on (but excluding) the Closing Date and which interest forms part of the Accrued Interest Adjustment.

The Hedge Provider will in turn pay to the Trustee on each Transfer Date an amount calculated by reference to the Bank Bill Rate plus a margin based on the aggregate principal amount outstanding on the Housing Loans (excluding those being charged a fixed rate) as at the opening of business on the first day of the Monthly Period in respect of which the Variable Finance Charges for the Calculation Period are calculated. The margin over the Bank Bill Rate payable by the Hedge Provider is calculated by reference to the weighted average margin of the Notes and continues over the life of the Basis Swap.

If at any time the Hedge Provider of the Basis Swap is rated less than the Prescribed Ratings and the weighted average of the variable rates charged on the Housing Loans is less than the Threshold Mortgage Rate, the Hedge Provider must (i) if possible, increase the variable rates charged on the Housing Loans to at least the Threshold Mortgage Rate; or (ii) prepay its obligations under the Basis Swap to the Trustee on a monthly basis by depositing into an account with an Eligible Depository (which includes the Collections Account whilst it is held with an Eligible Depository or a financial institution that is supported by an Eligible Depository) an amount determined by reference to the difference between the current weighted average of the variable rates charged on the Housing Loans and the Threshold Mortgage Rate or (iii) enter into some other arrangement which is satisfactory to the Manager and in respect of which the Manager has issued a Rating Affirmation Notice. To the extent that the aggregate amount of prepayments is in excess of the amount required, the Trustee must pay the excess to the Hedge Provider.

The Servicer may otherwise ensure that the variable rate on the Housing Loans is at least equal to the Threshold Mortgage Rate or enter into such other arrangements, satisfactory to the Manager and in respect of which the Manager issues a Rating Affirmation Notice.

11.1.3 Fixed Rate Swap

The Hedge Provider will provide the Fixed Rate Swap to the Trustee to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on Housing Loans at a fixed rate (other than certain Housing Loans the subject of a Conversion, as described in Section 11.1.7) on the one hand and the floating Coupon Rate payable on the Notes on the other hand.

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

The **Fixed Rate Finance Charges** for a Calculation Period are the Finance Charges for the Monthly Period immediately preceding the calendar month in which that Calculation Period ends in respect of Housing Loans being charged interest at a fixed rate during all or any relevant part of that Monthly Period, excluding those Finance Charges which are:

- (a) expressed to be charges in subparagraph (a)(i) of Section 9.3.2 (other than any interest charges or Mortgagor Break Costs received by the Servicer (whether or not charged during a previous Monthly Period) during the Monthly Period in relation to those Housing Loans net of any Mortgagor Break Benefits paid to a mortgagor in relation to those Housing Loans during the Monthly Period and any reversals made during the Monthly Period in respect of Mortgagor Break Costs debited in error or any reversals of such charges in accordance with subparagraph (a)(iv) of Section 9.3.2);
- (b) referred to in paragraphs (b), (e), (f) or (h) of Section 9.3.2;
- (c) Mortgagor Break Costs and Waived Mortgagor Break Costs not received by the Trustee during the Monthly Period; or
- (d) in relation to the first Calculation Period, Finance Charges represented by the amount of interest accrued on those Housing Loans for the period commencing on (and including) the Anniversary Date for those Housing Loans immediately prior to the Closing Date and ending on (but excluding) the Closing Date and which interest forms part of the Accrued Interest Adjustment.

The Hedge Provider will in turn pay to the Trustee on each Distribution Date an amount calculated by reference to the Bank Bill Rate plus a margin and based on the aggregate principal amount outstanding on the fixed rate Housing Loans as at the opening of business on the first day of the Monthly Period in

respect of which the Fixed Rate Finance Charges for the Calculation Period ending on that Distribution Date are calculated. The margin over the Bank Bill Rate payable by the Hedge Provider is calculated by reference to the weighted average margin of the Notes and to certain fixed costs and continues over the life of the Fixed Rate Swap.

If at any time the standby swap arrangements (see Section 11.1.4 below) terminate and Bank of Queensland does not have the Initial S&P Required Rating (an **Initial S&P Rating Event**) then:

- (a) Bank of Queensland will, within the required period, post collateral at its own cost and expense in accordance with the provisions of the relevant credit support annex in respect of the Hedge Agreement; and
- (b) at any time, at its own discretion and at its own cost and expense, Bank of Queensland may:
 - (i) transfer all of its rights and obligations to a replacement third party that has the Initial S&P Required Ratings (provided that if the replacement third party does not have such ratings at the time such transfer occurs, such replacement third party will post collateral on the date of such transfer under the provisions of the relevant credit support annex in respect of the Hedge Agreement or obtain an eligible guarantee from a guarantor that has such ratings); or
 - (ii) procure an eligible guarantee from a guarantor that has the Initial S&P Required Rating; or
 - (iii) take such other action (which may, for the avoidance of doubt, include taking no action) (provided that the Manager has delivered a Ratings Affirmation Notice in respect thereof) as will result in the rating of the Notes then outstanding following the taking of such action (or inaction) being maintained at, or restored to, the level it was at immediately prior to such Initial S&P Rating Event,

provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax by the Trustee.

If at any time the standby swap arrangements (see Section 11.1.4 below) terminate and Bank of Queensland does not have the Subsequent S&P Required Rating (a **Subsequent S&P Rating Event**) then Bank of Queensland will (within the required period):

- (a) post collateral under the provisions of the relevant credit support annex in respect of the Hedge Agreement or, in certain circumstances, continue to post collateral under such credit support annex; and
- (b) use commercially reasonable efforts to:
 - (i) transfer all of its rights and obligations to a replacement third party that has the Subsequent S&P Required Rating (provided that if the replacement third party does not have the Initial S&P Required Rating at the time such transfer occurs, such replacement third party will post collateral on the date of such transfer under the provisions of the relevant credit support annex in respect of the Hedge Agreement or obtain an eligible guarantee from a guarantor that has the Initial S&P Required Rating); or
 - (ii) obtain an eligible guarantee from a guarantor that has the Subsequent S&P Required Rating (provided that if the guarantor does not have the Initial S&P Required Rating collateral is provided (if required) under the provisions of the relevant credit support annex in respect of the Hedge Agreement); or
 - (iii) take such other action (which may, for the avoidance of doubt, include taking no action) (provided that the Manager has delivered a Ratings Affirmation Notice) as will result in the rating of the Notes then outstanding following the

taking of such action (or inaction) being maintained at, or restored to, the level it would have been at immediately prior to such Subsequent S&P Rating Event.

If at any time the standby swap arrangements (see Section 11.1.4 below) terminate and an Initial Fitch Rating Event occurs in respect of Bank of Queensland, then Bank of Queensland will immediately notify the Manager and the Trustee and Bank of Queensland will (unless the Manager issues a Rating Affirmation Notice in relation to no action being taken by Bank of Queensland), on a reasonable efforts basis and at its cost and expense either:

- (a) within 14 days of the occurrence of such event post collateral under the relevant credit support annex to the Hedge Agreement; or
- (b) within 30 days of such event:
 - (i) novate all of its rights and obligations with respect to the Fixed Rate Swap to an eligible replacement in accordance with the terms of the Hedge Agreement; or
 - (ii) obtain an eligible guarantee of its rights and obligations with respect to the Fixed Rate Swap; or
 - (iii) take such other action as will result in the rating of the Notes by Fitch following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to such event,

provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax and further provided that, pending the taking of any such action referred to in sub-paragraphs (b)(i), (ii) or (iii) above, Bank of Queensland will, on a reasonable efforts basis and at its own cost and expense within 14 days of the occurrence of such event, post collateral as provided in subparagraph (a) above.

If at any time the standby swap arrangements (see Section 11.1.4 below) terminate and a Subsequent Fitch Rating Event occurs in respect of Bank of Queensland, then Bank of Queensland will:

- (a) at its own cost and expense, on a reasonable efforts basis take any of the actions set out in paragraph (b)(i), (ii) or (iii) above within 30 days of the occurrence of such event; and
- (b) pending taking any of the actions set out in paragraph (b)(i), (ii) or (iii), at its own cost and expense, within 14 calendar days of the occurrence of such event, post collateral in the form of cash or securities or both in support of its obligations under the Fixed Rate Swap in accordance with the terms of the relevant credit support annex to the Hedge Agreement.

11.1.4 Standby Swap Provider for Fixed Rate Swap

In the event of a payment default by Bank of Queensland as the Hedge Provider in respect of the Fixed Rate Swap, the Standby Swap Provider will pay the defaulted amount to the Trustee on the following Distribution Date, in which case such failure will not give rise to an Event of Default under the Hedge Agreement. Bank of Queensland under the Fixed Rate Swap is required to reimburse the Standby Swap Provider for that payment. If it fails to do so, the rights and obligations of Bank of Queensland as the Hedge Provider under the Fixed Rate Swap will be automatically novated to the Standby Swap Provider who from that date (the **Novation Date**) will become the Hedge Provider under the Fixed Rate Swap.

The Novation Date may also occur where the Hedge Provider defaults on certain credit support arrangements it has in place with the Standby Swap Provider in respect of the Standby Swap Provider's obligations under the standby swap arrangements.

The standby swap arrangements will cease to have effect from the earliest of the:

- (a) Novation Date;

- (b) date Bank of Queensland as the Hedge Provider is assigned short term credit ratings at least equal to the Prescribed Ratings;
- (c) date on which one or more Transfer Proposals are accepted in relation to all the Housing Loans;
- (d) date on which the Fixed Rate Swap is terminated;
- (e) date the Clean-Up and Extinguishment is exercised by the Seller in accordance with the Series Supplement; and
- (f) the date on which all the Notes have been redeemed in full.

If at any time the Standby Swap Provider does not have the Initial S&P Required Rating (an **Initial S&P Rating Event**) then:

- (a) the Standby Swap Provider will, within the required period, post collateral at its own cost and expense in accordance with the provisions of the relevant credit support annex in respect of the Hedge Agreement; and
- (b) at any time, at its own discretion and at its own cost and expense, the Standby Swap Provider may:
 - (i) transfer all of its rights and obligations to a replacement third party that has the Initial S&P Required Ratings (provided that if the replacement third party does not have such ratings at the time such transfer occurs, such replacement third party will post collateral on the date of such transfer under the provisions of the relevant credit support annex in respect of the Hedge Agreement or obtain an eligible guarantee from a guarantor that has such ratings); or
 - (ii) procure an eligible guarantee from a guarantor that has the Initial S&P Required Rating; or
 - (iii) take such other action (which may, for the avoidance of doubt, include taking no action) (provided that the Manager has delivered a Ratings Affirmation Notice in respect thereof) as will result in the rating of the Notes then outstanding following the taking of such action (or inaction) being maintained at, or restored to, the level it was at immediately prior to such Initial S&P Rating Event,

provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax by the Trustee.

If at any time the Standby Swap Provider does not have the Subsequent S&P Required Rating (a **Subsequent S&P Rating Event**) then the Standby Swap Provider will (within the required period):

- (a) post collateral under the provisions of the relevant credit support annex in respect of the Hedge Agreement or, in certain circumstances, continue to post collateral under such credit support annex; and
- (b) use commercially reasonable efforts to:
 - (i) transfer all of its rights and obligations to a replacement third party that has the Subsequent S&P Required Rating (provided that if the replacement third party does not have the Initial S&P Required Rating at the time such transfer occurs, such replacement third party will post collateral on the date of such transfer under the provisions of the relevant credit support annex in respect of the Hedge Agreement or obtain an eligible guarantee from a guarantor that has the Initial S&P Required Rating); or

- (ii) obtain an eligible guarantee from a guarantor that has the Subsequent S&P Required Rating (provided that if the guarantor does not have the Initial S&P Required Rating collateral is provided (if required) under the provisions of the relevant credit support annex in respect of the Hedge Agreement); or
- (iii) take such other action (which may, for the avoidance of doubt, include taking no action) (provided that the Manager has delivered a Ratings Affirmation Notice) as will result in the rating of the Notes then outstanding following the taking of such action (or inaction) being maintained at, or restored to, the level it would have been at immediately prior to such Subsequent S&P Rating Event.

If an Initial Fitch Rating Event occurs in respect of the Standby Swap Provider, then the Standby Swap Provider will immediately notify the Manager and the Trustee and the Standby Swap Provider will (unless the Manager issues a Rating Affirmation Notice in relation to no action being taken by the Standby Swap Provider), on a reasonable efforts basis and at its cost and expense either:

- (a) within:
 - (i) (while the Fitch Highly Rated Thresholds apply) 60 days; or
 - (ii) (while the Fitch Highly Rated Thresholds do not apply) 14 days,
 of the occurrence of such event post collateral under the relevant credit support annex to the Hedge Agreement; or
- (b) at any time at its discretion following the occurrence of such event:
 - (i) transfer all of its rights and obligations with respect to the Fixed Rate Swap to an eligible replacement in accordance with the terms of the Hedge Agreement; or
 - (ii) obtain an eligible guarantee of its rights and obligations with respect to the Hedge Agreement; or
 - (iii) take such other action as will result in the rating of the Notes by Fitch following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to such event,

provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax and further provided that, pending the taking of any such action referred to in sub-paragraphs (b)(i), (ii) or (iii) above, the Standby Swap Provider will, on a reasonable efforts basis and at its own cost and expense within 60 days or 14 days (as applicable) of the occurrence of such event, post collateral as provided in subparagraph (a) above.

If a Subsequent Fitch Rating Event occurs in respect of the Standby Swap Provider, then the Standby Swap Provider will:

- (a) at its own cost and expense, on a reasonable efforts basis take any of the actions set out in paragraphs (b)(i), (ii) or (iii) above within:
 - (i) (while the Fitch Highly Rated Thresholds apply) 60 days; or
 - (ii) (while the Fitch Highly Rated Thresholds do not apply) 30 days,
 of the occurrence of such event; and
- (b) pending taking any of the actions set out in paragraphs (b)(i), (ii) or (iii) above, at its own cost and expense, within:

- (i) (while the Fitch Highly Rated Thresholds apply) 60 days; or
- (ii) (while the Fitch Highly Rated Thresholds do not apply) 14 calendar days,

of the occurrence of such event, post collateral in the form of cash or securities or both in support of its obligations under the Fixed Rate Swap in accordance with the terms of the relevant credit support annex to the Hedge Agreement.

The Standby Swap Provider receives a fee from the Hedge Provider in respect of the Fixed Rate Swap for its commitment under the standby swap arrangements (such fee, the **Standby Swap Provider Fee**).

11.1.5 Early Termination

The Hedge Provider or the Trustee may only terminate the Basis Swap and the Fixed Rate Swap if among others:

- (a) there is a payment default which continues for 10 days after notice by the non-defaulting party (except where Bank of Queensland as the Hedge Provider is the defaulting party) under the Fixed Rate Swap and the Standby Swap Provider has paid the Trustee the amount in respect of which the default occurred on the due date for such payment or the failure arises as a result from Bank of Queensland failing to make a payment under the relevant credit support annex forming part of the Hedge Agreement;
- (b) the performance by the Hedge Provider or the Trustee of any obligations under the Hedge Agreement becomes illegal due to a change in law;
- (c) the Security under the Security Trust Deed is enforced; or
- (d) in the case of a termination by the Hedge Provider only, the Trustee or the Manager consents to, or the Manager directs Trustee to consent to or request the Security Trustee to consent to, an amendment or revocation the provisions of any Transaction Document dealing with the ranking, priority or entitlement of the Standby Swap Provider in respect of any security or moneys relating to the Series Trust or which would otherwise be materially prejudicial to the rights of the Standby Swap Provider under the Transaction Documents, without the prior written consent of the Standby Swap Provider.

If the Trustee is not paid an amount owing to it by Bank of Queensland under the Hedge Agreement within 10 days of its due date for payment this will result in a Perfection of Title Event (see Section 12.2.11).

11.1.6 Termination of Swaps

If not previously terminated, the Basis Swap terminates on the earlier of the:

- (a) Distribution Date on which one or more Transfer Proposals are accepted in relation to all the Housing Loans;
- (b) Clean-Up Settlement Date;
- (c) Termination Date for the Series Trust;
- (d) Distribution Date on which the Stated Amount of all Notes, when expressed as a percentage of the Stated Amount of all Notes at the Closing Date, is equal to or less than 10%; and
- (e) Distribution Date occurring in July 2049.

The Fixed Rate Swap terminates on the earlier of the:

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

- (b) Termination Date for the Series Trust; and
- (c) Distribution Date occurring in July 2049; and
- (d) Clean-Up Settlement Date.

On the termination of either the Basis Swap or the Fixed Rate Swap prior to its respective scheduled termination date, the Manager and the Trustee must endeavour to:

- (a) in the case of the Basis Swap:
 - (i) within three Business Days, enter into a replacement swap on terms and with a counterparty in respect of which the Manager has issued a Rating Affirmation Notice;
 - (ii) ensure that the Servicer complies with its obligations following the termination of the Basis Swap to adjust, if necessary, the rates at which the interest offset benefits are calculated under the Interest Off-Set Accounts and, if applicable, the weighted average of the rates set by the Servicer on the variable rate Housing Loans (see Section 8.6.10); or
 - (iii) within three Business Days, enter into other arrangements in respect of which the Manager has issued a Rating Affirmation Notice; and
- (b) in the case of the Fixed Rate Swap, within three Business Days:
 - (i) enter into a replacement swap on terms and with a counterparty in respect of which the Manager has issued a Rating Affirmation Notice; or
 - (ii) enter into other arrangements in respect of which the Manager has issued a Rating Affirmation Notice.

11.1.7 Restrictions on Conversions

The Servicer must not, at any time on or after the Novation Date, consent to a borrower converting the rate on its Housing Loan from a variable rate of interest to a fixed rate of interest (a **Conversion**) other than where it is required to do so by law.

The Servicer may consent to a Conversion at any time prior to the Novation Date provided that the Conversion will not result in more than 30% of the aggregate principal amount outstanding of the Housing Loans which then form part of the Assets of the Series Trust being subject to a fixed rate of interest and where:

- (a) it is required to do so by law;
- (b) the following conditions are satisfied:
 - (i) the Manager and the Trustee then have in place or have entered into a fixed rate swap in respect of the Housing Loan the subject of the Conversion, and the Manager has provided a Rating Affirmation Notice in relation to the entry into the further fixed rate swap; and
 - (ii) if the Basis Swap has then terminated, the Manager has issued a Rating Affirmation Notice in respect of the fixed rate swap referred to in subparagraph (b)(i) above in respect of the Conversion; or
- (c) the Manager and the Trustee have entered into some other arrangements in respect of which the Manager has issued a Rating Affirmation Notice.

Under the Hedge Agreement, Bank of Queensland (as Servicer) also undertakes not to allow a Housing Loan to convert from a variable rate to a fixed rate after the Novation Date.

The Trustee and Bank of Queensland also undertake under the Hedge Agreement that if it is necessary to appoint a substitute Servicer, the Trustee will appoint such substitute Servicer on terms whereby that substitute Servicer agrees to comply with the foregoing provisions.

11.1.8 Amendment

Each of the Basis Swap and the Fixed Rate Swap may be amended by agreement among the Manager, the Trustee, the Hedge Provider and Standby Swap Provider. The Manager must give five Business Days' notice in writing to each Rating Agency of any amendments to the Basis Swap and the Fixed Rate Swap, as the case may be.

Additionally, if the relevant ratings criteria are varied at any time after the Hedge Agreement is entered into then the Hedge Provider or the Standby Swap Provider (if it is not the Hedge Provider at the relevant time) may at any time (without any obligation to do so) notify (any such notification, being an **Amendment Notification**) the Trustee and the Manager of amendments which are to be made to certain sections of the Hedge Agreement in order for such sections to be consistent with the then current ratings criteria. The Manager must consider and respond to such request. Any proposed amendments in an Amendment Notification will not become effective unless the Manager has consented to such amendments (such consent not to be unreasonably withheld) and the Manager has provided a Rating Affirmation Notice. The parties agree that any amendments so agreed between the Hedge Provider or the Standby Swap Provider (if it is not the Hedge Provider at the relevant time) and the Manager will be effective to amend the relevant sections (but only to the extent that such amendment will not impose any additional obligation on the Trustee without the Trustee's consent) without any further act of the parties, unless such amendments would result in the downgrade or withdrawal or qualification of the current rating of the Notes.

11.2 Liquidity Reserve Account

11.2.1 Purpose of the Liquidity Reserve Account

Certain circumstances may affect the ability of the Trustee to make timely payments of Coupon to Noteholders. The Liquidity Reserve Account kept by the Trustee mitigates the risk of a liquidity deficiency should such situations occur.

11.2.2 The Liquidity Reserve Target Balance

Prior to the Closing Date the Trustee will (at the direction of the Manager) establish the Liquidity Reserve Account with an Eligible Depository as the parties may agree from time to time which is separate from the Collections Account.

On the Closing Date, the Trustee, at the direction of the Manager, will deposit an amount equal to the Liquidity Reserve Target Balance on the Closing Date from the proceeds of issue of the Notes in the Liquidity Reserve Account. Interest will be earned on the amount standing to the credit of the Liquidity Reserve Account.

The Trustee will allocate towards the Liquidity Reserve Account (to the extent that there are sufficient Total Investor Revenues (see Section 9.4.5)) on any Distribution Date an amount not exceeding the Liquidity Reserve Target Balance for that Distribution Date.

The **Liquidity Reserve Target Balance** is on any date:

- (a) unless paragraph (b) applies, an amount equal to the greater of:
 - (i) 1% of the aggregate Invested Amount of the Notes on that date; and
 - (ii) 0.1% of the aggregate Initial Invested Amount of the Notes; or

- (b) if all of the Notes have been redeemed in accordance with the Series Supplement, zero,
- or such lesser amount as agreed between Bank of Queensland and the Manager (and notified to the Trustee and the Rating Agencies) from time to time.

11.2.3 Application of the Liquidity Reserve Balance

The **Liquidity Reserve Balance** will at any time be equal to:

- (a) the amount deposited by the Trustee to the Liquidity Reserve Account on the Closing Date; plus
- (b) the aggregate of all amounts previously allocated to the Liquidity Reserve from Total Investor Revenues; plus
- (c) the aggregate of any interest that has been credited to the Liquidity Reserve Account; less
- (d) the aggregate of all amounts previously applied by the Trustee from the Liquidity Reserve Account in accordance with the Transaction Documents.

11.2.4 Application of the Liquidity Reserve Balance to extinguish a Net Liquidity Shortfall

If the Net Liquidity Shortfall (see Section 9.4.3) for a Monthly Period after applying the Principal Draw on the Determination Date after that Monthly Period is greater than zero, an amount equal to the lesser of:

- (a) the Liquidity Reserve Balance; and
- (b) the Net Liquidity Shortfall less the Principal Draw in relation to that Determination Date,

(being, a **Liquidity Reserve Draw**) may be available to be applied from the Liquidity Reserve Account on each Distribution Date in or towards Total Investor Revenues to extinguish that Net Liquidity Shortfall.

11.2.5 Repayment to Liquidity Reserve Account

On each Distribution Date, an amount equivalent to the amount by which the Liquidity Reserve Target Balance exceeds the Liquidity Reserve Balance (being, the **Liquidity Reserve Target Shortfall**) on that Distribution Date will be applied from Total Investor Revenues to the extent that there are funds available for this purpose (see Section 9.4.5).

11.2.6 Liquidity Reserve Balance Excess

The **Liquidity Reserve Balance Excess** is:

- (a) on any Determination Date other than the Determination Date immediately preceding the Distribution Date upon which the Notes are to be redeemed in accordance with the Series Supplement, the amount (if any) by which the Liquidity Reserve Target Balance exceeds the Liquidity Reserve Target Balance, after taking into account any Liquidity Reserve Draw with respect to that Determination Date; and
- (b) on the Determination Date immediately preceding the Distribution Date upon which the Notes are to be redeemed in accordance with the Series Supplement, the Liquidity Reserve Balance after the deduction of any Liquidity Reserve Draw with respect to that Determination Date or after any allocation to the Liquidity Reserve Account under Clause 9.4.5(l) on that Distribution Date.

On a Determination Date, the Liquidity Reserve Balance Excess will form part of Total Principal Collections and be distributed in accordance with the priority described in Sections 9.5.3 and/or 9.5.4.

11.3 The Redraw Facility

11.3.1 Purpose of the Redraw Facility

As described in Section 12.2.7 the Seller may, in its discretion and subject to its credit review process, provide Redraws to a mortgagor who has prepaid the principal amount outstanding under its Housing Loan ahead of its Scheduled Balance. The Redraw Facility is made available to the Trustee by the Redraw Facility Provider to help fund the reimbursement of Redraws made by the Seller where the Adjusted Principal Collections for a Monthly Period are insufficient to reimburse the Seller for such Redraws.

The term of the Redraw Facility is 364 days and may be renewed at the option of the Redraw Facility Provider if it receives a request for extension from the Manager 60 days prior to the scheduled termination of the Redraw Facility.

11.3.2 Redraw Facility Provider

The initial Redraw Facility Provider will be Bank of Queensland (see Section 7.2 for a description of Bank of Queensland).

11.3.3 The Redraw Facility Limit

The maximum amount that can be advanced under the Redraw Facility is the amount of the Redraw Facility Limit, being at any time the lesser of:

- (a) \$1,000,000 or such other amount as is agreed in writing from time to time between the Manager and the Redraw Facility Provider (and notified in writing to the Trustee and each Rating Agency); and
- (b) the amount (if any) to which the Redraw Facility Limit has been reduced at that time by the Manager in accordance with the Redraw Facility Agreement (one of the requirements for such a reduction is that the Manager has issued a Rating Affirmation Notice in relation to the reduction).

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

11.3.4 Utilisation of the Redraw Facility

Following the occurrence of a Redraw Shortfall (see Section 9.5.1) advances under the Redraw Facility will be made on a Transfer Date for an amount equal to the lesser of:

- (a) the Unutilised Redraw Facility Amount; and
- (b) the Redraw Shortfall,

as determined on the preceding Determination Date.

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

11.3.5 Interest and fees

The duration of the Redraw Facility is divided into successive interest periods. Interest accrues daily on the principal outstanding under the Redraw Facility at the Bank Bill Rate for that interest period plus a margin, calculated on the actual number of days elapsed and a year of 365 days. Interest is payable on each Distribution Date, but only to the extent that funds are available for this purpose in accordance with the Series Supplement (see Section 9.4.5). Any interest remaining due but unpaid will itself accrue interest. If interest amounts due on a Distribution Date are not paid in full, the unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date to the extent

that funds are available for this purpose under the Series Supplement (see Section 9.4.5), until such amounts are paid in full.

A commitment fee accrues daily from the Closing Date on the un-utilised portion of the Redraw Facility Limit, based on the number of days elapsed and a 365 day year. The commitment fee is payable monthly in arrears on each Distribution Date, but only to the extent that funds are available for this purpose under the Series Supplement. If the commitment fee due on a Distribution Date is not paid in full, the unpaid amount will be carried forward so that they are payable by the Trustee on each following Distribution Date to the extent that funds are available for this purpose under the Series Supplement (see Section 9.4.5), until such amounts are paid in full.

11.3.6 Repayment

The principal outstanding under the Redraw Facility on any Distribution Date is repayable on the following Distribution Date, but only to the extent that there are funds available for this purpose in accordance with the Series Supplement (as described in Section 9.5.2). It is not an event of default if the Trustee does not have funds available to repay the full amount of the principal outstanding under the Redraw Facility on a Distribution Date. If amounts due on any Distribution Date are not paid in full, the unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date to the extent that funds are available for this purpose under the Series Supplement (see Section 9.5.2), until such amounts are paid in full.

11.3.7 Events of Default

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

- (a) the Trustee fails to pay any amount due under the Redraw Facility within ten days of the due date;
- (b) the Trustee breaches its undertaking described in Section 11.3.9; or
- (c) an Event of Default occurs under the Security Trust Deed (see Section 11.4.2) and action is taken to enforce the Security (see Section 11.4.3).

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

11.3.8 Termination

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

- (a) one month after the Notes have been redeemed in full in accordance with the Series Supplement;
- (b) the expiry of 364 days from the date of the Redraw Facility Agreement unless the Redraw Facility Provider has agreed to extend the term of the Redraw Facility in accordance with the terms of the Redraw Facility Agreement, in which case, the expiry of 364 days from the commencement date of that extended term;
- (c) the date upon which the Redraw Facility Limit is reduced to zero (see Section 11.3.3); and
- (d) the date on which the Redraw Facility Provider, at its discretion, declares the Redraw Facility terminated by written notice to the Trustee and the Manager; and
- (e) the date declared by the Manager to be the date on which the Redraw Facility is to terminate and the Redraw Facility Provider is to be replaced by a substitute Redraw Facility Provider,

subject to the repayment by the Trustee of all amounts outstanding under the Redraw Facility and the Manager issuing a Rating Affirmation Notice in relation to the termination of the Redraw Facility and the appointment of the replacement Redraw Facility Provider.

11.3.9 Trustee Undertaking

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

11.4 The Security Trust Deed

11.4.1 Security

Under the Security Trust Deed, the Trustee (as **Security Provider**) grants a security interest (the **Security**) over the Secured Property in favour of the Security Trustee to secure the Trustee's obligations to each Noteholder, the Hedge Providers, the Standby Swap Provider, the Redraw Facility Provider, the Servicer and the Seller (the **Secured Creditors**). The Security Trustee holds the benefit of the Security and certain covenants of the Trustee on trust for those persons who are Secured Creditors at the time the Security Trustee distributes any of the proceeds of the enforcement of the Security (see Section 11.4.4).

11.4.2 Events of Default

It is an **Event of Default** under the Security Trust Deed if:

- (a)
 - (i) the Security Provider retires or is removed as trustee of the Series Trust and is not replaced within 60 days and the Manager fails within a further 20 days to convene a meeting of Investors to appoint a new Trustee;
 - (ii) the Security Trustee has actual notice or is notified by the Security Provider or the Manager that the Security Provider is not entitled fully to exercise its right of indemnity against the Assets of the Series Trust to satisfy any liability to a Secured Creditor and the circumstances are not rectified to the reasonable satisfaction of the Security Trustee within 14 days of the Security Trustee requiring the Security Provider in writing to rectify them; or
 - (iii) the Series Trust is not properly constituted or is imperfectly constituted in a manner or to an extent that is regarded by the Security Trustee (acting reasonably) to be materially prejudicial to the interests of any class of Secured Creditor and is incapable of being remedied or if it is capable of being remedied this has not occurred to the reasonable satisfaction of the Security Trustee within 30 days of its discovery;
- (b) an Insolvency Event occurs in respect of the Security Provider in its capacity as trustee of the Series Trust;
- (c) distress or execution is levied or a judgment, order or security interest is enforced, or becomes enforceable, against any Secured Property for an amount exceeding \$1,000,000 which, in each case, causes or is likely to cause a reduction, qualification or withdrawal of the ratings assigned by the Rating Agencies to the Notes immediately prior to such event;
- (d) the Security:
 - (i) is or becomes wholly or partly void, voidable or unenforceable; or
 - (ii) loses the priority which it is expressed to have in the Security Trust Deed (other than by an act or omission of the Security Trustee);

- (e) without the prior written consent of the Security Trustee the Security Provider transfers, leases or otherwise disposes of or creates any other interest in any part of the Secured Property or attempts to create or allows to exist a security interest over the Secured Property otherwise than in accordance with the Master Trust Deed, the Series Supplement or the Security Trust Deed; or
- (f) any Secured Moneys (other than any increased costs and/or indemnity amounts payable to the Redraw Facility Provider in accordance with the Redraw Facility Agreement and any Charge-Offs which have not been reimbursed as contemplated by Section 9.6.3) in relation to, or which rank senior to or *pari passu* with, the then Highest Class of Note Outstanding are not paid within ten days of when due.

If an Event of Default occurs then the charge forming part of the Security becomes fixed:

- (a) over all the Non-PPSA Secured Property if the Event of Default is one of those described in paragraphs (i), (b), (d) or (f) above ; or
- (b) over the Non-PPSA Secured Property affected if the Event of Default is one of those described in paragraph (c) or (e) above.

11.4.3 Enforcement

If the Security Trustee becomes actually aware that an Event of Default has occurred it must notify the Secured Creditors and each Rating Agency and convene a meeting of the Voting Secured Creditors to seek the directions contemplated by this Section 11.4.3.

At that meeting, the Voting Secured Creditors must vote by Extraordinary Resolution (being not less than 75% of all votes cast or a written resolution signed by all Voting Secured Creditors) on whether to direct the Security Trustee to:

- (a) declare the Notes immediately due and payable;
- (b) appoint a receiver and, if a receiver is to be appointed, to determine the amount of the receiver's remuneration;
- (c) instruct the Security Provider to sell and realise the Secured Property; and/or
- (d) take such further action as the Voting Secured Creditors may specify in the Extraordinary Resolution and which the Security Trustee indicates that it is willing to take.

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

If the Security Trustee convenes a meeting of the Voting Secured Creditors or is required by an Extraordinary Resolution of the Voting Secured Creditors to take any action in relation to the enforcement of the Security Trust Deed and the Security Trustee advises the Voting Secured Creditors that it will not take that action in relation to the enforcement of the Security Trust Deed unless it is personally indemnified by the Voting Secured Creditors to its reasonable satisfaction against all actions, proceedings, claims, demands, costs, charges, damages and expenses in relation to the enforcement of the Security Trust Deed and put in funds to the extent to which it may become liable and the Voting Secured Creditors refuse to grant the requested indemnity and put it into funds, the Security Trustee will not be obliged to act in relation to such action. In these circumstances, the Voting Secured Creditors may exercise such powers, and enjoy such protections and indemnities, of the Security Trustee under the Security Trust Deed in relation to the enforcement of the Security Trust Deed as they determine by Extraordinary Resolution. The Security Trustee will not be liable in any manner whatsoever if the Voting Secured Creditors exercise, or

do not exercise, the rights given to them as described in the sentence preceding. Except in the foregoing situation, the powers, rights and remedies (including the power to enforce the Security or to appoint a receiver to any of the Secured Property) are exercisable by the Security Trustee only and no Voting Secured Creditor is entitled to exercise them.

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

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

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

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

11.4.4 Priorities under the Security Trust Deed

Subject to the final paragraphs of this Section 11.4.4, the proceeds from the enforcement of the Security are to be applied in the following order of priority, subject to any statutory or other priority which may be given priority by law:

- (a) first, *pari passu* towards satisfaction of amounts which become owing or payable under the Security Trust Deed to indemnify the Security Trustee, the Manager, any receiver, attorney or other person appointed under the Security Trust Deed against all loss, liability and reasonable expenses incurred by that person in performing any of their duties or exercising any of their powers under the Security Trust Deed (except the receiver's remuneration) and payment of the Security Provider's lien over and right of indemnification from, the Secured Property;
- (b) second, in payment *pari passu* and rateably of any fees due to the Security Trustee and the receiver's remuneration;
- (c) third, in payment *pari passu* and rateably of such other expenses, outgoings and/or liabilities that the receiver or the Security Trustee have incurred in performing their obligations or exercising their powers under the Security Trust Deed;
- (d) fourth, in payment of other security interests over the Secured Property which the Security Trustee is aware have priority over the Security (other than the Security Provider's lien over and right of indemnification from, the Secured Property), in the order of their priority;
- (e) fifth, in payment *pari passu* and rateably to each Hedge Provider of any collateral or prepayment amount paid under a Hedge Agreement by that Hedge Provider, other than any Subordinated Termination Payment;

- (f) sixth, *pari passu* and rateably:
- (i) to the Seller of so much of the Accrued Interest Adjustment in respect of the Housing Loans forming part of the Assets of the Series Trust that has not then been paid to the Seller;
 - (ii) to the Servicer of the amount of any Secured Moneys owing to the Servicer;
 - (iii) to the Manager of the amount of any Secured Moneys owing to the Manager; and
 - (iv) to the Seller of the amount of Outstanding Redraws and the amount of the Custodian Fee owing to the Seller;
- (g) seventh, in payment *pari passu* and rateably:
- (i) if any:
 - (A) Class A1 Notes remain outstanding, to the Class A1 Noteholders of all Secured Moneys in relation to the Class A1 Notes (the Secured Moneys owing in respect of the principal component of the Class A1 Notes for this purpose will be calculated based on their Stated Amount), to be applied amongst them as follows:
 - I. first, towards all accrued but unpaid interest on the Class A1 Notes (to be distributed *pari passu* and rateably amongst the Class A1 Notes); and
 - II. second, in reduction of the Stated Amount of the Class A1 Notes (to be distributed *pari passu* and rateably amongst the Class A1 Notes); or
 - (B) Class A1-R Notes remain outstanding, to the Class A1-R Noteholders of all Secured Moneys in relation to the Class A1-R Notes (the Secured Moneys owing in respect of the principal component of the Class A1-R Notes for this purpose will be calculated based on their Stated Amount), to be applied amongst them as follows:
 - I. first, towards all accrued but unpaid interest on the Class A1-R Notes (to be distributed *pari passu* and rateably amongst the Class A1-R Notes); and
 - II. second, in reduction of the Stated Amount of the Class A1-R Notes (to be distributed *pari passu* and rateably amongst the Class A1-R Notes); and
 - (ii) to the Redraw Facility Provider of any Secured Moneys owing under the Redraw Facility Agreement (the Secured Moneys owing in respect of the principal component of the Redraw Facility Agreement for this purpose will be calculated by reference to the Redraw Principal Outstanding);
- (h) eighth, in payment if any:
- (i) Class A1 Notes remain outstanding, to the Class A1 Noteholders of the unreimbursed Class A1 Charge-Offs (to be distributed *pari passu* and rateably amongst the Class A1 Notes); or

- (ii) if any Class A1-R Notes remain outstanding, to the Class A1-R Noteholders of the unreimbursed Class A1-R Charge-Offs (to be distributed *pari passu* and rateably amongst the Class A1-R Notes); and
- (i) ninth, in payment to the Class A2 Noteholders firstly of all Secured Moneys in relation to the Class A2 Notes to be applied amongst them:
 - (i) first, towards all accrued but unpaid interest on the Class A2 Notes (to be distributed *pari passu* and rateably amongst the Class A2 Notes); and
 - (ii) secondly, in reduction of the Stated Amount of the Class A2 Notes and in reimbursement of any unreimbursed Class A2 Charge-Offs (to be distributed *pari passu* amongst the Class A2 Notes);
- (j) tenth, in payment to the Class AB Noteholders firstly of all Secured Moneys in relation to the Class AB Notes to be applied amongst them:
 - (i) first, towards all accrued but unpaid interest on the Class AB Notes (to be distributed *pari passu* and rateably amongst the Class AB Notes); and
 - (ii) secondly, in reduction of the Stated Amount of the Class AB Notes and in reimbursement of any unreimbursed Class AB Charge-Offs (to be distributed *pari passu* amongst the Class AB Notes);
- (k) eleventh, in payment to the Class B Noteholders firstly of all Secured Moneys in relation to the Class B Notes to be applied amongst them:
 - (i) first, towards all accrued but unpaid interest on the Class B Notes (to be distributed *pari passu* and rateably amongst the Class B Notes); and
 - (ii) secondly, in reduction of the Stated Amount of the Class B Notes and in reimbursement of any unreimbursed Class B Charge-Offs (to be distributed *pari passu* amongst the Class B Notes);
- (l) twelfth, in payment to the Class C Noteholders firstly of all Secured Moneys in relation to the Class C Notes to be applied amongst them:
 - (i) first, towards all accrued but unpaid interest on the Class C Notes (to be distributed *pari passu* and rateably amongst the Class C Notes); and
 - (ii) secondly, in reduction of the Stated Amount of the Class C Notes and in reimbursement of any unreimbursed Class C Charge-Offs (to be distributed *pari passu* amongst the Class C Notes);
- (m) thirteenth, in payment to the Class D Noteholders firstly of all Secured Moneys in relation to the Class D Notes to be applied amongst them:
 - (i) first, towards all accrued but unpaid interest on the Class D Notes (to be distributed *pari passu* and rateably amongst the Class D Notes); and
 - (ii) secondly, in reduction of the Stated Amount of the Class D Notes and in reimbursement of any unreimbursed Class D Charge-Offs (to be distributed *pari passu* amongst the Class D Notes);
- (n) fourteenth, in payment to the Class E Noteholders firstly of all Secured Moneys in relation to the Class E Notes to be applied amongst them:
 - (i) first, towards all accrued but unpaid interest on the Class E Notes (to be distributed *pari passu* and rateably amongst the Class E Notes); and

- (ii) secondly, in reduction of the Stated Amount of the Class E Notes and in reimbursement of any unreimbursed Class E Charge-Offs (to be distributed *pari passu* amongst the Class E Notes);
- (o) fifteenth, in or towards payment *pari passu* and rateably of any Subordinated Termination Payments payable by the Security Provider to a Hedge Provider in accordance with the relevant Hedge Agreement;
- (p) sixteenth, in payment *pari passu* and rateably to each Secured Creditor any remaining amounts forming part of the Secured Moneys and owing to that Secured Creditor;
- (q) seventeenth, in payment of subsequent security interests over the Secured Property of which the Security Trustee is aware in the order of their priority; and
- (r) eighteenth, in payment of the surplus to the Security Provider to be distributed in accordance with the terms of the Master Trust Deed and the Series Supplement.

Upon enforcement of the Security, the net proceeds may be insufficient to pay all amounts due on redemption to the Noteholders. Any claims of the Noteholders remaining after the realisation of the Security and the application of the proceeds will be extinguished.

Any collateral paid under a Hedge Agreement by the Interest Rate Swap Provider or the Standby Swap Provider will not be distributed in accordance with this Section 11.4.4. Instead, any such collateral will, subject to the operation of any netting provisions in the relevant Hedge Agreement, be returned to the Interest Rate Swap Provider or the Standby Swap Provider, except to the extent that the Interest Rate Swap Provider or the Standby Swap Provider requires it to be applied to satisfy any obligation owed to the Trustee by the Hedge Provider.

Any Outstanding Prepayment Amount provided to the Security Provider will not be available for distribution in accordance with this Section 11.4.4. Any such prepayment will be returned to the Servicer except to the extent necessary to satisfy the Servicer's obligations to remit Collections to the Security Provider in accordance with the Series Supplement.

11.4.5 Amendments to the Security Trust Deed

Subject to 10 Business Days' prior notice in writing being given to each Rating Agency (or such other time as is agreed between the Manager and each Rating Agency), the Security Trustee, the Manager and the Security Provider may amend the Security Trust Deed if the amendment:

- (a) in the opinion of the Security Trustee (or a barrister or solicitor instructed by the Security Trustee) is necessary or expedient to comply with any statute or regulation or with the requirements of any governmental agency;
- (b) in the opinion of the Security Trustee is to correct a manifest error or ambiguity or is of a formal, technical or administrative nature only;
- (c) in the opinion of the Security Trustee is appropriate or expedient as a consequence of any amendment to any statute or regulation or altered requirements of any governmental agency or any decision of any court (including an alteration which in the opinion of the Security Trustee is appropriate as a consequence of the enactment of, or amendment to, any statute or regulation or any tax ruling or government announcement or statement or any decision handed down by a court altering the manner or basis of taxation of trusts); or
- (d) in the opinion of the Security Trustee and the Security Provider is otherwise desirable for any reason.

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

not less than 75% of all votes cast or a written resolution signed by the relevant Noteholders) and even if the proposed amendment, addition or revocation affects Noteholders of a particular class, there will not be a separate Extraordinary Resolution required for each class of Noteholders unless the effect of the amendment is a Subordinated Note Basic Term Modification.

For the purpose of determining whether a class of Noteholders by Extraordinary Resolution have consented to an amendment, Notes in that class which the Security Trustee has received actual written notice are beneficially owned by the Manager or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Manager, will be disregarded. The Manager must give the Rating Agencies ten Business Days prior notice of any such amendment.

The Security Trustee is obliged to concur in and to effect modifications to provisions of the Security Trust Deed requested by the Trustee or the Manager in certain circumstances, including to accommodate the appointment of a new Servicer, new Hedge Provider or new Manager, to take account of changes in the ratings criteria of the Rating Agencies where, absent such modifications, the Manager is reasonably satisfied that the rating assigned by the Rating Agencies to the Notes would be subject to a downgrade, qualification or withdrawal (even where such changes are, or may be, prejudicial to Noteholders) and to ensure compliance by the Manager, the Seller, the Servicer and the Series Trust with, or ensure that such parties and the Series Trust, may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) relating to securitisation provided that the Manager has certified to the Security Trustee that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be. However, the Security Trustee will not be obliged to concur in and effect any modifications to any provision of the Security Trust Deed in accordance with the foregoing, if to do so would (i) impose additional obligations on the Security Trustee which are not provided for or contemplated by the Transaction Documents; (ii) adversely affect the Security Trustee's rights under the Transaction Documents or (iii) result in the Security Trustee being in breach of any applicable law.

11.4.6 Security Trustee Costs and Remuneration

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

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

11.4.7 Limitations on Security Trustee's and Security Provider's Liability

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

The Security Provider's liability under the Security Trust Deed is limited to the extent to which it can be satisfied out of the Assets of the Series Trust out of which the Security Provider is actually indemnified for the liability, except in the case of fraud, negligence or wilful default on the part of the Security Provider or its officers, employees or agents or any other person whose acts or omissions the Security Provider is liable for under the Transaction Documents.

11.4.8 Limitation of Responsibility and Liability of the Security Trustee

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

- (a) the Security Trustee is not required to monitor whether an Event of Default has occurred or inquire as to compliance by the Security Provider or the Manager with the Transaction Documents, or their other activities;

- (b) the Security Trustee is not required to take any enforcement action under the Security Trust Deed, except as directed by an Extraordinary Resolution of Secured Creditors;
- (c) the Security Trustee is not required to act in relation to the enforcement of the Security Trust Deed unless its liability is limited in a manner satisfactory to it and the Secured Creditors place it in funds and indemnify it to its satisfaction;
- (d) the Security Trustee is not responsible for the adequacy or enforceability of any Transaction Documents;
- (e) the Security Trustee need not give to the Secured Creditors information concerning the Security Provider or the Manager which comes into the possession of the Security Trustee;
- (f) the Security Provider gives wide ranging indemnities to the Security Trustee in relation to its role as Security Trustee; and
- (g) the Security Trustee may rely on documents and information provided by the Security Provider or the Manager.

11.4.9 Disclosure of Information

In relation to information which the Security Provider in its capacity as trustee of the Series Trust or the Security Trustee in its capacity as trustee of the Security Trust (the **Recipient**) receives from any of the Manager or the Noteholders in relation to the Series Trust, the BQL Trust or the Security Trust (the **Information**), the Recipient is entitled to make available (to the extent permitted by law) such Information to:

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

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

12. The Series Trust

12.1 Creation of Trusts

12.1.1 Creation of the Series Trust

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

The beneficial ownership of the Series Trust is divided into 2 classes of units:

- (a) ten Capital Units; and
- (b) one Income Unit.

The Trustee of the Series Trust will fund the purchase of the Housing Loans Pool by issuing the Notes.

12.1.2 Creation of the BQL Trust

In addition to the Housing Loans sold to the Series Trust, the following will also be sold to the Trustee:

- (a) the mortgages and collateral securities securing the Housing Loans; and
- (b) all other loans (the Other Loans) secured by the sold mortgages or the sold collateral securities.

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

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

12.1.3 Transfer of Housing Loans under the Master Trust Deed

The Master Trust Deed provides for the transfer of some or all of the assets of one series trust (the **Disposing Trust**) to another series trust (the **Acquiring Trust**), subject to the requirements of the Master Trust Deed and the series supplements for both the Disposing Trust and the Acquiring Trust. Under the Master Trust Deed, if the Trustee as trustee of a Disposing Trust has received:

- (a) a Transfer Proposal in accordance with the Master Trust Deed;
- (b) the Transfer Amount in respect of that Transfer Proposal; and
- (c) a direction from the Manager to accept that Transfer Proposal,

then, subject to the requirements of the Master Trust Deed and the series supplements for both the Disposing Trust and the Acquiring Trust, the Trustee will hold the Assigned Assets in respect of that

Transfer Proposal as trustee of the Acquiring Trust in accordance with the terms of the Series Supplement in relation to the Acquiring Trust.

To ensure that the Disposing Trust has the benefit of any receipts (other than receipts in the nature of principal), and bears the cost of any outgoings, in respect of the Assigned Assets for the period up to (but excluding) the date nominated by the Manager as the date of the transfer (the **Assignment Date**) and the Acquiring Trust has the benefit of such receipts and bears such costs for the period after (and including) that Assignment Date, the Manager will direct the Trustee as trustee of the Acquiring Trust to pay the Adjustment Advance to the Disposing Trust on the Assignment Date.

The Series Trust may be a Disposing Trust in the circumstance set out in Section 12.2.12.

12.2 Assignment of Housing Loans

12.2.1 Assignment

With effect from the Cut-Off Date, the Trustee will, on payment of the consideration described in Section 12.2.3 and subject to the requirements of the Master Trust Deed and the Series Supplement hold the benefit of the following, subject to the terms of the Master Trust Deed and the Series Supplement:

- (a) the Housing Loans;
- (b) all Other Loans in existence from time to time in relation to the Housing Loans (to be held by the Trustee as trustee of the BQL Trust as described in Section 12.1.2);
- (c) all mortgages in existence from time to time in relation to the Housing Loans;
- (d) all collateral securities in existence from time to time securing the Housing Loans;
- (e) all insurance policies in respect of land subject to such a mortgage or collateral security;
- (f) the Mortgage Insurance Policies;
- (g) all moneys owing at any time thereafter in connection with the Housing Loans; and
- (h) the documents relating to the above, including (but not limited to) the original or duplicates of the relevant loan agreements, mortgages, collateral securities, insurance policies and the certificate of title (where existing) in relation to the land secured by the mortgages (the **Housing Loan Documents**).

The items referred to in paragraphs (a) to (h) above are together known as the **Housing Loan Rights**.

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

Some of the Seller's security documentation relating to the Housing Loans are expressed to secure "all moneys" owing to the Seller by the mortgagor on any account. It is therefore possible that a security held by the Seller in relation to other facilities provided by it could secure a Housing Loan, even though in the Seller's records the particular security was not taken for this purpose. The Trustee in its capacity as trustee of the Series Trust will only be assigned those securities that appear in its records as intended to secure the Housing Loans. Any other securities which by the terms of their "all moneys" clauses secure the Housing Loans but were not taken for that purpose are (as are the corresponding insurance policies) held by the Trustee as trustee of the BQL Trust (see Section 12.1.2) and are not held for the benefit of the Noteholders, and the expressions "Housing Loan Rights" and "Housing Loan Documents" should be construed accordingly.

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

Unless the Manager has issued a Rating Affirmation Notice confirming that the Seller being the initial custodian of the Housing Loan Documents will not prevent the Notes being given the relevant ratings (in which case the Seller will hold custody of the underlying Housing Loan Documents on behalf of the Trustee from the Closing Date), the Seller is obliged to transfer custody of the underlying Housing Loan Documents to the Trustee at least five Business Days prior to the Closing Date (or such other time as is agreed between the Manager, the Trustee and the Rating Agencies). The Seller may appoint a Custodial Delegate (see Section 13).

12.2.2 Sale in Equity Only and Free of Set-Off to Extent Permitted by Law

The assignment of Housing Loans and related securities to the Trustee is in equity only. As described in Section 12.2.1, the Trustee will, subject to certain requirements, hold the benefit of the Housing Loans and related securities from the Cut-Off Date. The Trustee will therefore hold from the Cut-Off Date the equitable title to the Housing Loans and related securities. The Trustee will not be entitled to take any steps to perfect its legal title or give notice to any party to the Housing Loan Documents unless a Perfection of Title Event under the Series Supplement occurs (see Section 12.2.11).

To the extent permitted by law, the Housing Loans will be sold free of any rights of set-off which any borrowers or security providers may have.

12.2.3 Consideration Payable

On the Closing Date the Trustee will, in consideration of the acquisition of the Housing Loans and related securities pay to Bank of Queensland, the total principal amount outstanding in respect of the Housing Loans being acquired directly from the Bank of Queensland calculated as at the Cut-Off Date.

To the extent that the amount subscribed by the initial Noteholders exceeds the amount referred to in the above paragraph, the excess will form part of the Collections for the first Monthly Period (see Section 9.3.1).

12.2.4 Seller's Representations and Warranties in relation to the Housing Loans

Under the Series Supplement, the Trustee will have the benefit of the representations and warranties made by the Seller to it in respect of Housing Loans sold directly by the Seller to the Trustee on the Cut-Off Date. Those representations and warranties are summarised as follows:

- (a) at the time the Seller entered into the mortgages relating to the Housing Loans, those mortgages complied in all material respects with applicable laws;
- (b) at the time the Seller entered into the Housing Loans, it did so in good faith;
- (c) at the time the Seller entered into the Housing Loans, the Housing Loans were originated in the ordinary course of the Seller's business;
- (d) at the time the Seller entered into the Housing Loans, all necessary steps were taken to ensure that, each related mortgage complied with the legal requirements applicable at that time to be:
 - (i) a first ranking mortgage; or
 - (ii) where the Seller already held the first ranking mortgage, a second ranking mortgage,

(subject to any statutory charges, any prior charges of a body corporate, service company or equivalent, whether registered or otherwise, and any other prior security interests which do not prevent the mortgage from being considered to be a first ranking mortgage or a second ranking mortgage, as the case may be, in accordance with the Servicing Standards), in either case secured over land, subject to stamping and registration in due course;

- (e) where there is a second or other mortgage securing a Housing Loan and the Seller is not the mortgagee of that second or other mortgage, satisfactory priority arrangements have been entered into to ensure that the mortgage ranks ahead in priority to the second or other mortgage on enforcement for at least the principal amount and accrued but unpaid interest on the Housing Loan plus such extra amount determined in accordance with the Servicing Guidelines;
- (f) at the time the relevant Housing Loans were approved, the Seller had received no notice of the insolvency or bankruptcy of the borrowers or any guarantors or security providers or any notice that any such person did not have the legal capacity to enter into the relevant mortgage;
- (g) the Seller is the sole legal and beneficial owner of the Housing Loans and the related securities and no prior ranking security interest exists in relation to its interest in the Housing Loans and related securities (other than under the Mortgage Insurance Policies and other related insurance policies);
- (h) each of the relevant Housing Loan Documents (other than the Mortgage Insurance Policies and other related insurance policies) which is required to be stamped with stamp duty has been duly stamped;
- (i) the Housing Loans have not been satisfied, cancelled, discharged or rescinded and the property relating to each relevant mortgage has not been released from the security of that mortgage;
- (j) the Seller holds, in accordance with the Servicing Standards, all documents which it should hold to enforce the provisions of the securities relating to Housing Loans;
- (k) other than the Housing Loan Documents and documents entered into in accordance with the Servicing Standards, there are no documents entered into by the Seller and the mortgagor or any other relevant party in relation to the Housing Loans which would qualify or vary the terms of the Housing Loans;
- (l) other than in respect of priorities granted by statute, the Seller has not received notice from any person that it claims to have a security interest ranking in priority to or equal with the Seller's mortgage;
- (m) the Seller is not aware of any restrictive covenants, licences or leases existing in respect of land the subject of any relevant mortgage which reduce the value of the mortgage over such land so that the LVR in respect of the relevant Housing Loan as at the Cut-Off Date exceeds 95%;
- (n) the Housing Loans comply with the Eligibility Criteria as at the Cut-Off Date (see Section 8.4);
- (o) except in relation to fixed rate Housing Loans (or those which can be converted to a fixed rate or a fixed margin over a benchmark) and as may be provided by applicable laws, binding codes and competent authorities binding on the Seller, there is no limitation affecting, or consent required from a borrower to effect, a change in the interest rate under the Housing Loans, and a change in interest rate may be set at the sole discretion of the Servicer;
- (p) the Housing Loans will be insured as at the Closing Date under the terms of a Mortgage Insurance Policy;
- (q) the Seller is lawfully entitled to sell the Housing Loans and related securities to the Trustee free of all security interests and, so far as the Seller is aware, adverse claims or other third party rights or interests;

- (r) the provisions of all legislation (if any) relating to the sale of the Housing Loans and related securities have been complied with;
- (s) the sale of the Housing Loans and related securities will not constitute a transaction at an undervalue, a fraudulent conveyance or a voidable preference under any insolvency laws;
- (t) the sale of the Housing Loans and related securities will not constitute a breach of the Seller's obligations or a default under any security interest granted by the Seller or affecting the Seller's assets;
- (u) there are no Linked Accounts in relation to any Housing Loan other than any Interest Off-Set Account relating to the Housing Loan; and
- (v) the terms of the loan agreements relating to the Housing Loans require payments in respect of the Housing Loans to be made to the Seller free of set-off.

12.2.5 Trustee Entitled to Assume Accuracy of Representations and Warranties

The Trustee is under no obligation to investigate or test the truth of any of the representations and warranties referred to in Section 12.2.4 and is entitled to conclusively accept their accuracy (unless it is actually aware of a breach).

12.2.6 Consequences of a Breach of the Representations and Warranties

If the Seller, the Manager or the Trustee becomes actually aware that a material representation or warranty referred to in Section 12.2.4 was incorrect when given, it must notify the others within five Business Days.

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

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

If a representation or warranty by the Seller in relation to a Housing Loan and its related securities is discovered to be incorrect after the last day for giving notices in the Prescribed Period, the Seller must indemnify the Trustee against any costs, damages or loss arising from the representation or warranty being incorrect. The amount of such costs, damages or loss must be agreed between the Trustee and the Seller or, failing this, be determined by the Seller's external auditors. The amount of such costs, damages or loss must not exceed the principal amount outstanding, together with any accrued but unraised interest and any outstanding fees, in respect of the Housing Loan.

The above are the only rights that the Trustee has if a representation or warranty given by the Seller in relation to a Housing Loan or its related securities is discovered to be incorrect. In particular, this discovery will not constitute a Perfection of Title Event under the Series Supplement except in the circumstances described in Section 12.2.11 below.

12.2.7 Consequences of Further Advances by the Seller

Under the terms and conditions of each Housing Loan, the Seller may, in its discretion and subject to its credit review process, make an advance to a mortgagor after the Cut-Off Date (a **Further Advance**). If the Seller makes a Further Advance and opens a separate account in its records in relation to that Further

Advance, then the Further Advance will be an Other Loan, and will be held by the Trustee for the Seller as trustee of the BQL Trust.

If the Seller makes a Further Advance which it records as a debit to the account in its records for an existing Housing Loan and which does not lead to an increase in the Scheduled Balance of that Housing Loan by more than one scheduled monthly instalment, the Further Advance is treated as an advance made pursuant to the terms of the relevant Housing Loan (each a **Redraw**) and the rights to repayment will be an amount due under the Housing Loan and will form part of the Assets of the Series Trust.

If the Seller makes a Redraw on any day and notifies the Manager of the amount of that Redraw, the Manager may, in its discretion, direct the Trustee to pay the Seller that amount from Collections held in the Collections Account (other than any amount which the Servicer has deposited to the Collections Account as a prepayment of Collections), but only if the Manager has determined that the Trustee has sufficient such Collections to be able make the payment and is reasonably satisfied that the anticipated Adjusted Principal Collections for the Monthly Period in which that day falls (after taking into account any anticipated Principal Draw) and the amount available to be drawn under the Redraw Facility on the Distribution Date following the end of that Monthly Period will exceed the aggregate of the amount of that payment and any other payments made by the Trustee to the Seller to reimburse Redraws during that Monthly Period. Upon receipt of such a direction from the Manager, the Trustee must pay the Seller the amount so directed and will be entitled to assume that the Manager has complied with its obligations in this regard. On each Distribution Date, to the extent not reimbursed in accordance with the foregoing, the Seller will look to the Trustee for reimbursement of Redraws made during the previous Monthly Period.

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

12.2.8 Repayment of a Housing Loan

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

12.2.9 Clean-Up and Extinguishment

If (unless otherwise required by the Seller) the aggregate principal amount outstanding on the Housing Loans is, or is expected to be, on the next Distribution Date, when expressed as a percentage of the aggregate principal amount outstanding on the Housing Loans at the Closing Date, below 10%, then the Manager must, promptly orally or by telephone request the Seller to exercise its rights to acquire the remaining Housing Loans. The Seller may, at any time after receiving (or after it ought to have received) a request from the Manager, and prior to the Termination Date at its absolute discretion, advise the Manager by telephone or orally that it will exercise its rights to acquire the remaining Housing Loans and nominate a Distribution Date as the Clean-Up Settlement Date. The Clean-Up Settlement Price will be the amount determined by the Manager. The Seller must pay the Clean-Up Settlement Price to the Trustee on the Clean-Up Settlement Date. Upon receipt of the Clean-Up Settlement Price by the Trustee, the Trustee's entire right, title and interest in the Housing Loans and related securities will be deemed to be extinguished in favour of the Seller with immediate effect from the end of the last day of the Monthly Period which ended prior to the Clean-Up Settlement Date.

The payment by the Trustee to Noteholders on the Distribution Date following payment by the Seller of the Clean-Up Settlement Price will be in full and final redemption of the Notes, regardless of any unreimbursed Charge-Offs. However, if the Clean-Up Settlement Price is insufficient to ensure Noteholders will receive the aggregate of the Invested Amount of the Notes and Coupon payable on the Notes, then the exercise by the Seller of its rights to acquire the remaining Housing Loans under the Clean-Up and Extinguishment will be conditional upon an Extraordinary Resolution of Noteholders approving the Clean-Up Settlement Price.

12.2.10 Noting Interest on Property Insurance

Following the Closing Date, the Servicer must either:

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

12.2.11 Perfection of Title Event

A Perfection of Title Event occurs under the Series Supplement if:

- (a) the Seller makes any representation under the Series Supplement (see Section 12.2.4) which is incorrect when made (other than a representation or warranty referred to in Section 12.2.4 which results in the Seller paying the Trustee any amount referred to in Section 12.2.6) and it has, or if continued will have, an Adverse Effect as reasonably determined by the Trustee after the Trustee is actually aware of such representation or warranty being incorrect and:
 - (i) such breach is not satisfactorily remedied so that it no longer has or will have an Adverse Effect, within 20 Business Days (or such longer period as the Trustee agrees) of notice thereof to the Seller from the Manager or the Trustee; or
 - (ii) the Seller has not within 20 Business Days (or such longer period as the Trustee agrees) of such notice, paid compensation to the Trustee for its loss (if any) suffered as a result of such breach in an amount satisfactory to the Trustee (acting reasonably);
- (b) the Trustee is not paid an amount owing to it by the Seller under any Hedge Agreement in relation to which the Seller is a Hedge Provider within 10 Business Days of its due date for payment (or such longer period as the Trustee may agree to);
- (c) if the Seller is the Servicer, a Servicer Default occurs (see Section 12.5.4); or
- (d) an Insolvency Event occurs in relation to the Seller.

The Trustee must declare a Perfection of Title Event (of which the Trustee is actually aware) by notice in writing to the Servicer, the Manager and each Rating Agency unless the Manager has issued a Rating Affirmation Notice in relation to the failure to perfect the Trustee's title to the mortgages.

If the Trustee declares that a Perfection of Title Event has occurred, the Trustee and the Manager must immediately take all steps necessary to perfect the Trustee's legal title to the Housing Loan Rights (including lodgement of mortgage transfers) and must notify the relevant mortgagors (including informing them, where appropriate, of the Series Trust bank account to which they should make future payments) of the sale of the Housing Loans and mortgages, and must take possession of the Seller's loan files in relation to the Housing Loans, subject to the Privacy Act and the Seller's duty of confidentiality to its customers under general law or otherwise.

On becoming aware of the occurrence of a Perfection of Title Event the Trustee must, within 30 Business Days, either have commenced all necessary steps to perfect legal title in, or have lodged a caveat in respect of, the Trustee's interest in each Housing Loan. However, if the Trustee does not hold all the Housing Loan Documents necessary to vest in it the Seller's right, title and interest in any Housing Loan, within 5 Business Days of becoming aware of the occurrence of a Perfection of Title Event, the Trustee must, to the extent of the information available to it, lodge a caveat or similar instrument in respect of the Trustee's interest in that Housing Loan.

12.2.12 Transfer of Housing Loans from the Series Trust

The Manager will only direct the Trustee to accept a Transfer Proposal under the Master Trust Deed in respect of which the Series Trust is the Disposing Trust, where:

- (a) the aggregate principal amount outstanding on the Housing Loans is, on the last day of a Monthly Period, when expressed as a percentage of the aggregate principal amount outstanding on the Housing Loans at the last Closing Date, below 10%; and
- (b) the aggregate of the Transfer Amount in relation to that Transfer Proposal, together with any Adjustment Advance in relation to the Assigned Housing Loans specified in that Transfer Proposal payable to the Trustee as trustee of the Series Trust is an amount either:
 - (i) at least equal to the aggregate on the Assignment Date in relation to that Transfer Proposal of the Invested Amount of the Notes and the Interest Entitlement on the Notes; or
 - (ii) approved by an Extraordinary Resolution of Noteholders.

On the Assignment Date, the Trustee's entire right, title and interest in the Assigned Assets in relation to that Transfer Proposal will be transferred with effect from the Cut-Off Date specified in that Transfer Proposal to the Trustee as trustee of the Acquiring Trust.

The payment by the Trustee to Noteholders on the Distribution Date following receipt by the Trustee of the aggregate of the Transfer Amount in relation to that Transfer Proposal and the Adjustment Advance in relation to the Assigned Assets the subject of that Transfer Proposal will be in full and final redemption of the Notes, regardless of any unreimbursed Charge-Offs.

12.3 The Trustee

12.3.1 Appointment

The Trustee is appointed as trustee of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

12.3.2 The Trustee's Undertakings

The Trustee undertakes, among other things, that it will:

- (a) act in the interests of the Investors on and subject to the terms and conditions of the Master Trust Deed and the Series Supplement and, in the event of a conflict between such interests, act in the interests of the Noteholders;
- (b) exercise all due diligence and vigilance in carrying out its functions and duties and in protecting the rights and interests of the Investors;
- (c) do everything and take all actions which are necessary to ensure that it is able to maintain its status as trustee of the Series Trust;
- (d) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (e) exercise all diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed, having regard to the interests of the Investors;
- (f) use its best endeavours to carry on and conduct its business in so far as it relates to the Master Trust Deed and the Series Trust in a proper and efficient manner;

- (g) keep accounting records which correctly record and explain all amounts paid and received by the Trustee; and
- (h) keep the Series Trust separate from each other series trust which is constituted pursuant to the Master Trust Deed and account for the assets and liabilities of the Series Trust separately from the assets and liabilities of such other series trusts.

12.3.3 No Duty to Investigate

Under the Master Trust Deed and the Series Supplement the Trustee has no duty to investigate whether or not a Manager Default, Servicer Default or a Perfection of Title Event under the Series Supplement has occurred except where the Trustee has actual notice, knowledge or awareness of the event.

Subject to the provisions of the Transaction Documents dealing with deemed receipt of notices or other communications, the Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of the officers of the Trustee (or any Related Body Corporate of the Trustee's) who have day to day responsibility for the administration or management of the Trustee's (or a Related Body Corporate of the Trustee's) obligations in respect of the Series Trust or the BQL Trust having actual knowledge, actual awareness or actual notice of that thing, or grounds or reason to believe that thing. Notice, knowledge or awareness of a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event means notice, knowledge or awareness of the occurrence of the event or circumstances constituting a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event.

12.3.4 The Trustee's Powers

Subject to the Master Trust Deed, the Trustee has all the powers in respect of the Assets of the Series Trust which it could exercise if it were the absolute and beneficial owner of those assets. In particular, the Trustee has power to:

- (a) invest in, dispose of or deal with any asset or property of the Series Trust (including the Housing Loans) in accordance with the Manager's proposals;
- (b) obtain and act on advice from such advisers as may be necessary, usual or desirable for the purpose of enabling the Trustee to be fully and properly advised and informed in order that it can properly exercise its powers and obligations;
- (c) enter into, perform, enforce (subject to the restrictions in the Master Trust Deed) and amend (subject to any relevant terms and conditions) the Transaction Documents;
- (d) subject to the limitations set out in the Master Trust Deed, borrow or raise money, whether or not on terms requiring security to be granted over the Assets of the Series Trust;
- (e) refuse to comply with any instruction or direction from the Manager, the Servicer or the Seller in respect of the Series Trust where it reasonably believes that the rights and interests of the Investors are likely to be materially prejudiced by so complying;
- (f) with the agreement of the Manager, do things incidental to any of its specified powers or necessary or convenient to be done in connection with the Series Trust or the Trustee's functions; and
- (g) purchase any Housing Loan notwithstanding that, as at the Cut-Off Date, such Housing Loan is in arrears at the time of its acquisition by the Trustee.

12.3.5 Delegation by Trustee

The Trustee is entitled to appoint the Manager, the Servicer, the Seller, the Security Trustee, a Related Body Corporate or any other person permitted by the Master Trust Deed or the Series Supplement to be attorney or agent of the Trustee for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its duties and

obligations. The Trustee at all times remains liable for the acts and omissions of any Related Body Corporate when it is acting as the Trustee's delegate.

12.3.6 The Trustee's Fees and Expenses

In respect of each Monthly Period, the Trustee is entitled to a fee for performing its duties. The fee will be an amount agreed between the Manager and the Trustee and is payable to the Trustee in arrears on the Distribution Date following the end of the Monthly Period. The Trustee's fee may also be adjusted, either by agreement or by expert determination, so that the Trustee is not economically advantaged or disadvantaged in relation to the supplies provided by it under the Series Supplement by the abolition of, change in the rate of, or any amendment to the legislation imposing, the goods and services tax. Any increase in fees is subject to the Manager issuing a Rating Affirmation Notice in respect of such increase.

The Trustee is entitled to be reimbursed out of the Assets of the Series Trust in respect of all expenses incurred in respect of the Series Trust (but not general overhead costs and expenses). Furthermore, the Trustee is entitled to be indemnified out of the Assets of the Series Trust for all costs, charges, expenses and liabilities incurred by the Trustee in relation to or under any Transaction Document. The Trustee will also be indemnified for costs in connection with court proceedings alleging negligence, fraud or wilful default except where such allegation is found by the court to be correct.

12.3.7 Retirement, Removal and Replacement of the Trustee

The Trustee must retire as trustee of the Series Trust if:

- (a) it fails or neglects, within 20 Business Days (or such longer period as the Manager may agree to) after receipt of a notice from the Manager requiring it to do so, to carry out or satisfy any material duty or obligation imposed on it by a Transaction Document;
- (b) an Insolvency Event occurs with respect to it in its personal capacity;
- (c) it ceases to carry on business;
- (d) it merges or consolidates with another entity without obtaining the approval of the Manager (which approval will not be unreasonably withheld) and the resulting merged or consolidated entity does not assume the Trustee's obligations under the Transaction Documents; or
- (e) there is a change in the ownership of 50% or more of its issued share capital from that as at the date of the Master Trust Deed or effective control of the Trustee alters from that as at the date of the Master Trust Deed, unless in either case approved by the Manager (which approval will not be unreasonably withheld).

The Manager may require the Trustee to retire if it believes in good faith that any of these events have occurred. If the Trustee refuses to retire within 30 days after either the occurrence of one of the above events or notice from the Manager, the Manager may remove the Trustee from office immediately.

The Manager must use reasonable endeavours to appoint a substitute Trustee to be the Trustee, provided that the Manager has confirmed in writing to the Trustee (copied to the Rating Agencies of all then Series Trusts) that it has notified the Rating Agencies of all then Series Trusts of the proposed appointment and is satisfied, following discussions with the Rating Agencies of all then Series Trusts, that the appointment of the Substitute Trustee will not result in a reduction, qualification or withdrawal of the ratings then assigned by such Rating Agencies to the Notes of all then Series Trusts. The retirement or removal of the Trustee will not be effective until the appointment of the substitute Trustee is complete.

If, after 30 days, the Manager is unable to appoint a substitute Trustee it must convene a meeting of Investors at which a substitute Trustee may be appointed by Extraordinary Resolution of all Investors of the Series Trust and of any other trust constituted under the Master Trust Deed (being not less than 75% of all votes cast at a meeting of such Investors or a written resolution signed by all such Investors).

12.3.8 Voluntary Retirement of the Trustee

The Trustee may only voluntarily retire if it gives the Manager three months' written notice or such lesser time as the Manager and the Trustee agree. Upon retirement the Trustee must appoint a substitute, provided that the Manager has approved such appointment and has confirmed in writing to the Trustee (copied to the Ratings Agencies of all then Series Trusts) that it has notified the Rating Agencies of all then series trusts of the proposed appointment and is satisfied, following discussions with the Rating Agencies of all then Series Trusts, that the appointment of the substitute Trustee will not result in a reduction, qualification or withdrawal of the ratings then assigned by such Rating Agencies to the Notes of all then Series Trusts.

If the Trustee does not propose a substitute at least 1 month prior to its proposed retirement, the Manager may appoint a substitute Trustee who is approved by the rating agencies for all then series trusts under the Master Trust Deed.

The retirement of the Trustee will not be effective until the appointment of the substitute Trustee is complete. If the Manager is unable to appoint a substitute Trustee within 30 days, it must convene a meeting of Investors at which a substitute Trustee may be appointed by Extraordinary Resolution of all Investors of the Series Trust and of any other trust constituted under the Master Trust Deed (being not less than 75% of all votes cast at a meeting of such Investors or a written resolution signed by all such Investors).

12.3.9 Substitute Trustee

The appointment of a substitute Trustee will not be effective until the substitute Trustee has executed a deed under which it assumes the obligations of the Trustee under the Master Trust Deed and the other Transaction Documents.

12.3.10 Limitation of the Trustee's Responsibilities

The Trustee has the particular role and obligations specifically set out in the Transaction Documents. The Manager, Servicer and Seller are responsible for different aspects of the operation of the Series Trust, as described elsewhere in this Information Memorandum. The Trustee has no liability for any failure by the Manager, Seller, Servicer or other person appointed by the Trustee under any Transaction Document (other than a person whose acts or omissions the Trustee is liable for under any Transaction Document) to perform their obligations in connection with the Series Trust except to the extent such failure is caused by fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents.

12.3.11 Limitation of the Trustee's Liability

The Master Trust Deed, Series Supplement and other Transaction Documents contain provisions which regulate the Trustee's liability to Noteholders, other creditors of the Series Trust and any beneficiaries of the Series Trust or the BQL Trust, as the case may be.

The Trustee's liability in its capacity as trustee of the Series Trust to the Noteholders and to others is limited by those provisions to the amount the Trustee is entitled to recover through its right of indemnity from the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability. The Trustee's liability in its capacity as trustee of the BQL Trust is limited by those provisions to the amount the Trustee is entitled to recover through its right of indemnity from the assets of the BQL Trust out of which the Trustee is actually indemnified for the liability. However, these limitations do not apply to the extent not satisfied because of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents. This limitation of the Trustee's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Series Trust or the BQL Trust, as the case may be.

The Trustee is not liable to any person for any losses, costs, liabilities or expenses arising out of the exercise or non-exercise of its discretion (or by the Manager, the Seller or the Servicer of its discretions)

or for any instructions or directions given to it by the Manager, the Seller or the Servicer, except to the extent that any obligation or liability arises as a result of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents.

Except where the Trustee acts in breach of trust or is otherwise disentitled (including, without limitation, for fraud, negligence or wilful default on the part of the Trustee or its officers, employees, or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents), the Trustee will be indemnified out of the Assets of the Series Trust against all losses and liabilities properly incurred by it in performing any of its duties or exercising any of its powers under the Transaction Documents in its capacity as trustee of the Series Trust.

Notwithstanding the above, where the Trustee is held liable for breaches under the Consumer Credit Code or the National Consumer Credit Legislation, the Trustee must seek relief initially under any indemnities provided to it by the Manager, the Servicer or the Seller before exercising its right of indemnity to recover against any Assets of the Series Trust.

If the Trustee relies in good faith on an opinion, advice, information or statement given to it by experts (other than persons who are not independent of the Trustee), it is not liable for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of that expert. An expert is regarded as independent notwithstanding that the expert acts or has acted as an adviser to the Manager or the Trustee or both of them so long as separate instructions are given to that expert by the Trustee.

12.3.12 Disclosure of Information

In relation to information which the Trustee in its capacity as trustee of the Series Trust receives from any of the Manager, the Investors, the Seller or the Servicer in relation to the Series Trust, the BQL Trust or the trust established under the Security Trust Deed (the **Information**), the Trustee is entitled to make available (to the extent permitted by law) such information to:

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

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

12.4 The Manager

12.4.1 Appointment

The Manager is appointed as manager of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

12.4.2 The Manager's Undertakings

The Manager undertakes amongst other things that it will:

- (a) manage the Assets of the Series Trust which are not serviced by the Servicer and in doing so will exercise at least the degree of skill, care and diligence that an appropriately qualified manager of such Assets of the Series Trust would reasonably be expected to exercise having regard to the interests of the Investors;

- (b) use its best endeavours to carry on and conduct its business to which its obligations and functions under the Transaction Documents relate in a proper and efficient manner;
- (c) do everything to ensure that it and the Trustee are able to exercise all their powers and remedies and perform all their obligations under the Master Trust Deed and any of the other Transaction Documents to which it is a party and all other related arrangements;
- (d) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (e) exercise such prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed and the other Transaction Documents, having regard to the interests of the Investors; and
- (f) notify the Trustee promptly if it becomes actually aware of any Manager Default under the Master Trust Deed.

12.4.3 The Manager may Rely

If the Manager relies in good faith on an opinion, advice, information or statement given to it by experts (other than persons who are not independent of the Manager) it is not liable for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of that expert. An expert is regarded as independent notwithstanding that the expert acts or has acted as an adviser to the Manager so long as separate instructions are given to that expert by the Manager.

12.4.4 Delegation by the Manager

The Manager is entitled to appoint any person to be attorney or agent of the Manager for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its duties and obligations. The Manager at all times remains liable for the acts or omissions of any such person to the extent that those acts or omissions constitute a breach by the Manager of its obligations in respect of the Series Trust.

12.4.5 The Manager's Fees and Expenses

The Manager is entitled to a fee (the **Management Fee**) for administering and managing the Series Trust for each Monthly Period calculated based upon the actual number of days in the Monthly Period divided by 365 and a percentage of the principal amount outstanding on the Housing Loans immediately prior to the commencement of the Monthly Period. The Manager and the Servicer may agree to adjust the Management Fee from time to time (including as a result of changes in the goods and services tax) provided that the Manager and Servicer will not agree to any adjustment which results in a decrease in the Manager's fee. Any increase in the Management Fee is subject to the Manager issuing a Rating Affirmation Notice in respect of such increase. The Management Fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

The Manager will be indemnified out of the Assets of the Series Trust for all expenses incurred by the Manager in connection with the enforcement or preservation of its rights under or in respect of any Transaction Document or otherwise in respect of the Series Trust. The Manager will also be indemnified for costs in connection with court proceedings against the Manager alleging negligence, fraud or wilful default except where such allegation is found by the court to be correct.

12.4.6 Manager Default and Removal of the Manager

A Manager Default occurs if:

- (a) the Manager does not instruct the Trustee to pay the required amounts to the Investors within the specified time periods and such failure is not remedied within 5 Business Days of notice from the Trustee;

- (b) the Manager does not prepare and transmit to the Trustee any Settlement Statement or any other reports it is required to prepare and such failure is not remedied within five Business Days of notice from the Trustee (except when such failure is due in certain circumstances to a Servicer Default);
- (c) the Manager breaches any other obligation under the Master Trust Deed or the Series Supplement and such action has had or, if continued will have, an Adverse Effect (as determined by the Trustee after the Trustee is actually aware of such breach) and either such breach is not remedied within 20 Business Days of notice from the Trustee, or the Manager has not, within 20 Business Days of such notice, paid compensation to the Trustee for its loss from such breach; and
- (d) a representation or warranty made by the Manager in a Transaction Document proves incorrect in any material respect and, as a result, gives rise to an Adverse Effect (as determined by the Trustee after the Trustee is actually aware of such incorrect representation or warranty) and the Manager has not paid compensation for any loss suffered by the Trustee within 20 Business Days of notice from the Trustee.

The Trustee may agree to longer grace periods than those specified in paragraphs (a), (b), (c) and (d).

Whilst a Manager Default is subsisting, the Trustee may by notice to the Servicer, the Manager and the Rating Agencies for all then series trusts immediately terminate the appointment of the Manager and appoint another entity to act in its place. Pending appointment of a new Manager, the Trustee will act as Manager and will be entitled to receive the Management Fee.

12.4.7 Voluntary Retirement of the Manager

The Manager may only voluntarily retire if it gives the Trustee three months' notice in writing (or such lesser time as the Trustee agrees). Upon such retirement the Manager may appoint in writing any other corporation approved by the Trustee. If the Manager does not propose a replacement at least 1 month prior to its proposed retirement, the Trustee may appoint a replacement.

Pending appointment of a new Manager, the Trustee will act as Manager and will be entitled to receive the Management Fee.

12.4.8 Replacement Manager

The appointment of a replacement Manager will not be effective until the Trustee receives confirmation from the rating agencies for all then series trusts under the Master Trust Deed that the appointment of the replacement Manager will not result in a withdrawal or reduction of the credit ratings then assigned by them to the Notes (or notes issued by other series trusts) and the replacement Manager has executed a deed under which it assumes the obligations of the Manager under the Master Trust Deed and the other Transaction Documents.

12.4.9 Limitation on Liability of Manager

The Manager is relieved from personal liability in respect of the exercise or non-exercise of its discretions or for any other act or omission on its part, except to the extent that any such liability arises from fraud, negligence or wilful default on the part of the Manager or its officers, employees or agents or any other person whose acts or omissions the Manager is liable for under the Transaction Documents.

12.5 The Servicer

12.5.1 Undertakings of Servicer

In addition to its servicing role described in Section 8.6, the Servicer also undertakes, among other things, that it will:

- (a) subject to the provisions of the Privacy Act and any duty of confidentiality owed by the Servicer to its clients under the common law or otherwise, give the Manager, the Auditor and

the Trustee such information as they require with respect to all matters in the possession of the Servicer in respect of the activities of the Servicer to which the Series Supplement relates;

- (b) not transfer, assign or otherwise grant an encumbrance over the whole or any part of its interest (if any) in any Housing Loan and its related securities;
- (c) comply with its obligations under each Mortgage Insurance Policy;
- (d) upon being directed to do so by the Trustee, following the occurrence of a Perfection of Title Event, promptly take all action as is required or permitted to assist the Trustee and the Manager to perfect the Trustee's legal title in the Housing Loans and related securities; and
- (e) pay to the Trustee on each Transfer Date an amount equal to the Waived Mortgagor Break Costs for the Monthly Period just ended.

12.5.2 Delegation by the Servicer

The Servicer is entitled to appoint any person to be attorney or agent for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its powers, duties and obligations. The Servicer at all times remains liable for the acts or omissions of any such person to the extent that the acts or omissions constitute a breach by the Servicer of its obligations under the Series Supplement.

12.5.3 The Servicing Fees and Expenses

The Servicer is entitled to a fee for servicing the Housing Loans for each Monthly Period, calculated based upon the actual number of days in the Monthly Period divided by 365 and a percentage of the principal amount outstanding on the Housing Loans immediately prior to the commencement of the Monthly Period (the **Servicing Fee**). The Manager and the Servicer may agree to adjust the Servicer's fee from time to time (including as a result of changes in the goods and services tax) provided that the Manager and Servicer will not agree to any adjustment which results in a decrease in the Servicer's Fee. Any increase in the Servicer's Fee is subject to the Manager issuing a Rating Affirmation Notice in respect of such proposed increase. The fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

The Servicer must pay from such Servicing Fee all expenses incurred in connection with servicing the Housing Loans except for expenses in connection with the enforcement of any Housing Loan or its related securities, the recovery of any amounts owing under any Housing Loan or any amount repaid to a liquidator or trustee in bankruptcy pursuant to any applicable law, binding code, order or decision of any court, tribunal or the like or based on advice from the Servicer's legal advisors.

12.5.4 Servicer Default and Removal of the Servicer

A Servicer Default occurs if:

- (a) the Servicer fails to remit amounts received in respect of the Housing Loans to the Trustee within the time periods specified in the Series Supplement and such failure is not remedied within five Business Days of notice from the Manager or the Trustee;
- (b) the Servicer fails to provide the Manager with the information necessary to enable it to prepare a Settlement Statement and such failure is not remedied within five Business Days of notice from the Manager or Trustee;
- (c) an Insolvency Event occurs with respect to the Servicer;
- (d) whilst the Seller is the Servicer and is acting as custodian of the Housing Loan Documents it fails to deliver all the Housing Loan Documents to the Trustee following the occurrence of a Document Transfer Event (see Section 13.2) and such failure is not remedied within 20

Business Days of notice from the Trustee specifying the Housing Loan Documents that remain outstanding;

- (e) if at any time the Basis Swap terminates prior to its scheduled termination date, the Servicer fails to adjust the rates at which interest offset benefits under the Interest Off-Set Accounts are calculated and/or the variable rates on Housing Loans in accordance with the Series Supplement (as described in Sections 11.1.2 and 11.1.6), and such failure is not remedied within two Business Days of notice from the Trustee or Manager; or
- (f) the Servicer breaches its other obligations as Servicer under the Series Supplement and such action has, or if continued will have, an Adverse Effect (as reasonably determined by the Trustee after it is actually aware of the breach) and either is not remedied so that it no longer has, or will have, an Adverse Effect within 20 Business Days of notice from the Manager or the Trustee, or the Servicer has not within this time paid compensation to the Trustee for its loss from such breach.

The Trustee may agree to longer grace periods than those specified in paragraphs (a), (b), (d), (e) and (f). While a Servicer Default is subsisting of which the Trustee is actually aware, the Trustee must by notice to the Servicer, the Manager and each Rating Agency immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified organisation or bank to act in its place. Pending the appointment of a new Servicer, the Trustee will act as Servicer and is entitled to the Servicer's fee during the period that it so acts.

12.5.5 Voluntary Retirement of the Servicer

The Servicer may only voluntarily retire if it gives the Trustee and each Rating Agency three months' notice in writing (or such lesser period as the Servicer and the Trustee agree). Upon retirement the Servicer may appoint in writing as its replacement any other corporation approved by Trustee. If the Servicer does not propose a replacement by 1 month prior to its proposed retirement, the Trustee may appoint a replacement. Pending the appointment of a new Servicer, the Trustee will act as Servicer and will be entitled to the above fee.

12.5.6 Replacement Servicer

The appointment of a replacement Servicer will not be effective until the Manager has issued a Rating Affirmation Notice in relation to the appointment of the replacement Servicer and the replacement Servicer has executed a deed under which it assumes the obligations of the Servicer under the Master Trust Deed and the other Transaction Documents.

12.6 Termination of the Series Trust

12.6.1 Termination Events

The Series Trust terminates on the earliest to occur of:

- (a) the date appointed by the Manager as the date on which the Series Trust terminates (which, if the Notes have been issued by the Trustee, must not be a date earlier than:
 - (i) the date that the Stated Amount of the Notes has been reduced to zero; or
 - (ii) if an Event of Default under the Security Trust Deed has occurred, the date of the final distribution by the Security Trustee under the Security Trust Deed);
 - (b) the date which is 80 years after its constitution; and
 - (c) the date on which the Series Trust terminates under statute or general law,
- (such date being the **Termination Date**).

12.6.2 Realisation of Assets of the Series Trust

Upon the termination of the Series Trust, the Trustee in consultation with the Manager must sell and realise the Assets of the Series Trust within 180 days of the termination event provided that during this period the Trustee is not entitled to sell the Housing Loans and related securities for less than their Fair Market Value. The Trustee is also not entitled to sell any Housing Loans and related securities unless the Seller has not exercised its right of first refusal (see Section 12.6.3). Furthermore, the Trustee must not conclude a sale unless any Housing Loans and related securities are assigned in equity only (unless the Trustee already has legal title) and the sale is expressly subject to both the Servicer's right to be retained as Servicer in accordance with the Series Supplement and the rights of the BQL Trust (and the Seller as beneficiary of the BQL Trust) in respect of those Housing Loans and related securities.

If the Trustee is unable to sell the Housing Loans and related securities for at least their Fair Market Value on the above terms during the 180 day period, the Trustee may sell them after the expiry of that period for a price less than their Fair Market Value. Alternatively, the Trustee may perfect its legal title to the Housing Loans and related securities if it is necessary to do so to sell them for a price at least equal to their Fair Market Value. However, in such a sale the Trustee must use reasonable endeavours to include as a condition of the sale that the purchaser of the Housing Loans will consent to the Seller obtaining securities subsequent to the securities assigned to the purchaser and will enter into priority agreements such that the purchaser's security has first priority over the Seller's security only for the principal amount outstanding plus interest, fees and expenses on the relevant Housing Loan.

12.6.3 Offer to the Seller

On the Termination Date, the Trustee may, at the direction of the Manager, offer to extinguish in favour of the Seller, its entire right, title and interest in the Housing Loans and related securities in return for the payment to the Trustee of an amount equal to the Fair Market Value (as at the Termination Date of the Series Trust) of the Housing Loans then forming part of the Assets of the Series Trust. The Seller may not accept an offer to purchase any Housing Loans and related securities unless the aggregate principal amount outstanding on the Housing Loans is on the last day of the preceding Monthly Period, when expressed as a percentage of the aggregate principal amount outstanding on the Housing Loans at the Closing Date, at or below 10%.

The Trustee must not sell the Housing Loans and related securities unless the Seller has failed to accept such offer within 90 days of the Termination Date or, having accepted the offer, has failed to pay the amount referred to in the preceding paragraph within 180 days of the Termination Date. However, if the Fair Market Value of the Housing Loans is insufficient to ensure that the Noteholders will receive the aggregate of the Invested Amounts of the Notes and any accrued but unpaid Coupon payable on the Notes, the offer will be conditional upon an Extraordinary Resolution of Noteholders approving the offer.

12.6.4 Distributions

After deducting expenses, the Trustee must pay amounts standing to the credit of the Collections Account on the Termination Payment Date in accordance with the order of priority set out in the Series Supplement (see Section 9). If there are insufficient funds to make payments to Noteholders in full, the amount distributed (if any) will be in final redemption of the Notes, the Income Unit and the Capital Units.

On the Termination Payment Date:

- (a) the Excess Spread Reserve Balance will be applied in the following order of priority:
 - (i) first, an amount equal to the Excess Spread Reserve Liquidity Draw will be applied in accordance with Section 9.4.2; and
 - (ii) second, any remaining amount will be paid directly to the Income Unitholder; and
- (b) the Income Reserve Balance will be applied in accordance with Section 9.4.5.

12.7 Audit and Accounts

The initial auditor for the Series Trust is expected to be KPMG (the **Auditor**). The Auditor's remuneration is to be determined by the Trustee and approved by the Manager and will be an expense of the Series Trust.

The Auditor must, at the end of each financial year and every following six months, audit a sample of transactions in respect of the Series Trust and provide a written report to the Trustee, the Manager and each Rating Agency. The audit report must be prepared in accordance with approved accounting standards and must either detail any outstanding breaches on the part of the Seller, the Servicer or the Manager under the Transaction Documents or confirm that there are no outstanding breaches. It must also report on errors or deviations from the procedures outlined in the Transaction Documents that have come to the attention of the Auditor and, in respect of the report provided at the end of the financial year, confirm that either the Series Trust has no net tax income for the previous income year, or that any net tax income of the Series Trust for the previous year is properly included in the assessable income of the Income Unitholders.

The Manager must ensure that the accounts of the Series Trust are audited as at the end of each financial year. Copies of the accounts and the auditor's report will only be provided to the Investors on request but will be available for inspection during business hours at the Trustee's offices. The Manager must prepare and lodge the tax return for each trust and any other statutory returns.

12.8 Amendments to Master Trust Deed and Series Supplement

Subject to prior notice being given to the rating agencies in respect of the series trusts under the Master Trust Deed (and no rating agency having advised the Manager that the amendment, if implemented, would cause a withdrawal or reduction of the credit rating of the Notes or notes issued by other series trusts), the Trustee and the Manager may amend the Master Trust Deed and the Series Supplement if the amendment:

- (a) is necessary or expedient to comply with any regulatory requirements;
- (b) is to correct a manifest error or is of a formal, technical or administrative nature only;
- (c) is required by, consistent with or appropriate, expedient or desirable for any reason as a consequence of:
 - (i) the introduction of, or any amendment to, any statute, regulation or governmental agency requirement; or
 - (ii) a decision by any court,(including without limitation one relating to the taxation of trusts);
- (d) in the case of the Master Trust Deed, relates only to a trust not yet constituted under its terms;
- (e) will enable the provisions of the Master Trust Deed or the Series Supplement to be more conveniently, advantageously, profitably or economically administered; or
- (f) in the opinion of the Trustee is otherwise desirable for any reason.

However, where an amendment referred to in paragraphs (e) and (f) above may be prejudicial to the interests of any class of Investors the amendment will only be made if an Extraordinary Resolution approving the amendment is passed by the relevant class of Investors (being a resolution requiring not less than 75% of all votes cast or a written resolution signed by the Relevant Investors).

The Trustee may not amend, add to or revoke any provision of the Master Trust Deed or the Series Supplement if the consent of a party is required under a Transaction Document unless that consent has been obtained.

For the purpose of determining whether a class of Noteholders by Extraordinary Resolution have consented to an amendment, Notes of that Class which the Trustee has received actual written notice are beneficially owned by the Manager or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Manager, will be disregarded. The Manager must give the Rating Agencies five Business Days prior notice of any such modification.

Notwithstanding the above, the Trustee is obliged to concur in and to effect modifications to provisions of a Transaction Document requested by the Manager in certain circumstances, including to accommodate the appointment of a new Servicer, new Hedge Provider or new Manager, to take account of changes in the ratings criteria of the Rating Agencies where, absent such modifications, the Manager is reasonably satisfied that the rating assigned by the Rating Agencies to the Notes would be subject to a downgrade, qualification or withdrawal (even where such changes are, or may be, prejudicial to Noteholders) and to ensure compliance by the Manager, the Seller, the Servicer and the Series Trust with, or ensure that such parties and the Series Trust, may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) relating to securitisation provided that the Manager has certified to the Trustee that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be. However, the Trustee will not be obliged to concur in and effect any modifications to any provision of any Transaction Document in accordance with the foregoing, if to do so would (i) impose additional obligations on the Trustee which are not provided for or contemplated by the Transaction Documents; (ii) adversely affect the Trustee's rights under the Transaction Documents or (iii) result in the Trustee being in breach of any applicable law.

12.9 Meetings of Noteholders

12.9.1 Who Can Convene Meetings

The Manager or the Trustee may convene a meeting of the Investors, the Noteholders or a class of the Noteholders, or the Unitholders or a class of the Unitholders (the **Relevant Investors**).

12.9.2 Notice of Meetings

At least 7 days' notice must be given to the Relevant Investors of a meeting unless 95% of the holders of the relevant then outstanding Notes or Units (as the case may be) agree on a shorter period of time. The notice must specify the day, time and place of the proposed meeting, the reason for the meeting and the agenda, the terms of any proposed resolution, that persons appointed to maintain the Register may not register any transfer of a Note or Unit in the period two Business Days prior to the meeting, that appointments of proxies must be lodged no later than 24 hours prior to the time fixed for the meeting and such additional information as the person giving the notice thinks fit. The accidental omission to give notice or the non-receipt of notice will not invalidate the proceedings at any meeting.

12.9.3 Quorum

The quorum for a meeting is two or more persons present in person being Relevant Investors or representatives holding in the aggregate not less than 67% of the Notes or Units corresponding to the meeting of Relevant Investors and then outstanding.

If the required quorum is not present within 15 minutes, the meeting will be adjourned for between seven and 42 days as specified by the chairman. At any adjourned meeting, two or more persons present in person being Relevant Investors holding or representing in the aggregate not less than 50% of the Notes or Units corresponding to the meeting of the Relevant Investors and then outstanding will constitute a quorum. At least 5 days' notice must be given of any meeting adjourned through lack of a quorum.

12.9.4 Voting Procedure

Questions submitted to any meeting will be decided in the first instance by show of hands or, if demanded by the chairman, the Trustee, the Manager or one or more persons being Relevant Investors holding not less than 2% of the Notes or Units corresponding to the meeting of the Relevant Investors and then outstanding, by a poll. The chairman has a casting vote both on a show of hands and on a poll.

Every person being a Relevant Investor holding then outstanding Notes or Units will have one vote on a show of hands and 1 vote for each Note or Unit held by them on a poll.

12.9.5 Powers of Meeting of Noteholders

The powers of a meeting of Noteholders are specified in the Master Trust Deed and can only be exercised by an Extraordinary Resolution. A meeting of Noteholders does not have the power to:

- (a) remove the Trustee, the Servicer or the Manager other than in accordance with the terms of the Master Trust Deed and the Series Supplement;
- (b) interfere with the management of the Series Trust;
- (c) wind-up or terminate the Series Trust; or
- (d) dispose of or deal with Housing Loans and related securities or eligible investments of the Series Trust.

12.9.6 Binding Resolutions

An Extraordinary Resolution of all Relevant Investors which by its terms affects a particular Relevant Investor or class of Relevant Investors only or in a manner different to the rights of the Relevant Investors generally, is only binding on the Relevant Investor or class of Relevant Investors (as the case may be) if it or they agree to be bound by such Extraordinary Resolution.

12.9.7 Written Resolutions

A resolution of Relevant Investors or a class of Relevant Investors may be passed without any meeting or previous notice being required by an instrument in writing signed by all Relevant Investors or a class (as the case may be).

13. Document Custody

13.1 Document Custody

If the Seller has issued a Letter of Offer, and the Manager has issued a Rating Affirmation Notice confirming that the Seller being the initial custodian of the Housing Loan Documents will not prevent the Notes being given the relevant ratings, then the Seller will hold the Housing Loan Documents in relation to Housing Loans that from time to time form part of the Assets of the Series Trust as custodian on behalf of the Trustee from and including the Closing Date in respect of each Housing Loan until a Document Transfer Event occurs. The Seller will be required to deliver to the Trustee confirmation that the Housing Loan Documents in respect of the Housing Loans identified in the Schedule accompanying that Letter of Offer, other than any documents which are deposited with a solicitor (acting on behalf of the Seller), a stamp duties office, a land titles office or other Governmental Agency (which documents must on receipt by the Seller be held, subject to this Deed, only by the Seller or the Custodial Delegate), are held by the Seller or the Custodial Delegate.

If the above paragraph does not apply, then the Seller will be required to transfer all Housing Loan Documents relating to the Housing Loans to the Trustee at least five Business Days prior to the Closing Date (or such other time as is agreed by the Trustee, and the Manager and notified to the Rating Agencies), other than any documents which are deposited with a solicitor (acting on behalf of the Seller), a stamp duties office, a land titles office or other governmental agency (which documents must be provided to the Trustee as soon as practicable after receipt by the Seller). Following such transfer, the Manager may, by 30 days' notice in writing to the Trustee and the Seller, appoint the Seller to be custodian of the Housing Loan Documents provided:

- (a) the Manager issues a Rating Affirmation Notice in relation to the appointment of the Seller as custodian of the Housing Loan Documents;
- (b) the Seller has provided to the Trustee a document custody audit report in which the Auditor grades the overall custodial performance by the Seller to be at least satisfactory (i.e. only minor exceptions noted); and
- (c) no Document Transfer Event (see Section 13.2) has occurred.

Following the receipt of the notice referred to in the second paragraph above, the Trustee must deliver to the Seller, by the expiry of that 30 day period, all Housing Loan Documents in its possession.

If, before the Closing Date or at any time thereafter, the Seller is appointed custodian of the Housing Loan Documents, the Seller (or its Custodial Delegate) must hold the Housing Loan Documents in accordance with its standard safe-keeping practices and in the same manner and to the same extent as it holds its own documents until a Document Transfer Event occurs. The Seller must deliver to the Trustee, no later than either 30 days after the Closing Date referred to in the first paragraph above, or the expiry of the above 30 day period, referred to in the second paragraph above, (as applicable) an electronic file containing details of the Housing Loan Documents in, or transferred to, its custody (or that of the Custodial Delegate) and a letter containing the Seller's identification methodology for the Housing Loan Documents. The Seller must also update the information on the electronic file on a regular basis as described in Section 8.7. The Seller's or its Custodial Delegate's role as custodian will be periodically reviewed by the Auditor who will deliver an audit report to the Trustee (with a copy to the Manager and the Seller) on an annual basis (a six monthly basis if the Seller fails an audit report).

13.2 Document Transfer Event

A Document Transfer Event will occur if an adverse document custody audit report is provided by the Auditor; the Auditor is then instructed by the Trustee to conduct a further document custody audit report no sooner than one month but no later than two months after the date of receipt by the Trustee of the adverse document custody audit report; and the Auditor provides a further adverse document custody audit report.

An adverse document custody audit report by the Auditor for the purposes of a Document Transfer Event is one in which major deficiencies in internal controls are identified and the Auditor has concluded that it cannot rely on the integrity of the information in respect of the Housing Loans on the Seller's security register or the electronic file referred to in Section 13.1.

The Trustee must notify the Seller immediately upon becoming actually aware of a Document Transfer Event. Upon receipt of such notice the Seller must transfer custody, or arrange for the transfer of custody of the Housing Loan Documents to the Trustee within seven days (in respect of at least 90% of the Housing Loans) and within 14 days (for any remaining Housing Loan Documents), subject to limited exceptions for certain Housing Loan Documents contained in the Series Supplement.

If following a Document Transfer Event:

- (a) the Trustee is satisfied, notwithstanding the occurrence of the Document Transfer Event, that the Seller is an appropriate person to act as custodian of the Housing Loan Documents; and
- (b) each Rating Agency has been provided with prior notice from the Manager in relation to the appointment of the Seller to act as custodian of the Housing Loan Documents,

then the Trustee may by agreement with the Seller appoint the Seller to act as custodian of the Housing Loan Documents upon such terms as are agreed between the Trustee and the Seller and approved by the Manager.

If:

- (a) a Perfection of Title Event (other than a Servicer Default as described in Section 12.5.4(f)) is declared by the Trustee in accordance with the Series Supplement and the Trustee notifies the Seller of that fact; or
- (b) the Trustee considers in good faith that a Servicer Default as described in Section 12.5.4(f) has occurred and the Trustee has notified the Seller the reasons why the Trustee, in good faith, considers that the conditions in Section 12.5.4(f) have been satisfied and why, in the Trustee's reasonable opinion, an Adverse Effect has or may occur as a result,

the Seller must, immediately following notice from the Trustee, and subject to limited exceptions contained in the Series Supplement for certain Housing Loan Documents, transfer custody of the Housing Loan Documents to the Trustee.

13.3 Custodian Fee and Retirement

The custodian is entitled to a fee for the provision of custodial services by it (or, where the Seller is the Custodian, the Custodial Delegate) to the Trustee. The amount of such fee will be agreed on from time to time between the Manager, the Trustee and the custodian and, subject to issue by the Manager of a Rating Affirmation Notice, may be adjusted from time to time as a result of changes in the goods and services tax. The fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

The Seller may retire as custodian of the Housing Loan Documents upon giving to the Trustee and each Rating Agency three months' notice in writing or such lesser time as the Seller and the Trustee agree. The provisions in the Series Supplement dealing with the occurrence of a Document Transfer Event will apply on retirement of the Seller as custodian as if a Document Transfer Event has occurred.

14. Taxation Considerations

14.1 Australian Taxation

The following taxation summary is of a general nature and addresses only some of the key Australian tax implications that may arise for a person with an interest in the Offered Notes (in this section, a **Noteholder**) as a result of acquiring, holding or transferring an Offered Note. The following is not intended to be and should not be taken as a comprehensive taxation summary for a prospective Noteholder.

The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office generally accepted as at the date of this Information Memorandum. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retrospective effect.

A Noteholder should consult their professional advisers in relation to their tax position. Noteholders who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Offered Notes are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Offered Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Offered Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

14.1.1 Tax Status of the Series Trust

As the Series Trust is wholly owned by the Bank of Queensland, it will be a member of the Bank of Queensland tax consolidated group, and will be taken to be a part of the head company of that group for most Australian income tax purposes. The primary responsibility for income tax liabilities rests with the head company of a tax consolidated group. As a result, the Series Trust will not be subject to any income tax liability in respect of the income of the Series Trust in the first instance.

All members of the Bank of Queensland tax consolidated group, including the Series Trust, can become jointly and severally liable for the tax liabilities of that group where the head company of that group defaults on those tax liabilities. However, where the members of that group have entered into a valid and effective tax sharing agreement, the liability of each member, including the Series Trust, will be limited to a reasonable allocation of the group's tax liabilities. Under the Bank of Queensland tax consolidated group's tax sharing agreement, subject to certain assumptions regarding the operation of the Series Trust, the Series Trust would have a nil allocation of that group's tax liabilities.

It is the opinion of Allen & Overy that the Bank of Queensland tax consolidated group's tax sharing agreement is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to tax sharing agreements. It should be noted however that it is possible that the Commissioner of Taxation could change his current views, and any ultimate determination rests with the courts. In addition, certain prescribed circumstances can operate to invalidate a tax sharing agreement. Subject to those qualifications, it is the opinion of Allen & Overy that the tax consolidated group's tax sharing agreement is valid and effective.

14.1.2 Taxation of Interest on Offered Notes

Australian Noteholders

The Noteholders will derive interest income from their Offered Notes. Noteholders will, if Australian tax residents or non-residents that hold the Offered Notes in carrying on a business at or through a permanent establishment in Australia, be taxable by assessment on this interest income for Australian tax purposes. Whether this interest income will be recognised on a cash receipts or accruals basis for tax purposes will depend upon the tax status of the particular Noteholder.

Tax at the current rate of 47% may be deducted from payments to a Noteholder who is an Australian tax resident or who is a non-resident that holds the Offered Notes in carrying on a business at or through a permanent establishment in Australia and who does not provide a Tax File Number (TFN) or an Australian Business Number (ABN) (where applicable) or proof of a relevant exemption from quoting such numbers.

Non-Australian Noteholders – Interest Withholding Tax

Under current Australian tax laws, interest or an amount in the nature of interest which is:

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

will be subject to interest withholding tax at a (current) rate of 10% of the amount of such payment. Neither the Trustee nor any person making payments on behalf of the Trustee will be obliged to make any additional payments to Noteholders affected by such interest withholding tax.

Various exemptions are available from interest withholding tax, including the “public offer” exemption, the tax treaty exemption and the exemption for superannuation funds (each discussed below).

Public Offer Exemption

Pursuant to section 128F of the Tax Act, an exemption from interest withholding tax applies if all of the following conditions are met:

- (a) the Trustee is a company as defined in section 128F(9) of the Tax Act (which includes a company in the capacity of trustee of certain trusts, provided that all the beneficiaries are companies other than companies acting in the capacity of trustee);
- (b) the Trustee is a resident of Australia, or is a non-resident carrying on business at or through an Australian permanent establishment, when it issues the Offered Notes;
- (c) the Trustee is a resident of Australia, or is a non-resident carrying on business at or through an Australian permanent establishment, when the interest is paid; and
- (d) the issue of the Offered Notes satisfies the public offer test set out in section 128F(3) or 128F(4) of the Tax Act.

The Class A1 Notes Joint Lead Managers and the Lead Manager have agreed with the Trustee to offer the Offered Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied.

Under current Australian tax law, the public offer test will not be satisfied if, at the time of issue, the Trustee knew, or had reasonable grounds to suspect, that the Offered Notes, or an interest in the Offered Notes, was being, or would later be, acquired either directly or indirectly by an Offshore Associate of the Trustee or Bank of Queensland, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Offered Notes, or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

The exemption under section 128F also does not apply to interest paid by the Trustee to an Offshore Associate of the Trustee or Bank of Queensland if, at the time of payment of the interest, the Trustee knows, or has reasonable grounds to suspect, that such person is an Offshore Associate and the Offshore Associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

Accordingly, the Offered Notes should not be acquired by any Offshore Associate of the Trustee or Bank of Queensland, subject to the exceptions referred to above.

In the event that the exemption from interest withholding tax under section 128F does not apply, an exemption or reduction may nonetheless be available in certain circumstances under an applicable double tax agreement (refer below).

Tax Treaty Exemption

The Australian government has entered into a number of double tax agreements (**Tax Treaties**) with certain countries including the United States of America, the United Kingdom, Switzerland, Germany, Norway, Finland, the Republic of France, Japan, the Republic of South Africa and New Zealand (each a **Specified Country**). The Tax Treaties of the Specified Countries may apply to interest derived by a resident of a Specified Country in relation to an Offered Note.

Where a relevant Tax Treaty applies, withholding tax will not apply to interest derived by:

- (a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and
- (b) certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country, and which are dealing wholly independently with the issuer (other than in respect of back-to-back loans and economically equivalent arrangements which will not obtain the benefit of the reduction in interest withholding tax).

Prospective Noteholders should obtain their own independent tax advice as to whether any of the exemptions under the relevant Tax Treaties may apply to their particular circumstances.

Exemption for superannuation funds

An exemption is also available in respect of interest paid to a non-resident superannuation fund maintained solely for foreign residents where the interest arising from the Offered Notes is exempt from income tax in the country in which such superannuation fund is resident.

14.1.3 Taxation of Profit on Sale

Under current Australian tax law, a non-resident holder of the Offered Notes who has never held their interest in the Offered Notes in carrying on business at or through an Australian permanent establishment will not be subject to Australian income tax on profits derived from the sale or disposal of their interest in the Offered Notes, unless the profits are regarded as having an Australian source.

The source of any profit on the disposal of the Offered Notes will depend on the factual circumstances of the actual disposal. Generally, where the Offered Notes are acquired and disposed of pursuant to contractual arrangements entered into and concluded outside Australia, any payment is made outside Australia, and the originator and the purchaser are non-residents of Australia and do not transact through an Australian permanent establishment, the profits should not have an Australian source.

14.1.4 Non-resident Withholding Tax Regime

There are certain obligations to withhold an amount in respect of certain payments and non-cash benefits that are made to non-residents as prescribed by regulations.

Regulations introduced to date will not affect the payments of interest on Offered Notes. This is consistent with the non-resident withholding provisions which provide that the regulations will not apply to interest and other payments which are already subject to the current withholding tax rules.

Regulations which prescribe payments to which withholding applies can only be made where the relevant Minister is satisfied that the payment could reasonably be related to assessable income of non-residents.

Accordingly, the regulations should not apply to repayments of principal under the Offered Notes as such amounts will generally not be reasonably related to assessable income of non-residents.

Should the regulations change such as to affect the payment of interest or principal on the Offered Notes, neither the Trustee nor any person making payments on behalf of the Trustee will be obliged to make any additional payments to Noteholders in respect of such withholdings or deductions.

14.1.5 Garnishee notices

The Commissioner may issue a notice requiring any person who owes, or who may later owe, money to a taxpayer who has a tax-related liability, to pay to him the money owed to the taxpayer. If the Trustee is served with such a notice in respect of a Noteholder, then the Trustee would be required to comply with that notice.

14.1.6 Mutual assistance in the collection of tax debts

Under Division 263 of Schedule 1 of the Taxation Administration Act 1953 (Cth), the Commissioner may have the power to collect a taxation debt on behalf of a foreign taxation authority if formally requested to do so, or to take conservancy measures to ensure the collection of that debt. Conservancy is concerned with preventing a taxpaying entity from dissipating its assets when it has a tax-related liability. As a result, in certain circumstances, any foreign tax liabilities of a non-resident Noteholder the subject of the measures may be collected by Australia on behalf of another country.

14.1.7 Taxation of Financial Arrangements

Division 230 of the Tax Act (the **TOFA regime**) sets out principles and rules for the tax timing and character treatment of gains and losses from financial arrangements, which are broadly defined to include arrangements under which you have "cash settleable" legal or equitable rights or obligations to receive or provide a financial benefit of a monetary nature in the future.

The Offered Notes will constitute financial arrangements as defined in the TOFA regime.

The legislation sets out six methods of recognising the quantum and timing of the income and expenses arising from a financial arrangement – accruals, realisation, fair value, retranslation, hedging, and reliance on financial reports.

Generally, the TOFA regime treats gains as assessable and losses you make in gaining or producing your assessable income as deductible.

There are a number of exceptions from the application of the TOFA rules.

Prospective Noteholders should obtain their own independent taxation advice as to whether the TOFA rules apply in respect of their investment in the Offered Notes and the taxation impact of such application (if any).

The TOFA rules will not override any exemption available under section 128F of the Tax Act.

14.1.8 Goods and Services Tax

The Series Trust will be treated as a separate entity that makes supplies and acquisitions for purposes of goods and services tax (GST under the "GST Law", which is defined by section 195-1 of the A New Tax System (Goods and Services Tax) Act 1999 (Cth) (**GST Act**) to include several acts in relation to GST (including assessment, imposition and administration acts). Accordingly, references to the "Trustee" in this Section 14.1.8 are references to the Trustee in its capacity as trustee of the Series Trust.

Under the GST Law, GST is payable on taxable supplies. However, GST is not payable on supplies that fall within a category of "input taxed" or "GST-free" supplies. Certain financial supplies are input taxed, whereas certain supplies to non-residents may be GST-free.

Based on the current GST Law, the Trustee would not make taxable supplies when it issues the Offered Notes or pays interest or principal on the Offered Notes to Noteholders.

If a supply by the Trustee is:

- (a) “taxable”, it will have to pay GST equal to 1/11 of the total consideration provided in connection with that supply (subject to the application of the market value substitution rules for supplies between associates);
- (b) “GST-free”, the Trustee does not have to pay GST on the supply and can obtain input tax credits for GST included in the consideration provided for acquisitions to the extent that they relate to the making of such a supply; or
- (c) “input taxed”, which includes "financial supplies", as defined by regulation 40-5.09 of the *A New Tax System (Goods and Services Tax) Regulations 1999*, the Trustee does not have to pay GST on the supply, but may not be able to claim input tax credits for GST included in the consideration provided for acquisitions to the extent they relate to the making of the input taxed supply, unless one of the relevant exceptions applies, such as acquisitions that are eligible for a reduced input tax credit.

In addition to the above supplies, “GST may be "reverse-charged" on acquisitions from off-shore suppliers. In the opinion of Allen & Overy, the Trustee will not be liable to pay GST by way of a reverse-charge.

It is expected that the Trustee would mainly make input taxed "financial supplies" and therefore will not be entitled to claim full input tax credits for acquisitions that relate to those supplies. Where the Trustee makes supplies (e.g. issues Offered Notes) to non-residents of Australia that are not in Australia, the Trustee would also make GST-free supplies. In this case, the Trustee's ability to claim input tax credits would increase.

Most of the services that the Trustee would acquire are expected to be taxable supplies. This includes services acquired from the Manager, the Servicer and a Hedge Provider. Where a taxable supply that is not disregarded is made, it will generally be the service provider who is liable to pay GST on such supplies (although there may be exceptions in respect of services acquired from offshore). Whether a service provider is able to recoup an additional amount from the Trustee on account of the service provider's GST liability will depend on the terms of the contract with that service provider.

Under the Series Supplement, the Trustee (in its corporate capacity), the Manager, the Servicer and the Seller are each expressly precluded from claiming in addition to its respective fee and from the Assets of the Series Trust a reimbursement for, or additional payment in relation to, any GST liability it may have in relation to a taxable supply it makes under or in connection with the Series Trust. The fee payable to the Trustee (in its corporate capacity) may only be adjusted on account of GST where:

- (a) there is a significant change in the goods and services tax legislation (including a change in the rate of GST or the abolition of GST);
- (b) the Trustee and the Manager agree or, failing agreement, an appropriate adjustment is determined by an expert; and
- (c) the Manager has issued a Rating Affirmation Notice in relation to any proposed increase.

Similarly, the Manager may adjust the Management Fee, the Manager and the Servicer may agree to adjust the Servicing Fee, and the Manager and the Custodian may agree to adjust the Custodian Fee provided that the Manager has issued a Rating Affirmation Notice in relation to any proposed increase.

If amounts payable by the Trustee are treated as the consideration for a taxable supply under the GST Law and they are increased on account of GST (noting that the Trustee's ability to claim input tax credits on an acquisition is not pre-conditioned on there being a contractual amount on account of GST payable to a supplier), the Trustee may be restricted in its ability to claim an input tax credit in respect of the GST

component. In these circumstances, the expenses of the Series Trust would increase, resulting in a decrease in the funds available to the Trustee to pay Noteholders.

However, input tax credits may be available in the following circumstances:

- (a) A "reduced input tax credit" may be claimed for "reduced credit acquisitions" that relate to the making of financial supplies by the Series Trust. Where available, the amount of the reduced input tax credit is currently either 55% or 75% of the GST payable by the service provider on the taxable supplies made to the Trustee;
- (b) Input tax credits will be available if the Trustee does not breach the "financial acquisitions threshold" (FAT). In this regard, it is expected that the Trustee will breach the FAT and as such, that input tax credits will not be available in this regard; and
- (c) Input tax credits are available for acquisitions relating to a financial supply that consists of a borrowing provided the borrowing relates to supplies that are not input taxed.

14.1.9 Stamp Duty

The Manager has received advice that neither the issue, the transfer nor the redemption of the Offered Notes will currently attract stamp duty in any jurisdiction of Australia.

Assignments of and extinguishments in respect of the Housing Loan Rights (as set out in Section 12.2) will not give rise to ad valorem stamp duty liabilities.

14.1.10 Tax Reform Proposals

The Australian Federal Government is undertaking a program of reform of business taxation.

In addition to many measures that have been enacted, there remain some outstanding areas where the Federal Government has indicated that changes are being considered or may be introduced, discussed further below.

Taxation of Trusts

The former Australian Government announced proposed changes to update the law regarding the taxation of trusts generally. Depending on the final form of any legislation, it is possible that the law could be amended in a way that could cause the Series Trust to become subject to a liability in respect of taxes (including under the Bank of Queensland consolidated tax group's tax sharing deed or tax funding agreement) in certain circumstances, however there has been no express statement that such an outcome is intended. In addition, the proposed changes have not progressed beyond consultation and could potentially be withdrawn.

14.2 Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final

regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

15. Transaction Documents available for inspection

The following documents will be available for inspection by Noteholders and bona fide prospective Noteholders during business hours at the office of the Trustee. However, any person wishing to inspect these documents must first enter into an agreement with the Trustee, in a form acceptable to it, not to disclose the contents of these documents without its prior written consent:

Master Trust Deed	A Master Trust Deed dated 10 February 1998 between B.Q.L. Management Pty Ltd and Perpetual Trustee Company Limited.
First Deed of Amendment	A First Deed of Amendment to the Master Trust Deed dated 1 April 1999 between Perpetual Trustee Company Limited and B.Q.L. Management Pty Ltd.
Second Deed of Amendment	A Second Deed of Amendment to the Master Trust Deed dated 23 January 2003 between Perpetual Trustee Company Limited and B.Q.L. Management Pty Limited.
Third Deed of Amendment	A Third Deed of Amendment to the Master Trust Deed dated 9 October 2003 between Perpetual Trustee Company Limited and B.Q.L. Management Pty Ltd.
Fourth Deed of Amendment	A Fourth Deed of Amendment to the Master Trust Deed dated 25 May 2006 between Perpetual Trustee Company Limited and B.Q.L. Management Pty Ltd.
Fifth Deed of Amendment	A Fifth Deed of Amendment to the Master Trust Deed dated 31 August 2006 between Perpetual Trustee Company Limited and B.Q.L. Management Pty Ltd.
Trust Creation Deed	A Trust Creation Deed in relation to the Series Trust and the BQL Trust dated 16 May 2018 between Perpetual Trustee Company Limited and B.Q.L Management Pty Ltd.
Series Supplement	A Series 2018-1 REDS Trust Series Supplement dated 28 May 2018 between Bank of Queensland Limited, B.Q.L. Management Pty Ltd and Perpetual Trustee Company Limited (as trustee of the Series Trust and the BQL Trust).
Security Trust Deed	A Security Trust Deed dated 16 May 2018 between Perpetual Trustee Company Limited (as trustee of the Series Trust), P.T. Limited (as trustee of the Security Trust) and B.Q.L. Management Pty Ltd.
Redraw Facility Agreement	A Redraw Facility Agreement dated 23 May 2018 between Bank of Queensland Limited, Perpetual Trustee Company Limited (as trustee of the Series Trust) and B.Q.L. Management Pty Ltd.
Hedge Agreement	An ISDA Master Agreement dated 28 May 2018 between Bank of Queensland Limited, Perpetual Trustee Company Limited (as trustee of the Series Trust), B.Q.L. Management Pty Ltd and National Australia Bank Limited, as amended by deed of amendment dated 31 May 2018.

16. Glossary of Terms

Accrued Interest Adjustment	In relation to a Housing Loan assigned to the Trustee (in its capacity as trustee of the Series Trust), means the accrued interest from (and including) the previous due date for the payment of interest under the Housing Loan up to (but excluding) the Closing Date. There is no Accrued Interest Adjustment in relation to Housing Loans transferred to the Trustee under a Transfer Proposal pursuant to the terms of the Master Trust Deed but there will be an Accrued Interest Adjustment in respect of the Housing Loans assigned directly from the Seller to the Trustee.
Acquiring Trust	This is described in Section 12.1.3.
ADI	An authorised deposit-taking institution as defined in section 5 of the Banking Act 1959 (Cth).
Adjustment Advance	In relation to the Housing Loans means an amount, as determined by the Manager, not exceeding an amount equal to the accrued and unpaid interest in respect of the Housing Loans less any accrued and unpaid costs and expenses in respect of the Housing Loans during the period up to (but not including) the Closing Date.
Adjusted Investor Revenues	This is described in Section 9.4.2.
Adjusted Principal Collections	This is described in Section 9.5.1.
Adverse Effect	An event which materially and adversely affects the amount of any payment to be made to any Investor (to the extent that it affects any Investor other than the Seller or any related body corporate of the Seller) or materially and adversely affects the timing of such payment.
Anniversary Date	In relation to a Housing Loan, means the date on which interest is debited to the corresponding Mortgagor's Housing Loan account by the Servicer pursuant to the relevant loan agreement.
APRA	Australian Prudential Regulation Authority.
Arranger	National Australia Bank Limited ABN 12 004 044 937.
ASIC	Australian Securities and Investments Commission.
Assets of the Series Trust	All assets and property, real and personal (including choses in action and other rights), tangible and intangible, present or future, held by the Trustee as trustee of the Series Trust from time to time.
Assigned Assets	<p>In relation to a Transfer Proposal and a Disposing Trust, the Trustee's entire right, title and interest (including the beneficial interest of each Unitholder in relation to the Disposing Trust) as trustee of the Disposing Trust in:</p> <ul style="list-style-type: none">(a) the Assets of the Disposing Trust insofar as they relate to the Housing Loans referred to in that Transfer Proposal; and(b) unless otherwise specified in that Transfer Proposal, the benefit of all representations and warranties given to the

Trustee by the Seller of the Housing Loans referred to in that Transfer Proposal, the Servicer or any other person in relation to those Assets.

Assignment Date

This is described in Section 2.6.

Auditor

This is described in Section 12.2.7.

Austraclear

Austraclear Limited ABN 94 002 060 773.

Authorised Investments

Short

Term

In relation to the Series Trust means:

- (a) bonds, debentures, stock or treasury bills issued by or notes or other securities issued by the Commonwealth of Australia or the government of any State or Territory of the Commonwealth of Australia;
- (b) bills of exchange, which at the time of acquisition have a maturity date of not more than 200 days accepted, drawn on or endorsed (with recourse) by an ADI;
- (c) deposits with, or the acquisition of certificates of deposit issued by, an ADI; or
- (d) debentures or stock of any public statutory body constituted under the laws of the Commonwealth of Australia or any State or Territory of the Commonwealth where the repayment of the principal secured and the interest payable on that principal is guaranteed by the Commonwealth or the State or Territory,

in each case, held in the name of the Trustee or its nominees and denominated in Australian Dollars and an Authorised Short-Term Investment must not be a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 dated January 2018 and issued by the Australian Prudential Regulation Authority or any replacement or amended version of that standard).

Bank Bill Rate

Means:

- (a) unless paragraph (b) applies, in relation to a date and a specified term, the rate for prime bank eligible securities having a tenor of that specified term, which is designated as the “AVG MID” as displayed on the Reuters Screen BBSW Page (or any successor page) at or about 10.15 a.m., Sydney time, on that date. If such rate does not appear on the Reuters Screen BBSW Page (or any successor page) by 10:30 a.m., Sydney time, on that date, then the BBSW for that specified term will be the rate determined by the Manager having regard to comparable indices then available; or
- (b) in relation to an interest period under the Redraw Facility Agreement, the rate for prime bank eligible securities having a tenor of one month, which is designated as the “AVG MID” as displayed on the Reuters Screen BBSW Page (or any successor page) at or about 10.15 a.m., Sydney time, on the first occurring Distribution Date

during that interest period. If such rate does not appear on the Reuters Screen BBSW Page (or any successor page) by 10:30 a.m., Sydney time, on that date, then the BBSW for that specified term will be the rate determined by the Redraw Facility Provider having regard to comparable indices then available.

Bank of Queensland	Bank of Queensland Limited ABN 32 009 656 740.
Basis Swap	This is described in Section 11.1.2.
BQL Collateral Securities	This is described in Section 12.1.2.
BQL Trust	This is described in Section 12.1.2.
Business Day	A day on which banks are open for business in Sydney, Brisbane and Melbourne but does not include a Saturday, Sunday or a public holiday in Sydney, Brisbane or Melbourne.
CRS	This is described in Section 8.5.
Calculation Period	Calculation Period as defined in the 2006 ISDA Definitions (published by the International Swaps and Derivatives Association, Inc).
Call Date	Means the first date on which the aggregate principal amount outstanding on the Housing Loans, when expressed as a percentage of the aggregate principal amount outstanding on the Housing Loans as at the Closing Date, is below 10%, as determined by the Manager.
Call Option	The right of the Trustee to redeem all the Notes as described in Section 4.3.4.
Capital Units	This is described in Section 12.1.1.
Capital Unitholder	The holder of a Capital Unit.
Charge-Offs	These are described in Section 9.6.
Class A1 Charge-Off	A Charge-Off against the Class A1 Notes.
Class A1 Note	These are described in Sections 2, 3 and 4.
Class A1 Noteholder	The registered holder of a Class A1 Note, including persons jointly registered.
Class A1 Notes Joint Lead Managers	National Australia Bank Limited ABN 12 004 044 937, Commonwealth Bank of Australia ABN 48 123 123 124, SMBC Nikko Capital Markets Limited ABN 13 155 365 567 and Westpac Banking Corporation ABN 33 007 457 141.
Class A1 Scheduled Maturity Date	The Distribution Date occurring in June 2023 or any Distribution Date thereafter, as determined by the Manager and notified to the Trustee.
Class A1 Subordination Percentage	Means, on any date, the proportion of the aggregate Stated Amount of the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes as at that date to the aggregate Invested Amount of the Notes as at

	that date, expressed as a percentage.
Class A1-R Charge-Off	A Charge-Off against the Class A1-R Notes.
Class A1-R Note Proceeds	Means the proceeds received by the Trustee for the issuance by it of the Class A1-R Notes.
Class A1-R Notes	These are described in Sections 2, 3 and 4.
Class A1-R Noteholder	The registered holder of a Class A1-R Note, including persons jointly registered.
Class A1-R Subordination Percentage	Means, on any date, the proportion of the aggregate Stated Amount of the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes as at that date to the aggregate Invested Amount of the Notes as at that date, expressed as a percentage.
Class A2 Charge-Off	A Charge-Off against the Class A2 Notes.
Class A2 Notes	These are described in Sections 2, 3 and 4.
Class A2 Noteholder	The registered holder of a Class A2 Note, including persons jointly registered.
Class AB Charge-Off	A Charge-Off against the Class AB Notes.
Class AB Notes	These are described in Sections 2, 3 and 4.
Class AB Noteholder	The registered holder of a Class AB Note, including persons jointly registered.
Class B Charge-Off	A Charge-Off against the Class B Notes.
Class B Notes	These are described in Sections 2, 3 and 4.
Class B Noteholder	The registered holder of a Class B Note, including persons jointly registered.
Class C Charge-Off	A Charge-Off against the Class C Notes.
Class C Notes	These are described in Sections 2, 3 and 4.
Class C Noteholder	The registered holder of a Class C Note, including persons jointly registered.
Class D Charge-Off	A Charge-Off against the Class D Notes.
Class D Notes	These are described in Sections 2, 3 and 4.
Class D Noteholder	The registered holder of a Class D Note, including persons jointly registered.
Class E Charge-Off	A Charge-Off against the Class E Notes.
Class E Notes	These are described in Sections 2, 3 and 4.
Class E Noteholder	The registered holder of a Class E Note, including persons jointly registered.

Class of Subordinated Notes	At any time, each class of Notes which ranks below the Highest Class of Notes Outstanding.
Clean-Up and Extinguishment	This is described in Section 12.2.9.
Clean-Up Settlement Date	This is described in Section 12.2.9.
Clean-Up Settlement Price	The amount determined by the Manager to be aggregate of the Fair Market Value of each Housing Loan as at the last day of the Monthly Period ending before the date on which the Clean-Up Settlement Price is to be paid.
Closing Date	This is described in Section 2.4.
Collections	This is described in Section 9.3.1.
Collections Account	This is described in Section 2.8.
Consumer Credit Code	The Consumer Credit Code set out in the Appendix to the Consumer Credit (Queensland) Act 1994 (as amended) or any equivalent legislation of any Australian jurisdiction.
Conversion	This is described in Section 11.1.7.
Corporations Act	The Corporations Act 2001 (Cth).
Coupon	This is described in Section 4.2.
Coupon Period	This is described in Section 4.2.2.
Coupon Rate	This is described in Section 4.2.3.
Current Balance	The principal amount outstanding on a Housing Loan at a particular time.
Custodial Delegate	A person notified to the Trustee by the Manager as custodial delegate of the Seller, in respect of whom the Manager has issued a Rating Affirmation Notice in relation to that person being the Custodial Delegate.
Custodian	The Seller if appointed as custodian of the Housing Loan Documents under the Series Supplement including any Custodial Delegate of the Seller.
Custodian Fee	This is described in Section 13.3.
Cut-Off Date	In relation to: <ul style="list-style-type: none"> (a) the Series Trust, this is described in Section 2.4; and (b) a Transfer Proposal, the date specified as such in that Transfer Proposal.
Defaulted Amount	In relation to a Monthly Period means the aggregate principal amount of any Housing Loans which have been written off by the Servicer as uncollectible during that Monthly Period in accordance with the Servicing Standards.
Defaulted Amount Insufficiency	This has the meaning given to it in Section 9.6.2.

Determination Date	This is described in Section 2.4.
Disposing Trust	This is described in Section 12.1.3.
Distribution Date	The 16th day of each calendar month (or if such day is not a Business Day, the next Business Day). The first Distribution Date will be 16 July 2018 (or if such day is not a Business Day, the next Business Day).
Document Transfer Event	This is described in Section 13.2.
Eligibility Criteria	These are described in Section 8.3.
Eligible Depository	<p>This means:</p> <ul style="list-style-type: none"> (a) for the purposes of determining the entity with which the Liquidity Reserve Account or the Collections Account may be established, a financial institution which has a short-term credit rating equal to or higher than A-1 by S&P and a long term credit rating equal to or higher than A by S&P and a short-term credit rating equal to or higher than F1 by Fitch or a long term credit rating equal to or higher than A by Fitch and includes the Servicer to the extent that it is rated in this manner; (b) for the purposes of determining the entity with which a Servicer Collateral Account may be established, a financial institution which has a short-term credit rating equal to or higher than A-2 by S&P and a long term credit rating equal to or higher than BBB by S&P and a short-term credit rating equal to or higher than F1 by Fitch or a long term credit rating equal to or higher than A by Fitch and includes the Servicer to the extent that it is rated in this manner; and (c) otherwise, a financial institution which has a short-term credit rating of at least A-1 by S&P and a long term credit rating equal to or higher than A by S&P and a short-term credit rating equal to or higher than F1 by Fitch or a long term credit rating equal to or higher than A by Fitch.
Event of Default	This is described in Section 11.4.2.
Excess Investor Revenues	This is described in Section 2.8.
Excess Spread Reserve	This is described in Sections 2.8 and 9.5.
Excess Spread Reserve Balance	This is described in Section 9.5.11.
Excess Spread Reserve Liquidity Draw	This is described in Section 9.4.2.
Extraordinary Expenses	In relation to a Monthly Period means any out of pocket expenses incurred by the Trustee in respect of that Monthly Period which are not incurred in the ordinary course of business of the Series Trust.
Extraordinary Resolution	In relation to a meeting of all the Voting Secured Creditors under and for the purposes of the Security Trust Deed:

- (a) a resolution which is passed at a meeting of Voting Secured Creditors duly convened and held in accordance with the provisions of the Security Trust Deed (including the Annexure) by a majority consisting of not less than 75% of the votes of the persons present and voting at the meeting who are Voting Secured Creditors or representing Voting Secured Creditors or if a poll is demanded then by Voting Secured Creditors comprising in aggregate a number of votes which is not less than 75% of the aggregate number of votes comprised in the Voting Entitlements held or represented by all persons present at the meeting voting on such poll; or
- (b) a resolution in writing by all Voting Secured Creditors.

Fair Market Value

In respect of a Housing Loan, means the fair market price for the purchase of that Housing Loan agreed between the Trustee (acting on expert advice if necessary) and the Seller (or, in the absence of agreement, determined by the Seller's external auditors) and which price reflects the performance status, underlying nature and franchise value of the Housing Loan. If the offered price is at least equal to the principal amount outstanding plus accrued interest for a Housing Loan, the Trustee is entitled to assume that this price is the Fair Market Value.

Finance Charges

These are described in Section 9.3.2.

Fitch

Fitch Australia Pty Ltd ABN 93 081 339 184.

Fitch Highly Rated Thresholds

Will apply with respect to the Standby Swap Provider:

- (a) unless (and until) the Standby Swap Provider notifies the Trustee and the Manager (with a copy to Fitch) that the Fitch Highly Rated Thresholds are not to apply; and
- (b) if, subsequent to the Fitch Highly Rated Thresholds ceasing to apply upon the Standby Swap Provider giving a notice under (a) above, the Standby Swap Provider has a rating of at least the Minimum Fitch Highly Rated Counterparty Rating, from the date on which the Standby Swap Provider notifies Party B and the Manager (with a copy to Fitch) that the Fitch Highly Rated Thresholds are to apply.

Fixed Rate Finance Charges

These are described in Section 11.1.3.

Fixed Rate Swap

This is described in Section 11.1.3.

Further Advance

This is described in Section 12.2.7.

Gross Liquidity Shortfall

This is described in Section 9.4.2.

GE Policies

These are described in Section 10.1.

GEMI

GE Mortgage Insurance Pty Ltd ABN 61 071 466 334.

GEMICO

GE Capital Mortgage Insurance Corporation (Australia) Pty Ltd ABN 52 081 488 440.

Genworth	Genworth Financial Mortgage Insurance Pty Limited ABN 60 106 974 305 (formerly GEMI and GEMICO).
Genworth/Seller Master Policy	This is described in Section 10.1.
GST Act	The A New Tax System (Goods and Services Tax) Act 1999 (Cth).
GST Legislation	The "GST law" as defined in the GST Act.
Hedge Agreement	This is described in Section 15, and includes any ISDA Master Agreement to which the Trustee and the Manager are a party where such agreement is in substitution (in whole or in part) for the Hedge Agreement described in Section 15.
Hedge Provider	Any entity described in Section 11.1.1 as a Hedge Provider and includes any other party to a Hedge Agreement other than the Trustee and the Manager.
Hedge Provider Default Event	Means: <ul style="list-style-type: none"> (a) an Event of Default where the Hedge Provider is the Defaulting Party (as those terms are defined in the relevant Hedge Agreement); or (b) a Termination Event where the Hedge Provider is the sole Affected Party other than a Termination Event following an Illegality or a Tax Event (as those terms are defined in the relevant Hedge Agreement).
Highest Class of Notes Outstanding	At any time, the class of Notes then outstanding ranking in priority to all other classes of Notes as determined by reference to the order of priority of payments on enforcement under Section 11.4.4.
Housing Loan Documents	These are described in Section 12.1.1.
Housing Loan Rights	These are described in Section 12.1.1.
Housing Loan Pool	The pool of Housing Loans to be assigned to the Trustee with effect from the Cut-Off Date. This is described in Section 8.2.
Housing Loan System	This is the electronic and manual reporting database and record keeping system used by the Servicer to monitor Housing Loans, as updated from time to time.
Housing Loans	The housing loans forming part of the Housing Loan Pool assigned, or to be assigned, to the Trustee.
Income Reserve Balance	This is described in Section 9.5.10.
Income Reserve Draw	This is described in Section 9.4.1.
Income Reserve Target Balance	This is described in Section 9.5.10.
Income Reserve Target Shortfall	This is described in Section 9.5.10.
Income Unit	This is described in Section 12.1.1.
Income Unitholder	The holder of the Income Unit.

Initial Class A1 Subordination Percentage	The Class A1 Subordination Percentage on the Closing Date.
Initial Fitch Rating Event	Means, if any Notes outstanding are then rated by Fitch, the current rating of Bank of Queensland or the Standby Swap Provider, as applicable (or, if applicable, the highest rating of Bank of Queensland or the Standby Swap Provider, as applicable, and any guarantor or co-obligor of Bank of Queensland or the Standby Swap Provider, as applicable) is not at least equal to the Minimum Fitch Uncollateralised Counterparty Rating.
Initial S&P Required Rating	An entity will have the Initial S&P Required Rating if (i) the short-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as A-1 (or its equivalent) by S&P and the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as A (or its equivalent) by S&P; or (ii) the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as A (or its equivalent) by S&P.
Initial Invested Amount	<p>In relation to:</p> <ul style="list-style-type: none"> (a) a Note means \$1,000; and (b) a Class of Notes or Sub-Class of Notes means the aggregate initial principal amount of all Notes in that Class of Notes or Sub-Class of Notes (as the case may be) upon the issue of those Notes.
Initial Principal Distributions	This is described in Section 9.5.2.
Insolvency Event	<p>In relation to a body corporate (other than the Trustee), the happening of any of the following:</p> <ul style="list-style-type: none"> (a) a winding up order is made in respect of the body corporate; (b) a liquidator, provisional liquidator, controller (as defined in the Corporations Act) or administrator is appointed in respect of the body corporate or a substantial portion of its assets; (c) except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation by the Security Trustee, reasonably approved by the Manager), the body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors; (d) the body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of the Security Trustee) by the Manager or is otherwise wound up or dissolved; (e) the body corporate is or states that it is insolvent;

- (f) as a result of the operation of Section 459F(1) of the Corporations Act, the body corporate is taken to have failed to comply with a statutory demand;
- (g) the body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (h) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 21 days; or
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

In relation to the Trustee, means each of the following events:

- (a) an application is made to a court (which application is not dismissed or stayed on appeal within 30 days or which is not a frivolous or vexatious application or which application has not been dismissed or is not being contested or disputed in good faith) for an order or an order is made that the Trustee be wound up or dissolved;
- (b) an application is made to a court for an order appointing a liquidator, provisional liquidator, a receiver or receiver and manager in respect of the Trustee (which application is not dismissed or stayed on appeal within 30 days or which is not a frivolous or vexatious application or which application has not been dismissed or is not being contested or disputed in good faith), or one of them is appointed, whether or not under an order;
- (c) except on terms approved by the Security Trustee, the Trustee enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (d) the Trustee resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate while solvent on terms approved by the Security Trustee or is otherwise wound up or dissolved;
- (e) the Trustee is or states that it is unable to pay its debts when they fall due;
- (f) as a result of the operation of Section 459F(1) of the Corporations Act, the Trustee is taken to have failed to comply with a statutory demand (other than where a demand is frivolous or vexatious or has not been dismissed or is being contested or disputed in good faith);
- (g) the Trustee is or makes a statement from which it may be

reasonably deduced by the Security Trustee that the Trustee is, the subject of an event described in Section 459C(2)(b) or Section 585 of the Corporations Act;

- (h) the Trustee takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to the Trustee or the board of directors of the Trustee propose to appoint an administrator to the Trustee or the Trustee becomes aware that a person who is entitled to enforce a Security on the whole or substantially the whole of the Trustee's property proposes to appoint an administrator to the Trustee; and
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

Interest Off-Set Account	A deposit account maintained by a mortgagor with the Seller under which interest that would otherwise be earned in respect of the account is off-set (to the extent thereof) against interest that would otherwise be payable on a Housing Loan.
Invested Amount	In relation to a Note, means the initial face value of that Note less the aggregate amounts of payments previously made on account of principal in relation to that Note.
Investor Revenues	This has the meaning given to it in Section 9.4.1.
Investors	The Noteholders and Unitholders of the Series Trust or, where relevant, the noteholders and beneficiaries of the other trusts constituted under the Master Trust Deed.
Lead Manager	National Australia Bank Limited ABN 12 004 044 937 in its capacity as sole lead manager in respect of the Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes, Class D and Class E Notes.
Linked Account	Any Interest Off-Set Account or any other deposit account with the Seller, the establishment of which was a condition precedent to the provision by the Seller of a Housing Loan.
Liquidity Reserve Account	This is described in Section 11.2.
Liquidity Reserve Balance	This is described in Section 11.2.3.
Liquidity Reserve Balance Excess	This is described in Section 11.2.6.
Liquidity Reserve Draw	This is described in Section 11.2.4.
Liquidity Reserve Balance Target	This is described in Section 11.2.2.
Liquidity Reserve Target Shortfall	This is described in Section 11.2.5.
LVR	In relation to a Housing Loan and the land the subject of the mortgage securing that Housing Loan, the loan-to-value ratio of that Housing Loan, being at any given time a percentage (rounded

to two decimal places) calculated as follows:

$$\frac{L}{V}$$

where:

L = the amount of the Housing Loan then outstanding or if the Housing Loan has not been made at that time, the amount of the then proposed Housing Loan; and

V = the aggregate value of the land subject to the mortgage then recorded in the Seller's records, in accordance with the Servicing Standards, as securing the Housing Loan or where the making of the Housing Loan predates the Servicing Standards, the aggregate value of the land subject to the mortgage then appearing in the Seller's records as securing the Housing Loan.

Management Fee	This is described in Section 12.4.5.
Manager	The initial Manager of the Series Trust is B.Q.L. Management Pty Ltd ABN 87 081 052 342. If B.Q.L. Management Pty Ltd is removed or retires as Manager, this expression includes any substitute Manager appointed in its place and the Trustee whilst it is acting as Manager.
Manager Default	This is described in Section 12.4.6.
Margin	The applicable margins over the Bank Bill Rate determined for each Class of Notes as described in Section 4.2.3.
Maximum Class A1-R Note Margin	If the Class A1 Notes are not redeemed in full on the Class A1 Scheduled Maturity Date, the Margin applicable to the Class A1 Notes after the Distribution Date occurring in June 2023.
Master Trust Deed	The Master Trust Deed described in Section 15.
Maturity Date	The Distribution Date occurring in July 2049.
Minimum Fitch Collateralised Counterparty Rating	Means, at any time, the minimum current rating of a counterparty that will not, provided that collateral is being provided in accordance with the relevant credit support annex to the Hedge Agreement, cause a downgrade, withdrawal or qualification of the current rating of the Notes as determined in accordance with the relevant provisions of the Hedge Agreement.
Minimum Fitch Highly Rated Counterparty Rating	Means, at any time, a long-term issuer default rating from Fitch of 'AA-' or a short-term issuer default rating from Fitch of 'F1+' (or such other minimum rating specified under the relevant Fitch criteria for the specific considerations for highly rated banks to apply).
Minimum Fitch Uncollateralised Counterparty Rating	Means, at any time, the minimum current rating of a counterparty that will not, without any collateral having to be currently provided in accordance with the relevant credit support annex to the Hedge Agreement, cause a downgrade, withdrawal or qualification of the current rating of the Notes as determined in accordance with the relevant provisions of the Hedge Agreement.

Monthly Period	A period of approximately one calendar month. The first Monthly Period commences on (and includes) the Cut-Off Date and ends on (and includes) the 2nd day of the calendar month after the calendar month in which the Cut-Off Date occurs. Each subsequent Monthly Period commences on (and includes) the day after the previous Monthly Period and ends on (and includes) the 2nd day of the calendar month after the calendar month in which the previous Monthly Period ended. The final Monthly Period is the Monthly Period ending immediately before the Termination Payment Date.
Mortgage Insurance Policies	These are described in Section 10.
Mortgage Insurer	Genworth or QBE.
Mortgagor Break Benefits	Any benefits payable to a mortgagor under the terms of a Housing Loan or as required by law upon the early termination of a given fixed interest rate relating to all or part of that Housing Loan prior to the scheduled termination of that fixed interest rate.
Mortgagor Break Costs	Any costs payable by a mortgagor solely in respect of the early termination of a given fixed interest rate relating to all or part of a Housing Loan prior to the scheduled termination of that fixed interest rate including any proceeds from the enforcement of a mortgage or from the Mortgage Insurance Policy relating to that Housing Loan which represent Mortgagor Break Costs to the extent that such proceeds exceed the cost of enforcement and the interest and principal amount outstanding on the Housing Loan.
National Consumer Credit Legislation	Each of: <ul style="list-style-type: none"> (a) the National Consumer Credit Protection Act 2009 (Cth) (NCCP Act); (b) the National Consumer Credit Protection (Fees) Act 2009 (Cth); (c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth); (d) any other "credit legislation" (as defined in the NCCP Act); and (e) any regulations made under any of the legislation referred to in paragraphs (a) to (d) above.
Net Collections	This is described in Section 9.5.1.
Net Liquidity Shortfall	This is described in Section 9.4.3.
Non-PPSA Secured Property	All Secured Property other than any PPSA Secured Property.
Note	These are described in Sections 2, 3 and 4.
Note Certificate	This is described in Section 4.7.
Noteholder	Means the holder of any Note.

Note Factor		At any time and in relation to any class of Notes, the Stated Amount of that Class of Notes on the last day of the just ended Monthly Period expressed as a percentage of the Stated Amount of that class of Notes at the Closing Date.
Note Transfer		A transfer and acceptance form for the transfer of a Note in an approved form.
Off-Set Amount		In relation to a Monthly Period, equals any amount at least equal to the amount which would otherwise have been received by the Trustee as a collection on a Housing Loan to the extent that the obligation to pay such amount was discharged or reduced pursuant to the terms of an Interest Off-Set Account.
Offered Notes		These are described in Section 2.4.
Offshore Associate		Means an associate (as defined in section 128F(9) of the Tax Act) of an entity that is either: <ul style="list-style-type: none"> (a) a non-resident of Australia that does not acquire a Note or an interest in a Note in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or (b) a resident of Australia that acquires a Note or an interest in a Note in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.
Other Loans		All loans, credit and financial accommodation (other than a Housing Loan) secured by a mortgage or other collateral security which also secures a Housing Loan.
Outstanding Amount	Prepayment	The amount standing to the credit of the Collections Account which represents prepayments of Collections by the Servicer.
Penalty Payments		Any: <ul style="list-style-type: none"> (a) civil or criminal penalty incurred by the Trustee under the Consumer Credit Code, National Consumer Credit Legislation, section 11B of the Land Title Act 1994 (QLD) or section 56C or 117 of the Real Property Act 1900 (NSW); (b) money ordered to be paid by the Trustee in relation to any claim against the Trustee under the Consumer Credit Code, National Consumer Credit Legislation, section 11B of the Land Title Act 1994 (QLD) or section 56C or 117 of the Real Property Act 1900 (NSW); or (c) payment by the Trustee, with the consent of the Servicer, in settlement of a liability or alleged liability under the Consumer Credit Code, National Consumer Credit Legislation, section 11B of the Land Title Act 1994 (QLD) or section 56C or 117 of the Real Property Act 1900 (NSW), <p>in each case in respect of an Asset of the Series Trust and includes any legal costs and expenses incurred by the Trustee or which the</p>

	Trustee is ordered to pay (in each case charged at the usual commercial rates of the relevant legal services provider) in connection with (a) to (c) above.
Perfection of Title Event	This is described in Section 12.2.11.
Performing Loans	At any time a Housing Loan which has no Arrears Days or has less than 90 Arrears Days, or if it has Arrears Days of 90 or more days, was mortgage insured under a Mortgage Insurance Policy at the Closing Date (Arrears Days being determined in accordance with the Series Supplement).
PPS Register	This is described in Section 6.27.
PPSA	Personal Property Securities Act 2009 (Cth).
PPSA Secured Property	All the Secured Property which is "personal property" for the purposes of the PPSA and not subject to any exclusion from the application of the PPSA (including pursuant to section 8 of the PPSA).
Prescribed Period	Means for any Housing Loan acquired directly from Bank of Queensland, a period of 120 days (including the last day of the period) commencing on the date on which that Housing Loan was acquired by the Trustee.
Prescribed Ratings	Means the S&P Prescribed Ratings and the Minimum Fitch Uncollateralised Counterparty Rating. A reference to the credit ratings includes, in relation to the Standby Swap Provider prior to the Novation Date, a joint rating in relation to the Standby Swap Provider and Bank of Queensland.
Pricing Date	This is described in Section 2.4.
Principal Collections	This is described in Section 9.5.1.
Principal Draw	This is described in Section 9.4.3.
Privacy Act	The Privacy Act 1988 (Cth).
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU) and includes any relevant implementing measure in the relevant Member State of the European Economic Area.
QBE	QBE Lenders' Mortgage Insurance Limited (formerly known as PMI Mortgage Insurance Limited) ABN 70 000 511 071.
Rated Notes	These are described in Section 2.4.
Rating Affirmation Notice	In relation to an event or circumstances means a written notice from the Manager to the Trustee (and copied to each Rating Agency) confirming that it has notified the Rating Agencies of the event or circumstances and that the Manager is satisfied, following discussions with the Rating Agencies, that the particular event or circumstances will not result in a reduction, qualification or withdrawal of the ratings then assigned by that Rating Agency to the Rated Notes.
Rating Agencies	S&P and Fitch.

Record Date	This is described in Section 2.4.
Recoveries	Amounts recovered in respect of the principal of a Housing Loan that was part (or the whole) of a Defaulted Amount.
Redraw	A Further Advance made by the Seller in respect of a Housing Loan which does not result in the Scheduled Balance of that Housing Loan being exceeded by more than 1 scheduled monthly instalment.
Redraw Advance	The principal amount of an advance made to the Trustee by the Redraw Facility Provider in accordance with the terms of the Redraw Facility Agreement.
Redraw Facility	This is described in Section 11.3.
Redraw Facility Agreement	This is described in Section 15.
Redraw Facility Interest	In relation to a Distribution Date, means the aggregate of any fees and/or interest (other than any increased costs and indemnity amounts payable to the Redraw Facility Provider) due on that Distribution Date pursuant to the terms of the Redraw Facility Agreement.
Redraw Facility Limit	This is described in Section 11.3.3.
Redraw Facility Provider	Bank of Queensland.
Redraw Principal	In relation to a Monthly Period and each of the Determination Date and the Distribution Date immediately following the end of that Monthly Period, the amount to be allocated from Total Principal Collections to meet the Redraw Principal Outstanding.
Redraw Principal Outstanding	The aggregate of all advances made under the Redraw Facility less repayments of principal in respect of the Redraw Facility previously made to the Redraw Facility Provider on account of principal.
Redraw Shortfall	This is described in Section 9.5.1.
Register	The register to be kept by the Trustee of the Notes and Units in respect of the Series Trust. The requirements in respect of the Register are described in Section 4.6.
Related Body Corporate	A related body corporate as defined in Section 11 of the Corporations Act.
Related Entity	This has the same meaning given to this term in the Corporations Act.
Relevant Investors	This is described in Section 12.9.1.
Remaining Collections	Principal This is described in Section 9.5.2.
Residential Property	Property that is zoned for residential use by the relevant local council.
Retail Client	This has the same meaning given to the term "retail client" in

section 761G of the Corporations Act.

S&P	Standard & Poor's (Australia) Pty Limited ABN 62 007 324 852.
S&P Prescribed Ratings	Means in relation to an entity (i) the short-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "A-1" (or its equivalent) by S&P and the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "A" (or its equivalent) by S&P; or (ii) the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "A" (or its equivalent) by S&P.
Scheduled Balance	In respect of a Housing Loan, the regularly scheduled loan amortisation balance of that Housing Loan.
Secured Creditors	These are described in Section 11.4.1.
Secured Moneys	The aggregate of all moneys the payment or repayment of which from time to time form part of the obligations and liabilities of the Trustee to the Security Trustee and the Secured Creditors under, arising from or in connection with, the Transaction Documents which are secured under the Security Trust Deed.
Secured Property	All of the present and after acquired property, undertaking and rights of the Series Trust held by the Security Provider from time to time as trustee of the Series Trust, including all Assets of the Series Trust, and the benefit of all covenants, agreements, undertakings, representations, warranties and other choses in action in favour of the Security Provider under the Transaction Documents.
Security Provider	The Trustee in its capacity as trustee of the Series Trust.
Security Trust	The trust created by the Security Trust Deed.
Security Trust Deed	This is described in Section 15.
Security Trustee	P.T. Limited ABN 67 004 454 666 in its capacity as trustee of the Security Trust.
Seller	Bank of Queensland.
Series Supplement	This is described in Section 15.
Series Trust	The trust known as the Series 2018-1 REDS Trust.
Series Trust Expenses	This is described in Section 9.4.6.
Servicer	The initial Servicer is Bank of Queensland. If Bank of Queensland is removed or retires as Servicer, this expression includes any substitute Servicer appointed in its place and the Trustee whilst it is acting as Servicer.
Servicer Collateral Account	This is described in Section 2.8.
Servicer Default	This is described in Section 12.5.4.
Servicer Obligations	These are described in Section 12.5.1.
Servicing Fee	This is described in Section 12.5.3.

Servicing Guidelines	The written guidelines, policies and procedures established by the Seller for servicing Housing Loans, as amended from time to time.
Servicing Standards	The standards and practices set out in the Servicing Guidelines, or where a servicing function is not covered by the Servicing Guidelines, the standards of practice of a prudent lender in the business of making retail home loans.
Settlement Statement	The statement prepared on each Determination Date by the Manager in the form agreed between the Manager and the Trustee.
Standby Swap Provider	National Australia Bank Limited ABN 12 004 044 937.
Stated Amount	<p>At any time which is not on a Determination Date means, the initial face value of a Note or a class of Notes less the sum of:</p> <ul style="list-style-type: none"> (a) the aggregate payments previously made on account of principal to the Noteholder or Noteholders (as the case may be) of that Note or class of Note; and (b) the aggregate amount of unreimbursed Charge-Offs against that Note or class of Note. <p>On a Determination Date means:</p> <ul style="list-style-type: none"> (a) the initial face value of a Note or a class of Notes less the sum of: <ul style="list-style-type: none"> (i) the aggregate payments previously made on account of principal to the Noteholder or Noteholders (as the case may be) of that Note or class of Note; and (ii) the aggregate amount of unreimbursed Charge-Offs against that Note or class of Note; (b) the amount to be allocated from Total Investor Revenues on the next Distribution Date to reimburse any unreimbursed Charge-Offs in respect of that Note or class of Notes; less (c) the amount to be charged-off on that Note or class of Notes on the next Distribution Date.
Support Facility	Any Hedge Agreement, the Redraw Facility and the Standby Guarantee (if any) and any other facility agreed by the Trustee and the Manager to be a Support Facility in respect of the Series Trust.
Subordinated Note Basic Term Modification	<p>Means in relation to a Class of Subordinated Notes, an alteration, addition or amendment to the Security Trust Deed or to the terms and conditions of that class of Notes which has the effect of:</p> <ul style="list-style-type: none"> (a) reducing, cancelling or postponing the date of payment, modifying the method for the calculation or altering the order of priority under the Security Trust Deed of any amount payable in respect of any principal or interest in respect of that Class of Subordinated Notes; (b) altering the currency in which payments under that Class

of Subordinated Notes are to be made;

- (c) altering the majority required to pass an Extraordinary Resolution under the Security Trust Deed; or
- (d) sanctioning any scheme or proposal for the exchange or sale of that Class of Subordinated Notes for or the conversion of that Class of Subordinated Notes into or the cancellation of that Class of Subordinated Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Security Provider or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or in consideration of cash,

provided that the Manager has issued a Rating Affirmation Notice in respect of the alteration, addition or amendment to the Security Trust Deed or to the terms and conditions of that class of Notes.

Subordinated Payment	Termination	Means any termination payment required to be made by the Trustee to a Hedge Provider in connection with the early termination of the related Hedge Agreement following the occurrence of a Hedge Provider Default Event under the Hedge Agreement.
Subordination Conditions		These are described in Section 9.5.5.
Subsequent Fitch Rating Event		Means, if any Notes outstanding are then rated by Fitch, the current rating of Bank of Queensland or the Standby Swap Provider, as applicable, is not at least equal to the Minimum Fitch Collateralised Counterparty Rating.
Subsequent Rating	S&P Required	An entity will have the Subsequent S&P Required Rating (A) for so long as replacement option 1 applies, if the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "BBB+" (or its equivalent) by S&P and (B) for so long as replacement option 2 applies, if the long-term, unsecured and unsubordinated debt obligations of that entity are rated at least as high as "A-" (or its equivalent) by S&P.
Tax Act		The Income Tax Assessment Act 1936 (Cth) (as amended) and the Income Tax Assessment Act 1997 (Cth) (as amended).
Termination Date		This is described in Section 12.6.1.
Termination Payment Date		The Distribution Date declared by the Trustee to be the Termination Payment Date of the Series Trust.
Threshold Mortgage Rate		This is described in Section 2.8.
Total Expenses		These are described in Section 9.4.5.
Total Stated Amount		The aggregate at any given time of the Stated Amounts of the Notes.
Total Investor Revenues		This is described in Section 9.4.5.

Total Principal Collections	These are described in Section 9.5.1.
Transaction Documents	The documents described in Section 15 and any other document agreed by the Manager and the Trustee to be a Transaction Document or specified in the Series Supplement as a Transaction Document.
Transfer Amount	This is described in Section 2.6.
Transfer Date	The day which is 1 Business Day prior to each Distribution Date.
Transfer Proposal	A proposal from the Manager to the Trustee given in accordance with the Master Trust Deed, for the Trustee to transfer Assigned Assets from one series trust under the Master Trust Deed to another series trust under the Master Trust Deed.
Transferee	This is described in Section 12.2.12.
Transfer Offer	This is described in Section 12.2.12.
Transfer Settlement Price	This is described in Section 2.6.
Trustee	The initial Trustee is Perpetual Trustee Company Limited ABN 42 000 001 007 in its capacity as trustee of the Series Trust or, as the context requires, the BQL Trust. If Perpetual Trustee Company Limited is removed or retires as Trustee, the expression includes any substitute trustee appointed in its place.
Trustee Fee	The monthly fee payable to the Trustee for its trustee services. This is described in Section 12.3.6.
Unit	A Capital Unit or the Income Unit in the Series Trust.
Unitholder	A holder of a Unit in the Series Trust.
Unutilised Redraw Facility Amount	Means on any day an amount calculated as follows: $RFL - RA$ where: RFL = the Redraw Facility Limit on that day; and RA = the aggregate of the Redraw Advances outstanding on that day.
Variable Finance Charges	These are described in Section 11.1.2.
Voting Secured Creditors	Means: <p>(a) for so long as the aggregate of the Secured Moneys of the Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider (irrespective of whether it is an Interest Rate Swap Provider at the relevant time) is 75% or more of total Secured Moneys:</p> <p>(i) if any Class A1 Note or Class A1-R Note then remains outstanding:</p>

- (A) the Noteholders in respect of the outstanding Class A1 Notes;
 - (B) the Noteholders in respect of the outstanding Class A1-R Notes; and
 - (C) the Interest Rate Swap Provider and the Standby Swap Provider;
- (ii) if no Class A1 Notes or Class A1-R Notes remain outstanding, the Class A2 Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider;
- (iii) if no Class A1 Notes, Class A1-R Notes or Class A2 Notes remain outstanding, the Class AB Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider;
- (iii) if no Class A1 Notes, Class A1-R Notes, Class A2 Notes or Class AB Notes remain outstanding, the Class B Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider;
- (iv) if no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes or Class B Notes remain outstanding, the Class C Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider; or
- (v) if no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes or Class C Notes remain outstanding, the Class D Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider; or
- (vi) if no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes or Class D Notes remain outstanding, the Class E Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider; or
- (vii) if no Class A1 Notes, Class A1-R Notes, Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes remain outstanding, the Interest Rate Swap Provider and the Standby Swap Provider; or
- (b) for so long as the aggregate of the Secured Moneys of the Noteholders, the Interest Rate Swap Provider and the Standby Swap Provider (irrespective of whether it is an Interest Rate Swap Provider at the relevant time) is less than 75% of total Secured Moneys:
 - (i) each Noteholder; and
 - (ii) each other then Secured Creditor.

Waived Mortgagor Break Costs The Mortgagor Break Costs that the Servicer is or was entitled to

charge in respect of the Housing Loans but has not charged.

1995 QBE Master Policy	This is described in Section 10.1.
1997 QBE Master Policy	This is described in Section 10.1.
1999 Genworth Master Policy	This is described in Section 10.1.
2000 QBE Master Policy	This is described in Section 10.1.
2008 Genworth Master Policy	This is described in Section 10.1.
2007 QBE Master Policy	This is described in Section 10.1.
2010 QBE Master Policy	This is described in Section 10.1.

Annexure 1 - Details Of The Housing Loan Pool

The following tables summarise the Housing Loan Pool as at the Cut-Off Date. Further information regarding the Housing Loans and Bank of Queensland's housing loan business is contained in Section 8.

Pool Summary	
Total Number of Loans	3,824
Total Housing Loan Pool Size	\$ 989,999,835.69
Average Housing Loan Balance	\$ 258,891.17
Maximum Housing Loan Balance	\$ 947,065.53
Total Security Property Value	\$ 2,458,409,005.00
Weighted Average Term to Maturity (yrs)	25
Maximum Term to Maturity (yrs)	30
Weighted Average Seasoning (mths)	28
Weighted Average Approval LVR	66.67%
Maximum Approval LVR	94.97%
Weighted Average Current LVR	60.91%
Maximum Current LVR	91.99%
Fully Verified Loans	100.00%
Weighted Average Mort Rate	4.21%
BQL Variable Rate	4.24%
BQL Fixed Rate	4.02%

Table 1
The Mortgage Pool by Approval LVR

LVR Ranges	Number of Loans		Value of Loans	
	Number	%	A\$	%
0.00% to 5%	11	0.29%	257,304.01	0.02%
5.01% to 10%	59	1.54%	2,919,496.10	0.25%
10.01% to 15%	88	2.30%	6,240,679.62	0.54%
15.01% to 20%	77	2.01%	9,801,699.96	0.84%
20.01% to 25%	97	2.54%	17,373,663.05	1.49%
25.01% to 30%	106	2.77%	23,099,243.27	1.99%
30.01% to 35%	136	3.56%	33,035,452.19	2.84%
35.01% to 40%	166	4.34%	44,137,784.24	3.80%
40.01% to 45%	147	3.84%	41,525,104.74	3.57%
45.01% to 50%	225	5.88%	65,489,581.02	5.63%
50.01% to 55%	171	4.47%	50,216,612.43	4.32%
55.01% to 60%	210	5.49%	70,172,965.04	6.04%
60.01% to 65%	235	6.15%	80,396,193.46	6.92%
65.01% to 70%	287	7.51%	99,572,992.60	8.57%
70.01% to 75%	300	7.85%	98,337,520.85	8.46%
75.01% to 80%	895	23.40%	300,862,158.69	25.88%
80.01% to 85%	211	5.52%	70,905,753.21	6.10%
85.01% to 90%	181	4.73%	67,070,195.62	5.77%
90.01% to 95%	222	5.81%	81,132,215.21	6.98%
95.01% to 100%	0	0.00%	-	0.00%
TOTAL	3,824	100.00%	1,162,546,615.31	100.00%

Table 2
The Mortgage Pool by Current LVR

LVR Ranges	Number of Loans		Value of Loans	
	Number	%	A\$	%
0.00% to 5%	75	1.96%	1,951,100.85	0.20%
5.01% to 10%	118	3.09%	5,402,833.82	0.55%
10.01% to 15%	149	3.90%	12,818,638.29	1.29%
15.01% to 20%	119	3.11%	14,133,824.41	1.43%
20.01% to 25%	129	3.37%	20,255,496.30	2.05%
25.01% to 30%	164	4.29%	32,715,655.62	3.30%
30.01% to 35%	184	4.81%	40,148,535.38	4.06%
35.01% to 40%	168	4.39%	40,443,928.30	4.09%
40.01% to 45%	183	4.79%	44,867,200.70	4.53%
45.01% to 50%	212	5.54%	54,034,501.30	5.46%
50.01% to 55%	202	5.28%	56,976,642.58	5.76%
55.01% to 60%	242	6.33%	71,061,293.91	7.18%
60.01% to 65%	307	8.03%	94,323,140.53	9.53%
65.01% to 70%	321	8.39%	95,384,669.04	9.63%
70.01% to 75%	403	10.54%	123,226,957.37	12.45%
75.01% to 80%	506	13.23%	163,527,646.67	16.52%
80.01% to 85%	137	3.58%	45,577,346.61	4.60%
85.01% to 90%	178	4.65%	62,189,711.34	6.28%
90.01% to 95%	27	0.71%	10,960,712.67	1.11%
95.01% to 100%	0	0.00%	-	0.00%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 3
The Mortgage Pool by Scheduled LVR

LVR Ranges	Number of Loans		Value of Loans	
	Number	%	A\$	%
0.00% to 5%	29	0.76%	792,971.05	0.08%
5.01% to 10%	70	1.83%	2,838,986.50	0.29%
10.01% to 15%	113	2.96%	7,743,860.06	0.78%
15.01% to 20%	96	2.51%	9,769,065.05	0.99%
20.01% to 25%	97	2.54%	14,625,196.41	1.48%
25.01% to 30%	129	3.37%	22,875,745.22	2.31%
30.01% to 35%	178	4.65%	34,201,235.25	3.45%
35.01% to 40%	164	4.29%	38,335,501.98	3.87%
40.01% to 45%	177	4.63%	40,958,833.53	4.14%
45.01% to 50%	212	5.54%	51,468,153.40	5.20%
50.01% to 55%	207	5.41%	53,260,797.67	5.38%
55.01% to 60%	214	5.60%	59,132,521.48	5.97%
60.01% to 65%	307	8.03%	90,735,842.08	9.17%
65.01% to 70%	290	7.58%	84,407,141.21	8.53%
70.01% to 75%	434	11.35%	124,523,044.69	12.58%
75.01% to 80%	725	18.96%	223,853,865.61	22.61%
80.01% to 85%	130	3.40%	40,987,671.73	4.14%
85.01% to 90%	210	5.49%	73,777,775.69	7.45%
90.01% to 95%	42	1.10%	15,711,627.08	1.59%
95.01% to 100%	0	0.00%	-	0.00%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 4
The Mortgage Pool by Current Balances

Current Balance Ranges	Number of Loans		Value of Loans	
	Number	%	A\$	%
less than or equal to \$50,001	349	9.13%	10,967,921.24	1.11%
\$50,001 to \$100,000	386	10.09%	29,113,379.93	2.94%
\$100,001 to \$150,000	359	9.39%	45,752,405.60	4.62%
\$150,001 to \$200,000	433	11.32%	76,315,444.48	7.71%
\$200,001 to \$250,000	476	12.45%	107,875,283.50	10.90%
\$250,001 to \$300,000	444	11.61%	122,231,433.69	12.35%
\$300,001 to \$350,000	372	9.73%	121,060,733.22	12.23%
\$350,001 to \$400,000	314	8.21%	118,069,124.22	11.93%
\$400,001 to \$450,000	225	5.88%	94,933,022.13	9.59%
\$450,001 to \$500,000	154	4.03%	72,819,225.02	7.36%
\$500,001 to \$550,000	103	2.69%	53,763,558.57	5.43%
\$550,001 to \$600,000	76	1.99%	43,460,924.82	4.39%
\$600,001 to \$650,000	40	1.05%	24,846,753.58	2.51%
\$650,001 to \$700,000	34	0.89%	22,959,376.63	2.32%
\$700,001 to \$750,000	29	0.76%	20,992,577.49	2.12%
\$750,001 to \$800,000	11	0.29%	8,515,726.16	0.86%
\$800,001 to \$850,000	10	0.26%	8,289,824.74	0.84%
\$850,001 to \$900,000	7	0.18%	6,159,979.68	0.62%
\$900,001 to \$950,000	2	0.05%	1,873,140.99	0.19%
\$950,001 to \$1,000,000	0	0.00%	-	0.00%
Greater than or equal to \$1,000,001	0	0.00%	-	0.00%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 5
The Mortgage Pool by Seasoning

Seasoning Ranges	Number of Loans		Value of Loans	
	Number	%	A\$	%
less than 3 months	0	0.00%	-	0.00%
>3 months to 6 months	0	0.00%	-	0.00%
>6 months to 9 months	0	0.00%	-	0.00%
>9 months to 12 months	0	0.00%	-	0.00%
>12 months to 15 months	88	2.30%	23,509,121.34	2.37%
>15 months to 18 months	352	9.21%	98,377,836.11	9.94%
>18 months to 21 months	565	14.78%	142,957,649.96	14.44%
>21 months to 24 months	301	7.87%	79,766,848.86	8.06%
>24 months to 30 months	1,044	27.30%	285,486,084.67	28.84%
>30 months to 36 months	768	20.08%	190,474,716.70	19.24%
>36 months to 42 months	469	12.26%	109,250,026.21	11.04%
>42 months to 48 months	151	3.95%	37,259,768.73	3.76%
>48 months to 54 months	41	1.07%	10,450,213.55	1.06%
>54 months to 60 months	45	1.18%	12,467,569.56	1.26%
Greater than 60 months	0	0.00%	-	0.00%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 6
The Mortgage Pool by Original Term

Original Term Ranges	Number of Loans		Value of Loans	
	Number	%	A\$	%
0 - 5 years	17	0.44%	342,070.58	0.03%
>5 to 10 years	159	4.16%	9,931,495.43	1.00%
>10 to 15 years	179	4.68%	26,615,466.71	2.69%
>15 to 20 years	389	10.17%	81,366,493.42	8.22%
>20 to 25 years	588	15.38%	144,842,387.21	14.63%
>25 to 30 years	2,492	65.17%	726,901,922.34	73.42%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 7
The Mortgage Pool by Remaining Term

Remaining Term Ranges	Number of Loans		Value of Loans	
	Number	%	A\$	%
0 - 5 years	48	1.26%	1,535,527.20	0.16%
>5 to 6 years	15	0.39%	645,532.24	0.07%
>6 to 7 years	17	0.44%	1,090,199.81	0.11%
>7 to 8 years	50	1.31%	3,629,953.56	0.37%
>8 to 9 years	52	1.36%	3,760,379.10	0.38%
>9 to 10 years	7	0.18%	801,947.70	0.08%
>10 to 11 years	11	0.29%	1,379,461.05	0.14%
>11 to 12 years	18	0.47%	2,188,490.04	0.22%
>12 to 13 years	81	2.12%	13,001,216.50	1.31%
>13 to 14 years	72	1.88%	12,561,943.17	1.27%
>14 to 15 years	19	0.50%	3,443,359.28	0.35%
>15 to 16 years	22	0.58%	4,495,477.89	0.45%
>16 to 17 years	71	1.86%	12,627,268.71	1.28%
>17 to 18 years	159	4.16%	36,277,693.70	3.66%
>18 to 19 years	147	3.84%	31,517,182.05	3.18%
>19 to 20 years	46	1.20%	10,366,415.90	1.05%
>20 to 21 years	70	1.83%	18,441,892.26	1.86%
>21 to 22 years	108	2.82%	26,184,217.47	2.64%
>22 to 23 years	218	5.70%	55,865,447.74	5.64%
>23 to 24 years	166	4.34%	41,635,086.64	4.21%
>24 to 25 years	63	1.65%	18,052,841.24	1.82%
>25 to 26 years	119	3.11%	35,606,444.77	3.60%
>26 to 27 years	394	10.30%	107,688,753.51	10.88%
>27 to 28 years	1,046	27.35%	304,571,927.06	30.76%
>28 to 29 years	764	19.98%	225,019,905.37	22.73%
>29 to 30 years	41	1.07%	17,611,271.73	1.78%
> 30 years	0	0.00%	-	0.00%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 8
The Mortgage Pool by Occupancy Type

Occupancy Type	Number of Loans		Value of Loans	
	Number	%	A\$	%
Owner Occupied	3,420	89.44%	894,270,465.54	90.33%
Investment	404	10.56%	95,729,370.15	9.67%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 9
The Mortgage Pool by Interest Rate Type

Interest Rate Type	Number of Loans		Value of Loans	
	Number	%	A\$	%
Variable	3,424	89.54%	867,919,307.86	87.67%
Fixed	400	10.46%	122,080,527.83	12.33%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 10
The Mortgage Pool by Fixed Term Remaining

Fixed Term Remaining	Number of Loans		Value of Loans	
	Number	%	A\$	%
Fixed				
less than 1 year	245	6.41%	78,902,664.12	7.97%
>1 year to 2 years	121	3.16%	33,424,200.28	3.38%
>2 years to 3 years	27	0.71%	7,530,988.10	0.76%
>3 years to 4 years	6	0.16%	2,066,816.99	0.21%
>4 years to 5 years	1	0.03%	155,858.34	0.02%
Variable	3,424	89.54%	867,919,307.86	87.67%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 11
The Mortgage Pool by Product Type

Product Type	Number of Loans		Value of Loans	
	Number	%	A\$	%
Variable				
Standard Variable	3,138	82.06%	811,452,200.49	81.96%
Disc Variable - Standard Variable	3	0.08%	1,313,375.93	0.13%
Investment Variable	283	7.40%	55,153,731.44	5.57%
Disc Variable - Investment Variable	0	0.00%	-	0.00%
Fixed				
1 year Fixed	1	0.03%	515,748.80	0.05%
2 year Fixed	10	0.26%	2,149,673.52	0.22%
3 year Fixed	349	9.13%	107,561,126.75	10.86%
4 year Fixed	6	0.16%	2,029,607.74	0.21%
5 year Fixed	34	0.89%	9,824,371.02	0.99%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 12
The Mortgage Pool by Repayment Type

Repayment Type	Number of Loans		Value of Loans	
	Number	%	A\$	%
Principal & Interest	3,521	92.08%	900,507,900.75	90.96%
Interest Only	303	7.92%	89,491,934.94	9.04%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 13
The Mortgage Pool by Interest Only Remaining Term

Interest Only Remaining Term	Number of Loans		Value of Loans	
	Number	%	A\$	%
Interest Only				
less than or equal to 12 months	103	2.69%	34,327,211.63	3.47%
>12 months to 24 months	76	1.99%	19,577,781.17	1.98%
>24 months to 36 months	78	2.04%	21,696,490.86	2.19%
>36 months to 48 months	44	1.15%	13,640,451.28	1.38%
>48 months to 60 months	2	0.05%	250,000.00	0.03%
Principal & Interest	3,521	92.08%	900,507,900.75	90.96%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 14
The Mortgage Pool by Loan Documentation Type

Loan Documentation Type	Number of Loans		Value of Loans	
	Number	%	A\$	%
Full Documentation	3,824	100.00%	989,999,835.69	100.00%
Low Documentation	0	0.00%	-	0.00%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 15
The Mortgage Pool by Mortgage Insurer

Mortgage Insurer	Number of Loans		Value of Loans	
	Number	%	A\$	%
Primary QBE	187	4.89%	60,313,450.54	6.09%
QBE Pool Policy	0	0.00%	-	0.00%
Primary GENWORTH	315	8.24%	95,314,891.91	9.63%
GENWORTH Pool Policy	0	0.00%	-	0.00%
NO LMI	3,322	86.87%	834,371,493.24	84.28%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 16
The Mortgage Pool by Geographic Distribution

Location	Number of Loans		Value of Loans	
	Number	%	A\$	%
Brisbane Metropolitan	1,106	28.92%	299,276,849.72	30.23%
Brisbane Inner City	7	0.18%	1,819,053.87	0.18%
QLD Non Metro	1,201	31.41%	274,907,031.13	27.77%
QLD TOTAL	2,314	60.51%	576,002,934.72	58.18%
Sydney Metropolitan	334	8.73%	112,479,024.94	11.36%
Sydney Inner City	0	0.00%	-	0.00%
NSW Non Metro	310	8.11%	70,903,570.83	7.16%
NSW TOTAL	644	16.84%	183,382,595.77	18.52%
Canberra Metropolitan	43	1.12%	10,686,972.03	1.08%
Canberra Inner City	0	0.00%	-	0.00%
ACT Non Metro	0	0.00%	-	0.00%
ACT TOTAL	43	1.12%	10,686,972.03	1.08%
Melbourne Metropolitan	315	8.24%	93,827,145.49	9.48%
Melbourne Inner City	8	0.21%	2,372,998.94	0.24%
VIC Non Metro	28	0.73%	6,096,717.92	0.62%
VIC TOTAL	351	9.18%	102,296,862.35	10.33%
Adelaide Metropolitan	23	0.60%	5,803,242.35	0.59%
Adelaide Inner City	0	0.00%	-	0.00%
SA Non Metro	2	0.05%	626,646.42	0.06%
SA TOTAL	25	0.65%	6,429,888.77	0.65%
Perth Metropolitan	316	8.26%	79,569,775.89	8.04%
Perth Inner City	4	0.10%	1,540,440.30	0.16%
WA Non Metro	56	1.46%	13,196,899.86	1.33%
WA TOTAL	376	9.83%	94,307,116.05	9.53%
Darwin Metropolitan	18	0.47%	4,586,813.31	0.46%
Darwin Inner City	0	0.00%	-	0.00%
NT Non Metro	2	0.05%	1,041,805.01	0.11%
NT TOTAL	20	0.52%	5,628,618.32	0.57%
Hobart Metropolitan	27	0.71%	6,599,544.87	0.67%
Hobart Inner City	1	0.03%	120,989.88	0.01%
TAS Non Metro	23	0.60%	4,544,312.93	0.46%
TAS TOTAL	51	1.33%	11,264,847.68	1.14%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 17
The Mortgage Pool by Geographic Region

Region	Number of Loans		Value of Loans	
	Number	%	A\$	%
Metropolitan	2,182	57.06%	612,829,368.60	61.90%
Inner City	20	0.52%	5,853,482.99	0.59%
Non Metropolitan	1,622	42.42%	371,316,984.10	37.51%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

Table 18
The Mortgage Pool by Arrears Days

Arrears Days	Number of Loans		Value of Loans	
	Number	%	A\$	%
>0 to <31 days	0	0.00%	-	0.00%
>=31 to <61 days	0	0.00%	-	0.00%
>=61 to <91 days	0	0.00%	-	0.00%
>=91 days	0	0.00%	-	0.00%
TOTAL FOR ARREARS	0	0.00%	-	0.00%
Balance	3,824	100.00%	989,999,835.69	100.00%
TOTAL	3,824	100.00%	989,999,835.69	100.00%

DIRECTORY

Bank of Queensland

Bank of Queensland Limited
Level 6
100 Skyring Terrace
Newstead QLD 4006

Manager

B.Q.L. Management Pty Ltd
Level 6
100 Skyring Terrace
Newstead QLD 4006

Trustee

Perpetual Trustee Company Limited
Level 18
123 Pitt Street
Sydney NSW 2000

Security Trustee

P.T. Limited
Level 18
123 Pitt Street
Sydney NSW 2000

Arranger, Class A1 Notes Joint Lead Manager and Lead Manager

National Australia Bank Limited
Level 32, 500 Bourke Street,
Melbourne VIC 3000
and
Level 25, 255 George Street
Sydney NSW 2000

Class A1 Notes Joint Lead Managers

Commonwealth Bank of Australia
Ground Floor Darling Park Tower 1
201 Sussex Street
Sydney NSW 2000

National Australia Bank Limited
Level 25
255 George Street
Sydney NSW 2000

SMBC Nikko Capital Markets
Limited
One New Change
London EC4M 9AF

Westpac Banking Corporation
Level 2
275 Kent Street
Sydney NSW 2000

Solicitors to Bank of Queensland and the Manager

Allen & Overy
Level 25
85 Castlereagh Street
Sydney NSW 2000