

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES

#### IMPORTANT: You must read the following before continuing.

The following applies to the Offering Circular attached to this electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2018-1 NOTES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SERIES 2018-1 NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SERIES 2018-1 NOTES MAY NOT BE OFFERED OR SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT). THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR OTHER APPLICABLE LAWS OF THE UNITED STATES OR OTHER JURISDICTIONS.

THE SERIES 2018-1 NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**") REGARDING NON-U.S. TRANSACTIONS OTHER THAN THE EXEMPTION UNDER SECTION 20 OF THE U.S. RISK RETENTION RULES, AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE TRANSFEROR, THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE TRANSFEROR OR SERVICER (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, ANY SERIES 2018-1 NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. ANY PURCHASER OF THE SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE SERIES 2018-1 NOTES, BY ITS ACQUISITION OF THE SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE REQUIRED TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (I) IS NOT A RISK RETENTION U.S. PERSON OR (II) IT HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE TRANSFEROR, (2) WHETHER IT IS ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH SERIES 2018-1 NOTES, AND (3) WHERE SUCH PURCHASER HAS CONFIRMED THAT IT IS NOT A RISK RETENTION U.S. PERSON, IS NOT ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S.

PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

You are reminded that the Offering Circular has been delivered to you on the basis of the above that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Loan Note Trustee in such jurisdiction.

By accessing the Offering Circular, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Offering Circular by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person; (d) the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia; (e) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**") or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) (inclusive) of the FPO (all such persons together being referred to as "**relevant persons**"); and (f) if you are a person in Australia you are a (i) sophisticated investor or a professional investor under the Australian Corporations Act, or (ii) a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Australian Corporations Act. In the United Kingdom, this Offering Circular must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Trustee, the Loan Note Trustee, the Loan Note Trust Manager, Bank of America Merrill Lynch, Deutsche Bank AG, Sydney Branch, National Australia Bank or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Loan Note Trust Manager, Bank of America Merrill Lynch, Deutsche Bank AG, Sydney Branch or National Australia Bank.

#### ADDITIONAL RESTRICTIONS ON TRANSFER APPLICABLE TO THE SERIES 2018-1 NOTES AND POTENTIAL IMPACT ON LIQUIDITY

Investor attention is drawn to the additional transfer restrictions applicable to the Series 2018-1 Notes. Following the expiry of the period ending 40 days after the later of the commencement of the offering and the Series 2018-1 Closing Date, the transfer restrictions only permit the Series 2018-1 Notes to be sold to or for the benefit of U.S. persons (as defined in Regulation S) that are both qualified institutional buyers (within the meaning of Rule 144A under the Securities Act) and qualified purchasers (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended. Investors should note that such additional restrictions may impact the liquidity of the Series 2018-1 Notes.

## OFFERING CIRCULAR DATED 23 MARCH 2018

### LATITUDE AUSTRALIA CREDIT CARD MASTER TRUST

#### Perpetual Corporate Trust Limited

(incorporated under the laws of Australia with limited liability under registered ABN 99 000 341 533)  
(as Loan Note Trustee of the Loan Note Trust)

Series 2018-1 Notes	Initial Principal Amount	Issue Price	Interest Reference Rate	Initial Margin	Series 2018-1 Expected Redemption Date	Step-Up Margin	Series 2018-1 Final Redemption Date	Expected Ratings Fitch/S&P/DBRS
Class A1 Notes	A\$353,450,000	100%	1-month BBSW	1.10%	22 March 2023	Yes, subject to conditions	22 March 2032	AAAsf/AAA(sf)/AAA(sf)
Class A2 Notes	A\$52,325,000	100%	1-month BBSW	1.45%	22 March 2023	N/A	22 March 2032	AAAsf / NR / AAA(sf)
Class B Notes	A\$28,800,000	100%	1-month BBSW	1.95%	22 March 2023	N/A	22 March 2032	AAAsf / NR / AA(sf)
Class C Notes	A\$26,175,000	100%	1-month BBSW	2.25%	22 March 2023	N/A	22 March 2032	Asf / NR / A(sf)
Class D Notes	A\$20,930,000	100%	1-month BBSW	3.10%	22 March 2023	N/A	22 March 2032	BBBsf / NR / BBB(sf)
Class E Notes	A\$18,320,000	100%	1-month BBSW	4.25%	22 March 2023	N/A	22 March 2032	BBsf / NR / BB(sf)

(ultimately backed by trust property in the Trust)

**Issue Date** Perpetual Corporate Trust Limited in its capacity as Loan Note Trustee of the Loan Note Trust (the "**Loan Note Trustee**") expects to issue the Series 2018-1 Notes in the classes set out above on or about 27 March 2018 (the "**Series 2018-1 Closing Date**"). In this Offering Circular, the term "Loan Note Trustee" refers to the Loan Note Trustee in its capacity as trustee of the Loan Note Trust only and not in its personal capacity or as trustee of any other trust and references to the assets of the Loan Note Trust are to assets of that trust and not the personal assets of the Loan Note Trustee or any assets of any other trust in respect of which it is trustee.

"**Class**" shall mean, with respect to any Series, any class of Associated Debt or any class of Related Debt, as applicable, in respect of such Series (as the context may require).

**Underlying Assets** The Loan Note Trustee's primary source of funds to make payments on the Series 2018-1 Notes will be derived from payments made by the Trustee to the Loan Note Trustee under the Series 2018-1 Investor Interest Note. The Series 2018-1 Investor Interest Note is governed by the laws of Victoria, Australia and proceedings relating to the Series 2018-1 Investor Interest Note are subject to the non-exclusive jurisdiction of the courts of Victoria, Australia and courts of appeal from them.

The ultimate source of payment on the Series 2018-1 Notes will be Collections on a portfolio of designated credit card accounts (and any other such accounts that may be so designated in future) originated or acquired by Latitude Finance Australia (the "**Transferor**") or an Existing Owner in Australia. The Receivables arising on these credit card accounts will be purchased by the Trustee, subject to certain criteria being satisfied (please see "*The Receivables*" for further details of these criteria). The Trust Assets will be available to meet the liabilities of the Trustee including making payments under the Series 2018-1 Investor Interest Note which will be used by the Loan Note Trustee to make payments on the Series 2018-1 Notes.

**Credit Enhancement**

- Subordination of more junior ranking Notes (please see "*Credit Structure and Cashflows*" for further details);

- subordination of the Series Originator VFN Subordination allocable to Series 2018-1 (please see "*Other Series Issued*" for further details); and
- excess spread including excess spread not required for certain other Series grouped with Series 2018-1 (please see "*Series 2018-1*" for further details).

**Liquidity Support**

- Use of Principal Collections (including from any funds held in the Series 2018-1 Required Retained Principal Ledger) to fund shortfalls for more senior classes (please see "*Series 2018-1*" for further details);

	<ul style="list-style-type: none"> <li>• use of Principal Collections (including from funds held in the Originator VFN Required Retained Principal Ledger funded on the Series 2018-1 Closing Date) and Finance Charge Collections allocated to the Series Originator VFN Subordination allocable to Series 2018-1; and</li> <li>• sharing of Finance Charge Collections with other Series grouped with Series 2018-1 (please see "<i>Series 2018-1</i>" for further details).</li> </ul>
<b>Redemption Provisions</b>	Information on the redemption of the Series 2018-1 Notes is summarised on page 51 and set out in full in Note Condition 7 ( <i>Redemption</i> ).
<b>Credit Rating Agencies</b>	The " <b>Credit Rating Agencies</b> " for the Series 2018-1 Notes are S&P (Australia) Pty Ltd (" <b>S&amp;P</b> "), Fitch Australia Pty Ltd. (" <b>Fitch Ratings</b> ") and DBRS Ratings Limited (" <b>DBRS</b> "). The Class A1 Notes will be rated by each of S&P, Fitch Ratings and DBRS, whilst the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will only be rated by Fitch Ratings and DBRS.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). Each of S&P and Fitch Ratings is not established in the European Union but rather is incorporated in the Commonwealth of Australia. Consequently, each of S&P and Fitch Ratings is not required to be registered under the CRA Regulation. However, it is anticipated that the credit ratings assigned to the Series 2018-1 Notes by S&P and Fitch Ratings will be endorsed by Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd respectively, each of which is a credit rating agency established and operating in the European Union and registered under the CRA Regulation.

DBRS is a credit rating agency established and operating in the European Union. DBRS is a credit rating affiliate of DBRS Inc and registered under both European Union CRA Regulation and US regulations only.

<b>Ratings</b>	Each credit rating assigned to the Series 2018-1 Notes reflects the relevant Credit Rating Agency's assessment only of the likelihood of payment of interest and principal to Noteholders and may not reflect the potential impact of all risks related to the transaction structure, the other risk factors listed in this Offering Circular, or any other factors that may affect the value of the Series 2018-1 Notes. These ratings are based on the Credit Rating Agencies' determination of, <i>inter alia</i> , the value of the Receivables, the reliability of the payments on the Receivables and the availability of credit enhancement and liquidity.
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The ratings do not address the following:

- (i) the likelihood that the principal on the Series 2018-1 Notes will be redeemed or paid, as expected, by the Series 2018-1 Scheduled Redemption Date;
- (ii) the possibility of the imposition of Australian or any other withholding tax;
- (iii) the marketability of the Series 2018-1 Notes, or any market price for the Series 2018-1 Notes; or
- (iv) whether an investment in the Series 2018-1 Notes is a suitable investment.

The ratings assigned by S&P to the Class A1 Notes address the likelihood of full and timely payment to the holders of the Class A1 Notes of: (i) interest due on each Payment Date and (ii) principal on a date that is not later than the Series 2018-1 Final Redemption Date.

The ratings assigned by Fitch Ratings address, *inter alia*: (i) in respect of the Series 2018-1 Notes, the likelihood of full and timely payment of interest to the holders of such Series 2018-1 Notes on each Payment Date; and (ii) full payment of principal due to the holders of the Series 2018-1 Notes by a date that is not later than the Series 2018-1 Final Redemption Date.

The ratings assigned by DBRS address the risk of default, being the risk that the Issuer will fail to satisfy its financial obligations relating to the Series 2018-1 Notes in accordance with the terms under which the Series 2018-1 Notes have been issued.

Ratings will be assigned to the Series 2018-1 Notes which are to be rated as set out above on or before the Series 2018-1 Closing Date. **The assignment of ratings to the Series 2018-1 Notes is not a recommendation to invest in the Series 2018-1 Notes. Any credit rating assigned to the Series 2018-1 Notes may be revised or withdrawn at any time.**

Credit ratings in respect of the Series 2018-1 Notes are for distribution only to persons who are not "retail clients" within the meaning of section 761G of the Corporations Act and who are also sophisticated, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 or Chapter 7 of the Corporations Act and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Offering Circular and anyone who receives this Offering Circular must not distribute it to any person who is not entitled to receive it.

**Listing** An application will be made to the Australian Securities Exchange ("**ASX**") for the Class A1 Notes and Class A2 Notes to be listed on the ASX on a wholesale issue basis. No assurance can be made that the application will be granted and prospective investors should consult with the Loan Note Trust Manager to determine the status of the listing. The listing of the Class A1 Notes and Class A2 Notes on the ASX is not a condition of the issuance and settlement of the Class A1 Notes and Class A2 Notes on the Series 2018-1 Closing Date. Any such listing is subject to the listing rules and market rules of the ASX and may be subject to any other conditions imposed by the ASX.

**Obligations** The Series 2018-1 Notes will be obligations of the Loan Note Trustee alone and will not be guaranteed by, or be the responsibility of, any other entity. The Series 2018-1 Notes will not be obligations of Latitude Finance Australia, the Trust Manager, the Loan Note Trust Manager, the Arranger (as named below), the Joint Lead Managers (as named below) or any affiliate of any of them or any other party named in this Offering Circular.

**Retention Undertaking** Latitude Finance Australia as Transferor will be the originator of the securitisation detailed in this Offering Circular for the purposes of EU Regulation 575/2013 (the "**CRR**") and EU Regulation 231/2013 (the "**AIFMR**") and confirms that it will retain a material net economic interest of not less than 5% of the nominal value of the securitisation in accordance with Article 405 of the CRR and Article 51 of the AIFMR until the Series 2018-1 Final Redemption Date by way of a retention in accordance with paragraph 1(b) of Article 405 of the CRR and paragraph 1(b) of Article 51 of the AIFMR (as in force at the Series 2018-1 Closing Date) of an originator's interest of not less than 5% of the nominal value of the securitised exposures (such retention being in the form of the variable funding note issued by the Loan Note Trustee to the Transferor on the Closing Date) (the "**Originator VFN Loan Note**") **provided that** the Transferor will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Transferor.

**THE "*RISK FACTORS*" SECTION STARTING ON PAGE 3 CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE SERIES 2018-1 NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.**

*Loan Note Trust Manager*

**KVD TM Pty Ltd**

*Arranger*

**Bank of America Merrill Lynch**

*Joint Lead Managers*

**Bank of America  
Merrill Lynch**

**Deutsche Bank AG,  
Sydney Branch**

**National Australia  
Bank (as joint lead  
manager for the Class  
A1 and Class A2  
Notes)**

## IMPORTANT NOTICES

**THE SERIES 2018-1 NOTES WILL BE OBLIGATIONS OF THE LOAN NOTE TRUSTEE ONLY. THE SERIES 2018-1 NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE LOAN NOTE TRUSTEE. IN PARTICULAR, THE SERIES 2018-1 NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE TRANSACTION PARTIES (OTHER THAN THE LOAN NOTE TRUSTEE) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE LOAN NOTE TRUSTEE), THE ARRANGER OR THE JOINT LEAD MANAGERS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE LOAN NOTE TRUSTEE TO PAY ANY AMOUNT DUE UNDER THE SERIES 2018-1 NOTES SHALL BE ACCEPTED BY THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE LOAN NOTE TRUSTEE), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE LOAN NOTE TRUSTEE).**

YOU SHOULD REVIEW AND CONSIDER THE DISCUSSION UNDER "*RISK FACTORS*" BEGINNING ON PAGE 3 IN THIS OFFERING CIRCULAR BEFORE YOU PURCHASE ANY SERIES 2018-1 NOTES.

THE DISTRIBUTION OF THIS OFFERING CIRCULAR AND THE OFFERING OF THE SERIES 2018-1 NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ARRANGER, THE JOINT LEAD MANAGERS, THE TRUSTEE, THE LOAN NOTE TRUSTEE OR ANY OF THE OTHER TRANSACTION PARTIES THAT THIS OFFERING CIRCULAR MAY BE LAWFULLY DISTRIBUTED, OR THAT THE SERIES 2018-1 NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE SERIES 2018-1 NOTES OR DISTRIBUTION OF THIS OFFERING CIRCULAR IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE SERIES 2018-1 NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS OFFERING CIRCULAR NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS OFFERING CIRCULAR COMES ARE REQUIRED BY THE LOAN NOTE TRUSTEE, THE ARRANGER AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE SERIES 2018-1 NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION. THE SERIES 2018-1 NOTES MAY NOT BE OFFERED OR SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT).

THE SERIES 2018-1 NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE U.S. RISK RETENTION RULES REGARDING NON-U.S. TRANSACTIONS OTHER THAN THE EXEMPTION UNDER SECTION 20 OF THE U.S. RISK RETENTION RULES, AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE TRANSFEROR, THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE. EXCEPT WITH A U.S. RISK RETENTION CONSENT AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, ANY SERIES 2018-1 NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RISK RETENTION U.S. PERSONS. PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT

IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. ANY PURCHASER OF THE SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE SERIES 2018-1 NOTES, BY ITS ACQUISITION OF THE SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE REQUIRED TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (I) IS NOT A RISK RETENTION U.S. PERSON OR (II) IT HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE TRANSFEROR, (2) WHETHER IT IS ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH SERIES 2018-1 NOTES, AND (3) WHERE SUCH PURCHASER HAS CONFIRMED THAT IT IS NOT A RISK RETENTION U.S. PERSON, IS NOT ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE SERIES 2018-1 NOTES ARE NOT INTENDED TO 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 ("**MIFID II**"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED, "**IMD**"), 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 (THE "**PRIIPS REGULATION**") FOR OFFERING OR SELLING THE SERIES 2018-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2018-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE SERIES 2018-1 NOTES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER AS DESCRIBED HEREIN. EACH INITIAL PURCHASER AND SUBSEQUENT TRANSFEREE OF THE SERIES 2018-1 NOTES WILL BE DEEMED, BY ITS ACQUISITION OR HOLDING OF SUCH SERIES 2018-1 NOTES, TO HAVE MADE THE REPRESENTATIONS SET FORTH IN THIS OFFERING CIRCULAR (IN THE SECTION ENTITLED "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*"). ANY RESALE OR OTHER TRANSFER, OR ATTEMPTED RESALE OR OTHER ATTEMPTED TRANSFER, OF SERIES 2018-1 NOTES WHICH IS NOT MADE IN COMPLIANCE WITH THE APPLICABLE TRANSFER RESTRICTIONS WILL BE VOID. NONE OF THE LOAN NOTE TRUSTEE, THE ARRANGER OR THE JOINT LEAD MANAGERS MAKE ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE SERIES 2018-1 NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE LOAN NOTE TRUST MANAGER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR AND DECLARES THAT, HAVING TAKEN ALL REASONABLE CARE TO ENSURE SUCH IS THE CASE, THE INFORMATION IN THIS OFFERING CIRCULAR, TO THE BEST OF ITS KNOWLEDGE, IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSION LIKELY TO AFFECT ITS IMPORT. ANY INFORMATION SOURCED FROM THIRD PARTIES CONTAINED IN THIS OFFERING CIRCULAR HAS BEEN ACCURATELY REPRODUCED (AND IS CLEARLY SOURCED WHERE IT APPEARS IN THIS OFFERING CIRCULAR) AND, AS FAR AS THE LOAN NOTE TRUST MANAGER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

LATITUDE FINANCE AUSTRALIA ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE TRANSFEROR, THE SERVICER AND THE LATITUDE GROUP*", "*THE SECURITISED PORTFOLIO*" AND "*APPENDIX A SECURITISED PORTFOLIO*"



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TRUSTEE, THE SECURITY TRUSTEE OR THE LOAN NOTE TRUSTEE OR THE TRUSTEE IN THEIR PERSONAL CAPACITY OR AS TRUSTEE OF ANY OTHER TRUST. THE CONTENTS OF THIS OFFERING CIRCULAR SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE SERIES 2018-1 NOTES.

THE DELIVERY OF THIS OFFERING CIRCULAR AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO ITS DATE.

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE LOAN NOTE TRUSTEE, THE TRUSTEE, THE TRANSFEROR, THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE SERIES 2018-1 NOTES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS OFFERING CIRCULAR, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THIS OFFERING CIRCULAR IS PERSONAL TO THE OFFEREE WHO RECEIVED IT FROM ANY ARRANGER OR JOINT LEAD MANAGER AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON TO PURCHASE ANY SERIES 2018-1 NOTES.

PROSPECTIVE PURCHASERS OF THE SERIES 2018-1 NOTES MUST BE ABLE TO HOLD THEIR INVESTMENT FOR THE FULL TERM. ANY INVESTMENT IN THE SERIES 2018-1 NOTES IS ONLY SUITABLE FOR INVESTORS EXPERIENCED IN FINANCIAL MATTERS WHO ARE IN A POSITION TO FULLY ASSESS THE RISKS RELATING TO SUCH INVESTMENT AND HAVE SUFFICIENT FINANCIAL MEANS TO SUFFER ANY POTENTIAL LOSS STEMMING THEREFROM.

THIS OFFERING CIRCULAR IS NOT INTENDED TO FURNISH LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT OR OTHER ADVICE TO ANY PROSPECTIVE PURCHASER OF THE SERIES 2018-1 NOTES.

THIS OFFERING CIRCULAR SHOULD BE REVIEWED BY EACH PROSPECTIVE PURCHASER AND ITS LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT AND OTHER ADVISERS. PROSPECTIVE PURCHASERS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR LEGAL ADVISERS TO DETERMINE WHETHER AND TO WHAT EXTENT THE SERIES 2018-1 NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

THE SERIES 2018-1 NOTES WILL BE THE OBLIGATIONS OF THE LOAN NOTE TRUSTEE AND DO NOT REPRESENT OBLIGATIONS OF OR INTEREST IN, AND ARE NOT GUARANTEED BY, THE LOAN NOTE TRUSTEE, THE TRUSTEE OR ANY OF THEIR AFFILIATES IN ITS PERSONAL CAPACITY, OR AS TRUSTEE OF ANY OTHER TRUST. THE LIABILITY OF THE LOAN NOTE TRUSTEE AS TRUSTEE OF THE LOAN NOTE TRUST (AS "**ISSUER**") TO MAKE PAYMENTS IN RESPECT OF THE SERIES 2018-1 NOTES IS LIMITED TO THE LOAN NOTE TRUSTEE'S RIGHT OF INDEMNITY FROM TRUST ASSETS OF THE LOAN NOTE TRUST.

In this Offering Circular all references to "**A\$**", "**AUD**" and "**Australian Dollar(s)**" are references to the lawful currency for the time being of the Commonwealth of Australia.

### **Forward-Looking Statements**

Some of the statements contained in this Offering Circular consist of forward-looking statements relating to future economic performance or projections and other financial items. These statements can be identified by the use of forward-looking terminology, such as the words "believes", "expects", "may", "intends", "should" or "anticipates" or the negative or other variations of those terms. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the Series 2018-1 Notes, the Receivables, Latitude Finance Australia and/or the Australian

consumer credit industry to differ materially from any future results or performance expressed or implied in the forward-looking statements. These risks, uncertainties and other factors include, among others general economic and business conditions in Australia, currency exchange rate and interest rate fluctuations, government, statutory, regulatory or administrative initiatives affecting Latitude Finance Australia or its respective businesses, changes in business strategy, lending practices or customer relationships and other factors that may be referred to in this Offering Circular. Some of the most significant of these risks, uncertainties and other factors are discussed in this Offering Circular under the section entitled "*Risk Factors*", and potential investors are encouraged to carefully consider those factors prior to making an investment decision in relation to the Series 2018-1 Notes.

#### **Disclosure of Interests**

In addition to the interests described in this Offering Circular, prospective investors should be aware that each of the Arranger, the Joint Lead Managers, the Trustee, the Loan Note Trustee and their respective related entities, associates, affiliates, officers or employees (each a "**Relevant Entity**") may be involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit and derivative transactions, investment management, corporate and investment banking and research in various capacities in respect of the Series 2018-1 Notes, the Loan Note Trustee or any other Transaction Party, both on its own account and for the account of other persons. This may include, *inter alia*, taking positions in, or providing funding through, other Series, including through the acquisition of other Series of Associated Debt and/or providing support to one or more Series through liquidity facilities or other forms of credit enhancement. In this regard, Relevant Entities are holders of the Series 2017-VFN Loan Note and are or may become holders of certain of the Series 2017-1 Notes, Series 2017-2 Notes and Series 2018-1 Notes and may be subscribers for some or all classes of the Series 2018-1 Notes as at the Series 2018-1 Closing Date.

As such, each Relevant Entity may have various potential and actual direct or indirect conflicts of interest arising in the ordinary course of its business. For example, a Relevant Entity's dealings with respect to the Series 2018-1 Notes, the Loan Note Trustee or any other Transaction Party may affect the value of the Series 2018-1 Notes as the interests of this Relevant Entity may conflict with the interests of a Noteholder, and that Noteholder may suffer loss as a result. It should be noted that Deutsche Bank AG holds an ownership interest in Latitude Finance Australia and an ownership interest in the Units of the Trust. To the maximum extent permitted by applicable law, no Relevant Entity is restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents or the interests described above and may 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. The Relevant Entities may in so doing act without notice to, and without regard to the interests of, the Noteholders or any other person. Capitalised terms used in this paragraph which are not defined above shall have the meanings given to them in the main body of this Offering Circular (see "*Appendix B – Index of Defined Terms*").

#### **NOTICE TO INVESTORS IN AUSTRALIA**

THIS OFFERING CIRCULAR IS NOT A "PROSPECTUS" OR AN "OFFER INFORMATION STATEMENT" FOR THE PURPOSES OF PART 6D.2 OF THE CORPORATIONS ACT OR A "PRODUCT DISCLOSURE STATEMENT" FOR THE PURPOSES OF CHAPTER 7 OF THE CORPORATIONS ACT AND IS NOT REQUIRED TO BE LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION UNDER THE CORPORATIONS ACT AS EACH OFFER FOR THE ISSUE, ANY INVITATION TO APPLY FOR THE ISSUE, AND ANY OFFER FOR THE SALE OF, AND ANY INVITATION FOR OFFERS TO PURCHASE, THE OFFERED SERIES 2018-1 NOTES TO A PERSON UNDER THIS OFFERING CIRCULAR:

- (I) WILL BE FOR A MINIMUM AMOUNT PAYABLE, BY EACH PERSON (AFTER DISREGARDING ANY AMOUNT LENT BY THE PERSON) OFFERING THE OFFERED SERIES 2018-1 NOTES (AS DETERMINED UNDER SECTION 700(3) OF THE CORPORATIONS ACT) OR ANY OF THEIR ASSOCIATES (AS DETERMINED UNDER SECTIONS 10 TO 17 OF THE CORPORATIONS ACT) ON ACCEPTANCE OF THE OFFER OR APPLICATION (AS THE CASE MAY BE) OF AT LEAST A\$500,000 (CALCULATED IN ACCORDANCE WITH BOTH SECTION 708(9) OF THE CORPORATIONS ACT AND REGULATION 7.1.18 OF THE CORPORATIONS REGULATIONS 2001); OR

- (II) DOES NOT OTHERWISE REQUIRE DISCLOSURE TO INVESTORS UNDER PART 6D.2 OR PART 7.9 OF THE CORPORATIONS ACT AND IS NOT MADE TO A RETAIL CLIENT FOR THE PURPOSES OF CHAPTER 7 OF THE CORPORATIONS ACT.

### **MIFID II PRODUCT GOVERNANCE**

The target market assessment in respect of the Series 2018-1 Notes by the manufacturer, solely for the purpose of its product governance determination under Article 10(1) of Delegated Directive (EU) 2017/593, has led to the conclusion that: (i) the target market for the Series 2018-1 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 distributor subject to MiFID II subsequently offering, selling or recommending the Series 2018-1 Notes is responsible for undertaking its own target market assessment in respect of the Series 2018-1 Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

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

The Series 2018-1 Notes are not intended to 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 ("**MiFID II**"); (ii) a customer within the meaning of directive 2002/92/EC (as amended, "**IMD**"), 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 (the "**PRIIPS Regulation**") for offering or selling the Series 2018-1 Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Series 2018-1 Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

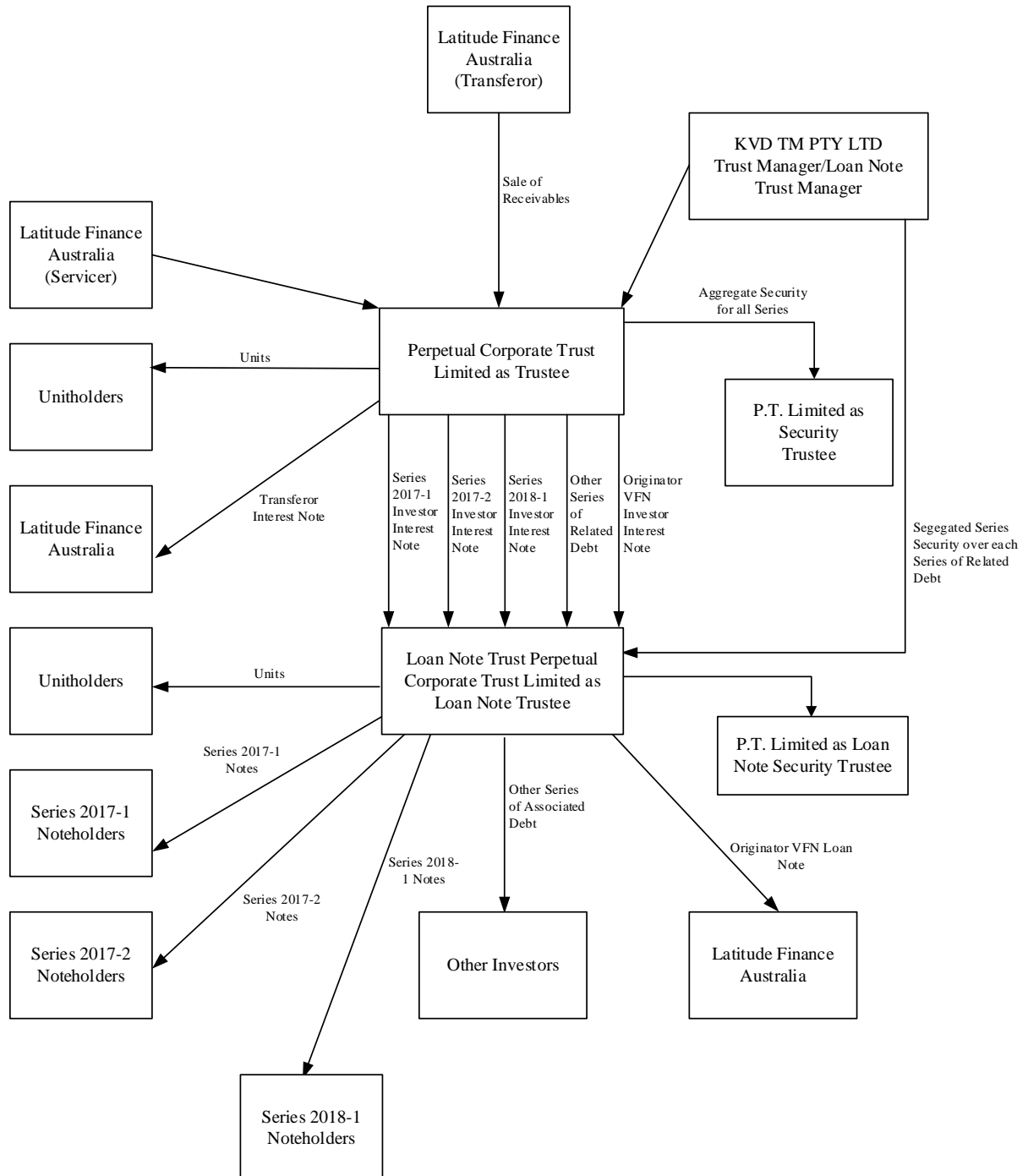
### **ADDITIONAL RESTRICTIONS ON TRANSFER APPLICABLE TO THE SERIES 2018-1 NOTES AND POTENTIAL IMPACT ON LIQUIDITY**

Investor attention is drawn to the additional transfer restrictions applicable to the Series 2018-1 Notes. Following the expiry of the period ending 40 days after the later of the commencement of the offering and the Series 2018-1 Closing Date, the transfer restrictions only permit the Series 2018-1 Notes to be sold to or for the benefit of U.S. persons (as defined in Regulation S) that are both qualified institutional buyers (within the meaning of Rule 144A under the Securities Act) and qualified purchasers (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended. Investors should note that such additional restrictions may impact the liquidity of the Series 2018-1 Notes.

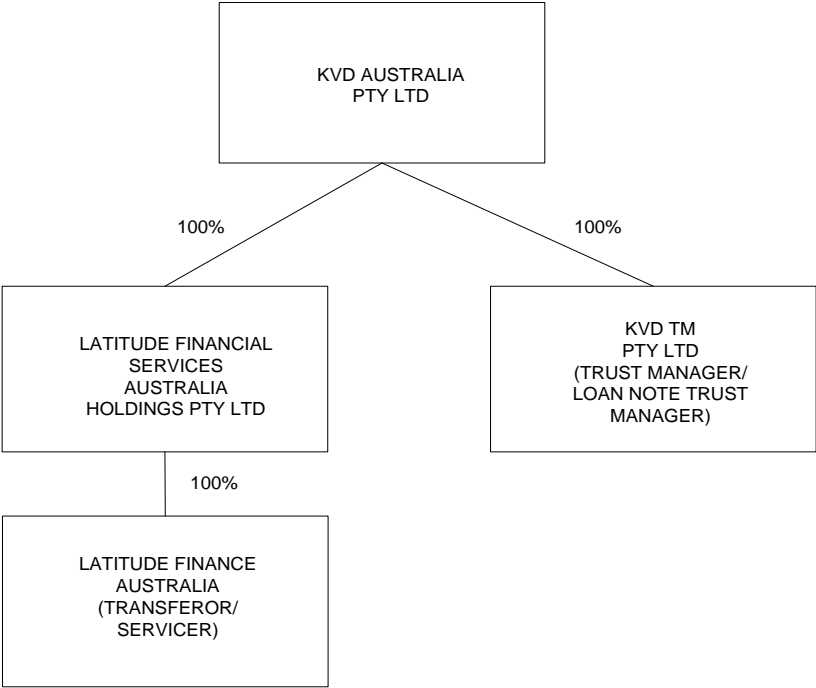
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## STRUCTURAL DIAGRAM OF TRANSACTION



**LATITUDE CORPORATE STRUCTURE**



*The above diagram is only an extract of the ownership of the Transferor and Servicer.*

## RISK FACTORS

*The following is a description of the principal risks associated with an investment in the Series 2018-1 Notes. These risk factors are material to an investment in the Series 2018-1 Notes and in the Loan Note Trust. Prospective Noteholders should carefully read and consider all the information contained in this Offering Circular, including the risk factors set out in this section, prior to making any investment decision.*

The Loan Note Trustee and Loan Note Trust Manager believe that the risks described below are the principal risks inherent in the transaction for Noteholders, but the inability of the Loan Note Trustee to pay interest, principal or other amounts on or in connection with the Series 2018-1 Notes may occur for other reasons and the Loan Note Trustee or the Loan Note Trust Manager do not represent that the statements below regarding the risks relating to the Series 2018-1 Notes are exhaustive. Additional risks or uncertainties not presently known to the Loan Note Trustee or Loan Note Trust Manager or that the Loan Note Trustee or Loan Note Trust Manager currently consider immaterial may also have an adverse effect on the Loan Note Trustee's ability to pay interest, principal or other amounts in respect of the Series 2018-1 Notes. Prospective Noteholders should read the detailed information set out in this document and reach their own views, together with their own professional advisers, prior to making any investment decision. Prospective Noteholders should read the sections of this Offering Circular entitled "*Transaction Overview*" to "*Triggers Table*" (inclusive) before reading and considering the risks described below.

### RISKS RELATING TO THE NOTES

**Noteholders Cannot Rely on Any Person Other Than the Loan Note Trustee to Make Payments on the Series 2018-1 Notes**

The Series 2018-1 Notes will not represent an obligation or be the responsibility of any party to the Transaction Documents other than the Loan Note Trustee. If the assets of the Loan Note Trust specifically available to the Loan Note Trustee for such purpose are not sufficient to make payments of interest and/or principal on the Series 2018-1 Notes when due, such payments may be delayed, reduced or lost.

**Absence of Secondary Market, Limited Liquidity**

No active and liquid secondary market for the Series 2018-1 Notes will exist on the Series 2018-1 Closing Date and no assurance is provided that an active and liquid secondary market for the Series 2018-1 Notes will develop after the Series 2018-1 Closing Date or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Series 2018-1 Notes. Any investor in the Series 2018-1 Notes must be prepared to hold their Series 2018-1 Notes for their full term or until their final maturity date or alternatively such investor may only be able to sell the Series 2018-1 Notes at a discount to the original purchase price of those Series 2018-1 Notes.

The secondary market for asset-backed securities similar to the Series 2018-1 Notes has, at times, experienced limited liquidity. Limited liquidity in the secondary market may have an adverse effect on the market value of asset-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.



Investors should be aware that, if insufficient information is provided to investors on the performance of the Receivables while the Series 2018-1 Notes remain outstanding, potential secondary market purchasers may be less willing to invest in the Series 2018-1 Notes, or for certain classes of investor, be prevented from, or incur significant capital costs as a result of, making such an investment due to regulation applicable to such investors. Moreover, for certain classes of investors, failure of relevant parties to the transaction to maintain the retention required by regulation applicable to them may also result in those investors being prevented from, or incurring significant capital costs as a result of, making any investment in the Series 2018-1 Notes. Each of these situations may adversely affect secondary market liquidity for the Series 2018-1 Notes.

Neither the Loan Note Trustee, the Arranger nor the Joint Lead Managers are or will be obliged to make a market for the Series 2018-1 Notes.

#### **Increased Prudential Regulation**

Recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in Australia, Europe, the United States and elsewhere have provided additional capital and funding requirements and are implementing other measures including increased regulatory control (including by way of enhanced capital requirements) in their respective financial sectors. It is uncertain how the regulatory climate will impact entities involved in securitisations of assets originated by entities such as the Loan Note Trustee.

Significant changes to the Basel II regulatory capital and liquidity framework have been approved by the Basel Committee on Banking Supervision (the "**Basel Committee**") (such changes being commonly referred to as "**Basel III**"), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). Basel III set an implementation deadline on member countries to implement the new capital standards from 1 January 2013, the new Liquidity Coverage Ratio from 1 January 2015 and the Net Stable Funding Ratio from 1 January 2018. The Basel Committee has proposed further reforms to Basel III, including an introduction of capital floors based on standardised approaches. The timing for adoption, content and impact of these proposals, sometimes referred to as Basel IV, is not yet determined.

The Australian Prudential Regulation Authority ("APRA") is proceeding with its original timetable for the implementation of the new global liquidity standards (notwithstanding the Basel Committee's proposed gradual phase-in of such standards). The Liquidity Coverage Ratio (as defined above) became a minimum liquidity standard on 1 January, 2015. In November 2014, the Basel Committee released final requirements for the Net Stable Funding Ratio (as defined above), which became an APRA prudential standard from 1 January, 2018.

These changes may have an impact on incentives to hold the Series 2018-1 Notes for investors that are subject to requirements that follow the implementation of the new global liquidity standards and, as a result, they may affect the liquidity and/or value of the Series 2018-1 Notes.

The Basel III reform package has been implemented in Europe through amendments to the Capital Requirements Directive and through an associated Capital Requirements Regulation (together known as "**CRD IV**"), which were published in the Official Journal of the European Union on 27 June 2013. Full implementation began from 1 January 2014, with particular elements being phased in over a period of time, to be fully effective by 2024. On 23 November 2016, the European Commission published proposals for a package of further bank capital reforms, including updates to CRD IV, in large part to reflect updates to the international standards set by the Basel Committee and the Financial Stability Board. The changes approved by the Basel Committee may have an impact on incentives to hold the Series 2018-1 Notes for investors that are subject to requirements that follow the revised framework (including, in European Union CRD IV) and, as a result, they may affect the liquidity and/or value of the Series 2018-1 Notes.

**Regulatory Initiatives  
May Result in Increased  
Regulatory Capital  
Requirements for Certain  
Investors and/or  
Decreased Liquidity in  
Respect of the Series  
2018-1 Notes**

In Europe, the U.S., Australia and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities.

**Allocations of Defaulted Receivables Could Reduce Payments on the Series 2018-1 Notes**

The Loan Note Trustee and Loan Note Trust Manager anticipate that Latitude Finance Australia in its capacity as servicer under the Servicing Deed (the "**Servicer**"), or any successor servicer thereunder, will charge off for credit or non-credit reasons some of the Eligible Receivables. The Eligible Receivables Tranche of the Transferor Interest Note and each Series of Related Debt (including the Series 2018-1 Investor Interest Note) will be allocated a portion of those Defaulted Receivables. If the amount of Defaulted Receivables allocated to the Series 2018-1 Investor Interest Note exceeds the amount of funds available to cover those Defaulted Receivables, the size of the Series 2018-1 Investor Interest used, among other things, to calculate the amount of Collections available to the Trustee to make payments under the Series 2018-1 Investor Interest Note, will be reduced. This could cause Noteholders to not receive the full amount of principal and interest due to them. Any potential losses attributable to the Defaulted Receivables will be reallocated so as to be borne first by the ring-fenced Series Originator VFN Subordination provided to Series 2018-1 up to the available amount for Series 2018-1 and second to be borne by the different classes of Series 2018-1 Notes, with the Class E Notes bearing the first losses, followed by the Class D Notes, followed by the Class C Notes, followed by the Class B Notes, followed by the Class A2 Notes, followed by the Class A1 Notes, as further described in this Offering Circular. See "*Series 2018-1*" for further information.

**The Loan Note Trustee's Ability to Meet its Obligations on the Series 2018-1 Notes Depends on Payments Under the Series 2018-1 Investor Interest Note**

The ability of the Loan Note Trustee to pay principal and interest on the Series 2018-1 Notes will depend on the receipt by it of payments under the Series 2018-1 Investor Interest Note.

The Loan Note Trustee will be entitled to receive interest payments under the Series 2018-1 Investor Interest Note which will be applied, *inter alia*, (i) to pay the fees, costs and expenses of the Loan Note Trustee and the Loan Note Trust Manager and other service providers from time to time, (ii) to meet its obligations to pay interest on the Series 2018-1 Notes to Noteholders and (iii) to meet any other payments required to be made by the Loan Note Trustee.

Additionally, the Loan Note Trustee will be entitled to receive certain principal payments under the Series 2018-1 Investor Interest Note which will be applied in redeeming the Series 2018-1 Notes.

If the Loan Note Trustee fails to receive sufficient funds under the Series 2018-1 Investor Interest Note from the Trustee then the payment of interest and/or the repayment of principal on the Series 2018-1 Notes may be delayed, reduced or lost.

The Loan Note Trustee's receipt of sufficient funds under the Series 2018-1 Investor Interest Note to pay the amounts due and to repay the entire principal amount of the Series 2018-1 Notes will be dependent on, amongst other things: (i) payments actually being made by Customers (from whom no security has been taken in support of those payments) and the proceeds of any relevant guarantees or insurance policies in respect of Customers (to the extent such are capable of assignment), (ii) those payments being collected by the Servicer in accordance with the provisions of the Servicing Deed and paid to the Trustee, (iii) payment being made by any counterparty to a Qualifying Swap Agreement (a "**Qualifying Swap Provider**") in respect of its obligations to the Trustee under any agreement that relates to a Qualifying Swap Transaction (a "**Qualifying Swap Agreement**") in respect of Series 2018-1, (iv) the availability of funds reallocated to the Trustee in respect of Series 2018-1 from funds available to the Trustee to make payments on the Originator VFN Series by reference to the Available Series 2018-1 Originator VFN Subordination where there would otherwise be a shortfall, and (v) the availability of any Excess Finance Charges made available to the Trustee from the cash flows of other series (as more particularly set out in "*Allocation of Trust Cash Flows – Excess Spread of Priority of Payments*" below) to meet any remaining shortfall.

Amounts paid to the Loan Note Trustee by the Trustee in respect of the Series 2018-1 Investor Interest Note will be used to pay principal and interest on the Series 2018-1 Notes in accordance with the Note Conditions (subject to payment of amounts of certain fees, costs and expenses of the Loan Note Trustee).

**A Partial Amortisation Event May Result in an Early Redemption of the Series 2018-1 Notes**

A Partial Amortisation Event will occur if certain thresholds are breached and there is Cash Available for Investment in the Trustee Acquisition Ledger. These thresholds relate, broadly, to excess spread being below a minimum threshold level or the amount of retained Cash Available for Investment exceeding a maximum amount, in each case, for a specified period of time. Retention of Cash Available for Investment may occur, for example, as a result of Collections materially exceeding the amount of new Receivables on Designated Accounts other than Finance Charge Receivables ("**Principal Receivables**") being added to the Trust, causing Cash Available for Investment to increase.

If a Partial Amortisation Event occurs, the Servicer is required to give notice to the Trustee of a Partial Amortisation of some or all of the Outstanding Series. The conditions for giving such notice are described below at "*Series 2018-1 – Partial Amortisation*". This would result in the Trustee using Cash Available for Investment to repay (in whole or in part) the Series Investor Interest Notes selected by the Trust Manager (in accordance with principles specified in the Transaction Documents), which may include the Series 2018-1 Investor Interest Note, which would lead to the Series 2018-1 Notes being redeemed in part or in full earlier than expected. The principles that the Trust Manager will apply to select the Series Investor Interest Notes to be amortised (in whole or in part) consist, broadly, of the following in the following order of priority: first, to accumulate or amortise Series in Group One in an accumulation or amortisation period; secondly, to avoid a Pay Out Event occurring; thirdly, to maintain the credit rating of any outstanding Rated Debt; fourthly, to amortise any VFN Series (other than the Originator VFN Series) and/or the Originator VFN Excess Amount; and, finally, to amortise each other Series in Group One (other than the Originator VFN Series) by way of proximity to the Scheduled Redemption Dates of each Series.

**"Outstanding Series"** means each Series that is outstanding provided that such term shall be deemed to exclude each Series with a Series Investor Interest of zero.

**"Scheduled Redemption Date"** has the meaning given to it in the relevant Supplement being the date on which any Series of Associated Debt or Related Debt is scheduled to be redeemed in full under the terms thereof.

**"VFN Series"** shall mean a Series in which the Related Debt comprises loan notes which may, in accordance with their terms, periodically have their Principal Amount Outstanding increased or decreased at the option of the Loan Note Trustee.

**The Series 2018-1 Notes may be repaid early on the Series 2018-1 Expected Redemption Date or on any Transfer Date relating to the Scheduled Amortisation Period**

In accordance with the Note Conditions and the Series 2018-1 Supplement and Series 2018-1 Loan Note Supplement, the Loan Note Trustee has the option to repay the Series 2018-1 Notes on the Series 2018-1 Expected Redemption Date, each Payment Date that relates to the Scheduled Amortisation Period, and upon the occurrence of certain tax events (each a "**Redemption Call Date**") using the principal payments received by it on such date under the Series 2018-1 Investor Interest Note. The Trustee would fund such payments under the Series 2018-1 Investor Interest Note either from funds accumulated during the optional Controlled Accumulation Period or from Cash Available for Investment (including from the proceeds of an issuance of a new Series or further drawing or issuance in respect of an existing Series where all or part of the funds raised are used to repay another Series (the "**Replacement Series**")).

The Loan Note Trustee may only exercise its option to redeem the Series 2018-1 Notes in whole or (if less) in an amount equal to the Series 2018-1 Investor Interest, save that any redemption on the Series 2018-1 Expected Redemption Date following a Controlled Accumulation Period may (if less) be made in an amount equal to the amount credited to the Series 2018-1 Principal Funding Ledger for such purpose and the Scheduled Amortisation Period would then apply with respect to the remainder (unless the Rapid Amortisation Period has commenced).

**The Subordinated Series 2018-1 Notes Bear Additional Risk Because They are Subject to the Prior Payment of Amounts due on Series 2018-1 Notes Senior to Them**

Although all Series 2018-1 Notes in Series 2018-1 benefit from the availability of Principal Collections and Finance Charge Collections from amounts calculated by reference to the Originator VFN Subordination within the Originator VFN Series, the Class E Notes are subordinated in right of payment of principal and interest to the Class D Notes, which are subordinated in right of payment of principal and interest to the Class C Notes, which are subordinated in right of payment of principal and interest to the Class B Notes, which are subordinated in right of payment of principal and interest to the Class A2 Notes, which are subordinated in right of payment of principal and interest to the Class A1 Notes. Although principal payments made during the Scheduled Amortisation Period will be (and in respect of any Partial Amortisation may be) made *pari passu*, in other cases, in particular, during the Rapid Amortisation Period, principal payments to Noteholders of subordinated Series 2018-1 Notes will not be made until the Noteholders of each senior class are paid in full. On each Payment Date, interest is paid to the Class A1 Noteholders before Class A2 Noteholders, to the Class A2 Noteholders before the Class B Noteholders, to the Class B Noteholders before the Class C Noteholders, to the Class C Noteholders before the Class D Noteholders, to the Class D Noteholders before the Class E Noteholders. This could result in holders of subordinated Series 2018-1 Notes not receiving the full amount of principal or interest due to them where the Loan Note Trustee suffers a cash shortfall and where the Series Originator VFN Subordination in respect of Series 2018-1 is not available and the Trustee does not have access to sufficient Shared Principal Collections and/or Excess Finance Charges made available to the Trustee from the cash flows of other Series to make payments on the Series 2018-1 Investor Interest Note.

**Permitted Investments**

Volatility in financial markets may adversely affect the credit ratings of Permitted Investments. Although Permitted Investments are required to have specified credit ratings from the Credit Rating Agencies at the time of purchase or to otherwise meet Credit Rating Agency standards intended to minimize risk of loss on such investments, risk of loss cannot be entirely eliminated. Previous adverse market conditions have led to a number of fixed income securities, especially structured finance or asset-backed securities, being downgraded in a short space of time.

**"Permitted Investments"** shall mean any one or more of the following:

- (a) demand or time deposits made with, or certificates of deposit and other short-term unsecured debt obligations issued by, a financial institution, provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired, the then current rating from each Credit Rating Agency which then rates any outstanding Rated Debt of the unsecured and unguaranteed debt obligations of that institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is (i) at least A-1 short-term or (where no short-term rating is available) at least A+ long-term from S&P, at least P-1 short-term or (where no short-term rating is available) at least A1 long-term from Moody's, at least F1 short-term or (where no short-term rating is available) at least A long-term from Fitch Ratings, at least 'A' long-term or R-1 (low) short-term by DBRS, or (ii) consistent with such other rating as is consistent with the then prevailing published rating criteria of the relevant Credit Rating Agency; or

- (b) short-term unsecured debt obligations issued by a state or governmental body, provided that, in each case, at the time the obligation is acquired, the then current rating from each Credit Rating Agency which then rates any outstanding Rated Debt of the unsecured and unguaranteed debt obligations of that state or governmental body (or, where the debt obligations in question are guaranteed, of the guaranteeing institution) is (i) at least A-1 short-term or (where no short-term rating is available) at least A+ long-term from S&P, at least P-1 short-term or (where no short-term rating is available) at least A1 long-term from Moody's, at least F1 short-term or (where no short-term rating is available) at least A long-term from Fitch Ratings, at least 'A' long-term or R-1 (low) short-term by DBRS, or (ii) consistent with such other rating as is consistent with the then prevailing published rating criteria of the relevant Credit Rating Agency,

in each case denominated in AUD and provided that no withholding or deduction for or on account of Tax will be made on any payments of interest or principal in respect of any such investment (except that, where any withholding or deduction on interest results in a net amount of interest being paid which the relevant Transaction Party making the Permitted Investment considers is a reasonable return for the amount of principal invested, such an investment would not result in a breach of this provision), and provided further that no such instrument will be a volatile instrument (as specified in the Credit Rating Agencies' published criteria) and/or an instrument issued by a mutual fund or similar investment vehicle and/or a securitization exposure or a resecutisation exposure (as defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority, including any amendment or replacement of that Prudential Standard) and/or an instrument issued by a money market fund, and provided further that each such instrument shall mature, or be capable of realisation, at the latest on the Business Day preceding the following Transfer Date so that such funds will be available for withdrawal on or prior to the following Transfer Date.

**Issuance of Additional Series of Loan Notes May Adversely Affect Noteholders' Rights by Diluting their Voting Power**

The Trustee may issue additional series of Related Debt and the Loan Note Trustee may issue additional Series of Associated Debt. The holders of each Series of Related Debt and Associated Debt – including the Noteholders – may require the Loan Note Trustee and (via the Loan Note Trustee) the Trustee to take action or direct actions to be taken under the Transaction Documents in respect of the relevant Series. However, the consent or approval of the holders of multiple Series of Associated Debt might be necessary to require or direct certain actions, for example, in respect of matters that apply to multiple Series. Thus, the holder of any new Series of Associated Debt will have voting rights that will reduce the percentage interest of the Noteholders as holder of the Series 2018-1 Notes. Holders of other Series – and/or persons with the power to direct their actions – may have interests that do not coincide with the interests of the Noteholders.

**Enforcement of the  
Security for the Series  
2018-1 Notes**

If the Security for the Series 2018-1 Notes created by the Security and Cashflow Allocation Deed as supplemented by the Series 2018-1 Loan Note Supplement is enforced following a Note Event of Default, the Loan Note Security Trustee will have recourse to, among other things, payments due from the Trustee under the Series 2018-1 Investor Interest Note in accordance with the usual priority of payments. Prospective investors should also note that enforcement of the Security for the Series 2018-1 Notes will not automatically result in acceleration of the payments under or enforcement of the security granted in respect of the Series 2018-1 Investor Interest Notes.

Enforcement of the Security in respect of the Series 2018-1 Notes will not automatically result in accelerated repayment of any Series of Related Debt. For a complete description of the priority of payments please refer to "*Series 2018-1 – Application of Available Funds*". See also "*Insolvency Proceedings and Subordination Provisions*".

The Security created by the Security and Cashflow Allocation Deed is provided primarily for the benefit of the holders of Associated Debt for all Series. It can only be enforced if a Note Event of Default has occurred under each Outstanding Series of Associated Debt and then only following a direction to the Loan Note Security Trustee from the requisite majority of Noteholders as set out in the Security and Cashflow Allocation Deed.

The Security created by the Series 2018-1 Loan Note Supplement is provided primarily for the benefit of the Series 2018-1 Noteholders. It can be enforced independently of any other Series of Associated Debt if a Note Event of Default has occurred under the Series 2018-1 Notes and then only following a Term Series Direction to the Loan Note Security Trustee from the Series 2018-1 Noteholders.

**Enforcement of the  
Security for the Series  
2018-1 Investor Interest  
Note**

The Security granted by the Trust may only be enforced if a Trust Event of Default has occurred under each Series of Related Debt. The Security Trustee is not obliged to enforce the Security unless it has been directed to enforce by the holders of all Outstanding Series of Related Debt who together hold more than 50% of the aggregate Principal Amount Outstanding of all Outstanding Series of Related Debt. Upon enforcement of Security granted by the Trust under the Security Trust Deed, the Security Trustee will have recourse only to the recoveries treated as Principal Collections or Finance Charge Collections which are expressed as being available to Series 2018-1 pro-rata based on the amount of the Series 2018-1 Investor Interest. The Security Trustee will have no recourse to the Transferor other than the ability (in certain circumstances) to call upon the Trustee to exercise its rights against the Transferor under the Origination and Sale Deed for any breach of certain representations in respect of the Receivables and for any breach of certain other obligations as therein specified. If the Security granted by the Trust is enforced, the monies available to the Loan Note Trustee to make payments on the Series 2018-1 Notes may not be sufficient to make payments of all amounts due from the Loan Note Trustee on the Series 2018-1 Notes and, payment of principal and interest on the Series 2018-1 Notes may be delayed, reduced or lost.

For a complete description of the priority of payments in respect of the Series 2018-1 Investor Interest Note, please refer to "*Series 2018-1 Investor Interest Note – Cashflows of the Trustee*".



**The Obligations of the Customers under the Designated Accounts are Unsecured**

The Transferor or an Existing Owner will assign only the benefit of the Receivables arising under Designated Accounts, which consist or will consist of unsecured monetary obligations of Customers under the agreements establishing the Designated Accounts, together with the benefit of certain amounts of Acquired Interchange, acquired recoveries, insurance proceeds and payments under certain guarantees of Customers' obligations (to the extent capable of assignment). No Security has been given by any Customer for any such monetary obligations. Should enforcement action be necessary against a Customer, no direct recourse could be had to any assets of such Customer. There is a risk that, in such circumstances, the Receivables may not be recoverable in full.

**Reliance on Third Parties**

Each of the Trustee and the Loan Note Trustee is a party to contracts with a number of other third parties that have agreed to perform certain services in relation to the Receivables. For example, the Servicer has agreed to provide services, either itself or through its delegates, in respect of the Receivables under the Servicing Deed and, each of the Trust Manager and the Loan Note Trust Manager has agreed to provide certain cash management and calculation services, either itself or through its delegates, under the Trust Management Deed, Loan Note Trust Management Deed, Cashflow Allocation Deed and Security and Cashflow Allocation Deed. Each of the Servicer, the Trustee, the Loan Note Trustee, the Trust Manager and the Loan Note Trust Manager may delegate all or part of their service obligations to another party in accordance with the terms of the Master Trust Deed, Loan Note Trust Deed, Servicing Deed, the Trust Management Deed and the Loan Note Trust Management Deed, as applicable.

Each of the Trustee and the Loan Note Trustee will rely on the relevant third party or its delegate to exercise the rights and carry out the obligations under the respective agreement to which it is a party. In the event that any relevant third party or its delegate fails to perform its obligations under the respective agreement, the Series 2018-1 Notes may be adversely affected.

For example, disruptions in the servicing process, which may be caused by the failure to appoint a Successor Servicer or the failure of the Servicer to carry out its services could lead to a loss on the Series 2018-1 Notes and/or the early redemption of the Series 2018-1 Notes.

In the event that the Loan Note Trustee or the Trustee were to be in breach of regulatory requirements or incur additional costs and expenses, as a result of any third party failing to comply with regulatory requirements, the Series 2018-1 Notes may be adversely affected.

**Credit Ratings can be Lowered or Withdrawn After the Series 2018-1 Notes are Issued**

Any Credit Rating Agency may lower its credit rating or withdraw its credit rating if, in the sole judgment of the Credit Rating Agency, the credit quality of the Series 2018-1 Notes has declined or is in question or for other tangible and intangible reasons. If any credit rating assigned to the Series 2018-1 Notes is lowered or withdrawn, the market value of the Series 2018-1 Notes may be reduced and their liquidity in the secondary market adversely affected.

**Credit Ratings  
Confirmation in Relation  
to the Series 2018-1 Notes  
in Respect of Certain  
Actions**

The terms of certain Transaction Documents require the Trust Manager or the Loan Note Trust Manager to make a determination, formed on the basis of due consideration, that certain actions proposed to be taken by certain transaction parties will not have an adverse effect on the then current credit rating of any outstanding Rated Debt (a "**Rating Confirmation**").

A Rating Confirmation that any action proposed to be taken will not have an adverse effect on the then current credit rating of the Series 2018-1 Notes, or a rating confirmation given by the Credit Rating Agencies to confirm that an issuance of a new Series of Related Debt and Associated Debt will not have an adverse effect on the then current credit rating of any outstanding Rated Debt, is limited in scope and does not, for example, confirm that such action: (i) is permitted by the terms of the Transaction Documents; or (ii) is in the best interests of, or not prejudicial to, the Noteholders. While each of the Loan Note Secured Creditors (including the Noteholders), the Loan Note Trustee or the Loan Note Security Trustee, the Trustee or the Security Trustee (as applicable) is entitled to have regard to the fact that a rating confirmation has been given by the Credit Rating Agencies, the provision of any such rating confirmation does not impose or extend any actual or contingent liability on the Credit Rating Agencies to such entities (including the Noteholders), or any other person or create any legal relationship between the Credit Rating Agencies and such entities (including the Noteholders), or any other person whether by way of contract or otherwise.

In relation to a rating confirmation given by a Credit Rating Agency to confirm that an issuance of a new Series of Related Debt and Associated Debt will not have an adverse effect on the then current credit rating of any outstanding Rated Debt, such rating confirmation may or may not be given by each Credit Rating Agency at its sole discretion and the Credit Rating Agencies have indicated that, in most circumstances, they will no longer provide rating confirmations as a matter of policy. It should be noted that, even in circumstances where a Credit Rating Agency would be prepared to give a rating confirmation, depending on the timing of delivery of the request and any information required to be provided as part of any such request, it may be the case that a Credit Rating Agency cannot provide a rating confirmation in the time available or at all, and the Credit Rating Agency is likely to state that it is not responsible for the consequences thereof. A rating confirmation, if given by one or more Credit Rating Agencies, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transactions of which the Series 2018-1 Notes form part since the Series 2018-1 Closing Date. A rating confirmation by one or more Credit Rating Agencies represents only a restatement of the current credit rating of the Series 2018-1 Notes and cannot be construed as advice for the benefit of any parties to the transaction.

In relation to Rating Confirmations given by the Trust Manager or the Loan Note Trust Manager, while the relevant party is required to take due consideration (which may involve formal or informal discussions with the Credit Rating Agencies) in forming its opinion, there can be no guarantee that its opinion will reflect the ultimate position of the Credit Rating Agencies, who may at any time take such action as is set out in "*Credit Ratings can be Lowered or Withdrawn After the Series 2018-1 Notes are Issued*" above. If any credit rating assigned to the Series 2018-1 Notes is lowered or withdrawn, the market value of the Series 2018-1 Notes may be reduced and their liquidity in the secondary market adversely affected.

To the extent that a required Rating Confirmation or a rating confirmation given by the Credit Rating Agencies cannot be obtained, where there is a requirement for a Rating Confirmation or a rating confirmation given by the Credit Rating Agencies to be provided, whether or not a proposed action may take place may ultimately depend, amongst other things, on Noteholder approval.

**"Loan Note Secured Creditors"** means, in respect of any Series of Associated Debt, the Loan Note Security Trustee and any receiver appointed by it in respect of amounts owing to each of them under the Security and Cashflow Allocation Deed and any Loan Note Supplement and, in respect of the Security granted under the Security and Cashflow Allocation Deed as supplemented by any Loan Note Supplement for a particular Series, the creditors identified in such Loan Note Supplement, being, in respect of the Series 2018-1 Loan Note Supplement, the Series 2018-1 Noteholders.

**Insolvency Proceedings  
and Subordination  
Provisions**

There is some level of uncertainty as to the enforceability under Victorian law of a contractual provision which subordinates the claim of a swap counterparty (to the claims of other creditors of its counterparty) upon the occurrence of an insolvency of or other default by the swap counterparty (a so called "flip clause"). There is also uncertainty as to the enforceability of flip clauses under the laws of the United Kingdom and the U.S. which may be relevant if a Qualifying Swap Agreement is entered into and a Qualifying Swap Provider subject to bankruptcy or insolvency proceedings in those jurisdictions.

The anti-deprivation principal was considered by the Australian courts in *International Air Transport Association v Ansett Australia Holdings Ltd* (2008) 234 CLR 151. In the *Ansett* case, the High Court dismissed the argument that certain IATA Clearing House arrangements were void as contravening a rule of public policy based on the anti-deprivation principle. However, the provision in question was not a flip clause and the decision was to some extent based on arrangements between parties that were found to have the effect that there was no 'property' of the insolvent company upon which the anti-deprivation principle could operate.

The decisions of the courts of the United Kingdom are not binding on the courts of Victoria but may be influential. Recent cases in the United Kingdom compliment the decision in the *Ansett* case but focus on provisions involving the subordination of a swap 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. Provisions similar to these apply in this transaction as, under the Security and Cashflow Allocation Deed and each Loan Note Supplement thereto, termination payments due to a Qualifying Swap Provider (if a Qualifying Swap Transaction has been entered into) are subordinated where the termination of the Qualifying Swap Transaction was as a result of the default of the relevant Qualifying Swap Provider, including as a result of the Qualifying Swap Provider's insolvency. Although these types of provision were challenged under English law on the basis that the effect is to reduce the value of an asset of the estate of the swap counterparty at the moment of its liquidation to the detriment of its creditors, the UK Supreme Court affirmed in a recent case that the flip clause under consideration did not offend the anti-deprivation principle under English bankruptcy law and was valid and enforceable.

There can accordingly be no assurance that a particular flip clause in a contract governed by Victorian law (such as that contained in the Security and Cashflow Allocation Deed) would be enforceable in Victoria or recognised by courts outside of Victoria, or that the effect of the decisions by the Victorian courts would not be impacted by the conflicting decisions of other courts outside of Victoria.

Contrary to the determination of the English courts, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. BNY Corporate Trustee Services Limited had indicated that they intended to appeal this decision but, whilst leave to appeal was granted, the case was settled before an appeal was heard.

Therefore, concerns still remain that the Australian, English and U.S. courts will diverge in their approach which, in the case of an unfavourable decision in the U.S., may (were a Qualifying Swap Provider to be subject to U.S. bankruptcy proceedings) adversely affect the Issuer's ability to make payments on the Series 2018-1 Notes. Given the current state of U.S. law, this is likely to be an area of continued judicial uncertainty, particularly in respect of multijurisdictional insolvencies.

Challenges to the enforceability of such clauses may also be brought in other jurisdictions, including the jurisdiction of incorporation of a Qualifying Swap Provider.

It is also uncertain whether, in respect of foreign insolvency proceedings relating to a creditor located in a foreign jurisdiction, an Australian court will exercise its discretion to recognise the effects of the foreign insolvency proceedings, whether under the Cross Border Insolvency Act 2008 (Cth) or any similar common law principles.

On 12 September 2017, the Australian Parliament passed legislation restricting the ability to enforce *ipso facto* clauses (being a provision that allows one party to terminate or modify the operation of a contract upon the occurrence of some specific event, regardless of otherwise continued performance of the counterparty). The new provisions stay the enforcement of *ipso facto* clauses that are triggered when a company enters administration, where a managing controller has been appointed over all or substantially all of the company's property, or where the company is undertaking a compromise or arrangement for the purpose of avoiding being wound up in insolvency. It is anticipated that contracts which manage financial risk associated with a financial product (such as a Qualifying Swap Transaction), rated securitisations and structured financings that include 'flip clauses' will be exempt under the new regime, however the regulations creating the exemptions have not yet been released. It is possible that a flip clause (such as that contained in the Security and Cashflow Allocation Deed) may fall within the scope of this new regime, which is due to commence on 1 July 2018.

**Noteholders May Not Receive Individually Registered Holdings of Series 2018-1 Notes, Which May Cause Delays in Distributions and Hamper Noteholders' Ability to Grant Security Over or Resell the Series 2018-1 Notes**

Legal title to the Series 2018-1 Notes will be held, directly, or indirectly, through Austraclear and delivered to prospective investors through the facilities of Austraclear and (outside of Australia) Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Consequently:

- Series 2018-1 Notes will not be registered in an individual Noteholders' name (the "**Beneficial Noteholder**");
- a Beneficial Noteholder will only be able to exercise its rights as a Noteholder indirectly through Austraclear and its participating organisations, or through Euroclear or Clearstream, Luxembourg outside of Australia, (its "**Book-Entry Interest**"); and
- Noteholders may be limited in their ability to resell the Series 2018-1 Notes to a person or entity who is not a member of the system operated by Austraclear for the registration, issue and redemption of notes in accordance with the Austraclear Regulations (the "**Austraclear System**") or through Euroclear or Clearstream, Luxembourg outside of Australia.

Noteholders will not receive physical Series 2018-1 Notes. The lack of physical certificates could cause Noteholders to experience delays in receiving payments on the Series 2018-1 Notes because the Loan Note Trustee will be sending distributions on the Series 2018-1 Notes to Austraclear or to Euroclear or Clearstream, Luxembourg outside of Australia, instead of directly to Noteholders.

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

**Modifications to the Transaction Documents and granting of waivers without Noteholder Consent**

Pursuant to the terms of the Security Trust Deed, the Security and Cashflow Allocation Deed and the Series 2018-1 Loan Note Supplement, the Security Trustee and the Loan Note Security Trustee each has an ability in certain circumstances to concur with the Trustee or Loan Note Trustee (as applicable) in making modifications to the Transaction Documents or granting certain waivers without the prior consent of the Noteholders, as further described in Note Condition 14 (*Meetings of Noteholders, Modification, Waiver and Addition*). The Security Trustee has similar rights under the Security Trust Deed and the Trust Manager has discretion to approve certain amendments to Trust Documents without the consent of any Noteholders under the Master Trust Deed. There are also similar rights relating to amendments in the Common Terms of the Master Framework Deed.

**CERTAIN LEGAL, TAX AND REGULATORY CONSIDERATIONS**

**Regulation of Consumer Credit by ASIC and the Application of the relevant Australian consumer credit law may Impede Collection Efforts**

Australia's consumer credit protection regime consists primarily of the following pieces of legislation enacted at a federal level: the *National Consumer Credit Protection Act 2009* (Cth) (Schedule 1 of which contains the National Credit Code) (the "**NCCP**"), the Australian Consumer Law (the "**ACL**") contained at Schedule 2 of the *Australian Competition and Consumer Act 2010* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth) (the "**ASIC Act**", together with the NCCP and the ACL, the "**Consumer Credit Laws**").

## *NCCP*

Under the NCCP, a wide range of participants in the provision of credit (including credit providers and persons exercising the rights and obligations of credit providers) are required to be appropriately licensed or credit representatives of licensed persons. Accordingly, the Transferor needs to hold an Australian Credit Licence in order to provide credit under the NCCP and to act as Servicer in respect of the Acquired Receivables subject to the NCCP and any loss of such licences could affect the yield on the portfolio and the ability of the Loan Note Trust to make payments on the Series 2018-1 Notes.

The NCCP imposes on persons regulated by it a range of disclosure and conduct obligations, and certain other general obligations (such as training obligations, obligations to prevent disadvantage due to conflicts of interest and membership of an external dispute resolution scheme). In particular, licensed persons are required to comply with their "responsible lending" obligations, including in providing credit or an increase to the credit provided.

There is increasing scrutiny of responsible lending practices generally, including income verification practices, which could have an impact on the Transferor or its business. In March 2018, changes to the NCCP were made which will impact credit card contracts and credit card providers. The reforms are directed at tightening responsible lending obligations by requiring affordability assessments based on a consumer's ability to repay the credit limit within a reasonable period (to be determined by ASIC), prohibiting credit card providers from offering unsolicited credit limit increases, simplifying the calculation of interest and credit interest calculations, restricting credit card providers from imposing interest charges retrospectively where a credit card has the benefit of an interest-free period and requiring credit card contracts to allow consumers to reduce credit limits and terminate credit card contracts by online means. Some of the relevant provisions relating to credit cards are scheduled to commence from 1 July 2018, with others to follow from 1 January 2019. Once in force, the changes could affect the yield on the portfolio and the ability of the Loan Note Trust to make payments on the Series 2018-1 Notes.

There are proposed legislative amendments in Australia providing wider powers to the prudential regulator APRA to make rules regarding the lending activities of entities that are not authorised deposit-taking institutions ("**non-ADI lenders**") and enabling APRA to monitor non-ADI lending practices in the personal finance markets and introduce rules, directions and penalties in relation to lending activities of non-ADI lenders.

A Royal Commission is also now underway in Australia that is investigating certain aspects of the banking, superannuation and financial services industries. The Commission has broad terms of reference, including investigation of past cases of misconduct and examining whether the conduct of financial service entities has fallen below community standards and expectations. The Commission will not have powers to recommend compensation for individual cases. However, the Commission may make recommendations for further legislative change (including in respect of exemptions under the Consumer Credit Laws upon which the Latitude Group relies). These could have an impact on the Transferor or its business.

Failure to comply with the NCCP and its related Consumer Credit Laws may result in action taken by a Customer or ASIC to seek remedies including:

- an injunction preventing a regulated Acquired Receivable or Credit Agreement from being enforced (or an other action in respect of the Acquired Receivable) if to do so would breach the relevant Consumer Credit Laws;
- an order for compensation to be paid for loss or damage suffered (or likely to be suffered) as a result of a breach of a civil penalty provision or a criminal offence in the relevant Consumer Credit Laws;
- declaration that certain provisions of an Acquired Receivable or Credit Agreement which are in breach of the relevant Consumer Credit Laws are void or unenforceable from the time it was entered or at all times on and after a specified day before the order is made;
- an order varying the contract, refusing to enforce or requiring a refund of money, return of property, payment for loss or damage or supply of specified services;
- in relation to a credit activity that has been conducted without a licence as required, an order declaring a contract, or part of a contract, to be void, varying the contract, refusing to enforce or requiring a refund of money, return of property, payment for loss or damage or supply of specified services, or such other orders as may be appropriate to compensate for or prevent loss;
- variation of the terms of an Acquired Receivable on the grounds of hardship;
- variation of the terms of an Acquired Receivable or Credit Agreement that are unjust (including reopening of the related transactions); and
- reduction or cancelation of any interest rate payable on an Acquired Receivable arising from a change to that rate which is unconscionable.

In relation to disputes where the amount in dispute is A\$500,000 or less, applications may also be made to relevant external dispute resolution schemes. There is no right to appeal an adverse determination of an external dispute resolution scheme to a court, including on the basis of bias, manifest error or want of jurisdiction.

Any such order (by a court or external dispute resolution scheme) may affect the timing or amount of interest, fees or charges or principal payments under the relevant Acquired Receivables (which might in turn affect the timing or amount of interest or principal payments under the Notes).



As above, the Transferor may be subject to civil penalties or criminal fines for breaches of the relevant Consumer Credit Laws. Once the regulated acquired receivables are assigned or transferred by law to the Trustee, it will then become responsible for compliance with the relevant Consumer Credit Laws. The amount of any civil penalty or damages payable by the Transferor or the Trustee (as the case may be) in respect of a regulated Acquired Receivable may be set off against any amount payable by the Customer under such Acquired Receivable.

#### *Unfair Terms*

The terms of the Credit Agreement may be subject to review under Part 2 of the ASIC Act and/or Chapter 2 of Schedule 2 of the ACL.

Under both the ASIC Act and the ACL, a term of a standard-form consumer contract is "unfair" if it causes a significant imbalance in the parties' rights and obligations arising under the contract; it is not reasonably necessary to protect the legitimate interests of the supplier; and it would cause financial or non-financial detriment to a party if it was relied on. A "**consumer contract**" is one with a natural person, whose use of what is provided under the contract is predominantly for personal, domestic or household use or consumption.

The provisions of the ASIC Act and the ACL will apply to a term of a Credit Agreement (if such contract is a consumer contract) if the contract:

- is renewed or varied, or the term is renewed or varied, after 1 July 2010; or
- is entered into after 1 July 2010.

A term of a Credit Agreement which is "unfair" under the ASIC Act and the ACL may be declared void. However, the contract will continue to bind the parties if it is capable of operating without the unfair term.

#### *Effect of orders*

An order under the Consumer Credit Laws may affect the timing or amount of interest, principal, fees, charges or other payments under the relevant Acquired Receivables, which might in turn affect the timing or amount of interest or principal payments under the Series 2018-1 Notes.

#### *Warranties and indemnities*

Certain representations and warranties have been given by the Transferor in respect of the compliance with the Consumer Credit Laws. The Servicer has also undertaken to comply in all material respects with the Consumer Credit Laws in exercising its rights and carrying out its obligations under the Servicing Deed.

The Trustee will be indemnified out of the Trust Assets for any Penalty Payments incurred by it in relation to a breach of Consumer Credit Laws. To the extent that a Penalty Payment is not paid by the Transferor, and the Trustee is required to rely upon its right of indemnity against the Trust Assets, the amounts available for payments on the Series 2018-1 Notes may be reduced as a consequence.

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

The credit risk retention regulations implemented by U.S. Federal regulatory agencies including the U.S. Securities and Exchange Commission pursuant to the U.S. Risk Retention Rules came into effect with respect to credit card backed securities on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of the "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Transferor, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitised assets for the purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the asset-backed security interests (as described in Rule 2 of the U.S. Risk Retention Rules) are issued) of all classes of asset-backed security interests (as defined in Rule 2 of the U.S. Risk Retention Rules) issued in the securitisation transaction are sold or transferred to a Risk Retention U.S. Person or for the account or benefit of a Risk Retention U.S. Person; (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prior to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Joint Lead Managers that it is a Risk Retention U.S. Person and obtain the written consent of the Transferor, which will be monitoring the level of Notes purchased by, or for the account or benefit of, Risk Retention U.S. Persons. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S. There can be no assurance that the requirement to obtain the Transferor's written consent to the purchase of any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with by such Risk Retention U.S. Persons.

There can be no assurance that the exemption provided for in Rule 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain and no assurance can be given as to whether failure of the transaction to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the market value and secondary market liquidity of the Notes.

None of the Issuer, the Arranger, the Joint Lead Managers or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Series 2018-1 Notes as to whether the transaction described in this Offering Circular complies with the U.S. Risk Retention Rules on the Series 2018-1 Closing Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

**Changes of Law or Regulation May Adversely Affect Interests of Noteholders**

The origination and servicing practices of the Transferor, the structure of the Trust and Loan Note Trust and the credit ratings of the Series 2018-1 Notes are based on Australian law in effect as at the date of this Offering Circular. The transactions described in this Offering Circular (including the issuance of the Series 2018-1 Notes) and the credit ratings which are to be assigned to the Series 2018-1 Notes are based on the relevant law and administrative practice in effect as at the date hereof, and having regard to the expected tax treatment of all relevant entities under Australian law and practice. No assurance can be given as to the impact of any possible change to the law (including any change in regulation which may occur without a change in primary legislation), administrative practice or tax treatment after the date of this Offering Circular nor can any assurance be given as to whether any such change would adversely affect the ability of the Loan Note Trustee to make payments under the Series 2018-1 Notes.

**The Proposed Financial Transactions Tax ("FTT") Could Apply to Dealings in the Series 2018-1 Notes and/or Adversely Affect the Amounts Available to the Loan Note Trustee to Make Payments of Interest and Principal on the Series 2018-1 Notes**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Series 2018-1 Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Series 2018-1 Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Series 2018-1 Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Series 2018-1 Notes are advised to seek their own professional advice in relation to the FTT.

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

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ("**AML/CTF Act**") regulates the anti-money laundering and counter-terrorism financing obligations of financial services providers.

An entity that provides "designated services" at or through a permanent establishment in Australia must comply with the obligations set out in the AML/CTF Act. The AML/CTF Act contains a range of designated services, including:

- opening or providing an account, allowing any transaction in relation to an account or receiving instructions to transfer money in or out of the account;
- issuing, dealing, acquiring, disposing of, cancelling or redeeming a security; and
- exchanging one currency for another.

The obligations imposed under the AML/CTF Act include (among other things) registering with AUSTRAC and lodging an annual compliance certificate, implementing an Anti-Money Laundering and Counter-Terrorism Financing Program that complies with the requirements set out in the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No 1) (Cth) (the "**AML/CTF Rules**") (these requirements include a requirement to implement a training program, undertake employee due diligence and conduct a regular review of the program), undertaking customer identification procedures before a designated service is provided to a customer and monitoring and reporting certain transactions including suspicious transactions, transactions over A\$10,000 and electronic and international funds transfer instructions. Compliance with AML/CTF Act may delay or affect payments to Noteholders.

**Common Reporting  
Standard**

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") requires certain financial institutions to report information regarding certain accounts (which may include the Series 2018-1 Notes) to their local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed the CRS Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (the "**CRS Competent Authority Agreement**") may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The CRS applies to Australian financial institutions with effect from 1 July 2017.

**Taxation of the Trust and Loan Note Trust**

Both the Trustee (in relation to the Trust) and the Loan Note Trustee (in relation to the Loan Note Trust) will be liable for tax in relation to the proportion of the taxable income of the Trust and the Loan Note Trust (respectively) to which certain unitholders are entitled. This liability arises by way of a withholding tax and de-facto withholding tax mechanism that applies to a trustee when a unitholder of a trust is not a resident of Australia. At the Series 2018-1 Closing Date, two of the three Unitholders in each of the Trust and the Loan Note Trust are non-residents of Australia. The Trustee and the Loan Note Trustee will have to make these tax payments on both an ongoing basis (interest withholding tax) and an annual basis (in relation to the residual annual tax liability of such unitholders). There are provisions within the documents which provide for the Trustee and the Loan Note Trustee to put funds aside on a regular basis to pay these tax liabilities – this mechanism is described in further detail in the sections entitled "*The Trust and the Loan Note Trust*" and "*Series 2018-1*". It is expected that sufficient funds will be put aside on an ongoing basis to meet these tax liabilities (such funds being retained from amounts that would otherwise be distributed to such unitholders). If the Trustee or the Loan Note Trustee had to pay an amount of tax to the Australian Taxation Office and sufficient funds had not been put aside in the tax ledger to meet this Tax liability, the Trustee or the Loan Note Trustee would pay the Tax senior in the priority of payments prior to making payments of interest on the Series 2018-1 Notes. If this occurred then it could impact the Loan Note Trustee's ability to make payments under the Series 2018-1 Notes.

See sections entitled "*The Trust and the Loan Note Trust*" and "*Series 2018-1*".

**RISKS RELATING TO THE RECEIVABLES****Losses and delinquent payments on the credit cards and Permitted Investments may affect return**

If the credit card customer fails to make payments of interest and principal under the credit card loans when due, or Permitted Investments purchased by the Trustee fail to perform in accordance with their terms, and the credit enhancement described in this Offering Circular is not enough to protect the Series 2018-1 Investor Interest Note from the credit card customers' failure to pay on the credit card loans or the failure of the Permitted Investments to perform, then the Trust may not have enough funds to make full payments of interest due on the Series 2018-1 Investor Interest Note which in turn will mean that the Loan Note Trustee would not have enough funds to make full payments of interest due on the Series 2018-1 Notes.

**Personal Property Securities Regime**

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

Security interests for the purposes of the PPSA include transactions that, in substance, secure payment or performance of an obligation. As a result, the PPSA regulates not only traditional securities such as charges and mortgages (other than real property mortgages) but may also apply to transactions that had not been legally classified as securities prior to the introduction of the PPSA. In addition, certain other arrangements are deemed to constitute security interests whether or not they secure payment or performance of an obligation. These deemed security interests include assignments of receivables.

To ensure that a security interest is enforceable against third parties, and has priority over competing security interests (within a limited period of time), under the PPSA, the security interest needs to be perfected in accordance with the PPSA by registration or otherwise. Failure to perfect a security interest subject to the PPSA may result in:

- another security interest taking priority;
- another person being able to acquire an interest in the secured assets free of the security interest; or
- the security interest being unenforceable against the grantor in the event of its insolvency (because the security interest will vest in the grantor).

The Transaction Documents contain security interests for the purposes of the PPSA, including in particular the Security granted under the Security Trust Deed, the Security and Cashflow Allocation Deed and the Loan Note Supplements. The assignment of Receivables from the Transferor or an Existing Owner to the Trustee in accordance with the Origination and Sale Deed is also deemed to be a security interest for the purposes of the PPSA. Financing statements to perfect such security interests under the PPSA will be made on or prior to the Series 2018-1 Closing Date on behalf of the Trustee, Security Trustee and Loan Note Security Trustee as secured parties.

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

**Failure to Notify  
Customers of the Transfer  
of Receivables Could  
Delay or Reduce  
Payments on the Series  
2018-1 Notes**

The transfer by the Transferor or an Existing Owner to the Trustee of the benefit of the Receivables is governed by the laws of Victoria, Australia and does not give the Trustee full legal title to the Receivables. Legal title to the Receivables remains with the Transferor or any Existing Owner which holds legal title to such Receivables (as applicable). An assignment of such Receivables to the Trustee from the Transferor or an Existing Owner which holds legal title to such Receivables (which may be executed by the Trustee pursuant to the power of attorney granted by the Transferor and each Existing Owner which holds legal title in favour of the Trustee) together with the delivery of notice of perfection would effect the transfer of the legal title to the Receivables to the Trustee. No notice will be given to Customers of the transfers to be effected on the Series 2018-1 Closing Date, and no notice is expected to be given to the Customers of any future transfers of Receivables to the Trustee. The Trustee has agreed that execution of a legal assignment will not take place unless a Title Perfection Event has occurred. The Trustee's lack of legal title to the Receivables has several legal consequences that could delay or reduce payments on the Series 2018-1 Notes:

- as the Trustee is not entitled to notify a Customer of such assignment until a Title Perfection Event has occurred, there is a risk that a Customer may make payments to the Transferor (or where legal title is held by an Existing Owner, such Existing Owner) in respect of an Acquired Receivable after such Transferor or Existing Owner (as applicable) has become insolvent, but before that Customer receives notice of assignment of that Acquired Receivable. Such payments may not be recoverable by the Trustee;
- a Customer is not legally required to make payments to anyone other than the Transferor (or where legal title is held by an Existing Owner, such Existing Owner) in respect of an Acquired Receivable, and can obtain a valid discharge from the Transferor or Existing Owner (as applicable), prior to that Customer being notified of such assignment. In addition, under section 80(7) of the PPSA, a Customer may continue to make payments to the Transferor (or where legal title is held by an Existing Owner, such Existing Owner) in respect of an Acquired Receivable until the Customer receives a notice that complies with the requirements of section 80(7)(a) of the PPSA, including in particular a statement that payment is to be made to the Trustee, or where such notice is given by a person other than the Transferor or Existing Owner (as applicable), the Customer may continue to make payments to such Transferor or Existing Owner in respect of an Acquired Receivable if the Loan Note Trustee fails to provide proof of the assignment within five (5) business days of a request by the Customer for such proof. It is noted that the Transferor is appointed as the initial Servicer of the Acquired Receivables and is obliged to act in accordance with the Servicing Deed and the Servicing Guidelines in dealing with collections of the Acquired Receivables. However, this arrangement may be of limited benefit in the event of insolvency of the Transferor;
- for so long as the Transferor (or where legal title is held by an Existing Owner, such Existing Owner) holds legal title to the Acquired Receivables, such Transferor or Existing Owner may grant a release, discharge, waiver, extension or other indulgence to a Customer in respect of an Acquired Receivable or Credit Agreement, or otherwise vary or replace certain terms of the Acquired Receivables, without the Trustee's involvement. As a mitigating factor, the Transferor in its capacity as Servicer is generally required to service and administer the Acquired Receivables or Credit Agreement in accordance with the Servicing Deed and the Servicing Guidelines;
- the Trustee's interest in the Acquired Receivables may become subject to third party interests created after the creation of the Loan Note Trustee's equitable interest but prior to it acquiring a legal interest. To reduce this risk, the Transferor has undertaken (and any Existing Owner that is a legal title holder will undertake) not to assign or grant a security interest over any Acquired Receivables;

- the Transferor (or where legal title is held by an Existing Owner, such Existing Owner) may need to be joined as a party to legal proceedings in relation to the enforcement of an Acquired Receivable which occurs before the Trustee acquires legal title to the Acquired Receivable; and
- the steps required to effect a legal assignment of Acquired Receivables may include the execution of a further instrument in writing by the Transferor (or where legal title is held by an Existing Owner, such Existing Owner) in accordance with section 134 of the *Property Law Act 1958* (Vic) or the applicable equivalent provisions in each other Australian jurisdiction and, depending on the situs of the Acquired Receivables, stamp duty may be payable on the transfer of the Acquired Receivables.

Unless there is a contractual provision excluding a Customer's right of set-off in respect of the relevant Acquired Receivables, the Trustee's rights to any such Acquired Receivables will be subject to both equities which have arisen in favour of the relevant Customer from claims which are sufficiently closely connected to the Acquired Receivable and Credit Agreement and, otherwise, to any equities affecting such Acquired Receivable and Credit Agreement which come into existence before notice of any legal assignment is given to the relevant Customer. This may result in the Loan Note Trustee receiving less money than expected in respect of the Acquired Receivables.

The Transferor represents to the Trustee as at the Series 2018-1 Closing Date in respect of Existing Receivables and relevant Date of Processing in respect of Subsequent Receivables, that the relevant Principal Receivables are not subject to any right of set-off.

The Existing Owner (where it is the legal title holder to such Receivables) will in the relevant Offer document (i) grant a power of attorney in favour of the Trustee, (ii) undertake not to assign or grant a security interest over any Acquired Receivable and (iii) hold on trust for the Trustee any Receivables which it has purported to assign to the Trustee and which cannot be assigned to the Trustee.

**"Title Perfection Event"** means any of the following events:

- (a) an Insolvency Event occurs in respect of the Transferor or any Existing Owner that holds legal title to any Acquired Receivables; and
- (b) the Transferor (or the Servicer on its behalf) fails to pay any sums due and payable by it to the Trustee in respect of the Designated Accounts under the Transaction Documents within 5 Business Days of the due date thereof or the date of demand, if payable on demand, in the currency and in the manner specified in the Transaction Documents, and such failure is not remedied within 10 Business Days after the Trustee has given notice thereof to the Transferor.



**Competition in the Australian Consumer Credit Industry Could Lead to Early Redemption of the Series 2018-1 Notes**

The consumer credit industry in Australia is highly competitive. There is increasingly competitive use of advertising, targeted marketing and pricing competition in interest rates, loyalty schemes and fee levels as both traditional and new consumer credit businesses seek to expand their presence in or enter the Australian sector and compete for customers.

The competitive environment may affect the Transferor's ability to originate new accounts and generate new Receivables and may also affect the level of retention of existing accounts which may result in a Partial Amortisation Event or Pay Out Event occurring in respect of Series 2018-1, as described more particularly below in "*Series 2018-1*".

**Relationship with Retailer**

As at the Series 2018-1 Closing Date, Designated Accounts which are sales finance credit cards are originated through sales channels made available by a number of Retailers. There can be no assurance that the Latitude Group will be able to maintain access to those sales channels beyond the presently contracted periods or add new sales channels to replace any that are lost. The loss of any such sales channels (whether through the termination of agreements with Retailers or otherwise), the acquisition by a Retailer (or its nominee) of any Accounts originated through such sales channels (whether pursuant to the exercise of a purchase option granted in favour of that Retailer or otherwise), or a decline in new Account origination through them may affect the overall amount of Receivables that are generated by the Transferor and the number of Accounts that are available to be designated by the Transferor as Designated Accounts, which may result in a Partial Amortisation or Pay Out Event occurring in respect of Series 2018-1, as described more particularly below in "*Series 2018-1 – Partial Amortisation Events*" and "*Series 2018-1 – Pay Out Events*".

**Social, Legal, Political and Economic Factors Affect Consumer Credit Payments and Repayment of the Series 2018-1 Notes and are Unpredictable**

Changes in consumer credit use, borrowing and payment patterns, amounts of yield on the securitised portfolio generally and the rate of defaults by Customers may result from a variety of social, legal, political and economic factors in Australia. Social factors include changes in public confidence levels, attitudes toward incurring debt and perception of the use of consumer credit. Economic factors include the rate of inflation, the unemployment rate and relative interest rates offered for various types of credit. For example, a severe deterioration in the economy coupled with rising unemployment and increases in the Reserve Bank of Australia's base rate and/or BBSW could have a negative impact on consumer credit businesses in Australia. Political factors include lobbying from interest groups, such as consumers and retailers, and government initiatives in consumer and related affairs.

It is difficult to determine and there is no basis on which to predict accurately whether, or to what extent, social, legal, political or economic factors will affect the future use of credit, borrowing and payment patterns, default rates or the yield on the securitised portfolio.

**Reduction in the Rate of Interchange May Adversely Affect Payment on the Notes**

The Transferor receives interchange fees from the banks that clear transactions for merchants as partial compensation for, amongst other things, taking credit risk and absorbing fraud losses. See "*The Receivables*".

There has been increased regulatory focus on interchange fees in recent years. From 1 July 2017, pursuant to section 18 of the *Payment Systems (Regulation) Act 1998*, the Reserve Bank of Australia under Standard No. 1 of 2016 *The Setting of Interchange Fees in the Designated Credit Card Schemes and Net Payments to Loan Note Trustees* placed a cap on interchange fees applicable to the American Express Companion Card System, the MasterCard Credit Card System and the Visa Credit Card System. Any future changes to these new standards or further regulatory involvement with interchange fees could affect future yield on the securitised portfolio and adversely affect payments on the Series 2018-1 Notes or cause a loss on and/or early redemption of the Series 2018-1 Notes.

**Decisions of the Financial Services Ombudsman (the "FOS") Could Adversely Affect Payments on the Notes**

Under the Corporations Act, requirements exist for Australian financial services licensees, unlicensed product issuers and unlicensed secondary sellers to have a dispute resolution system that consists of membership of one or more ASIC-approved external dispute resolution schemes. The Transferor currently utilises the FOS for its external dispute resolution system.

Under the 'Terms of Reference', the FOS is required to make decisions on (among other things) disputes relating to a contract or obligation under Australian law, under its jurisdiction on the basis of what, in the FOS's opinion, would be fair in all circumstances of the case, taking into account (among other things) the law, any applicable industry codes of practice, good industry practice and guidance. Disputes brought before the FOS for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each such case may first be resolved by (among other things) negotiation or conciliation. In the event that a dispute remains unresolved, the dispute will proceed to a final decision by the FOS ("**Determination**"). A Determination is a final decision on the merits of a dispute and there is no further appeal or review process within the FOS. If the applicant accepts the Determination, then it is binding on both parties (the other party being the financial services provider, the Transferor). The FOS may make a money award to, forgive or vary a debt of, release security over a debt of, or waive or vary an amount owing by, a borrower, which may adversely affect the value at which credit card payments could be realised and accordingly the ability of the Loan Note Trustee to make payments in full when due on the Series 2018-1 Notes.

**A Change in the Terms of the Designated Accounts May Adversely Affect the Amount or Timing of Collections and May Cause an Early Redemption of the Series 2018-1 Notes or a Downgrade of the Series 2018-1 Notes**

Only the Receivables arising under the Designated Accounts are transferred to the Trustee. The Transferor (or where legal title to such Receivables is held by an Existing Owner, that Existing Owner) will continue to own legal title to the Accounts. As the legal owner of the Accounts, the Transferor or Existing Owner (as applicable) retains the right (subject to the terms of the relevant Credit Agreement) to change the terms of the accounts or other relevant parameters. For example, the Transferor or Existing Owner (as applicable) could change the monthly interest rate, increase or reduce the credit limits on the accounts or reduce or eliminate fees on the accounts or, subject to the Consumer Credit Laws on allowable minimum payments, reduce or increase the required minimum monthly payment.

Changes in interest rates and fees could lower the amount of Finance Charge Receivables generated by those accounts. This could cause a Pay Out Event to occur, which might cause an early redemption of or a loss on the Series 2018-1 Notes. This could also cause a reduction in the credit ratings on the Series 2018-1 Notes.

The Transferor has agreed to (and will procure that each Existing Owner that is a legal title holder of Acquired Receivables will), except as otherwise required by law or as may be determined by the Servicer to be necessary in order to maintain any of its authorisation and permissions to carry out the Latitude Group's consumer finance business, based upon a good faith assessment by the Servicer, in its sole discretion, of the nature of competition in the consumer finance business in Australia as a whole, not reduce the monthly interest rate assessed on Receivables existing or arising under any Designated Account or other fees otherwise than as required by law on the Designated Accounts if, as a result of such reduction, the Transferor's reasonable expectation is that a Pay Out Event would occur. See "*The Receivables*" and also see "*The Portfolio*".

In addition, the Transferor and each Existing Owner that is a legal title holder of Acquired Receivables is permitted to change the terms of the Credit Agreements, Credit Guidelines or Servicing Guidelines (including, without limitation, the reduction of the required minimum monthly payment and the calculation of the amount or the timing of finance charges, fees and charge offs, **provided that** this is permitted by law and regulation), unless such change (i) would, in the reasonable belief of the Transferor, cause a Pay Out Event to occur and (ii) is not made applicable to the comparable segment of credit accounts owned by the Transferor and serviced by the Servicer which have characteristics the same as or substantially similar to the Designated Accounts which are subject to such change (except as otherwise restricted by an endorsement, sponsorship or other agreement with an unrelated third party or by the terms of the relevant Credit Agreement).

Notwithstanding the above, the Transferor has agreed not to (and to procure that each Existing Owner that is a Legal Title Holder of Acquired Receivables shall not) amend the terms and conditions of the Credit Agreements relating to the governing law of the agreements, the assignability of the agreements or provision of information regarding Customer's to any person assuming the Transferor's rights under the Credit Agreements.

Except as specified above, there are no restrictions on the ability of the Transferor or an Existing Owner that holds legal title to Acquired Receivables to change the terms of the Credit Agreements. Changes in applicable law, changes in the marketplace or prudent business practice may result in such Transferor or Existing Owner (as applicable) seeking to make changes of terms as referred to above.

A change in the terms of the Credit Agreements or the Credit Guidelines may result in reduced, delayed or accelerated payments on the Series 2018-1 Notes.

**Principal on the Series 2018-1 Notes may be Paid Earlier or Later than Expected if the Transferor Cannot Finance the Creation of New Receivables – Creating a Re-investment Risk to Noteholders**

The principal source of funding for the securitised portfolio on the Series 2018-1 Closing Date will be the Related Debt and Associated Debt which is ultimately backed by the Receivables in the Trust. As a result, the Transferor's ability to assign new Receivables to the Trustee may be materially impacted by its ability to obtain, maintain and refinance the Trust and/or obtain funding from alternative sources.

If there is a decline in the generation of new Receivables or new accounts for any reason, including the inability of the Transferor to fund new Receivables, this may cause the occurrence of a Pay Out Event, which would cause Noteholders to be repaid some or all their principal before and/or after the Series 2018-1 Scheduled Redemption Date.

No premium will be paid upon an early redemption of the Series 2018-1 Notes. If Noteholders receive principal on the Series 2018-1 Notes earlier than expected, Noteholders may not be able to reinvest the principal at a similar rate of return.

**Credit Enhancement May be Insufficient to Prevent a Loss on the Series 2018-1 Notes**

The only assets that will be available to make payments on the Series 2018-1 Notes are the Loan Note Trust Assets and the assets of the Loan Note Trustee charged to secure payment of the Series 2018-1 Notes. If problems develop with the Receivables, such as an increase in losses on the Receivables, or if there are problems in the collection and transfer of the Receivables to the Trust, or if a Qualifying Swap Provider fails to make payments under its Qualifying Swap Agreement, it is possible that the available credit enhancement on the Series 2018-1 Notes, including the Series 2018-1 Originator VFN Subordination, will be insufficient to cover such losses and, as a result, Noteholders may not receive the full amount of interest and principal that would otherwise be received.

**Issuance of Additional Series by the Trustee on Behalf of the Trust May Adversely Affect Payments on the Series 2018-1 Notes**

Additional Series of Related Debt and Associated Debt may from time to time be issued by the Trust and the Loan Note Trust, respectively. Payments on such additional Series of Related Debt and Associated Debt also be payable from the Receivables in the Trust. The principal terms of any new Series will be contained in a Supplement and Series Investor Interest Note entered into for such additional Series, the terms of which will not be subject to Noteholders' prior review or consent.

The principal terms of a new Series may include methods for determining Investor Percentages and allocating Collections, provisions creating different or additional Security or other credit enhancement for the new Series, provisions subordinating the new series to other Series, and other amendments or supplements to the Cashflow Allocation Deed that apply only to the new Series. It is a condition to the issuance of a new Series that each Credit Rating Agency that has rated any outstanding Rated Debt – including the Series 2018-1 Notes – confirms in writing that the issuance of the new Series will not result in a reduction or withdrawal of its then current credit rating (which may be in the form of a credit rating of any Rated Debt being contemporaneously issued).

However, the terms of a new Series could adversely affect the timing and amounts of payments on the Series 2018-1 Notes.

**Credit Quality of the Trust's Assets May be Eroded by the Addition or Removal of Accounts Which Could Adversely Affect Collections of Receivables**

The Transferor or an Existing Owner may designate additional credit card accounts as Designated Accounts and offer the Trustee an assignment of the Receivables arising under such additional Designated Accounts. These accounts may include accounts that were originated or acquired using criteria that are different from those applicable to the accounts from which Receivables were originally assigned to the Trustee.

For example, they could be originated at a different date or with different underwriting standards, or they could be acquired from another institution that used different underwriting standards. Consequently, there can be no assurance that accounts that become Designated Accounts in the future will have the same credit quality or other characteristics as the Designated Accounts on the Series 2018-1 Closing Date. In addition, the acquisition by the Transferor or an Existing Owner of Accounts originated by third parties may result in the assumption of associated costs, including costs incurred in making ex gratia payments to Customers in circumstances where such Transferor or Existing Owner is not technically liable but may (for a variety of reasons which are common across the Australian consumer finance sector) nevertheless meet. This could adversely affect Collections on the Receivables. If this occurred, Noteholders could suffer an early redemption of, or a loss on, the Series 2018-1 Notes.

Notwithstanding the foregoing, the Transferor is not entitled to nominate additional Designated Accounts which do not satisfy the Maximum Addition Amount criteria without receiving a Rating Confirmation in respect of the nomination of such Accounts. See "*The Receivables: Designation of Accounts and Assignment of Receivables to the Trustee*".

**Breach of Transferor's Representations**

The Transferor has represented and will represent in the Origination and Sale Deed that the assignment of each Principal Receivable to the Trustee will pass good and marketable title to the Principal Receivable and the benefit of the Principal Receivable to the Trustee free of any security interest upon the Principal Receivable in favour of any person claiming through or under the Transferor or its affiliates subject to (a) the execution of a legal assignment of such Principal Receivable to the Trustee and the perfection of such assignment by the giving of a notice of perfection to the relevant Customer and (b) any limitations arising on enforcement in Australia.

None of the Loan Note Trustee, the Trustee, the Loan Note Security Trustee, the Security Trustee, the Arranger or the Joint Lead Managers has undertaken or will undertake any investigations, searches or other actions to verify the details of the Receivables or to establish the creditworthiness of any Customer on the Designated Accounts. The Loan Note Trustee and the Trustee will rely solely on the representations given by the Transferor to the Trustee about the Receivables, the Customers on the Designated Accounts, the Designated Accounts and the effect of the assignment of the Receivables.

If any representation made by the Transferor in respect of any Principal Receivable assigned to the Trustee proves to have been incorrect when made, the Transferor will be required to pay to the Trustee an amount equal to the Outstanding Amount thereof following which that Principal Receivable shall be an Ineligible Receivable held on trust by the Trustee for the Transferor, beneficial title of the Trustee to which may thereafter be extinguished or, if the extinguishment of such right, title and interest in the Receivables would not result in the Transferor becoming the holder of the beneficial title to the Receivables, instead re-assigned to the Transferor or (where the original holder was an Existing Owner) assigned to the Transferor, and will not be funded by the Related Debt and Associated Debt. The obligation of the Transferor to make such payment to the Trustee may be applied to repay the Eligible Receivables Tranche of the Transferor Interest Note or (via the Originator VFN Excess Amount of the Originator VFN Investor Interest) the Excess Amount Tranche of the Originator VFN Loan Note and the obligation of the Transferor to pay such amount to the Trustee set-off against such repayment, **provided, however, that** no such decrease will cause either the Transferor Interest or the Available Originator VFN Excess Amount to be decreased to an amount less than zero. If the Transferor becomes insolvent, the Trustee may be unable to compel the Transferor to make any payment in respect of a breach of any representation relating to the Receivables, and Noteholders could incur a loss on the Series 2018-1 Notes and/or an early redemption of the Series 2018-1 Notes. See "*The Receivables: Representations*".

**Interest Rate Payable on Each Series 2018-1 Loan Note May Increase Without a Corresponding Change in Interest Rates Potentially Causing a Loss on the Series 2018-1 Notes or Early Redemption of the Series 2018-1 Notes**

In line with the rest of the Australian consumer credit sector, the Transferor or an Existing Owner, as applicable, may apply differential interest rates to each product offering, some of which may be fixed or fixed for predetermined periods. The majority of the Designated Accounts have monthly interest rates that are constant, subject to the Transferor's or Existing Owner's ability to change the interest rate at its discretion (insofar as permitted by relevant consumer credit regulation and guidance). The rate of interest payable by Customers affects the amount of Finance Charge Collections the Trustee can use to make payments on the Series 2018-1 Investor Interest Note. The interest rate paid on the Series 2018-1 Investor Interest Note and the Series 2018-1 Notes will be based on BBSW which changes from time to time. Accordingly, the interest payable on the Series 2018-1 Investor Interest Note and the Series 2018-1 Notes could increase without a corresponding increase in the amount of Finance Charge Collections. If this occurred, Noteholders could suffer a loss on the Series 2018-1 Notes or a Pay Out Event could occur causing an early redemption of the Series 2018-1 Notes.

**Yield of Finance Charge Collections May be Affected by Changes in the Rate of Periodic Finance Charges**

The Transferor and each Existing Owner has reserved the right to change the rate of interest and other fees which will be applicable from time to time to such Designated Accounts. There can be no guarantee that the yield represented by the amount of Finance Charge Collections received during any Collection Period in which there has been a change in such charges or fees will remain at the same level relative to the rate of interest payable by the Trustee on the Series 2018-1 Investor Interest Note and the Loan Note Trustee on the Series 2018-1 Notes.

**Commingling of  
Collections may Delay or  
Reduce Payments on the  
Series 2018-1 Notes**

Collections from Customers in respect of the Designated Accounts and collections from Customers in respect of other Accounts owned by the Transferor or an Existing Owner that holds legal title to Acquired Receivables will initially be paid to a number of Transferor Collection Accounts, which are currently held at Westpac, on a daily basis (or as soon as practicable thereafter). The Transferor has declared a trust in favour of the Trustee over Collections standing to the credit of the Transferor Collection Account. Collections on the Designated Accounts will be transferred from the Transferor Collection Accounts to the Trustee Collection Account on the Business Day following the Date of Processing of such Collections or as soon as practicable thereafter.

For the limited time that Collections on the Designated Accounts are in the Transferor Collection Accounts, they may be commingled with other funds of the Transferor and, if the accounts have not been operated in accordance with their terms or adequate records have not been kept, they may be untraceable. Consequently, if the Transferor were to become insolvent, there may be a delay in the transfer of Collections to the Trustee if the Transferor – or a liquidator or administrator of the Transferor – attempted to freeze the operation of one or more Transferor Collection Accounts pending completion of any rights of tracing.

In addition, the Trustee, the Trust Manager and the Transferor have agreed certain cash settlement arrangements in order to facilitate operational efficiencies for the day to day settlement of amounts due between the Trustee, the Trust Manager and/or the Transferor. The Trustee has also agreed to make certain refundable advance payments to the Transferor.

**If the Transferor Opts to  
Treat a Portion of  
Principal Receivables as  
Finance Charge  
Receivables, an Early  
Redemption of the Series  
2018-1 Notes Could Occur  
or Could be Delayed**

The Transferor may opt to cause a percentage of Receivables that would otherwise be treated as Principal Receivables to be treated as Finance Charge Receivables. This is called a "**Discount Option**" and it can be a percentage applied to all Principal Receivables (such discount a "**General Discount**" and the relevant percentage a "**General Discount Percentage**") or to Principal Receivables on specific Product Lines (such discount a "**Product Line Discount**" and the relevant percentage a "**Product Line Discount Percentage**"). If the Transferor were to exercise this Discount Option, it could prevent a Pay Out Event from occurring because of a reduction of the Portfolio Yield, which could delay an early redemption of the Series 2018-1 Notes at a time when the performance of the securitised portfolio is deteriorating. The application of the Discount Option is at the option of the Transferor and the Transferor may change the percentage that applies or cease applying the Discount Option at any time. This Discount Option, if exercised, will reduce the aggregate amount of Principal Receivables, which may increase the likelihood that the Transferor will be required to designate additional Accounts from which Receivables will be assigned to the Trustee. If the Transferor were unable to designate additional Accounts, a Pay Out Event could occur and Noteholders could receive payments of principal on the Series 2018-1 Notes earlier than expected. See also the provisions relating to purchase payments for Outstanding Finance Charge which operate in the reverse way.

The same issue would arise where any Principal Receivables subject to merchant service fees are transferred at a discount (*See "Transaction Overview – Receivables and Servicing of Receivables – Merchant Service Fee" for further details.*)

**If Customers are Concentrated in a Geographic Region, an Economic Downturn in that Region May Adversely Affect Collections of Receivables**

If the Trust has a high concentration of Receivables from Customers located in a particular Australian State, an economic downturn in that Australian State may have a magnified adverse effect on the Trust because of that concentration. This Offering Circular contains a geographic breakdown of Accounts and the amount of Receivables generated in the various Australian States but geographic concentrations may vary from time to time and the Loan Note Trustee cannot predict when or where such concentrated Australian State economic declines may occur or to what extent or for how long. This could adversely affect the performance of the Receivables within the securitised portfolio which could result in a loss on the Series 2018-1 Notes. See Appendix A "*Securitised Portfolio Information*".

**Termination of the Servicer May Cause Disruptions in the Collection Process that Could Affect the Timeliness of Payments on the Series 2018-1 Notes**

If the appointment of Latitude Finance Australia as Servicer is terminated under the terms of the Servicing Deed, it will be necessary for the Trustee to appoint a Successor Servicer to undertake the obligations of the Servicer. See "*Servicing of Receivables - Termination of Appointment of Servicer*" for a description of the circumstances in which such termination may occur and the consequences of such termination. The transfer to a new Servicer may create disruptions in the collection process that could cause delays in the payments received by the Trustee and, ultimately, in payments due on the Series 2018-1 Notes. The Trustee has entered into a Back-Up Servicing Deed with the Back-Up Servicer.

**Risk of Re-characterisation of the Sale of the Receivables as a Loan Secured by Acquired Receivables**

The Receivables acquisition is structured to be effected as a true sale. However, if a liquidator or other person that assumes control of the Transferor in the event of insolvency of the Transferor attempts to seek a recharacterisation of the sale of the Acquired Receivables to the Trustee as a loan provided by the Trustee and which is secured by the Acquired Receivables, or otherwise attempts to consolidate the Acquired Receivables with the Transferor's assets, any such attempt could result in a delay in or reduction of collections on the Acquired Receivables available to make payment on the Series 2018-1 Notes.



## REGULATORY DISCLOSURE

### **Articles 404 to 410 of the Capital Requirements Regulation and Article 51 of the Alternative Investment Fund Manager Regulation**

Latitude Finance Australia as Transferor will be the originator of the securitisation detailed in this Offering Circular and of which the issue of the Series 2018-1 Notes forms part for the purposes of the CRR and the AIFMR and confirms that it will retain a material net economic interest of not less than 5 per cent. of the nominal value of the securitisation in accordance with Article 405 of the CRR and Article 51 of the AIFMR (as in force at the Series 2018-1 Closing Date) until the Series 2018-1 Final Redemption Date by way of a retention in accordance with paragraph 1(b) of Article 405 of the CRR and paragraph 1(b) of Article 51 of the AIFMR (as in force at the Series 2018-1 Closing Date) of an originator's interest of not less than 5 per cent. of the nominal value of the securitised exposures **provided that** the Transferor will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Transferor.

The form of the retention of the originator's interest will be through the Transferor's undertaking to retain the Originator VFN Loan Note in an amount of not less than 5 per cent. of the Outstanding Amount of the Eligible Receivables (in accordance with the terms of the confirmation set out above). The continued compliance of the Transferor with its undertaking to maintain its interest in accordance with the CRR and the AIFMR will be disclosed in the investor reports which will be made available to Noteholders.

The Transferor will grant security over and otherwise deal with the retention in a manner permitted under Article 405 of the CRR and Article 51 of the AIFMR and as specified in Article 12(2) of Commission Delegated Regulation (EU) No 625/2014. Should the enforcement of that security or any consequences arising from those dealings or any other reason (including the sale or other disposal of the retention in the insolvency of the Transferor) result in the Transferor ceasing to retain a material net economic interest in the retention then there would no longer be a retention in compliance with Article 405 of the CRR and Article 51 of the AIFMR which would affect the liquidity of the Series 2018-1 Notes.

Each prospective investor that is required to comply with Articles 404 to 410 of the CRR (as implemented in each Member State of the European Economic Area) or Section 5 of Chapter III of the AIFMR (as implemented in each Member State of the European Economic Area) is required to independently assess and determine the sufficiency of the information described above, in this Offering Circular and otherwise which may be made available to investors (if any) generally for the purposes of compliance with Articles 404 to 410 of the CRR and Section 5 of Chapter III of the AIFMR and none of the Loan Note Trustee, the Trustee, the Loan Note Trust Manager, the Trust Manager, the Arranger, the Joint Lead Managers or any of the other Transaction Parties (i) makes any representation that the information described above or elsewhere in this Offering Circular or which otherwise may be made available to such investors (if any) is sufficient in all circumstances for such purposes, (ii) shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of Articles 404 to 410 of the CRR or Section 5 of Chapter III of the AIFMR or any other applicable legal, regulatory or other requirements; or (iii) shall have any obligation, other than the obligations in respect of Articles 405 and 409 of the CRR undertaken by the Transferor in the Series 2018-1 Supplement, to enable compliance with the requirements of Articles 404 to 410 of the CRR and Section 5 of Chapter III of the AIFMR or any other applicable legal, regulatory or other requirements. Prospective investors who are uncertain as to the requirements under Articles 404 to 410 of the CRR and Section 5 of Chapter III of the AIFMR which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act included an amendment to the U.S. Securities Exchange Act of 1934 that requires securitisers to retain at least five per cent. of the credit risk of any asset pool they securitise and prohibits hedging or otherwise transferring such retained risk (the "**U.S. Risk Retention Requirements**"). Implementing rules were adopted in October 2014 and became effective with respect to credit card backed securities as of 24 December 2016. None of the Loan Note Trustee, Trustee, Security Trustee, Loan Note Security Trustee, Transferor, Arranger, Joint Lead Managers or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Series 2018-1 Notes as to whether the transaction described in this Offering Circular complies with the U.S. Risk Retention Requirements on the Series 2018-1 Closing Date or at any time in the future. Investors

should consult their own advisers as to the U.S. Risk Retention Requirements. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## TRANSACTION OVERVIEW

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

## TRANSACTION PARTIES

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed and further information</b>
<b>Arranger</b>	Merrill Lynch International ("Bank of America Merrill Lynch")	Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ, United Kingdom	Dealer Agreement
<b>Joint Lead Manager</b>	Merrill Lynch International	Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ, United Kingdom	Dealer Agreement; please see "Subscription and Sale" for further details.
<b>Joint Lead Manager</b>	Deutsche Bank AG, Sydney Branch	Deutsche Bank Place, Level 16, Corner of Hunter Street and Phillip Street, Sydney NSW 2000 Australia	Dealer Agreement; please see "Subscription and Sale" for further details.
<b>Joint Lead Manager (for the Class A1 Notes and Class A2 Notes)</b>	National Australia Bank	Level 25, 255 George Street, Sydney, New South Wales 2000, Australia	Dealer Agreement; please see "Subscription and Sale" for further details.
<b>Loan Note Trustee and Trustee</b>	Perpetual Corporate Trust Limited	Level 18 123 Pitt Street Sydney NSW 2000 Australia	Loan Note Trust Deed and Master Trust Deed; please see "The Trust and the Loan Note Trust" for further details.
<b>Loan Note Trust Manager and Trust Manager</b>	KVD TM Pty Ltd	800 Collins St Docklands Victoria 3008 Australia	Loan Note Trust Management Deed and Trust Management Deed; please see "The Trust and the Loan Note Trust" for further details.
<b>Transferor</b>	Latitude Finance Australia	800 Collins St Docklands Victoria 3008 Australia	Origination and Sale Deed; please see "The Receivables" for further details.
<b>Servicer</b>	Latitude Finance Australia	800 Collins St Docklands Victoria 3008 Australia	Servicing Deed; please see "Servicing of Receivables" for further details.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed and further information</b>
<b>Security Trustee and Loan Note Security Trustee</b>	P.T. Limited	Level 18 123 Pitt Street Sydney NSW 2000 Australia	Security Trust Deed and Security and Cashflow Allocation Deed; please see " <i>The Security Trust and the Loan Note Security Trust Transaction Documents</i> " for further details.
<b>Trustee Account Bank, Loan Note Trustee Account Bank</b>	Westpac Banking Corporation (" <b>Westpac</b> ")	275 Kent Street Sydney NSW 2000 Australia	N/A

## RECEIVABLES AND SERVICING OF RECEIVABLES

*Please refer to the sections entitled "The Receivables" and "Servicing of Receivables" for further detail in respect of the characteristics of the securitised portfolio and the sale and the servicing arrangements in respect of the securitised portfolio.*

### **The Receivables**

The Receivables consist of amounts charged by Customers to designated credit card accounts originated or acquired by the Transferor or an Existing Owner. The Receivables also include the Periodic Finance Charges and fees charged to such accounts. A definition of "**Periodic Finance Charges**" is provided in the section entitled "*The Receivables – Amendments to Credit Agreements and Credit Guidelines*".

As at the date of this Offering Circular, all credit card accounts to be included in the securitised portfolio which are scheme enabled are operated through the MasterCard® or VISA® system. However, credit cards operated through the American Express® or other payment systems may be added to the securitised portfolio in the future. Closed-loop cards are also included within the securitised portfolio.

On the Series 2018-1 Closing Date the Transferor will select designated accounts with receivables estimated to have a face amount of A\$672,500,000 to assign to the Trust. More detailed information regarding the securitised portfolio is provided in the section entitled "*Securitised Portfolio*". On the Series 2018-1 Closing Date, after the additional receivables have been assigned to the Trust, the Designated Accounts within the Trust are estimated to have a face amount of A\$2,218,500,000.

### **Terms of the Credit Agreements**

The Transferor or an Existing Owner only assigns Receivables arising on Designated Accounts to the Trustee and does not assign all of its rights under the Credit Agreements relating to the Designated Accounts (which rights are held on trust for it by the Transferor). Furthermore, the Transferor or Existing Owner (as applicable) retains the right (subject to the terms of the Credit Agreements) to determine (in its sole discretion and without seeking the consent or agreement of the Transferor, any Existing Owner or the Trustee), *inter alia*, the monthly Periodic Finance Charges and other fees which will be applicable from time to time to such Designated Accounts, to alter the minimum monthly payment required on such Designated Accounts and the credit limit applicable to the Designated Accounts, and to change various other terms with respect to such Designated Accounts, including increasing or decreasing the annual percentage rate ("**APR**").

### **Interchange**

Members participating in the VISA® and MasterCard® associations receive fees as partial compensation for, amongst other things, taking credit risk and absorbing fraud losses. Under the VISA® and MasterCard® systems, such fees are passed from the merchant acquirers that clear the transactions for merchants to card issuers. These fees are calculated as a percentage of the amount of a credit card transaction for the purchase of goods or services. This percentage varies from time to time.

The fees received from VISA® and MasterCard® described above are known as "**Interchange**".

Any Interchange arising in respect of Designated Accounts is assigned to the Trustee and is generally treated in the same way as Finance Charge Collections.

### **Eligibility Criteria**

Principal Receivables may only be added to the securitised portfolio if they meet specified conditions. Those conditions, broadly, include:

- that the Receivable has been originated or purchased by the Transferor or relevant Existing Owner and is governed by a Credit Agreement which is either in the form of a Standard Document or (if acquired by the Transferor or relevant Existing Owner) in a form not materially different from a Standard Document in terms of governing law, disclosure and assignability;
- that the Receivable is payable in Australian Dollars;
- that the Receivable has not been classified by the Transferor or relevant Existing Owner as a Cancelled Account or as counterfeit, fraudulent, stolen or lost;
- that the Account on which such Receivables has arisen has not been classified by the Transferor or relevant Existing Owner as charged-off; and
- that the Customer is an individual and is an Australian resident at the date of origination of the Account.

For a complete summary of the Eligibility Criteria please see "*The Receivables*".

### **Sale and Assignment**

The Receivables arising on Designated Accounts will generally be assigned to the Trustee by the Transferor pursuant to the Origination and Sale Deed and sale notice. An Existing Owner may also assign Receivables arising on Designated Accounts to the Trustee pursuant to the Origination and Sale Deed and sale notice. The assignment of Receivables arising on the Designated Accounts and the circumstances where such assignments may be restricted are set out in more particular detail in the section entitled "*The Receivables – Designation of Accounts and Assignment of Receivables to the Trustee*."

### **Consideration**

The consideration payable by the Trustee to the Transferor for the Receivables (including any transferred by an Existing Owner) is, broadly, the outstanding balance due in respect of such of those Receivables as are Principal Receivables, plus Outstanding Finance Charges, plus deferred consideration. In the event that the Trustee does not have enough cash available to purchase a Receivable that arises on a Designated Account on any day, such shortfall may be funded by way of a further drawing under the Eligible Receivables Tranche of the Transferor Interest Note.

### **Representations**

Each previous offer and all future offers of Receivables to the Trustee included or will include representations by the Transferor about such of those Receivables as are Principal Receivables. The Transferor will also make these representations in respect of Receivables which are assigned by an Existing Owner to the Trustee. The representations for Principal Receivables in existence at the time of such offer will be given as of the relevant Assignment Date and the representations for Principal Receivables yet to come

into existence will be given as of the Date of Processing and, broadly, will include, in each case, that:

- unless identified as an Ineligible Receivable, such Principal Receivable is an Eligible Receivable and has arisen from an Eligible Account in the amount specified in the Offer or Daily Trust Manager Report, as applicable;
- each assignment passes good and marketable title for that Principal Receivable to the Trustee, together with the benefit of all Collections and other rights in connection with it, free from security interests of any person claiming through the Transferor, or the Existing Owner, or any of its affiliates, subject to any limitations arising on enforcement in Australia, and no further act, condition or thing will be required to be done in connection therewith to enable the Trustee to require payment of any such Receivable or to enforce any such right in the courts of Australia without the participation of the Transferor or Existing Owner other than (a) the execution of a legal assignment of such Receivable in favour of the Trustee and notification of such assignment to the relevant Customer or (b) the joining of the Transferor or Existing Owner as a party to proceedings by the Trustee against the relevant Customer;
- the assignment complies with all applicable laws on the Assignment Date, save where any such non-compliance would not have a material adverse effect on the ability of the Transferor to conduct its business; and
- the Transferor or assigning Existing Owner holds legal title to the Designated Accounts.

If a representation given in connection with any Principal Receivable proves to be incorrect when made, then the Transferor is obliged to pay the Trustee an amount equal to the Outstanding Amount of that Receivable by no later than the Transfer Date following the Collection Period during which such representation becomes known to the Transferor to be incorrect. A Receivable of this type will afterwards be treated as an Ineligible Receivable.

For further details of the Eligibility Criteria, together with the definitions of Eligible Receivable and Eligible Account, please see "*The Receivables*".

### **Designation of Accounts**

Receivables will only be assigned to the Trustee if they arise on credit card accounts specified (either specifically or by reference to a Product Line) by the Transferor or an Existing Owner (such accounts being "**Designated Accounts**"). On the Initial Assignment Date (being the Closing Date), the Designated Accounts were those Accounts which were specified in the Initial Offer and, subject to the following restrictions, new Accounts specified in any Subsequent Offer or which are originated under the Product Lines specified in any Subsequent Offer will automatically become Designated Accounts (unless specifically recorded as not being so designated on the Transferor's System).

Furthermore, unless a Rating Confirmation is obtained in respect of the addition of Designated Accounts in greater numbers, the

maximum number of Accounts which may become Designated Accounts is, broadly:

- (a) in a given three-month period, limited (by both number and aggregate principal balance at point of designation) to 15 per cent. of the securitised portfolio; and
- (b) in a given 12-month period, limited (by both number and aggregate principal balance at point of designation) to 20 per cent. of the securitised portfolio.

Further details regarding each of the above restrictions is set out in "*The Receivables*" below.

#### **Redesignation of Designated Accounts**

Each Designated Account will continue to be a Designated Account until it is redesignated and becomes a "**Redesignated Account**".

A Designated Account will only become a Redesignated Account with effect from the date (if any) specified in a notice (a "**Redesignation Notice**") served by the Transferor in accordance with the terms of the Origination and Sale Deed.

Unless a Designated Account is a Debt Recovery Account, a Zero Balance Account, an Ineligible Account, a Defaulted Account, a Cancelled Account or a Designated Account which is to be redesignated pursuant to a breach of warranty, the Transferor may only serve a Redesignation Notice in respect of such Account if:

- (a) unless such Account is a Third Party Redesignated Account in circumstances where those Accounts are due to be acquired by a third party in connection with the termination or expiry of the Retailer Agreement pursuant to which those Accounts were originated or maintained, such redesignation will not, in the reasonable belief of the Transferor, cause:
  - (i) a Pay Out Event to occur on the relevant Redesignation Date;
  - (ii) the aggregate of the Transferor Interest and the Available Originator VFN Excess Amount to be less than the Minimum Transferor Interest on the relevant Redesignation Date; or
  - (iii) the Eligible Receivables Balance to be less than the Minimum Aggregate Principal Receivables on the relevant Redesignation Date;
- (b) unless such Account is a Third Party Redesignated Account, such Account has not been selected for redesignation by a procedure believed by the Transferor to be materially adverse to the interests of the holders of any Series Investor Interest Note;
- (c) the Servicer shall certify to the Trustee that Collections equal to the Outstanding Amount of the Receivables has been (or will be) received by the Trustee in respect of every Principal Receivable which has been assigned to or held on trust for the Trustee in respect of that Account, other than Receivables which have been charged-off as uncollectible in accordance with the Credit Guidelines on



the computer master file of Accounts used by the Servicer, or which have been the subject of a Credit Adjustment or Reduction; and

- (d) the Transferor has delivered to the Trustee a certificate confirming the solvency of the Transferor and the satisfaction of the foregoing conditions.

The date on which any Designated Account is redesignated is known as its "**Redesignation Date**".

For the purposes of the foregoing:

A "**Cancelled Account**" is a Designated Account (which is not a Defaulted Account or a Debt Recovery Account) which has had its charging privileges permanently withdrawn either (a) at the instigation of the Servicer or (b) at the request of the relevant Customer, and, in either case, which has been designated by the Servicer as a "Cancelled Account" in accordance with the Credit Guidelines, the Servicing Guidelines or the Servicer's usual servicing procedures.

A "**Debt Recovery Account**" is a Designated Account (which is not a Defaulted Account) where the relevant Customer has been sent a notice of default in respect of such Account or is otherwise on a payment plan.

A "**Defaulted Account**" is a Designated Account where the Receivables have been charged off by the Servicer as uncollectible in line with the Credit Guidelines, the Servicing Guidelines or the customary and usual servicing procedures of the Servicer.

An "**Ineligible Account**" is a Designated Account in respect of which every outstanding Principal Receivable arising under such Account is an Ineligible Receivable and which the Transferor wishes to cease being a Designated Account.

A "**Third Party Redesignated Account**" is a Designated Account which is to be redesignated as a result of an arm's-length arrangement on commercial terms made between the Transferor and/or an Existing Owner and a third party which requires the transfer to such third party of specified Designated Accounts, such redesignation to occur in accordance with the terms of the Origination and Sale Deed.

A "**Zero Balance Account**" is a Designated Account that has had a nil balance of Receivables for a considerable period of time and has been identified by the Servicer as a Zero Balance Account under the Credit Guidelines, the Servicing Guidelines or the usual servicing procedures of the Servicer.

The Principal Receivables arising on Redesignated Accounts that exist before the relevant Redesignation Date will be paid for by the Trustee. Any Subsequent Receivables that come into existence after that time (other than Finance Charge Receivables in respect of Principal Receivables which are in existence prior to such Redesignation Date) will not be assigned to the Trustee, as set out in the Origination and Sale Deed. However, no Receivables that have been assigned to the Trustee will be extinguished or, if the extinguishment of such right, title and interest in the Receivables would not result in the Transferor becoming the holder of the beneficial title to the Receivables, instead re-assigned or (where

the original holder was an Existing Owner) assigned to the Transferor or to a person nominated by the Transferor unless:

- (a) such Receivables relate to Redesignated Accounts which are Defaulted Accounts ("**Defaulted Receivables**") arising on Debt Recovery Accounts ("**Debt Recovery Receivables**") and the Transferor exercises its rights and complies with its obligations under the relevant call option (as described below);
- (b) such Receivables relate to Redesignated Accounts which are Ineligible Accounts and the Transferor elects to repurchase such Receivables (for nil consideration); or
- (c) such Receivables relate to any other Redesignated Accounts in respect of which the Transferor has specified in the relevant Redesignation Notice that such Receivables are to be re-assigned and the Transferor pays:
  - (i) the aggregate of (x) the aggregate Outstanding Amount of the Eligible Receivables; (y) any estimated Outstanding Finance Charges in respect of which an Acceptance Price has been paid; and (z) any other Outstanding Finance Charges, payable in cash on the Redesignation Date and which shall be treated for the purposes of the Trust as (in respect of (x) and (y)) a Principal Collection or (in respect of (z)) a Finance Charge Collection; and
  - (ii) deferred consideration in an amount equal to any Accrued Finance Charges at the Effective Time, such amount to be payable in cash at the time of realisation by the Transferor of the relevant Accrued Finance Charges and which shall be treated for the purposes of the Trust as a Finance Charge Collection,

in which case the Trustee's right in such Receivables will be extinguished or, if the extinguishment of such right in the Receivables would not result in the Transferor becoming the holder of the beneficial title to the Receivables, instead re-assigned or (where the original holder was an Existing Owner) assigned to the Transferor or to a person nominated by the Transferor.

Until the consideration has been received by the Trustee for the assigned Receivables (if any) payable by the Transferor for the extinguishment or reassignment, the Receivables arising on a Redesignated Account will not be extinguished or, if the extinguishment of such right, title and interest in the Receivables would not result in the Transferor becoming the holder of the beneficial title to the Receivables, instead re-assigned or (where the original holder was an Existing Owner) assigned to the Transferor or to a person nominated by the Transferor.

## **Call Options**

Pursuant to the Origination and Sale Deed, the Trustee has granted to the Transferor a call option in respect of Defaulted Receivables and a call option in respect of Debt Recovery Receivables. The call option applies to Defaulted Receivables and Debt Recovery Receivables irrespective of whether the Defaulted Receivables or

Debt Recovery Receivables were originally assigned to the Trustee by the Transferor or an Existing Owner.

The Transferor may exercise either of these options by sending an extinguishment agreement (an "**Option Extinguishment Assignment**") to the Trustee and Trust Manager stating that, at the opening of business (the "**Option Exercise Time**") on a specified date (the "**Option Exercise Date**"), it shall require the Trustee to enter into an agreement with it for all Defaulted Receivables on the Defaulted Accounts (or any specified Defaulted Accounts) or the present and future Receivables arising on the Debt Recovery Accounts (the "**Debt Recovery Receivables**") (or any specified Debt Recovery Accounts), as applicable (in each case as are in existence at the Option Exercise Time) to be extinguished or, if the extinguishment of such right, title and interest in the Receivables would not result in the Transferor becoming the holder of the beneficial title to the Receivables, instead re-assigned or (where the original holder was an Existing Owner) assigned to the Transferor or to a person nominated by the Transferor (any such extinguished or re-assigned Receivable being "**Re-Acquired Defaulted Receivable**"). The Option Extinguishment Assignment shall state the amount of Defaulted Receivables or Debt Recovery Receivables, as applicable.

The consideration payable by the Transferor to the Trustee for such extinguishment (or re-assignment or assignment) shall:

- (a) in the case of Defaulted Receivables, be the aggregate of A\$1 (payable on the Option Exercise Date), and:
  - (i) any amount received from the relevant Customer (directly or indirectly), by the Transferor with respect to the Re-Acquired Defaulted Receivables; and
  - (ii) any consideration payable by any third party to the Transferor, including debt collection agents, for the assignment of such Re-Acquired Defaulted Receivables (net of any costs of the Transferor in connection with such sale and any retention in respect of any provisions in respect of such sale),

the amounts specified in paragraphs (i) and (ii) being, together, the "**Sale Recoveries**" and being payable on the Transfer Date relating to the Collection Period during which the Sale Recoveries were realised; and

- (b) in the case of Debt Recovery Receivables, an amount shall be paid and calculated on the same basis as set out in the "*Redesignation of Designated Accounts*" section above in respect of other types of Designated Account.

#### **Discount Option Receivables**

The Transferor may, by giving at least thirty (30) days' prior notice to the Servicer, the Trustee and the Credit Rating Agencies, nominate (a) a General Discount (applying a fixed or variable General Discount Percentage) to apply generally to all Principal Receivables or (b) a Product Line Discount (applying a fixed or variable Product Line Discount Percentage) to apply in respect of certain identified Product Lines. If a General Discount or Product Line Discount has been nominated previously, an extension to the

period for which it applies can be specified in the same way. From the date and for the length of time stated in the notice: (i) the amount payable by the Trustee to accept an offer of Receivables will be reduced by the General Discount (or in the case of a Product Line Discount, on the relevant Product Line only) and (ii) a percentage of the Principal Receivables equal to the General Discount or the Product Line Discount (as applicable) will be treated by the Trustee as Finance Charge Receivables. A General Discount or Product Line Discount may be applied to Principal Receivables irrespective of whether the Principal Receivables were originally assigned to the Trustee by the Transferor or an Existing Owner.

**Outstanding Finance Charges**

If an offer specifies that part of the purchase price will include payment by reference to Capitalised Outstanding Finance Charges, the Finance Charge Collections received for such Capitalised Outstanding Finance Charges will be treated as Principal Collections.

If an offer specifies that part of the purchase price will include payment by reference to Non-Capitalised Outstanding Finance Charges, the Finance Charge Collections received for such Non-Capitalised Outstanding Finance Charges shall be treated as Finance Charge Collections, however, a portion of Available Funds may be treated as Principal Collections in relation thereto in accordance with the terms of the Excess Spread Priority of Payments.

**Merchant Service Fee**

The amounts of any merchant service fee payable to the Transferor or an Existing Owner will not be transferred to the Trustee. However, the Transferor may designate in a certificate to the Trustee that a portion of Principal Receivables that represents amounts of merchant service fee on non-interest bearing credit in respect of Designated Accounts shall be treated as Finance Charge Receivables instead of as Principal Receivables, and the Principal Receivables therefore purchased at a discount provided, however, that any such certificate shall have effect only in relation to Receivables which are acquired by the Trustee (whether as Existing Receivables or Subsequent Receivables) after the time when such certificate was issued. In all other cases, a Principal Receivable in respect of which a merchant service fee is payable shall be purchased by the Trustee for the Outstanding Amount in which case the level of Finance Charge Collections received in respect of such Principal Receivables may be nominal.

**Notification Events**

The Transferor has granted (and each Existing Owner will grant) a security power of attorney in favour of the Trustee, enabling the Trustee (as attorney of the Transferor and sub-attorney of the Transferor) to execute a legal assignment to it of the Transferor's or Existing Owner's (as the case may be) legal title to the Receivables. However, the Trustee has agreed that it will not execute such a legal assignment or give notice of such assignment to the relevant Customers unless (a) an Insolvency Event occurs with respect to the Transferor or Existing Owner (b) the Transferor (or the Servicer on behalf of the Transferor) fails to pay any sum due from it to the Trustee under the Transaction Documents in respect of the Designated Accounts within five Business Days of the due date thereof or the date of demand, if payable on demand, in the currency and in the manner specified herein, and such failure

is not remedied within ten Business Days after the Trustee has given notice thereof to the Transferor.

Accordingly, prior to the execution of such an assignment and the notification thereof to the Customers, the transfer by the Transferor or an Existing Owner (as the case may be) to the Trustee of the benefit of the Receivables takes effect in equity only. This has certain legal consequences as described in the risk factor entitled "*Failure to Notify Customers of the Transfer of Receivables Could Delay or Reduce Payments on the Notes*".

### **Servicing of the Receivables**

The Servicer has been appointed by the Trustee as initial Servicer under the terms of the Servicing Deed. Among other things, the Servicer's functions include servicing, administration and management of the Acquired Receivables and Designated Accounts and collecting payments due in respect of the Acquired Receivables.

The appointment of Latitude Finance Australia as Servicer under the Servicing Deed and the appointment of any person as Servicer to replace anyone then acting as the Servicer – called a "**Successor Servicer**" – may terminate when a Servicer Termination Event occurs and is continuing, which includes:

- material non-performance of its obligations (including failure to pay any amounts when due);
- material misrepresentations; and
- occurrence of an Insolvency Event in relation to the Servicer.

The Servicer may resign from its obligations and duties as Servicer under the Servicing Deed if it gives ninety (90) days written notice. The Servicer's resignation or termination will not be effective until a Successor Servicer has been properly appointed.

Please see "*Servicing of Receivables*" for further details.

### **Servicing Fees**

As full compensation for its servicing duties and activities and as reimbursement for any expense incurred by it in connection therewith, the Servicer is entitled to receive a senior and a junior fee from the Trustee with respect to each Collection Period.

### **Delegation**

The Servicer may delegate some or all of its servicing function to a third party, **provided that** the Servicer remains responsible for the performance of any of its servicing function so delegated. Please see "*Servicing of Receivables*" for further details.

**FULL CAPITAL STRUCTURE OF THE SERIES 2018-1 NOTES**

	<b>Class A1 Notes</b>	<b>Class A2 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>
<b>Currency .....</b>	AUD	AUD	AUD	AUD	AUD	AUD
<b>Initial Principal Amount .....</b>	A\$353,450,000	A\$52,325,000	A\$28,800,000	A\$26,175,000	A\$20,930,000	A\$18,320,000
<b>Credit Enhancement Features .....</b>	Subordination of Class A2/B/C/D/E Notes, Series Originator VFN Subordination and excess Finance Charge Collections	Subordination of Class B/C/D/E Notes, Series Originator VFN Subordination and excess Finance Charge Collections	Subordination of Class C/D/E Notes, Series Originator VFN Subordination and excess Finance Charge Collections	Subordination of Class D/E Notes, Series Originator VFN Subordination and excess Finance Charge Collections	Subordination of Class E Notes, Series Originator VFN Subordination and excess Finance Charge Collections	Series Originator VFN Subordination and excess Finance Charge Collections
<b>Liquidity Support Features</b>	Use of Finance Charge Collections from the Originator VFN Subordination for Series 2018-1 and other Series grouped with Series 2018-1, use of Principal Collections (including from the Series 2018-1 Required Retained Principal Ledger and Originator VFN Required Retained Principal Ledger) from the subordinated classes and the Originator	Use of Finance Charge Collections from the Originator VFN Subordination for Series 2018-1 and other Series grouped with Series 2018-1, use of Principal Collections (including from the Series 2018-1 Required Retained Principal Ledger and Originator VFN Required Retained Principal Ledger) from the subordinated classes and the Originator	Use of Finance Charge Collections from the Originator VFN Subordination for Series 2018-1 and other Series grouped with Series 2018-1, use of Principal Collections (including from the Series 2018-1 Required Retained Principal Ledger and Originator VFN Required Retained Principal Ledger) from the subordinated classes and the Originator	Use of Finance Charge Collections from the Originator VFN Subordination for Series 2018-1 and other Series grouped with Series 2018-1, use of Principal Collections (including from the Series 2018-1 Required Retained Principal Ledger and Originator VFN Required Retained Principal Ledger) from the subordinated classes and the Originator	Use of Finance Charge Collections from the Originator VFN Subordination for Series 2018-1 and other Series grouped with Series 2018-1, use of Principal Collections (including from the Series 2018-1 Required Retained Principal Ledger and Originator VFN Required Retained Principal Ledger) from the subordinated class and the Originator	Use of Finance Charge Collections from the Originator VFN Subordination for Series 2018-1 and other Series grouped with Series 2018-1, use of Principal Collections (including from the Originator VFN Required Retained Principal Ledger) from the Originator VFN Subordination for Series 2018-1

	<b>Class A1 Notes</b>	<b>Class A2 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>
	VFN Subordination for Series 2018-1	VFN Subordination for Series 2018-1	VFN Subordination for Series 2018-1	VFN Subordination for Series 2018-1	VFN Subordination for Series 2018-1	
<b>Issue Price .....</b>	100%	100%	100%	100%	100%	100%
<b>ASX Bank Bill Swap Benchmark Rate .....</b>	1-month BBSW	1-month BBSW	1-month BBSW	1-month BBSW	1-month BBSW	1-month BBSW
<b>Initial Margin.....</b>	1.10%	1.45%	1.95%	2.25%	3.10%	4.25%
<b>Step-Up Margin</b>	Unless a Pay Out Event has occurred on or prior to the Series 2018-1 Expected Redemption Date, from (and including) the Series 2018-1 Expected Redemption Date, the margin will increase to 1.35%	None	None	None	None	None
<b>Interest Accrual Method.....</b>	Actual / 365	Actual / 365	Actual / 365	Actual / 365	Actual / 365	Actual / 365
<b>Payment Dates .....</b>	22nd of Month	22nd of Month	22nd of Month	22nd of Month	22nd of Month	22nd of Month
<b>Business Day Convention....</b>	Following	Following	Following	Following	Following	Following
<b>First Payment Date.....</b>	The Payment Date falling on 22 May 2018	The Payment Date falling on 22 May 2018	The Payment Date falling on 22 May 2018	The Payment Date falling on 22 May 2018	The Payment Date falling on 22 May 2018	The Payment Date falling on 22 May 2018
<b>First Interest Period .....</b>	The period from the Series 2018-1	The period from the Series 2018-1	The period from the Series 2018-1	The period from the Series 2018-1	The period from the Series 2018-1	The period from the Series 2018-1

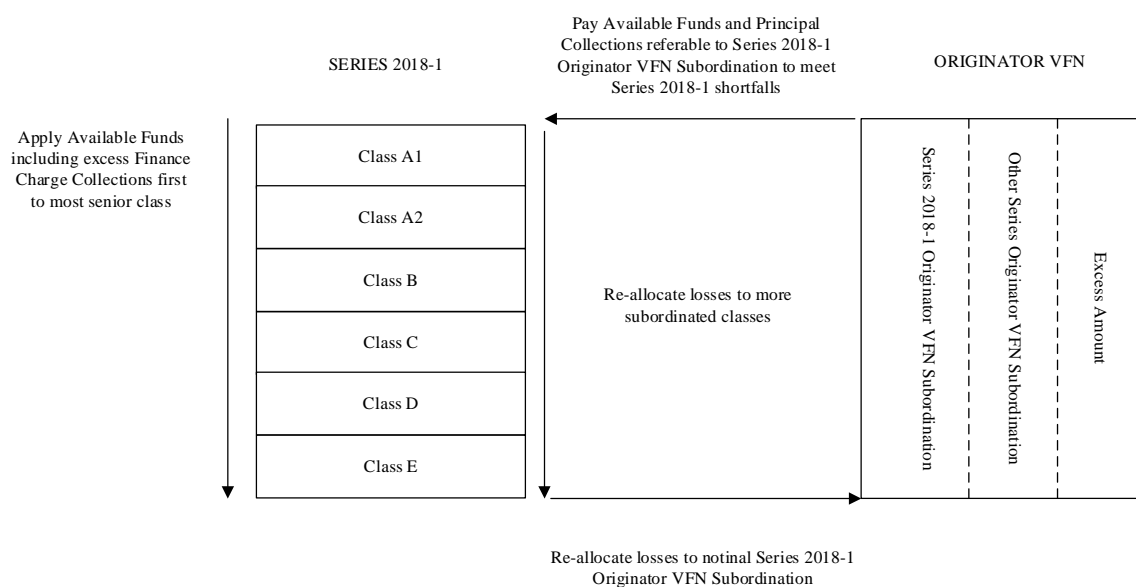
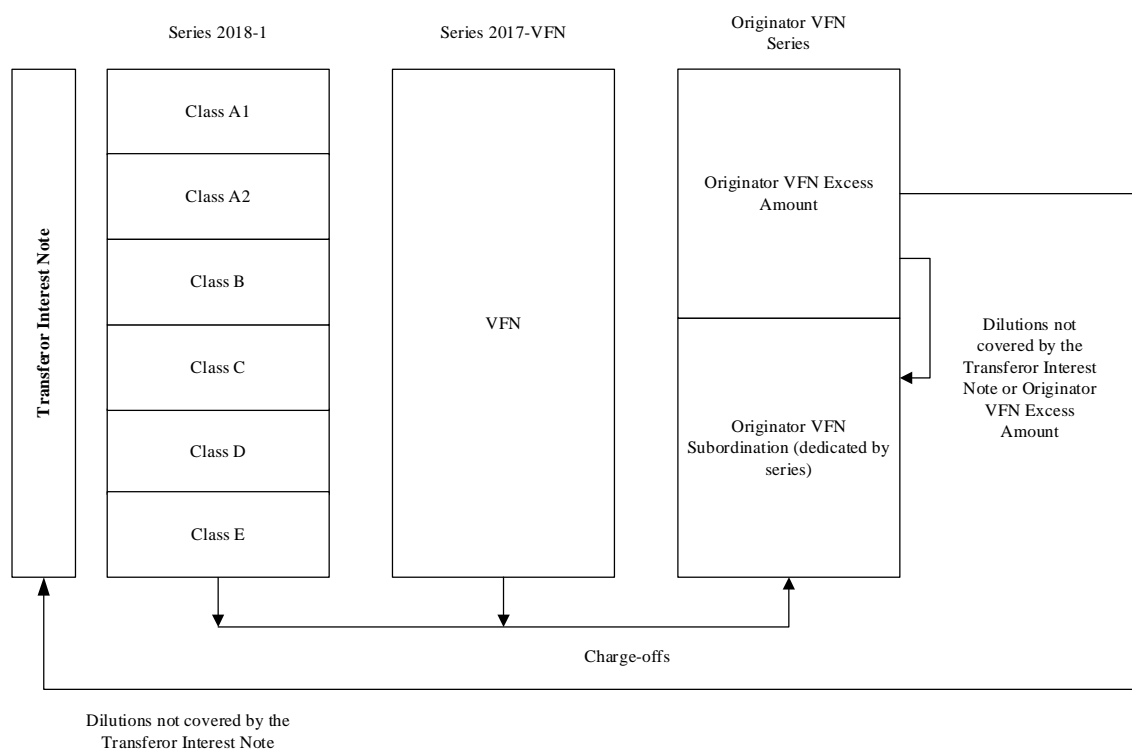
	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
	Closing Date to the first Payment Date	Closing Date to the first Payment Date	Closing Date to the first Payment Date	Closing Date to the first Payment Date	Closing Date to the first Payment Date	Closing Date to the first Payment Date
<b>Pre-Enforcement Redemption Profile</b> .....	<p>Unless the Rapid Amortisation Period has commenced or, the Loan Note Trustee exercises its option to redeem on a Redemption Call Date or a Partial Amortisation Date occurs, the Series 2018-1 Notes will be redeemed on each Payment Date relating to the Scheduled Amortisation Period in an amount equal to the Scheduled Amortisation Amount. The Series 2018-1 Notes may also be redeemed early in whole or in part if a Partial Amortisation Event occurs. Please refer to Note Condition 7 (<i>Redemption</i>).</p>	<p>Unless the Rapid Amortisation Period has commenced or, the Loan Note Trustee exercises its option to redeem on a Redemption Call Date or a Partial Amortisation Date occurs, the Series 2018-1 Notes will be redeemed on each Payment Date relating to the Scheduled Amortisation Period in an amount equal to the Scheduled Amortisation Amount. The Series 2018-1 Notes may also be redeemed early in whole or in part if a Partial Amortisation Event occurs. Please refer to Note Condition 7 (<i>Redemption</i>).</p>	<p>Unless the Rapid Amortisation Period has commenced or, the Loan Note Trustee exercises its option to redeem on a Redemption Call Date or a Partial Amortisation Date occurs, the Series 2018-1 Notes will be redeemed on each Payment Date relating to the Scheduled Amortisation Period in an amount equal to the Scheduled Amortisation Amount. The Series 2018-1 Notes may also be redeemed early in whole or in part if a Partial Amortisation Event occurs. Please refer to Note Condition 7 (<i>Redemption</i>).</p>	<p>Unless the Rapid Amortisation Period has commenced or, the Loan Note Trustee exercises its option to redeem on a Redemption Call Date or a Partial Amortisation Date occurs, the Series 2018-1 Notes will be redeemed on each Payment Date relating to the Scheduled Amortisation Period in an amount equal to the Scheduled Amortisation Amount. The Series 2018-1 Notes may also be redeemed early in whole or in part if a Partial Amortisation Event occurs. Please refer to Note Condition 7 (<i>Redemption</i>).</p>	<p>Unless the Rapid Amortisation Period has commenced or, the Loan Note Trustee exercises its option to redeem on a Redemption Call Date or a Partial Amortisation Date occurs, the Series 2018-1 Notes will be redeemed on each Payment Date relating to the Scheduled Amortisation Period in an amount equal to the Scheduled Amortisation Amount. The Series 2018-1 Notes may also be redeemed early in whole or in part if a Partial Amortisation Event occurs. Please refer to Note Condition 7 (<i>Redemption</i>).</p>	<p>Unless the Rapid Amortisation Period has commenced or, the Loan Note Trustee exercises its option to redeem on a Redemption Call Date or a Partial Amortisation Date occurs, the Series 2018-1 Notes will be redeemed on each Payment Date relating to the Scheduled Amortisation Period in an amount equal to the Scheduled Amortisation Amount. The Series 2018-1 Notes may also be redeemed early in whole or in part if a Partial Amortisation Event occurs. Please refer to Note Condition 7 (<i>Redemption</i>).</p>
<b>Post-Enforcement Redemption Profile</b> .....	Pass through redemption in accordance with the	Pass through redemption in accordance with the	Pass through redemption in accordance with the	Pass through redemption in accordance with the	Pass through redemption in accordance with the	Pass through redemption in accordance with the



	<b>Class A1 Notes</b>	<b>Class A2 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>
	priority of payments. Please refer to " <i>Credit Structure and Cashflows</i> " below.	priority of payments. Please refer to " <i>Credit Structure and Cashflows</i> " below.	priority of payments. Please refer to " <i>Credit Structure and Cashflows</i> " below.	priority of payments. Please refer to " <i>Credit Structure and Cashflows</i> " below.	priority of payments. Please refer to " <i>Credit Structure and Cashflows</i> " below.	priority of payments. Please refer to " <i>Credit Structure and Cashflows</i> " below.
<b>Scheduled Amortisation Payment Dates</b>	Each Payment Date relating to the Scheduled Amortisation Period starting with the Payment Date following the Series 2018-1 Expected Redemption Date and ending on the Series 2018-1 Scheduled Redemption Date	Each Payment Date relating to the Scheduled Amortisation Period starting with the Payment Date following the Series 2018-1 Expected Redemption Date and ending on the Series 2018-1 Scheduled Redemption Date	Each Payment Date relating to the Scheduled Amortisation Period starting with the Payment Date following the Series 2018-1 Expected Redemption Date and ending on the Series 2018-1 Scheduled Redemption Date	Each Payment Date relating to the Scheduled Amortisation Period starting with the Payment Date following the Series 2018-1 Expected Redemption Date and ending on the Series 2018-1 Scheduled Redemption Date	Each Payment Date relating to the Scheduled Amortisation Period starting with the Payment Date following the Series 2018-1 Expected Redemption Date and ending on the Series 2018-1 Scheduled Redemption Date	Each Payment Date relating to the Scheduled Amortisation Period starting with the Payment Date following the Series 2018-1 Expected Redemption Date and ending on the Series 2018-1 Scheduled Redemption Date
<b>Series 2018-1 Expected Redemption Date .....</b>	22 March 2023	22 March 2023	22 March 2023	22 March 2023	22 March 2023	22 March 2023
<b>Series 2018-1 Scheduled Redemption Date .....</b>	22 March 2024	22 March 2024	22 March 2024	22 March 2024	22 March 2024	22 March 2024
<b>Series 2018-1 Final Redemption Date .....</b>	The Payment Date falling on 22 March 2032	The Payment Date falling on 22 March 2032	The Payment Date falling on 22 March 2032	The Payment Date falling on 22 March 2032	The Payment Date falling on 22 March 2032	The Payment Date falling on 22 March 2032
<b>Form of the Series 2018-1 Notes .....</b>	Registered Notes	Registered Notes	Registered Notes	Registered Notes	Registered Notes	Registered Notes
<b>Application for Listing .....</b>	Australian Securities Exchange	Australian Securities Exchange				

	<b>Class A1 Notes</b>	<b>Class A2 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>
<b>ISIN</b> .....	AU3FN0041513	AU3FN0041521	AU3FN0041539	AU3FN0041547	AU3FN0041554	AU3FN0041562
<b>Common Code</b> .....	179541572	179544105	179547252	179548267	179551730	179552612
<b>Clearance/ Settlement</b> .....	Austraclear	Austraclear	Austraclear	Austraclear	Austraclear	Austraclear
<b>Minimum Denomination</b> .....	A\$500,000	A\$500,000	A\$500,000	A\$500,000	A\$500,000	A\$500,000
<b>U.S. Regulation</b> .....	Reg S	Reg S	Reg S	Reg S	Reg S	Reg S
<b>Ratings (Fitch/S&amp;P/DBRS).</b>	AAAsf / AAA(sf) / AAA(sf)	AAAsf / NR / AAA(sf)	AAsf / NR / AA(sf)	Asf / NR / A(sf)	BBBsf / NR / BBB(sf)	BBsf / NR / BB(sf)

## SUMMARY DIAGRAM OF CREDIT STRUCTURE FOR SERIES 2018-1



## OVERVIEW OF THE TERMS AND CONDITIONS OF THE SERIES 2018-1 NOTES

Please refer to section entitled "Terms and Conditions of the Series 2018-1 Notes" for further detail in respect of the Terms and Conditions of the Series 2018-1 Notes.

### Ranking

The Series 2018-1 Notes are direct, secured and unconditional obligations of the Loan Note Trustee that will, at all times, rank *pari passu* and *pro rata* without preference or priority amongst themselves.

The Class A1 Notes will rank in priority to the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; the Class A2 Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; the Class B Notes will rank in priority to the Class C Notes, the Class D Notes and the Class E Notes; the Class C Notes will rank in priority to the Class D Notes and the Class E Notes, and the Class D Notes will rank in priority to the Class E Notes.

"**Most Senior Class of Notes**" means the Class A1 Notes while they remain outstanding and thereafter the Class A2 Notes while they remain outstanding and thereafter the Class B Notes while they remain outstanding and thereafter the Class C Notes while they remain outstanding and thereafter the Class D Notes while they remain outstanding and thereafter the Class E Notes.

### Relationship between the Series 2018-1 Notes and the Series 2018-1 Investor Interest Note

The Loan Note Trustee will make payments of interest and principal on the Series 2018-1 Notes from payments of interest and principal made by the Trustee on the Series 2018-1 Investor Interest Note.

### Loan Note Trust Security

As Security for the payment of all monies payable in respect of the Series 2018-1 Notes, the Loan Note Trustee will, pursuant to the Series 2018-1 Loan Note Supplement to the Security and Cashflow Allocation Deed, create Security in favour of the Loan Note Security Trustee for itself and on trust for, among others, the Noteholders over, among other things, its rights to receive payments from the Trustee under the Series 2018-1 Investor Interest Note.

### Interest Provisions

The interest rate applicable to each class of Series 2018-1 Notes is described in the sections entitled "*Full Capital Structure of the Series 2018-1 Notes*" and Note Condition 6 (*Interest*).

The Margin that applies to the Class A1 Notes will be increased on the Series 2018-1 Expected Redemption Date provided that no Pay Out Event occurs on or before such date (including, for the avoidance of doubt, as a result of the amount credited to the Series 2018-1 Step-Up Reserve Ledger on the Series 2018-1 Expected Redemption Date, not being equal to the Step-Up Required Amount).

### Interest Deferral

To the extent that the monies received by the Loan Note Trustee under the Series 2018-1 Investor Interest Note and held in the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account on or prior to a Payment Date in accordance with the provisions of the Series 2018-1 Investor Interest Note and the Series 2018-1 Supplement are insufficient to pay the full amount of interest on any class of Series 2018-1 Notes on the corresponding Payment Date, the interest shortfall ("**Deferred Interest**") will continue to be payable but will not be paid until the first Payment Date thereafter on which funds are available to the Loan Note Trustee to pay such Deferred Interest to the extent of such available funds. Such Deferred Interest will accrue interest ("**Additional Interest**") at the applicable rate of interest plus a margin of one per cent per annum, and

payment of any Additional Interest will also not be paid until the first Payment Date thereafter on which funds are available to the Loan Note Trustee to pay such Additional Interest to extent of such available funds.

Non-payment of interest on any class of Notes is not a Note Event of Default where the Loan Note Trustee does not have funds to pay such amounts in accordance with the Security and Cashflow Allocation Deed and the Series 2018-1 Loan Note Supplement.

**Gross-up**

The Loan Note Trustee or the Loan Note Security Trustee will not be obliged to gross-up if there is any withholding or deduction in respect of the Series 2018-1 Notes on account of taxes, including FATCA.

**Redemption**

The Series 2018-1 Notes are subject to the following mandatory redemption events funded by way of a repayment of principal under the equivalent terms of the Series 2018-1 Investor Interest Note:

- on each Redemption Call Date (being the Series 2018-1 Expected Redemption Date, each Payment Date that occurs during the Scheduled Amortisation Period and any other Payment Date upon the occurrence of certain tax events), the Loan Note Trustee may exercise its option to redeem the Series 2018-1 Notes either in whole or (if less) in an amount equal to the Series 2018-1 Investor Interest, save that a repayment on the Series 2018-1 Expected Redemption Date after a Controlled Accumulation Period and ultimately funded from amounts credited to the Series 2018-1 Principal Funding Ledger may (if less) be in an amount equal to the amounts credited thereto, using the amounts of principal repaid by the Trustee under the Series 2018-1 Investor Interest Note on the related Transfer Date with any remainder being subject to a Scheduled Amortisation Period;
- unless the Rapid Amortisation Period has earlier commenced, the Series 2018-1 Notes will be partially redeemed on each Payment Date relating to the Scheduled Amortisation Period commencing after the Payment Date that falls on the Series 2018-1 Expected Redemption Date and ending on (and including) the Series 2018-1 Scheduled Redemption Date;
- if the Rapid Amortisation Period occurs on or before the Series 2018-1 Scheduled Redemption Date, the Series 2018-1 Notes will be partially or fully redeemed on each Payment Date during such Rapid Amortisation Period (up to and including the Series 2018-1 Final Redemption Date) to the extent of the principal repayment under the Series 2018-1 Investor Interest Note until each Class of Series 2018-1 Notes is redeemed in full;
- if a Partial Amortisation Event occurs on or prior to the Series 2018-1 Scheduled Redemption Date, the Trustee will use Cash Available for Investment to repay (in whole or in part) the Series Investor Interest Notes, which may include the Series 2018-1 Investor Interest Note, and, accordingly, the Series 2018-1 Notes, as fully set out in Note Condition 7 (*Redemption*); and
- if the Series 2018-1 Notes have not previously been redeemed in full pursuant to Note Condition 7 (*Redemption*), the Series 2018-1 Notes will be redeemed in full on the Series 2018-1 Final

Redemption Date as fully set out in Note Condition 7 (*Redemption*),

provided that, if the amount of the Series 2018-1 Investor Interest is less than the Principal Amount Outstanding under the Series 2018-1 Notes on any date on which the Series 2018-1 Notes should be repaid in full, the remainder shall remain outstanding in accordance with the terms of the Series 2018-1 Notes.

Further, if any class of the Series 2018-1 Notes have not previously been redeemed in full (including any case where any interest (including Deferred Interest and Additional Interest) thereon has not earlier been paid), the Series 2018-1 Notes of that class will be finally redeemed at their then Principal Amount Outstanding together with accrued interest (including Deferred Interest and Additional Interest) thereon on the Series 2018-1 Final Redemption Date.

#### **Events of Default**

The Note Events of Default applying to the Series 2018-1 Notes are as fully set out in Note Condition 11 (*Events of Default*), which broadly includes (where relevant, subject to the applicable grace period):

- non-payment of amount of principal or interest by the Loan Note Trustee in respect of the Series 2018-1 Notes (except for non-payment where the Loan Note Trustee has insufficient funds to pay such amounts in accordance with the terms of the Security and Cashflow Allocation Deed and Series 2018-1 Loan Note Supplement);
- breach of other obligations by the Loan Note Trustee under or in respect of the Transaction Documents (other than, in any such case, any obligation for the payment of any principal or interest on the Series 2018-1 Notes) which has a material adverse effect on the timing or amount of payments of principal or interest on the Most Senior Class of Notes;
- enforcement action being taken against the assets of the Loan Note Trustee as trustee of the Loan Note Trust;
- the occurrence of an Insolvency Event in respect of the Loan Note Trustee (unless it affects only the assets of the Loan Note Trustee which do not relate to the Loan Note Trust and the Loan Note Trustee is replaced within ninety (90) days);
- any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Loan Note Trustee lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Series 2018-1 Notes and the documents relating to them or (ii) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done and the failure to do so is materially prejudicial to the interests of the Noteholders;
- it is or becomes unlawful for the Loan Note Trustee to comply with any of its material obligations under or in respect of the Series 2018-1 Notes or any of the other Series Documents; or
- expropriation or seizure of control over the Loan Note Trustee's business, assets or revenues as a result of government intervention.

Insolvency Event includes, among other things, any of the following events:

- the corporation or trust is dissolved (whether pursuant to Chapter 5A of the Corporations Act or otherwise);
- a Controller, liquidator, provisional liquidator or administrator is appointed in respect of the corporation or any of its assets, or the assets of the trust (as applicable), where, in the case of the appointment of a Controller to the assets of the corporation or trust, the amount sought to be covered exceeds A\$10,000,000;
- an application is made to a court, a meeting is convened or a resolution is passed for the corporation or trust to be wound up or dissolved or for the appointment of a Controller, liquidator, provisional liquidator or administrator to the corporation or any of its assets, or to the assets of the trust (and where, in the case of the appointment of a Controller to the assets of the corporation or trust (as the case may be) sought to be covered exceeds A\$10,000,000) and such application, convention or resolution is not withdrawn or dismissed within 15 business days;
- the corporation: (i) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement or composition with its creditors or an assignment for their benefit; (ii) proposes or is subject to a moratorium of its debts; or (iii) takes proceedings or actions similar to those mentioned above as result of which the corporation's assets or the assets of the trust (as applicable) are, or are proposed to be, submitted to the control of its creditors;
- the corporation seeks or obtains protection from its creditors under any statute or any other law;
- the corporation is unable to pay all of its debts as and when they become due and payable, is insolvent within the meaning of section 95A of the Corporations Act or any analogous circumstances which arise under any other law or statute;
- any attachment, distress, execution or other process is made or levied against any asset of the corporation or any asset of the trust (as applicable) in an amount exceeding A\$10,000,000 and is not withdrawn, stayed or dismissed within 15 business days; or
- causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous or substantially similar effect to any of the events specified above.

"**Controller**" has the meaning given to that term in section 9 of the Corporations Act.

## **Enforcement**

The Loan Note Security Trustee may following a Note Event of Default at its sole discretion and, if so required by holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution (as defined in the Note Deed Poll) of the Most Senior Class of Notes, shall (subject in each case to being indemnified and/or secured and/or prefunded to its

satisfaction) be bound to give written notice (an "**Enforcement Notice**") to the Loan Note Trustee declaring all of the Series 2018-1 Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Principal Amount Outstanding together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders by the Loan Note Trustee.

**Non-petition and Limited Recourse**

No Noteholder may institute any proceedings against the Loan Note Trustee to enforce its rights under or in respect of the Series 2018-1 Notes or the Note Deed Poll unless (1) the Loan Note Security Trustee has become bound to institute proceedings and has failed to do so within a reasonable time and (2) the failure is continuing.

Under the Note Conditions, each Noteholder agrees that it shall not be entitled to take any action or institute proceedings against the Loan Note Trustee to recover any shortfall in the amounts owing or to recover any amounts payable by or obtain performance to be made by the Loan Note Trustee under or in connection with the Series 2018-1 Notes or to otherwise enforce any rights of the holders of the Series 2018-1 Notes under or arising from the Series 2018-1 Notes, except to receive any amounts owing under the Series 2018-1 Notes from the amounts available to the Loan Note Trustee under the terms of the Security and Cashflow Allocation Deed as supplemented by the Series 2018-1 Loan Note Supplement for the purpose of making payments on the Series 2018-1 Notes or Realisation of the rights, assets and property of the Loan Note Trust subject to security under the Security and Cashflow Allocation Deed and the relevant Series 2018-1 Loan Note Supplement (the "**Loan Note Trust Secured Property**").

**Denominations**

Notes will be issued in minimum denominations of at least A\$500,000 and integral multiples thereafter of A\$1,000.

**Governing Law**

The Notes and all non-contractual obligations arising from or connected with them are governed by, and to be construed in accordance with, the laws of Victoria, Australia.



## **RIGHTS OF NOTEHOLDERS**

*Please refer to section entitled "Overview of the Terms and Conditions of the Series 2018-1 Notes" and the "Terms and Conditions of the Series 2018-1 Notes" for further detail in respect of the rights of Noteholders, conditions for exercising such rights and their relationship with other Loan Note Secured Creditors.*

### **Following a Note Event of Default**

Following the occurrence of a Note Event of Default which is continuing, Noteholders (i) holding at least one quarter of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes by request in writing; or (ii) acting pursuant to an Extraordinary Resolution of the holders of the Most Senior Class of Notes may direct the Loan Note Security Trustee to deliver a Loan Note Enforcement Notice declaring all of the Series 2018-1 Notes to be immediately due and payable.

### **Enforcement**

At any time after the service of a Loan Note Enforcement Notice and without prejudice to its rights of enforcement in relation to the Security, the Loan Note Security Trustee may, at its sole discretion and without notice, institute such proceedings as it thinks fit to enforce payment of the Series 2018-1 Notes, including the right to repayment of the Series 2018-1 Notes together with accrued interest thereon, and shall be bound to do so only if (a) it has been so directed by an Extraordinary Resolution of holders of the Most Senior Class of Notes or so directed by holders of at least one quarter of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes; and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction against, inter alia, all fees, costs, expenses and other liabilities which it may incur by so acting.

No Noteholder may institute any proceedings against the Loan Note Trustee to enforce its rights under or in respect of the Series 2018-1 Notes or the Note Deed Poll unless (1) the Loan Note Security Trustee has become bound to institute proceedings and has failed, and (2) such failure is continuing.

Delivery of a Loan Note Enforcement Notice will not accelerate or cause any Series of Related Debt or other Series of Associated Debt to become immediately due and payable.

### **Noteholder Meetings**

Noteholders are entitled to participate in a Noteholders' meeting convened by the Loan Note Trustee or Loan Note Security Trustee to consider any matter affecting their interests. In addition, Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Series 2018-1 Notes are entitled to direct the Loan Note Security Trustee in writing to convene a Noteholders' meeting (subject to the Loan Note Security Trustee being indemnified and/or secured and/or prefunded to its satisfaction).

### **Notice Periods**

#### *Initial Meeting:*

At least twenty-one (21) days (exclusive of the day on which notice is given and the day of the meeting).

*Adjourned Meeting:*

At least ten (10) days (exclusive of the day on which the notice is given and the day of the meeting)

### ***Quorums for Resolutions***

*Initial Meeting:*

Two or more voters holding a clear majority of the aggregate Principal Amount Outstanding of the relevant Series 2018-1 Notes (for voting on an Extraordinary Resolution that does not relate to a Basic Terms Modification) and two or more voters holding not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Series 2018-1 Notes (for matters relating to a Basic Terms Modification).

*Adjourned Meeting:*

Two or more voters holding or representing any of the relevant Class of Series 2018-1 Notes whatever the Principal Amount Outstanding of the relevant class of Series 2018-1 Notes so held or represented for the time being outstanding (for voting on an Extraordinary Resolution that does not relate to a Basic Terms Modification) and two or more voters holding at least 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Series 2018-1 Notes (for matters relating to a Basic Terms Modification).

### ***Required Majorities***

*Extraordinary Resolution:*

Not less than 75 per cent. of votes cast at a meeting.

*Written Resolution:*

In relation to a Class of Series 2018-1 Notes, 75 per cent. of the aggregate Principal Amount Outstanding of that class. A Written Resolution takes effect as an Extraordinary Resolution.

**"Extraordinary Resolution"** means a resolution passed at a Meeting duly convened and held in accordance with the provisions for Meetings of Noteholders by a majority of not less than three-quarters of the votes cast.

**"Meeting"** means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment).

**"Meetings of Noteholders"** means the provisions contained in schedule 2 (*Meetings of Noteholders*) to the Note Deed Poll.

**"Written Resolution"** means, in relation to a Class of Series 2018-1 Notes, a resolution in writing signed by the holders of such Class of Series 2018-1 Notes for the time being outstanding who hold in aggregate not less than 75 per cent. of the Principal Amount Outstanding of such class of Series 2018-1 Notes, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Series 2018-1 Notes.

### **Matters Requiring an Extraordinary Resolution**

Broadly, the following matters require an Extraordinary Resolution:

- Basic Terms Modification;

- any consent relating to the modification, abrogation, variation or compromise of any provisions of the Note Deed Poll, the Note Conditions the other Issuer Documents or any arrangement in respect of the obligations of the Loan Note Trustee under or in respect of the Series 2018-1 Notes;
- other than as permitted under the Note Deed Poll, any consent relating to the waiver of any breach or authorisation of any proposed breach by the Loan Note Trustee of its obligations under or in respect of this Note Deed Poll, the Series 2018-1 Notes, any Issuer Document or any act or omission which might otherwise constitute a Note Event of Default under the Series 2018-1 Notes;
- any consent to approve the removal of any of the Loan Note Security Trustee or the Loan Note Trustee;
- any consent to approve the appointment of a new Loan Note Security Trustee or Loan Note Trustee;
- authorisation of the Loan Note Security Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- the discharge or exoneration of the Loan Note Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Note Deed Poll;
- any other authorisation or approval which under the Note Deed Poll or the Note Conditions is required to be given by Extraordinary Resolution;
- the appointment of any persons as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution; and
- any consent given or direction to the Loan Note Trustee or Loan Note Security Trustee in respect of any equivalent modification matter in respect of the Trust, the Trustee, the Series 2018-1 Investor Interest Note, the Trust Manager or the Security Trustee.

### **Basic Terms Modification**

Broadly, the following matters are Basic Terms Modifications:

- to approve the making, amending or removal of Programme Basic Terms Modification (as defined in the Related Debt Conditions to the Series 2018-1 Investor Interest Note relating to the Series 2018-1 Investor Interest Notes);
- to change any date fixed for payment of principal or interest in respect of the Series 2018-1 Notes or any Class of Series 2018-1 Notes;
- to reduce, cancel or alter the amount of principal or interest payable on any date in respect of the Series 2018-1 Notes or any Class of Series 2018-1 Notes;
- to alter the method of calculating the amount of any payment in respect of the Series 2018-1 Notes or the date for any such payment;
- to change the currency of any payment under the Series 2018-1 Notes or any Class of Series 2018-1 Notes;
- to alter the priority of payment of interest or principal in respect of the Series 2018-1 Notes or any Class of Series 2018-1 Notes;
- to effect the exchange, conversion or substitution of the Series 2018-1 Notes or any Class of Series 2018-1 Notes for, or the conversion of the Series 2018-1 Notes or any Class of Series 2018-1 Notes into, shares, bonds or other obligations or securities of the Loan Note Trustee or any other person or body corporate formed or to be formed;
- to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution or Written Resolution, in each case in respect of Series 2018-1 Notes; or
- to amend, or which has the effect of amending, the definition of "**Basic Terms Modification**".

### **Relationship between Classes of Noteholders**

Subject to the provisions in respect of a Basic Terms Modification, an Extraordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other classes and will override any resolutions to the contrary of the classes ranking behind the Most Senior Class of Notes.

A Basic Terms Modification requires an Extraordinary Resolution of all affected classes of Series 2018-1 Notes then outstanding.

### **Relationship between Noteholders and other secured creditors in respect of Series 2018-1**

So long as any Series 2018-1 Notes are outstanding and there is a conflict between the interests of the Noteholders and the interest of any other Loan Note Secured Creditors or Loan Note Security Beneficiaries, the Loan Note

Security Trustee will only take into account the interests of the Noteholders in the exercise of its discretion.

**"Loan Note Collateral"** means (a) the Collateral over which security is given under the Security and Cashflow Allocation Deed for all Series of Associated Debt; and (b) the Loan Note Supplement Collateral over which security is given pursuant to the Loan Note Supplement pertaining to a particular Series of Associated Debt and, where specified as such, means the Loan Note Collateral for a particular Series of Associated Debt.

**"Loan Note Security Beneficiaries"** means any person who may benefit from the Loan Note Collateral other than the Loan Note Secured Creditors and, in respect of a Series, shall mean those persons specified in the relevant Loan Note Supplement.

**Relationship between Noteholders and the holders of other Series of Associated Debt**

For matters affecting multiple Series of Associated Debt (for example, taking enforcement action in relation to Security), the Loan Note Security Trustee will act in the manner favoured by the Majority Noteholders (determined by aggregating the directions of each Term Series Direction (in respect of a Term Series)) and each VFN Series Direction (in respect of a VFN Series), weighted for each Series' Principal Amount Outstanding in accordance with the terms of the Security and Cashflow Allocation Deed. Note that, for such purposes, the Principal Amount Outstanding in respect of each Series of Associated Debt (including the Series 2018-1 Notes) will be calculated to include the amount of the Series Originator VFN Subordination in respect of that Series of Associated Debt.

**Provision of Information to the Noteholders**

The Loan Note Trust Manager will prepare available monthly investor reports that will contain material information about the Series 2018-1 Notes. Such reports will be made available to investors via the Bloomberg service, any other replacement service designated by the Loan Note Trust Manager (on behalf of the Loan Note Trustee and notified to Noteholders) or on the website [www.latitudefinancial.com](http://www.latitudefinancial.com). Such information is not to be considered as incorporated by reference into this Offering Circular.

**Communication with Noteholders**

Any notice to be given by the Loan Note Trust Manager (on behalf of the Loan Note Trustee) or the Loan Note Security Trustee to Noteholders shall be given in the following manner:

- delivered to the relevant Clearing Systems for communication by them to Noteholders. The notice shall be deemed to have been given on the seventh day after the day on which such notice was given to the relevant Clearing Systems; and
- any notice shall be deemed to have been duly given if the information contained in that notice appears on the relevant screen or electronic system to the relevant Noteholders. The notice will be deemed given on the first date on which such information appears on the screen. If it cannot be displayed in

this way, it will be published as described in the paragraph above.

Copies of all notices, for so long as the Class A1 Notes and the Class A2 Notes are listed on the ASX, shall be sent to the ASX and, for so long as the Class A1 Notes and the Class A2 Notes are held through the Clearing System, shall be sent to the relevant Clearing Systems.

## CREDIT STRUCTURE AND CASHFLOWS

*Please refer to the sections entitled "Servicing of Receivables" and "Series 2018-1" for further detail in respect of the credit structure and cashflows of the transaction.*

### Trust

The Trust was established to:

- acquire credit card Receivables from the Transferor or the Existing Owner;
- hold those Receivables and the related Collections on trust for the Unitholders;
- issue Series of Related Debt and use the Collections and certain other Trust Assets to make payments to the holders of each Series of Related Debt; and
- issue the Transferor Interest Note to the Transferor and use the Collections and certain other Trust Assets to make payments to the Transferor as the holder of the Transferor Interest Note,

in each case in accordance with the terms of Master Trust Deed and the Cashflow Allocation Deed as supplemented by a separate Supplement in respect of each Series of Related Debt.

Perpetual Corporate Trust Limited, in its capacity as the trustee of the Trust (the "**Trustee**") may not engage the Trust in any unrelated activities.

The Latitude Australia Credit Card Master Trust (the "**Trust**") was established on 13 February 2017 under the terms of the Master Trust Deed and related "**Notice of Creation of Trust**".

### Investor Interest Note

The Trustee will issue the Series 2018-1 Investor Interest Note to the Loan Note Trustee, as trustee for the Loan Note Trust, on the Series 2018-1 Closing Date. A Supplement to the Cashflow Allocation Deed will be entered into on the Series 2018-1 Closing Date in respect of Series 2018-1 (the "**Series 2018-1 Supplement**") and, together with the Cashflow Allocation Deed, will set out the manner in which Collections and other amounts will be made available to the Trust for the purposes of making the Series 2018-1 Payments. The Series 2018-1 Investor Interest is the amount used, from time to time, under the terms of the Cashflow Allocation Deed and the Series 2018-1 Supplement thereto to calculate the Investor Percentages for Series 2018-1, which is then applied to determine the amount of Collections that will be available to the Trustee for the purpose of making payments on Series 2018-1. The term "**Aggregate Investor Interest**" refers to the aggregate of the Series Investor Interests of all Series of Related Debt (including Series 2018-1) outstanding.

A new Supplement to the Cashflow Allocation Deed and a new Series Investor Interest will be established each time a new Series of Related Debt is issued. "**Series Payments**" means, in respect of a Series of Related Debt, payments of interest the Trustee is obliged to make under the terms of the relevant Series of Related Debt and a portion of the payments the Trustee is required to make to certain third parties calculated on the basis of such Series' pro-rata share in accordance with the relevant Supplement or the Master Trust Deed, as applicable. The Series Payments in respect of Series 2018-1 and the Originator VFN Series are the Series 2018-1 Payments and the

Originator VFN Payments. The equivalent for the Transferor Interest Note are the Transferor Payments.

## **Transferor Interest Note**

The Trustee issued the Transferor Interest Note to the Transferor on the Closing Date the terms of which are set out in the Master Trust Deed. The Transferor Interest Note has two tranches: (i) a tranche the purpose of which is to provide funding against the Eligible Receivables (the "**Eligible Receivables Tranche**"); and (ii) a tranche used to fund the upfront costs of the Trustee in connection with the establishment of the transaction or the issuance of any Series, agreed between the Transferor and the Trustee to be funded via the Transferor Interest Note and including (without limitation) any amounts of Financing Fee representing Upfront Financing Fees payable by the Trustee to the Loan Note Trustee in respect of its costs under the Investor Interest Note Funding Deed (the "**Expenses Tranche**").

### *Eligible Receivables Tranche*

A *pro rata* proportion of credit losses in respect of Eligible Receivables on Defaulted Accounts (being Transferor Default Amounts) are allocated to the Eligible Receivables Tranche of the Transferor Interest Note and the Trustee is entitled to use a *pro rata share* of the Finance Charge Collections received by the Trust to pay (among other things) the Transferor Payments including to cure such amounts.

"**Transferor Interest**" means, at any time, the Principal Amount Outstanding of the Eligible Receivables Tranche of the Transferor Interest Note less the amount of any Transferor Default Amounts and Transferor Credit Adjustments allocated to the Eligible Receivables Tranche of the Transferor Interest Note pursuant to the terms of the Cashflow Allocation Deed and any Supplement that remain uncured.

"**Transferor Payments**" means all payments required to be made by the Trustee to the Transferor Interest Note holder and the payments required to be made by the Trustee to Transaction Parties and certain other persons, as set out in the Transferor Priority of Payments.

Transferor Default Amounts and Transferor Credit Adjustments on Eligible Receivables are applied toward the Eligible Receivables Tranche of the Transferor Interest Note (and thereafter the Originator VFN Excess Amount of the Originator VFN Investor Interest Note) and reduce the Transferor Interest but do not reduce the Principal Amount Outstanding under the Eligible Receivables Tranche of the Transferor Interest Note.

In respect of Reductions, the Transferor is obliged to make a payment to the Trustee in respect of such Reduction. The Trustee may use the funds received by it from the Transferor to make a principal repayment under the Eligible Receivables Tranche of the Transferor Interest Note or the Originator VFN Loan Note (via the Originator VFN Excess Amount of the Originator VFN Investor Interest Note) with the two payment obligations being set-off against each other.

### *Expense Tranche*

The Expense Tranche will be repaid from Available Funds in accordance with the Trust priority of payments.



## Loan Note Trust

The Latitude Australia Credit Card Loan Note Trust (the "**Loan Note Trust**") was established on 13 February 2017 under the terms of the Loan Note Trust Deed and related "**Notice of Creation of Loan Note Trust**" pursuant to which the Loan Note Trustee shall:

- subscribe for Series of Related Debt issued by the Trustee; and
- issue Series of Associated Debt and use the payments it receives under the Series of Related Debt to make payments to the holders of the Associated Debt and to other third parties,

in each case in accordance with the terms of Security and Cashflow Allocation Deed as supplemented by the relevant Loan Note Supplement in respect of each Series of Associated Debt.

The Loan Note Trustee may not engage the Loan Note Trust in any unrelated activities.

## Series 2018-1 Notes

The Loan Note Trustee will issue the Series 2018-1 Notes to investors on the Series 2018-1 Closing Date. The Loan Note Trustee will use the proceeds of the issuance of the Series 2018-1 Notes to subscribe to the Series 2018-1 Investor Interest Note.

A Supplement to the Security and Cashflow Allocation Deed will be entered into on the Series 2018-1 Closing Date in respect of Series 2018-1 (the "**Series 2018-1 Loan Note Supplement**") and, together with the Security and Cashflow Allocation Deed, will set out the manner in which the Loan Note Trustee will use the payments of interest, principal and other amounts it receives under the Series 2018-1 Investor Interest Note to make the payments and repayments of principal on the Series 2018-1 Notes.

## Originator VFN Investor Interest Note

The Loan Note Trustee subscribed for the Originator VFN Investor Interest Note on 6 April 2017 (the "**Closing Date**") from the Trustee which consists of: (i) an Originator VFN Excess Amount; and (ii) Series Originator VFN Subordination in respect of other Series of Notes to provide support of such other Series on a per Series basis as described below. A *pro rata* proportion of credit losses in respect of Defaulted Accounts will be allocated to the Originator VFN Investor Interest Note and the Trustee will be entitled to use a *pro rata* share of the Finance Charge Collections received by the Trust to make the "**Originator VFN Payments**". The Available Originator VFN Excess Amount (being the Originator VFN Excess Amount less any losses and other charge-offs notionally allocated thereto) when aggregated with the Transferor Interest is intended to be not less than the Minimum Transferor Interest.

In addition to its own exposure to credit losses, the funds available to the Trustee for making the Originator VFN Payments will be reallocated by the Trustee, in accordance with the terms of the Supplement in respect of the Originator VFN Series (the "**Originator VFN Supplement**"), for the purpose of making Series Payments on each other Series in Group One, where required and available. In addition, through the re-allocation to the Originator VFN Series of additional charge-offs from other Series in Group One, the Originator VFN Series supports shortfalls and losses in other Series in Group One, including Series 2018-1, in amounts calculated by reference to the Available Series Originator VFN Subordination for the relevant Series. A Series 2018-1 Pay Out Event

will occur if the aggregate of the Transferor Interest and the Available Originator VFN Excess Amount is less than the Minimum Transferor Interest over an extended period, see the "*Triggers Table*" below for further information.

<b>Availability of Originator Subordination</b>	<b>of</b>	<b>Series VFN</b>	<p>A portion of the cashflows from Finance Charge Collections and (where applicable, Principal Collections) available to the Trustee to make the Originator VFN Payments will be used by the Trustee to make Series Payments in respect of Series 2018-1 (the "<b>Series 2018-1 Payments</b>") and a portion of the Originator VFN Series will bear losses reallocated from Series 2018-1 up to a specified amount. These calculations will be made by reference to the Series 2018-1 Originator VFN Subordination which on the Series 2018-1 Closing Date will be an amount of A\$23,560,000 and will result in the Series 2018-1 Investor Interest Note being supported by a structurally subordinated notional portion of the Originator VFN Investor Interest Note.</p>
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More specifically, the Series Originator VFN Subordination will be available to the Trustee for the purposes of Series 2018-1 as follows:

- the Trustee will be able to use a portion of the funds available to it to make the Originator VFN Payments, calculated by reference to the Series 2018-1 Originator VFN Subordination, in priority to other Series in Group One to meet shortfalls in Available Funds available to it for the purpose of paying the Series 2018-1 Payments referred to in paragraphs (a) to (u) under "*Application of Available Funds*";
- to the extent shortfalls remain, the Trustee will be able to allocate a portion of Principal Collections retained for the purposes of making payments on the Originator VFN Investor Interest Note, calculated by reference to the Series 2018-1 Originator VFN Subordination, as Required Retained Principal Collections in priority to other Series in Group One to meet such remaining Series 2018-1 shortfalls;
- during any Controlled Accumulation Period, the Scheduled Amortisation Period or the Rapid Amortisation Period, the Trustee will be able to share a portion of the Principal Collections available to it to make payments on the Originator VFN Investor Interest Note calculated by reference to the Series 2018-1 Originator VFN Subordination with the Principal Collections available to it to make payments on Series 2018-1 in priority to other Series in Group One; and
- in the event any tranche of the Series 2018-1 Investor Interest Note is allocated a Default Amount, the Default Amount for that tranche of the Series 2018-1 Investor Interest Note will be re-allocated to the Originator VFN Series up to the amount of the Series 2018-1 Originator VFN Subordination.

The Series 2018-1 Originator VFN Subordination will not be available for any other Series.

<b>Series 2018-1 as Part of Group One of the Trust</b>	<p>On the Series 2018-1 Closing Date, Series 2017-1, Series 2017-2, Series 2018-1, Series 2017-VFN and the Originator VFN Series will be in Group One. This will entitle the Trustee to utilise Shared</p>
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Principal Collections between such Series in Group One. It will also entitle the Trustee to utilise the Excess Finance Charges for each Series in Group One to meet shortfalls in funds available to the Trustee to make Series Payments for other Series in Group One and to pay subordinated costs (see the section entitled "*Allocation of Trust Cashflow – Excess Spread Priority of Payments*" for further details). In addition, the Trustee will be entitled to: (i) utilise portions of cashflows available to it for the purposes of Originator VFN Payments to cover any shortfall in funds available to it to make Series Payments for each other Series in Group One (other than the Originator VFN Series); and (ii) re-allocate losses allocated to each Series (other than the Originator VFN Series) to the Originator VFN Series, in each case by reference to amounts calculated for the Series Originator VFN Subordination for such Series. It is anticipated that future Series will be added to Group One.

**Credit Structure for Series 2018-1**

The credit structure for Series 2018-1 can be summarised in the section entitled "*Summary Diagram of Credit Structure for Series 2018-1*".

**Allocation of Collections**

The Trustee will be entitled to use varying percentages of Principal Collections and Finance Charge Collections collected in respect of the Designated Accounts and Eligible Acquired Interchange for the purpose of making payments on each Series Investor Interest Note.

The Trustee will be entitled to the Floating Transferor Percentage of Principal Collections to make payments of principal on the Eligible Receivables Tranche of the Transferor Interest Note. The Trustee will be entitled to the Floating Transferor Percentage of Finance Charge Collections and Eligible Acquired Interchange to make repayments of interest on the Transferor Interest Note and payments of third party costs.

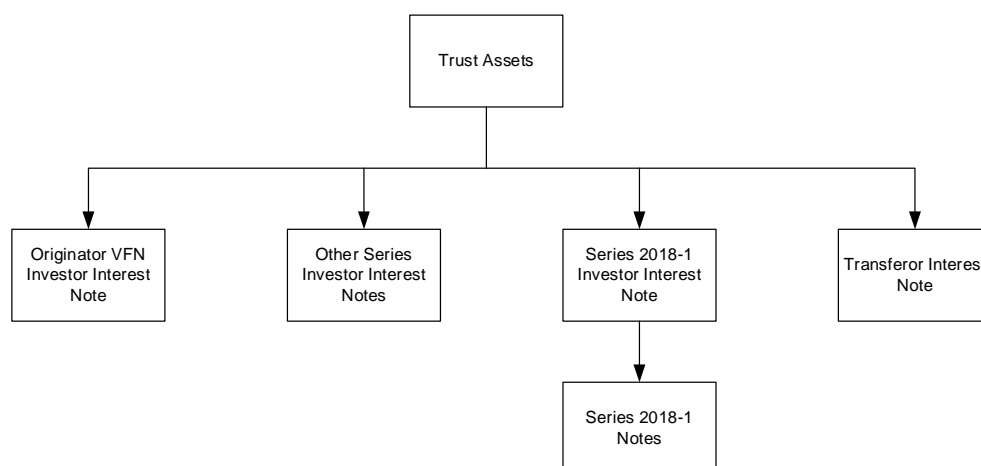
The Principal Collections and Finance Charge Collections collected in respect of the Designated Accounts and Eligible Acquired Interchange and to which the Trustee is entitled to make payments on Series 2018-1 is, broadly, calculated by reference to the ratio the Principal Amount Outstanding of the Series 2018-1 Investor Interest Note (being A\$500,000,000 on the Series 2018-1 Closing Date) (less defaults and charge-offs that remain uncured allocated to Series 2018-1) bears to the Eligible Receivables Balance in the Trust.

More detail on the allocations described above and the varying percentage entitlements of the Trustee in respect of the Transferor Interest Note and each Series Investor Interest Note (including the Series 2018-1 Investor Interest Note) to Trust Assets is set out in "*Allocation of Trust Cashflows*" and "*Series 2018-1*" below.

"**Eligible Acquired Interchange**" shall mean, in respect of a Collection Period, the amount of the Acquired Interchange for such Collection Period calculated as being referable to Eligible Receivables on the basis that such amount will equal the product of:

- (i) the Acquired Interchange for such Collection Period;
- (ii) a fraction, the numerator of which is the aggregate amount of cardholder charges for goods and services in the Designated Accounts of the Trust that are Eligible Receivables and the denominator of which is the aggregate

amount of cardholder charges for goods and services in all Designated Accounts.



#### Allocation of Finance Charge Collections

Finance Charge Collections are allocated and made available to the Trustee with regards to each Series (including Series 2018-1) according to the Floating Investor Percentage for such Series in respect of the Collection Period in which such Finance Charge Collections arise and are applied by the Trustee on each related Transfer Date in accordance with the priority of payments set out in the section entitled "*Series 2018-1 – Application of Available Funds*".

#### Allocation of Principal Collections

Principal Collections are allocated and made available to the Trustee with regards to each Series (including Series 2018-1) taking into account whether that Series is in:

- a Revolving Period;
- an Accumulation Period; or
- an Amortisation Period.

**"Revolving Period"** means, with respect to any Series, the period specified as such in the relevant Supplement and, in respect of Series 2018-1, is the period from the Series 2018-1 Closing Date to the earlier of the start of a Controlled Accumulation Period and the commencement of the Scheduled Amortisation Period or the occurrence of the Pay Out Commencement Date, the triggers for which are described in "*Series 2018-1*" below.

**"Accumulation Period"** means, with respect to any Series or any class within a Series, a period following the Revolving Period during which Principal Collections are accumulated by the Trustee in an account with the intention of using such funds to make a principal repayment of the relevant Series Investor Interest Note or of a class of such Series Investor Interest Note on the relevant expected or scheduled redemption date, as detailed in the related Supplement.

**"Amortisation Period"** shall mean, with respect to any Series or any Class or tranche within a Series, a period during which Principal Collections are utilised by the Trustee to make repayments of principal on the relevant Series Investor Interest Note or to pay other amounts on or relating to such Series, Class or tranche as detailed in the related Supplement.

**Ineligible Receivables**

All Ineligible Receivables and Finance Charge Receivables in respect thereof shall be held on trust by the Trustee for the Transferor and all Ineligible Principal Collections and Ineligible Finance Charge Collections will be paid by the Trustee to the Transferor promptly upon receipt and will not form part of the Eligible Receivables Balance.

**Revolving Period**

Principal Collections calculated as referable daily to Series 2018-1 will be used by the Trustee as Shared Principal Collections and, to the extent not used as Shared Principal Collections, will be:

- (i) used to make payments to the Transferor to accept new offers of Eligible Receivables and Outstanding Finance Charges made by the Transferor to the Trustee;
- (ii) used to make payments to the Transferor for Subsequent Receivables assigned by the Transferor to the Trustee pursuant to offers that have already been made and accepted; and
- (iii) to the extent not used in accordance with paragraphs (i) or (ii) above, retained as Cash Available for Investment and may be used to make payments to the Transferor to accept future offers of Eligible Receivables and Outstanding Finance Charges, to make payments for Subsequent Receivables and to make payments upon the occurrence of a Partial Amortisation Event.

During the Revolving Period, on each Relevant Date, an amount equal to the product of the Required Retained Principal Collections Percentage and the aggregate amount of Principal Collections received shall be deposited in the Series 2018-1 Required Retained Principal Ledger. If there is a shortfall in the amount of Available Funds available to the Trustee to pay certain Series 2018-1 Payments (including any non-subordinated Qualifying Swap Amounts) and interest on the Series 2018-1 Investor Interest Note, taking into account any Available Funds made available to Series 2018-1 from funds that would otherwise be available to make payments on the Originator VFN Series, then Required Retained Principal Collections held in the Originator VFN Required Retained Principal Ledger (identified for Series 2018-1) and the Series 2018-1 Required Retained Principal Ledger, up to the Maximum Required Retained Principal Amount, will be reallocated to meet the shortfall. No Principal Collections allocated to any notional class of the Series 2018-1 Investor Interest shall be trapped in the Series 2018-1 Required Retained Principal Ledger and utilised as Reallocated Principal Collections for the purpose of meeting shortfalls in the Available Funds required to make payments in respect of the corresponding, or any junior, tranche of the Series 2018-1 Investor Interest Note and accordingly no Principal Collections referable to the Class A1 Tranche of the Series 2018-1 Investor Interest Note will ever be applied as Reallocated Principal Collections. Only thereafter will Principal Collections be applied in accordance with paragraphs (i) to (iii) above.

The provisions described under "*Series 2018-1 – Revolving Period*" in respect of the Series 2018-1 Required Retained Principal Ledger and Reallocated Principal Collections also apply during the Controlled Accumulation Period, Scheduled Amortisation Period

and Rapid Amortisation Period prior to utilisation of Principal Collections for any other purpose.

<b>Controlled Period</b>	<b>Accumulation</b>	<p>The Trust Manager has the option to deliver a controlled accumulation notice providing that a controlled accumulation period (the "<b>Controlled Accumulation Period</b>") will apply to Series 2018-1. If the Trust Manager exercises its option to apply a Controlled Accumulation Period, the Controlled Accumulation Period will begin on 1 March 2022 (unless delayed as set out in "<i>Series 2018-1</i>" below) and end on the last day of the Collection Period falling immediately prior to the Series 2018-1 Expected Redemption Date, unless a Pay Out Event occurs and the Rapid Amortisation Period begins prior to such date. If the Rapid Amortisation Period begins before the start of the Controlled Accumulation Period, there will not be a Controlled Accumulation Period. The start of the Controlled Accumulation Period may be delayed until no later than the close of business on 1 February 2023.</p>
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If the Trustee exercises its option to apply a Controlled Accumulation Period, during the Controlled Accumulation Period:

- the Trustee will accumulate Principal Collections equal to the Controlled Deposit Amount with the intention of accumulating enough principal for the Trustee to ultimately allow the Trustee to repay the Principal Amount Outstanding of each Tranche of the Series 2018-1 Investor Interest Note (and for the Loan Note Trustee to use such amounts to repay the Principal Amount Outstanding of each class of Notes to the Noteholders) on the Series 2018-1 Expected Redemption Date, provided that, if the amount held in the Series 2018-1 Principal Funding Ledger on the Series 2018-1 Expected Redemption Date is less than the Principal Amount Outstanding, the funds will be applied to each Tranche of the Series 2018-1 Investor Interest Note (and thereafter the equivalent Class of Series 2018-1 Notes) as set out in the terms and conditions of the Series 2018-1 Investor Interest Note which is broadly on a *pro-rata* and *pari passu* basis according to the portion of the Series 2018-1 Investor Interest represented by each Tranche; and
- no payments of principal will be made by the Trustee to the Loan Note Trustee or by the Loan Note Trustee (or any other party) to the Noteholders.

<b>Controlled Deposit Amount</b>	<p>During the Controlled Accumulation Period, the Principal Collections available to the Trustee for the purposes of Series 2018-1 as allocated on the basis of the Series 2018-1 Investor Interest, up to the Controlled Deposit Amount, will be accumulated by the Trustee on each Transfer Date in the Series 2018-1 Principal Funding Ledger in the Trustee Acquisition Ledger and utilized to make a principal repayment on the Series 2018-1 Investor Interest Note to the Loan Note Trustee on the Transfer Date relating to the Series 2018-1 Expected Redemption Date. Any Principal Collections available to the Trustee with reference to the Series 2018-1 Investor Interest over the amount that will be deposited in the Trustee Acquisition Ledger will be used by the Trustee first as Shared Principal Collections and then to make payments to the Transferor as described under "<i>Series 2018-1 – Revolving Period</i>".</p>
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<b>Scheduled Period</b>	<b>Amortisation</b>	<p>During the Scheduled Amortisation Period, the Principal Collections available to the Trustee for the purposes of Series 2018-1 as allocated on the basis of the Series 2018-1 Investor Interest, up to the Scheduled Amortisation Amount, will be paid each month to the Loan Note Trustee as a principal prepayment on the Series 2018-1 Investor Interest Note <i>pro rata</i> and <i>pari passu</i> as follows: (i) in respect of the Class A1 Tranche, in an amount up to the Class A1 Scheduled Amortisation Amount; (ii) in respect of the Class A2 Tranche, in an amount up to the Class A2 Scheduled Amortisation Amount; (iii) in respect of the Class B Tranche, in an amount up to the Class B Scheduled Amortisation Amount; (iv) in respect of the Class C Tranche, in an amount up to the Class C Scheduled Amortisation Amount; (v) in respect of the Class D Tranche, in an amount up to the Class D Scheduled Amortisation Amount; and (vi) in respect of the Class E Tranche, in an amount up to the Class E Scheduled Amortisation Amount, until the Series 2018-1 Final Redemption Date. Following the receipt of such principal prepayments, the Loan Note Trustee will make corresponding payments of principal to the Noteholders of each class of Notes. Any Principal Collections available to the Trustee with reference to the Series 2018-1 Investor Interest in addition to the Scheduled Amortisation Amount that will be deposited in the Trustee Acquisition Ledger will be used by the Trustee first as Shared Principal Collections and then to make payments to the Transferor as described above under "<i>Series 2018-1 – Revolving Period</i>".</p>
<b>Rapid Amortisation Period</b>		<p>Following certain specified events (described in "<i>Triggers Table – Non-Rating Triggers</i>" below), the Rapid Amortisation Period will commence. During the Rapid Amortisation Period, Principal Collections available to the Trustee with reference to the Series 2018-1 Investor Interest will be paid each month to the Loan Note Trustee as a principal repayment on the Series 2018-1 Investor Interest Note first in respect of the Class A1 Tranche, second in respect of the Class A2 Tranche, third in respect of the Class B Tranche, fourth in respect of the Class C Tranche, fifth in respect of the Class D Tranche and sixth in respect of the Class E Tranche until the Series 2018-1 Final Redemption Date. Following the receipt of such principal repayments, the Loan Note Trustee will make payments of the Principal Amount Outstanding to the Noteholders of each class of Notes.</p> <p>The Rapid Amortisation Period will end on the earlier to occur of (a) the Series 2018-1 Final Redemption Date and (b) the dissolution of the Trust.</p>
<b>Partial Amortisation Event</b>		<p>If on any Determination Date a Partial Amortisation Event (as described at "<i>Series 2018-1 – Partial Amortisation</i>" below) has occurred, the Servicer shall give notice to the Trustee thereof (a "<b>Partial Amortisation Notice</b>") and the amount of the Cash Available for Investment standing to the credit of the Trustee Acquisition Ledger on such Determination Date which the Servicer determines, in its opinion, on such Determination Date, will not be required for any other purpose on the following Transfer Date, together with, in respect of any Outstanding Series that will be repaid in full as a result of the Partial Amortisation Event, amounts held in the principal funding ledger in respect of such Series only, shall be applied to make a principal repayment in respect of some or all of the outstanding Series Investor Interest Notes or other Series of Related Debt (a "<b>Partial Amortisation</b>") on the immediately following Transfer Date (the "<b>Partial Amortisation Date</b>"). The Servicer shall certify in the Partial Amortisation Notice or otherwise in advance of</p>

the specified Partial Amortisation Date that a Partial Amortisation Event has occurred and shall specify the Partial Amortisation Amount (if any) for each Series in Group One.

**Shared Principal Collections**

Series 2018-1 is in Group One, which means that the Trustee can share any excess Principal Collections available to it with reference to other Series in Group One that it does not require to accumulate or pay down such other Series Investor Interest Notes in a specified period. In particular, this will mean that a portion of Principal Collections available to the Trustee with reference to the Originator VFN Series will be available to Series 2018-1 in its Controlled Accumulation Period, Scheduled Amortisation Period or Rapid Amortisation Period. See "*Series 2018-1 - Shared Principal Collections*".

**Reallocated Collections**

**Principal**

On the Series 2018-1 Closing Date a portion of the drawing under the Series 2018-1 Subordination Tranche of the Originator VFN Loan Note used to subscribe for the equivalent portion of the Originator VFN Investor Interest Note will be used by the Trustee to fund the Originator VFN Required Retained Principal Ledger up to the Maximum Required Retained Principal Amount and funds held therein, being Originator VFN Required Retained Principal Collections held for Series 2018-1, shall be retained for the purpose of being available (if required) to be applied as Reallocated Originator VFN Principal Collections to support shortfalls in the Available Funds for Series 2018-1. To the extent the amounts held for such purpose in the Originator VFN Required Retained Principal Ledger are below the Maximum Required Retained Principal Amount on any Transfer Date, Principal Collections in each Collection Period and referable to the Originator VFN Series and Series 2018-1 shall be credited to the Originator VFN Required Retained Principal Ledger (under the terms of the Originator VFN Supplement) and Series 2018-1 Required Retained Principal Ledger (as set out above in the section entitled "*Revolving Period*") for such purpose until the amount retained is equal to the Maximum Required Retained Principal Amount. Any amounts of applied from the Series 2018-1 Required Retained Principal Ledger are Reallocated Principal Collections in respect of Series 2018-1. See the section "*Series 2018-1 – Reallocated Principal Collections*" for further detail.

**Credit Adjustments and Reductions in Receivables that are Eligible Receivables**

In the event of a Reduction or a Credit Adjustment, the amount of such Credit Adjustment or Reduction shall be notionally allocated to the Transferor Interest Note and each Series Investor Interest Note as a principal deficiency under the Origination and Sale Deed.

In the case of Reductions occurring in respect of an Eligible Receivable, the Transferor is obliged to make a payment in respect thereof. The Trustee may apply the amounts received by it (in whole or in part up to an amount equal to the Transferor Interest) to make a principal repayment under the Eligible Receivables Tranche of the Transferor Interest Note and setting the two payment obligations off against each other. If such repayment would cause the Transferor Interest to be decreased below zero, the Trustee may apply any remainder (in whole or in part) to make a principal repayment under the Originator VFN Excess Amount of the Originator VFN Investor Interest Note and the Loan Note Trustee, as holder of the Originator VFN Investor Interest Note, using this amount to make a principal repayment under the Originator VFN Loan Note and, as the Transferor and Trustee agree and the Loan Note Trustee acknowledges in the Originator VFN Supplement, the repayment



under the Originator VFN Investor Interest Note and the Originator VFN Loan Note shall be set-off against the obligation for the Transferor to pay such amounts in whole or in part until the Available Originator VFN Excess Amount is zero, with any remainder thereafter being applied pursuant to the terms of the relevant Supplements as set out in "*Series 2018-1*" below in respect of Series 2018-1 in reverse sequential order.

Credit Adjustments in respect of an Eligible Receivable are notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note reducing the Transferor Interest accordingly for the purposes of allocations (but not reducing the Principal Amount Outstanding under the Transferor Interest Note for any other purpose including for the calculation of interest payments) until such time as the Transferor Interest would be deemed to be reduced to zero, with any remainder being notionally allocated to the Originator VFN Excess Amount reducing the Originator VFN Investor Interest accordingly for the purposes of allocations (but not reducing the Principal Amount Outstanding under the Originator VFN Investor Interest Note for any other purpose including for the calculation of interest payments) until the Available Originator VFN Excess Amount is reduced to zero, with any remainder thereafter being applied pursuant to the terms of the relevant Supplements as set out in "*Series 2018-1*" below in respect of Series 2018-1 in reverse sequential order.

Any Reductions or Credit Adjustments remaining after the Transferor Interest and the Available Originator VFN Excess Amount is reduced to zero (including where such reduction is notional), to the extent (in respect of a Reduction) the Transferor has not satisfied its payment obligations relating thereto in cash, (such amounts in respect of each Collection Period being together, the "**Investor Dilution Amount**") a portion thereof shall be reallocated to the Series 2018-1 Investor Interest. An amount equal to the product of (i) the Investor Dilution Amount; and (ii) a fraction the numerator of which is the Series 2018-1 Adjusted Investor Interest plus the Available Series 2018-1 Originator VFN Subordination and the denominator of which is the Aggregate Adjusted Investor Interest (excluding, for the avoidance of doubt, the Originator VFN Excess Amount) will be applied towards, first, the Available Series 2018-1 Originator VFN Subordination, until it is reduced to zero, and, second, any remainder shall be reallocated to the Series 2018-1 Investor Interest in reverse sequential order, starting with Class E, and shall reduce them by an amount equal to such allocation until reduced to zero, whereupon any excess shall be allocated to the next most junior class. See the section entitled "*Series 2018-1 – Defaulted and Dilution Receivables; Investor Charge-offs Allocation to Series 2018-1 and the Originator VFN*" for further information.

**Defaulted Receivables that are Eligible Receivables**

If the Servicer determines that Eligible Receivables in a Designated Account are uncollectable, a proportion of the principal balance of such Eligible Receivables on such Defaulted Account will be allocated, on an aggregate monthly basis, to the Investor Interest relating to each Series by reference to the relevant Series' Floating Investor Percentage.

The amounts so allocated to each Series comprise the Investor Default Amount in respect of such Series.

The portion of the Investor Default Amount treated as allocated to the Series 2018-1 Investor Interest, being the "**Series 2018-1**

**Investor Default Amount**", will be treated as allocated to each notional class of Investor Interest within the Series 2018-1 Investor Interest based on its floating allocation during the relevant Collection Period. If the Series 2018-1 Investor Default Amount for a particular class exceeds the amount of Available Funds allocated to that class which are (after making prior-ranking payments) available to cover such Investor Default Amount, the Originator VFN Investor Interest Note (in an amount up to the Available Series 2018-1 Originator VFN Subordination) will be reduced to cover the shortfall (as described above) and thereafter, to the extent any shortfall remains, Principal Collections retained in the Series 2018-1 Required Retained Principal Ledger and the Originator VFN Required Retained Principal Ledger (identified for Series 2018-1) from subordinated classes and Originator VFN Principal Collections will be applied as Reallocated Principal Collections (as to which, see the section entitled "*Reallocation of Cashflows*") and the Investor Interest for classes within the Series 2018-1 Investor Interest will be reduced in reverse order.

Any reduction in any notional class of the Series 2018-1 Investor Interest as a result of an Investor Default Amount, together with any reduction suffered by that class caused by the allocation of Reductions and/or Credit Adjustments to such class as described above which exceeds the amount of Available Funds allocated to that class and any reduction as a result of the application of Reallocated Principal Collections to cover shortfalls in the amount of Available Funds, is referred to in aggregate as an "**Investor Charge-off**".

Investor Charge-offs and Investor Default Amounts will only be allocated to Series for calculation purposes and will not reduce the Principal Amount Outstanding under any Series of Related Debt or Associated Debt, including the Series 2018-1 Notes.

#### **Qualifying Swap Transactions**

The Trustee may from time to time enter into a Qualifying Swap Agreement in relation to one or more Series, including Series 2018-1, which Series will comprise a Qualifying Swap Group for the purposes of that Qualifying Swap Agreement. As at the date of this Offering Circular, the Trustee has not entered into any Qualifying Swap Agreement, including in respect of Series 2018-1.

If the Trustee proposes to enter into a Qualifying Swap Agreement in respect of a Qualifying Swap Group, then the conditions for any such swap agreement to be a Qualifying Swap Agreement (which will include the provision of a Rating Confirmation) will need to be met.

The making and receipt of payments by the Trustee under any Qualifying Swap Agreement, in respect of a Qualifying Swap Group of which Series 2018-1 forms part, are contemplated in the Series 2018-1 Supplement and are more particularly described in the Section entitled "*Series 2018-1 – Application of Available Funds*". Any collateral posted to the Trustee pursuant to any such Qualifying Swap Agreement will not form part of the calculation of Available Funds and will not be available to make payments under the Series 2018-1 Investor Interest Note, other than pursuant to the terms of the relevant Qualifying Swap Agreement.

If a Qualifying Swap Transaction is entered into and Series 2018-1 is identified as forming part of the relevant Qualifying Swap Group, Qualifying Swap Amounts referable to Series 2018-1, excluding Qualifying Swap Partial Termination Payments, Qualifying Swap

Permitted Tax Credit Payments and Qualifying Swap Subordinated Termination Payments, will rank in priority to the payment of amounts to fund interest on the Class A1 Tranche of the Investor Interest Notes. Qualifying Swap Partial Termination Payments and Qualifying Swap Permitted Tax Credit Payments will rank *pro rata* and *pari passu* with payments used to fund interest on the Class A1 Tranche of the Investor Interest Notes, with Qualifying Swap Subordinated Termination Payments ranking below all payments used to fund interest on the Notes.

**"Qualifying Swap Amount"** shall mean, in respect of any Qualifying Swap Transaction and each Series in the relevant Qualifying Swap Group on any Transfer Date, the product of (A) such amounts (if any and whether net or gross, as specified in the applicable Qualifying Swap Agreement) that are due and payable on or around such Transfer Date to the Qualifying Swap Provider pursuant to the related Qualifying Swap Agreement, and (B) a fraction, the numerator of which is the Floating Investor Percentage for that Series for the immediately preceding Collection Period and the denominator of which is the aggregate of the Floating Investor Percentages for all the Series in the relevant Qualifying Swap Group for the immediately preceding Collection Period.

**"Qualifying Swap Group"** shall mean, collectively, in respect of any Qualifying Swap Transaction, one or more Series which are designated in the applicable Supplement and/or Loan Note Supplement (whether as originally executed or as subsequently supplemented or amended) as bearing the economic cost of, and taking the economic benefit of, such Qualifying Swap Transaction, **provided that** no Series may be designated as forming part of a Qualifying Swap Group after its closing date unless a Rating Confirmation is obtained in respect of such designation.

**"Qualifying Swap Partial Termination Payment"** shall mean, in respect of any Qualifying Swap Transaction and each Series in the relevant Qualifying Swap Group on any Transfer Date, the product of (A) any partial termination payments payable by the Trustee to a Qualifying Swap Provider and arising as a result of a reduction of the notional amount of such Qualifying Swap Transaction contemplated under a Qualifying Swap Agreement so as to ensure that its notional amount does not exceed a specified amount, and (B) a fraction, the numerator of which is the Floating Investor Percentage for that Series for the immediately preceding Collection Period and the denominator of which is the aggregate of the Floating Investor Percentages for all the Series in the relevant Qualifying Swap Group for the immediately preceding Collection Period.

**"Qualifying Swap Permitted Tax Credit Payment"** shall mean, in respect of any Qualifying Swap Transaction and each Series in the relevant Qualifying Swap Group on any Transfer Date, the product of (A) any sum payable by the Trustee to a Qualifying Swap Provider under the applicable Qualifying Swap Agreement in respect of any credit against, relief or remission for, or repayment of, any Tax relating to such Qualifying Swap Transaction, and (B) a fraction, the numerator of which is the Floating Investor Percentage for that Series for the immediately preceding Collection Period and the denominator of which is the aggregate of the Floating Investor Percentages for all the Series in the relevant Qualifying Swap Group for the immediately preceding Collection Period.

**"Qualifying Swap Subordinated Termination Payment"** shall mean, in respect of any Qualifying Swap Transaction and each Series in the relevant Qualifying Swap Group on any Transfer Date, the product of (A) any termination payment payable by the Trustee to a Qualifying Swap Provider and arising following the termination of a Qualifying Swap Agreement, where the relevant Qualifying Swap Provider is the Defaulting Party (as defined in the applicable Qualifying Swap Agreement) and (B) a fraction, the numerator of which is the Floating Investor Percentage for that Series for the immediately preceding Collection Period and the denominator of which is the aggregate of the Floating Investor Percentages for all the Series in the relevant Qualifying Swap Group for the immediately preceding Collection Period.

**"Qualifying Swap Transaction"** shall mean an arm's length swap, cap, collar or other derivative transaction entered into by the Trustee for the purpose of hedging interest rate risk where a Rating Confirmation has been provided in relation to such arrangement.

**Trust Priority of Payments**

On each Transfer Date, the Trustee will distribute the Available Funds standing to the credit of the Series 2018-1 Finance Charge Collections Ledger and any amount of Group One Series 2018-1 Excess Finance Charges, in the order below.

- (1) to pay to the Unitholders A\$1, such payment being at the discretion of the Trust Manager;
- (2) an amount equal to the Series 2018-1 Senior Trust Expenses payable in respect of that Payment Date in the order of priority specified in the definition thereof to be paid to the relevant parties;
- (3) *pro rata* and *pari passu*: (i) the Investor Trust Manager Payment Amount will be paid to the Trust Manager; and (ii) the Investor Senior Servicing Amount will be paid to Servicer;
- (4) if Series 2018-1 is in a Qualifying Swap Group, an amount equal to any Qualifying Swap Amount referable to Series 2018-1 payable on such Transfer Date, excluding any Qualifying Swap Partial Termination Payments, Qualifying Swap Permitted Tax Credit Payments or Qualifying Swap Subordinated Termination Payments, will be paid to the relevant Qualifying Swap Provider;
- (5) *pro rata* and *pari passu* (i) an amount equal to the sum of the Class A1 Monthly Finance Amount, the Class A1 Deficiency Amount and the Class A1 Additional Finance Amount – called the "**Class A1 Monthly Distribution Amount**" will be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class A1 Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid, which is due and payable on such Transfer Date; and (ii) if Series 2018-1 is in a Qualifying Swap Group, an amount equal to any Qualifying Swap Partial Termination Payments and Qualifying Swap Permitted Tax Credit Payments referable to Series 2018-1 that are due and payable on such Transfer Date

**Loan Note Trust Priority of Payments**

On each Transfer Date, the Loan Note Trustee will transfer from the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account to the extent there are sufficient funds on deposit:

- (1) to pay to the Unitholders A\$1, such payment being at the discretion of the Loan Note Trust Manager;
- (2) an amount equal to the Series 2018-1 Senior Loan Note Trust Expenses payable in respect of that Payment Date in the order of priority specified in the definition thereof to be paid to the relevant parties;
- (3) an amount equal to the Investor Loan Note Trust Manager Payment Amount will be paid to the Loan Note Trust Manager;
- (4) an amount equal to the Class A1 Monthly Distribution Amount (less the Additional Coupon payable under the Class A1 Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class A1 Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class A1 Notes, together with any Deferred Interest and Additional Interest (as such terms are defined in the Series 2018-1 Notes) due and unpaid on the Class A1 Notes, which is due and payable on the immediately following Payment Date;
- (5) an amount equal to the Class A2 Monthly Distribution Amount (less the Additional Coupon payable under the Class A2 Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class A2 Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class A2 Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class A2 Notes, which is due and payable on the immediately following Payment Date;

will be paid to the relevant Qualifying Swap Provider;

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| <p>(6) an amount equal to the Class A1 Investor Default Amount will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up Class A1 Investor Default Amounts and reinstate or reimburse the Class A1 Investor Interest, as applicable;</p>  | <p>(6) an amount equal to the Class B Monthly Distribution Amount (less the Additional Coupon payable under the Class B Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class B Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class B Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class B Notes, which is due and payable on the immediately following Payment Date;</p> |
| <p>(7) an amount equal to the aggregate amount of Class A1 Investor Charge-offs which have not been previously reinstated and for which payment of 'Principal Loss Make-Up (Charge-off)' has not previously been made shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Charge-off)') to make-up Class A1 Investor Charge-offs and reinstate or reimburse the Class A1 Investor Interest for the purpose of the calculations, as applicable;</p> | <p>(7) an amount equal to the Class C Monthly Distribution Amount (less the Additional Coupon payable under the Class C Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class C Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class C Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class C Notes, which is due and payable on the immediately following Payment Date;</p> |
| <p>(8) an amount equal to the Class A2 Investor Default Amount will be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class A2 Investor Default Amounts and either reinstate or reimburse the Class A2 Investor Interest for the purpose of calculations, as applicable;</p>   | <p>(8) an amount equal to the Class D Monthly Distribution Amount (less the Additional Coupon payable under the Class D Tranche of the Series 2018-1 Investor Interest Note, if any) will be paid to the Class D Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class D Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class D Notes, which is due and payable on the immediately following Payment Date;</p>  |
| <p>(9) an amount equal to the aggregate amount of Class A2 Investor Charge-offs which have not been previously reinstated and for which a payment of 'Principal Loss Make-Up (Charge-off)' has not previously been made will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the</p>   | <p>(9) an amount equal to the Class E Monthly Distribution Amount (less the Additional Coupon payable under the Class E Tranche of the Series 2018-1 Investor Interest Note, if any) will be paid to the Class E Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in</p>   |

Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Charge-off)') to make-up such Class A2 Investor Charge-offs Amounts and either reinstate or reimburse the Class A2 Investor Interest for the purpose of calculations, as applicable;

respect of the Class E Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class E Notes, which is due and payable on the immediately following Payment Date; and

- |  |  |
|--|--|
| <p>(10) an amount (the "<b>Class A2 Monthly Distribution Amount</b>") equal to the Class A2 Monthly Finance Amount, the Class A2 Deficiency Amount for such Transfer Date and the Class A2 Additional Finance Amount, will be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class A2 Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class A2 Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date;</p>  | <p>(10) the remainder (being the "<b>Loan Note Series Excess Spread</b>" in respect of Series 2018-1 Notes) will, together with any other Series Excess Spread available on such date, be applied in accordance with the Loan Note Excess Spread Priority of Payments.</p> |
| <p>(11) an amount equal to the Class B Investor Default Amount will be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class B Investor Default Amounts and either reinstate or reimburse the Class B Investor Interest for the purpose of calculations, as applicable;</p>  | <p>Please see "<i>Allocation of Loan Note Trust Cashflows</i>" for more information.</p>   |
| <p>(12) an amount equal to the aggregate amount of Class B Investor Charge-offs which have not been previously reinstated and for which a payment of 'Principal Loss Make-Up (Charge-off)' has not previously been made will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Charge-off)') to make-up such Class B Investor Charge-offs Amounts and either reinstate or reimburse the Class B Investor Interest for the purpose of calculations, as applicable;</p> |  |
| <p>(13) an amount (the "<b>Class B Monthly Distribution Amount</b>") equal to the Class</p>  |  |

B Monthly Finance Amount, the Class B Deficiency Amount for such Transfer Date and the Class B Additional Finance Amount, will be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class B Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class B Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date;

- (14) an amount equal to the Class C Investor Default Amount, will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class C Investor Default Amounts and either reinstate or reimburse the Class C Investor Interest for the purpose of calculations, as applicable;
- (15) an amount equal to the aggregate amount of Class C Investor Charge-offs which have not been previously reinstated and for which a payment of 'Principal Loss Make-Up (Charge-off)' has not previously been made will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Charge-off)') to make-up such Class C Investor Charge-offs Amounts and either reinstate or reimburse the Class C Investor Interest for the purpose of calculations, as applicable;
- (16) an amount (the "**Class C Monthly Distribution Amount**") equal to the Class C Monthly Finance Amount, the Class C Deficiency Amount for such Transfer Date and the Class C Additional Finance Amount will be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class C Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class C Tranche of the Series 2018-1



Investor Interest Note, which is due and payable on such Transfer Date;

- (17) an amount equal to the Class D Investor Default Amount, will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class D Investor Default Amounts and either reinstate or reimburse the Class D Investor Interest for the purpose of calculations, as applicable;
- (18) an amount equal to the aggregate amount of Class D Investor Charge-offs which have not been previously reinstated and for which a payment of 'Principal Loss Make-Up (Charge-off)' has not previously been made will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Charge-off)') to make-up such Class D Investor Charge-offs Amounts and either reinstate or reimburse the Class D Investor Interest for the purpose of calculations, as applicable;
- (19) an amount (the "**Class D Monthly Distribution Amount**") equal to the Class D Monthly Finance Amount, the Class D Deficiency Amount for such Transfer Date and the Class D Additional Finance Amount will be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class D Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class D Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date;
- (20) an amount equal to the Class E Investor Default Amount, will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up

(Default)'), to make-up such Class E Investor Default Amounts and either reinstate or reimburse the Class E Investor Interest for the purpose of calculations, as applicable;

- (21) an amount equal to the aggregate amount of Class E Investor Charge-offs which have not been previously reinstated and for which a payment of 'Principal Loss Make-Up (Charge-off)' has not previously been made will either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Charge-off)') to make-up such Class E Investor Charge-offs Amounts and either reinstate or reimburse the Class E Investor Interest for the purpose of calculations, as applicable;
- (22) an amount (the "**Class E Monthly Distribution Amount**") equal to the Class E Monthly Finance Amount, the Class E Deficiency Amount for such Transfer Date and the Class E Additional Finance Amount will be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class E Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class E Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date;
- (23) an amount equal to the aggregate amount of Investor Charge-offs allocated to the Series 2018-1 Originator VFN Subordination which have not been previously reinstated (including by Finance Charge Collections allocated to the Trustee for the purpose of making payments in respect of the Originator VFN Series and made available for that purpose) shall be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') in respect of the Originator VFN Series or if the Originator VFN Series is in an Amortisation Period in respect of the Series 2018-1 Originator VFN Subordination, as 'Principal Loss Make-Up (Charge-off)', and applied to make-up and reinstate such Series 2018-1 Originator VFN Subordination in

accordance with the Originator VFN Supplement;

- (24) on each Transfer Date from and including the Accumulation Reserve Funding Date but prior to the date on which the Series 2018-1 Accumulation Reserve Ledger is closed an amount up to the amount by which the Available Accumulation Reserve Amount is less than the Required Accumulation Reserve Amount will be deposited in the Trustee Collection Account to the credit of the Series 2018-1 Accumulation Reserve Ledger;
- (25) the amount (if any) determined by the Trust Manager to be credited to the Series 2018-1 Step-Up Reserve Ledger, up to the Step-Up Required Amount; and
- (26) the remainder will, together with any other Series Excess Spread available on such date, be applied in accordance with the Excess Spread Priority of Payments.

#### **Excess Spread Priority of Payments**

The Series Excess Spread available in respect of each Series on each Transfer Date will be aggregated and applied to pay the following items in the following order of priority:

- (1) the Junior Servicing Fee will be paid to the Servicer;
- (2) an amount equal to all amounts of other fees, costs, charges, expenses, losses, damages, claims and liabilities payable by the Trust to any third party on such Transfer Date and not otherwise covered in the payment priority shall be paid to such third party including, without limitation, any Qualifying Swap Subordinated Termination Payments in respect of all Series in a Qualifying Swap Group;

#### **Loan Note Excess Spread Priority of Payments**

Loan Note Series Excess Spread available in respect of each Series on each Transfer Date will be aggregated and applied to pay the following items in the following order of priority on such Transfer Date or related Payment Date:

- (1) an amount equal to all amounts of other fees, costs, charges, expenses, losses, damages, claims and liabilities payable by the Loan Note Trust to any third party on such Transfer Date and not otherwise covered in this payments priority shall be paid to such third parties pro-rata including, without limitation any Swap Subordinated Termination Payments in respect of a Series in the order of priority specific in the relevant Supplement (and in the event of any shortfall, pro-rata between each Series on the basis of each Series' shortfall);
- (2) an amount equal to the Originator VFN Subordination Monthly Distribution Amount shall be paid to the holder of the Originator VFN Loan Note on such Transfer Date as payment of the Interest Amount in respect of the aggregate of each Series Subordination Tranche of the Originator VFN Loan Note together with any Deferred Interest and Additional Interest due and unpaid on the aggregate of each Series Subordination Tranche of the Originator VFN Loan Note, which is due and payable on such Transfer Date,

provided that each amount received under each Series Originator VFN Subordination portion of Originator VFN Investor Interest Note in respect of Interest Amounts, Deferred Interest and Additional Interest shall be applied to make the equivalent payment on the related Series Subordination Tranche of the Originator VFN Loan Note for that Series; and

- (3) the aggregate of the Group One Series Finance Charge Shortfall for all Outstanding Series in Group One shall be made available to the Trustee for the purpose of making up shortfalls of Available Funds for all Outstanding Series in Group One;
- (4) an amount equal to the Group One Originator VFN Excess Finance Charges (as defined in Originator VFN Supplement) for the Originator VFN Series to be made available to the Trustee to be applied in respect of the Originator VFN Series;
- (5) an amount (the "**Originator VFN Subordination Monthly Distribution Amount**") equal to (1) the Originator VFN Monthly Finance Amount for such Transfer Date, plus (2) any Deficiency Amount (as defined in the Originator VFN Supplement) for such Transfer Date, plus (3) any Originator VFN Additional Finance Amount for such Transfer Date, to the extent such amounts relate to the aggregate of each Series Originator VFN Subordination portion of the Originator VFN Investor Interest Note, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Series Originator VFN Subordination portion of the Originator VFN Investor Interest Note, together with any deferred interest and additional interest due and unpaid on the Series Originator VFN Subordination portion of the Originator VFN Investor Interest Note, which is due and payable on the immediately following Transfer Date;
- (6) in the following order of priority: (i) first, Finance Charge Collections up to the amount of any remaining Non-Capitalised Outstanding Finance Charges shall be treated as Principal Collections; and (ii) secondly, an amount equal to the amount of any deferred consideration payable under the Origination and Sale Deed in respect of, first, Accrued Finance Charges

(3) any remainder shall be deposited in the Distribution Ledger of the Loan Note Trustee Distribution Account.

- and, thereafter, Discount Option Receivables, to be paid to the Transferor;
- (7) an amount equal to the amount of any Principal Amount Outstanding under the Expense Tranche of the Transferor Interest Note shall be paid to the Transferor;
  - (8) any amounts due and payable in respect of the payment of any Ongoing Financing Fee by the Trustee to the Loan Note Trustee under the Investor Interest Note Funding Deed or other Related Debt;
  - (9) an amount equal to the aggregate of the amount of Investor Charge-offs notionally allocated to the Originator VFN Excess Amount and which have not been previously reinstated shall be made available to the Trustee in order to reinstate such Originator VFN Excess Amount (identified as 'Loss Make-Up (Charge-off)') or, if the Originator VFN Series is in an Amortisation Period in respect of the Originator VFN Excess Amount, 'Principal Loss Make-Up (Charge-off)' (in each case in respect of the Originator VFN Series) and shall be applied in accordance with the terms of the Originator VFN Supplement;
  - (10) an amount equal to the aggregate Transferor Default Amounts notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note, if any, for the preceding Collection Period shall be identified as "**Transferor Principal Loss Make-Up**" and applied to make a principal repayment on the Eligible Receivables Tranche of the Transferor Interest Note until the Principal Amount Outstanding of the Eligible Receivables Tranche is zero;
  - (11) an amount equal to any Transferor Charge-Offs notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note, to the extent not previously reinstated pursuant to this clause or under the Excess Spread Priority of Payments, shall be identified as "**Transferor Principal Loss Make-Up**" and applied to make a principal repayment on the Eligible Receivables Tranche of the Transferor Interest Note until the Principal Amount Outstanding of the Eligible Receivables Tranche is zero;
  - (12) in respect of any other Series in Group One that is not an Outstanding Series

(including Series in respect of which the Final Redemption Date has occurred) for which amounts of principal and/or interest (together, the "**Remaining Amounts Outstanding**") remain outstanding under the relevant Series Investor Interest Note, an amount up to the aggregate Remaining Amounts Outstanding for all such Series, provided that, in the event of a shortfall, the amounts will be applied between each such Series pro-rata according to the size of their Remaining Amounts Outstanding and will be applied to repay first principal; and

- (13) the balance, if any, shall constitute "**Excess Spread**" and shall be transferred to the Distribution Ledger of the Trustee Administration Account.

Please see "*Series 2018-1 – Available Funds*" for further information.

#### **Cash Management and Bank Accounts**

Collections from Customers are currently paid to a number of collection accounts (the "**Transferor Collection Accounts**") held in the name of the Transferor with Westpac (the "**Transferor Account Bank**") before being transferred to the Trustee Collection Account. Under the terms of the Master Cash Settlement Agreement: (i) Finance Charge Collections will be transferred in each Collection Period until such time as the amount transferred equals the Senior Expense Amount plus an amount equal to the amount of Non-Capitalised Outstanding Finance Charges, as estimated by the Servicer, in respect of which a payment has not yet been made under the Excess Spread Priority of Payments; and (ii) Principal Collections will be transferred in each Collection Period until an amount equal to the amount required to be retained in the Series 2018-1 Required Retained Principal Ledger or as Group One Retained Principal Collections, has been transferred to the Trustee Collection Account, (being "**Senior Funding Completion**" in respect of Finance Charge Collections and Principal Collections respectively). Thereafter, the terms of the Master Cash Settlement Agreement will permit the Transferor to retain Collections which would otherwise be paid back to it by the Trustee, which such payments represent the direct or indirect proceeds of:

- (a) Finance Charge Collections, in which case such amounts shall constitute "**Finance Charge Advance Payments**" and shall be retained by the Transferor absolutely, subject only to an obligation to refund an equivalent amount to the extent of any overpayment; or

(b) Principal Collections, in which case such amounts shall constitute "**Principal Advance Payments**" in respect of repayments on the Originator VFN Investor Interest Note, subject to an obligation to refund them on or after each Determination Date (unless such amounts could just be transferred back to the Transferor as Principal Advance Payments).

Finance Charge Advance Payments represent sums which it is anticipated that the Transferor (or one of its Affiliates, such as the Servicer) will receive on the Transfer Date following the Collection Period in which such payments are made. Principal Advance Payments represent amounts of Cash Available for Investment which would otherwise be utilised by the Trustee, pending application in accordance with the provisions of the Cashflow Allocation Deed and each Supplement thereto, to repay principal as the Originator VFN Investor Interest Note and (indirectly) the Originator VFN Loan Note. It is anticipated that Principal Advance Payments will typically be released to the Transferor in consideration for the assignment of new Receivables to the Trustee.

All Collections held in the Transferor Collection Account will be held on trust for the Trustee pending the transfer of such Collections to the Trustee Collection Account which (prior to Senior Funding Completion) will take place no later than the Business Day following the Date of Processing of such Collections, or as soon as practicable thereafter. Following Senior Funding Completion, (a) under item (i) of the definition thereof, Finance Charge Collections and/or (b) under item (ii) of the definition thereof, Principal Collections, shall be retained by the Transferor, either as payments of the Finance Charge Collections or Principal Collections due to it or as Finance Charge Advance Payments or Principal Advance Payments.

Amounts standing to the credit of the Trustee Collection Account are applied in accordance with the priority of payments set out in the Cashflow Allocation Deed and the Supplements thereto on each Transfer Date (see "*The Trust*" and "*Series 2018-1*" for more detail). The Loan Note Trustee will credit the amount received from the Trustee in respect of the Class A1 Monthly Distribution Amounts, the Class A2 Monthly Distribution Amounts, the Class B Monthly Distribution Amounts, the Class C Monthly Distribution Amounts, the Class D Monthly Distribution Amounts, the Class E Monthly Distribution Amounts and any other amounts relating to Series 2018-1 to the Series 2018-1 Ledger maintained within the Loan Note Trustee Distribution Account on each Transfer Date.

On each Transfer Date, the Trustee shall apply the amounts available to it for such purpose, in accordance with the Cashflow Allocation Deed and the Series 2018-1 Supplement, in making payments of interest and, on Payment Dates relating to the Scheduled Amortisation Period, the Rapid Amortisation Period and on any Redemption Call Date on which the Trustee exercises its call option, principal on the Series 2018-1 Investor Interest Note, together with other amounts owed to the Loan Note Trustee, by transferring such amounts to the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account. The Loan Note Trustee will then utilise such amounts on the subsequent Payment Date, together with any interest earned on the Loan Note Trustee Distribution Account relating to Series 2018-1 since the previous Payment Date, in making payments of interest and principal, as applicable, accordingly.

**"Senior Expense Amount"** means:

- (a) for Series 2018-1, the amount calculated on any given day prior to a Transfer Date as being equal to the expected payments under items (1) to (5), (10), (13), (16), (19), (22), (24) and (25) of the Trustee priority of payments set out above on the relevant Transfer Date; and
- (b) in respect of any other Series, the amount calculated on any given day prior to a Transfer Date as being equal to the expected payments made under such senior-ranking items of the applicable Trustee priority of payments in respect of that Series as are specified in the relevant Supplement on the relevant Transfer Date,

provided that the Rate of Interest for such purposes, if applicable, will be at least equal to the Rate of Interest on the date of calculation of such expected payments.

The expected payments under items (5)(i), (10), (13), (16), (19) and (23), and, if so provided in the relevant Qualifying Swap Agreement, items (4) and (5)(ii), of the Trustee priority of payments and the Senior Expense Amount shall be recalculated for the purposes of Series 2018-1 on the Payment Date falling during such Collection Period (being, *inter alia*, the date of determination of the interest rates for payments to be made on the Payment Date following such Collection Period).





## TRIGGERS TABLE

### Rating Triggers Table

Transaction Party	Required Ratings/Triggers	Possible effects of trigger being breached include the following
<b>Trustee Account Banks</b>	The account bank should be an <b>"Approved Bank"</b> , being an Australian ADI which, insofar as the relevant Credit Rating Agency rates any Related Debt or Associated Debt, at all times has (a) a short-term unsecured debt rating of at least A-1 by S&P and a long-term unsecured debt rating of at least A by S&P (b) a short-term unsecured debt rating of at least P-1 by Moody's and a long-term unsecured debt rating of at least A2 by Moody's, (c) a short-term unsecured debt rating of at least F1 by Fitch Ratings or a long-term unsecured debt rating of at least A by Fitch Ratings, (d) a long-term senior debt and deposits rating of at least A by DBRS, or in the absence of a rating assigned by DBRS, a DBRS Equivalent Rating at least equal to A by DBRS or, such other rating from time to time notified or published by DBRS replacing any of the above ratings or implementing a rating requirement, and/or (e) such other short-term or long-term rating which is otherwise acceptable to the relevant Credit Rating Agency.	If, at any time, the bank or financial institution with which any Trustee Bank Account is held ceases to be an Approved Bank then the Trust Manager shall direct the Trustee to within thirty (30) calendar days (or such longer period as may be agreed with the relevant Credit Rating Agencies as not leading to an Adverse Rating Event), transfer each Trustee Bank Account which is held with such bank or financial institution to another bank or financial institution which is an Approved Bank. If the Trustee shall fail to establish the new Trustee Bank Accounts, the Trust Manager shall be authorised to establish the new Trustee Bank Accounts itself.
<b>Loan Note Trustee Account Bank</b>	Account bank must be an Approved Bank.	If, at any time, the bank or financial institution with which any Loan Note Trustee Bank Account is held ceases to be an Approved Bank then the Loan Note Trust Manager shall direct the Loan Note Trustee to within thirty (30) calendar days (or such longer period as may be agreed with the relevant Credit Rating Agencies as not leading to an Adverse Rating Event), transfer each Loan Note Trustee Bank Account which is held with such bank or financial institution to another bank or financial institution which is an Approved Bank. If the Loan

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of trigger being breached include the following</u>
		Note Trustee shall fail to establish the new Loan Note Trustee Bank Accounts, the Loan Note Trust Manager shall be authorised to establish the new Loan Note Trustee Bank Accounts itself.
<b>Transferor Account Banks</b>	If at any time the existing Transferor Account Bank ceases to be an Australian ADI which, insofar as the relevant Credit Rating Agency rates any Related Debt or Associated Debt, at all times has (a) a short-term unsecured debt rating of at least A-2 by S&P (or, where no short-term unsecured debt rating by S&P is available, a long-term unsecured debt rating of at least BBB by S&P), (b) a short-term unsecured debt rating of at least P-2 by Moody's and a long-term unsecured debt rating of at least Baa2 by Moody's, (c) a short-term unsecured debt rating of at least F2 by Fitch Ratings and a long-term unsecured debt rating of at least BBB+ by Fitch Ratings, (d) a long-term senior debt and deposits rating of at least BBB or R-2 by DBRS, or in the absence of a rating assigned by DBRS, a DBRS Equivalent Rating at least equal to BBB by DBRS or, such other rating from time to time notified or published by DBRS replacing any of the above ratings or implementing a rating requirement, and/or (e) such other short-term or long-term rating which is otherwise acceptable to the relevant Credit Rating Agency,	The Transferor shall use (and shall procure that any Existing Owner that holds legal title to any Acquired Receivables uses) reasonable endeavours to, within 30 days (in respect of a downgrade by Fitch Ratings, Moody's or DBRS) of being notified or 60 days (in respect of a downgrade by S&P) from the date the Transferor Account Bank ceases to have such ratings, or such longer period as may be agreed with the relevant Credit Rating Agencies as not leading to a downgrade of any outstanding Rated Debt, establish a new Transferor Collection Account with an Australian ADI that does satisfy such rating requirements, and shall transfer any cash or any investments to such new Transferor Collection Account, provided that, so long as the Transferor uses reasonable endeavours to transfer or procure the transfer of the Transferor Collection Accounts within such time period, any failure to transfer shall not constitute a breach by the Transferor of any Transaction Document and will not cause a Pay Out Event to occur.

**"Loan Note Trustee Account Bank"** shall mean Westpac, acting through its office at 275 Kent Street, Sydney 2000 NSW and/or any successor account bank or additional account bank in respect of any bank accounts opened by the Loan Note Trustee.

**"Transferor Account Bank"** means Westpac or any other bank appointed as Transferor Account Bank in respect of the Transferor or any Existing Owner that holds legal title to any Acquired Receivables.

**"Trustee Account Bank"** means Westpac or any other successor or additional bank appointed as Trustee Account Bank in accordance with the terms of the Cashflow Allocation Deed.

## Non-Rating Triggers

Description of trigger	Consequence of trigger
<b><i>Notification Events</i></b>	
The occurrence of any of the following:	
<ul style="list-style-type: none"> <li>• an Insolvency Event occurs in respect of the Transferor or any Existing Owner with legal title to Receivables beneficially owned by the Trustee; or</li> <li>• the Transferor (or the Servicer on its behalf) fails to pay any sums due and payable by it to the Trustee in respect of the Designated Accounts under the Transaction Documents within 5 Business Days of the due date thereof or the date of demand, if payable on demand, in the currency and in the manner specified in the Transaction Documents, and such failure is not remedied within 10 Business Days after the Trustee has given notice thereof to the Transferor.</li> </ul>	
<b><i>Rapid Amortisation Triggers Events</i></b>	
The occurrence of a Series Pay Out Event in respect of Series 2018-1 or a Trust Pay Out Event.	Rapid Amortisation Period will begin.
<b><i>Trust Pay Out Events</i></b>	
The occurrence of any one of the following events:	
<ul style="list-style-type: none"> <li>• the occurrence of an Insolvency Event in relation to the Transferor; or</li> <li>• the Transferor becomes unable to transfer Receivables on the Designated Accounts to the Trust in the manner contemplated in the Origination and Sale Deed.</li> </ul>	
<b><i>Series Pay Out Events</i></b>	
In addition to the Trust Pay Out Event which are also Series Pay Out Events in respect of each Series, the occurrence of any one of the following events with respect to Series 2018-1:	A Series Pay Out Event will occur in respect of Series 2018-1.
<ul style="list-style-type: none"> <li>• failure on the part of the Transferor: <ul style="list-style-type: none"> <li>• to make any payment or deposit required to be made by it to the Trustee under the terms of the Origination and Sale Deed within five Business Days after the date that the payment or deposit is required to be made, including the payment of Collections into the Trustee Collection Account (as contemplated under the Transaction Documents); or</li> <li>• duly to observe or perform any covenants or agreements of the Transferor in the Origination and Sale Deed or this Series 2018-1 Supplement that has a material adverse effect on the interests of the</li> </ul> </li> </ul>	

**Description of trigger****Consequence of trigger**

holders of the Series 2018-1 Investor Interest Note and which continues unremedied for a period of 60 days after the date on which written notice of the failure, requiring it to be remedied, is given to the Transferor by the Trust Manager (on behalf of the Trustee), or is given to the Transferor and the Trust Manager by the Security Trustee acting on the instructions of the holder of the Series 2018-1 Investor Interest Note (who itself will need to comply with any obligation to act on the instructions of the Noteholders provided in accordance with the terms of the Series 2018-1 Notes), and which continues during that 60 day period to have a material adverse effect on the interests of the holders of the Series 2018-1 Investor Interest Note;

- any representation or warranty made by the Transferor in the Origination and Sale Deed or the Series 2018-1 Supplement, or any information contained in any computer file required to be delivered by the Transferor under the Origination and Sale Deed proves to have been incorrect in any material respect when made or when delivered and continues to be incorrect in any material respect for a period of 60 days after the date on which written notice of the error, requiring it to be remedied, is given to the Transferor by the Trust Manager, or is given to the Transferor and the Trust Manager by the Security Trustee acting on the instructions of the holder of the Series 2018-1 Investor Interest Note (who itself will need to comply with any obligation to act on the instructions of the Noteholders provided in accordance with the terms of the Series 2018-1 Notes) and which continues during that 60 day period to have a material adverse effect on the interests of the holder of the Series 2018-1 Investor Interest Note, **provided that**, notwithstanding the above, no Series Pay Out Event under this paragraph shall be deemed to have occurred if the Transferor has complied with its obligations relating to a breach of representation or warranty as set out in the Origination and Sale Deed;
- the average Portfolio Yield for a period of three consecutive Collection Periods is less than the average Expense Rate for that period;
- either:
  - the aggregate of the Transferor Interest and the Available Originator VFN Excess Amount averaged over any period of thirty consecutive days is less than the Minimum Transferor Interest calculated as at the last day of such period and the Transferor Interest and/or the Available Originator VFN Excess Amount is not increased on or before the tenth Business Day following that thirty day period to an amount such that the average of the aggregate of the Transferor Interest Note and the Available Originator VFN Excess Amount for such

Description of trigger	Consequence of trigger
<p>thirty day period as a percentage of the Average Principal Receivables (computed by assuming that the amount of the increase of the Transferor Interest and/or the Available Originator VFN Excess Amount by the last day of the ten Business Day period, as compared to the Transferor Interest and/or the Available Originator VFN Excess Amount on the last day of the thirty day period, existed in the Trust during each day of the thirty day period) is at least equal to the Minimum Transferor Interest; or</p> <ul style="list-style-type: none"> <li>• on the last day of any Collection Period the Eligible Receivables Balance is less than the Minimum Aggregate Principal Receivables and the Eligible Receivables Balance fails to increase to an amount equal to or greater than the Minimum Aggregate Principal Receivables on or before the tenth Business Day following that last day;</li> <li>• any Servicer Termination Event occurs that has a material adverse effect on the holder of the Series 2018-1 Investor Interest Note;</li> <li>• the Series 2018-1 Investor Interest Note is not repaid in an amount equal to the Scheduled Amortisation Amount on any Payment Date falling within the Scheduled Amortisation Period;</li> <li>• the amount credited to the Series 2018-1 Step-Up Reserve Ledger is less than the Step-Up Required Amount on the Series 2018-1 Expected Redemption Date and the Series 2018-1 Investor Interest Note is not repaid in full on or before such date; or</li> <li>• the Series 2018-1 Investor Interest Note is not repaid in full on the Transfer Date relating to the Series 2018-1 Scheduled Redemption Date.</li> </ul>	

### ***Trust Events of Default***

The occurrence of an Insolvency Event in relation to the Trustee (unless the Insolvency Event only affects assets or liabilities of the Trustee which do not relate to the Trust and the Trustee is replaced in accordance with the Master Trust Deed within 90 days of the occurrence of the Insolvency Event).

A Trust Enforcement Notice may be issued to the Trustee declaring all Series of Related Debt including the Series 2018-1 Investor Interest Note, be immediately due and payable and the security granted under the Security Trust Deed enforceable.

Description of trigger	Consequence of trigger
<p data-bbox="229 226 976 271"><b><i>Servicer Termination Events</i></b></p> <p data-bbox="229 271 976 315">The occurrence of any of the following:</p> <ul data-bbox="229 315 976 1411" style="list-style-type: none"> <li data-bbox="229 315 976 427">• an Insolvency Event occurs in relation to the Servicer;</li> <li data-bbox="229 427 976 920">• any representation, warranty or statement made, repeated or taken to be made or repeated by the Servicer in any Transaction Document or in any document, of any nature, issued under any Transaction Document is untrue when made or repeated and which has, or is likely to have a Material Adverse Effect and which continues to be incorrect in any material respect for a period of sixty (60) days after the date on which written notice of such incorrectness, requiring the same to be remedied, shall have been given to the Servicer by the Trustee and continues to have a Material Adverse Effect;</li> <li data-bbox="229 920 976 1189">• the Servicer breaches any undertaking or covenant in favour of another party to a Transaction Document which has, or is likely to have, a Material Adverse Effect and which continues unremedied for a period of sixty (60) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Trustee and continues to have a Material Adverse Effect; or</li> <li data-bbox="229 1189 976 1411">• the Servicer fails to pay when due (including any payments it is obliged to procure on behalf of the Transferor) any amount due and payable by it to the Trustee under the Transaction Documents and the Servicer does not remedy the failure within 5 Business Days of becoming aware of such circumstance.</li> </ul>	<p data-bbox="976 226 1359 315">Termination of appointment of Servicer.</p> <p data-bbox="976 315 1359 539">See the section entitled "<i>Servicing of Receivables – Termination of Appointment of Servicer</i>" for further information.</p>
<p data-bbox="229 1411 976 1456"><b><i>Trust Manager Termination Events</i></b></p> <p data-bbox="229 1456 976 1500">The occurrence of any of the following constitutes a "<b>Trust Manager Termination Event</b>":</p> <ul data-bbox="229 1500 976 2024" style="list-style-type: none"> <li data-bbox="229 1500 976 1568">• an Insolvency Event occurs in relation to the Trust Manager;</li> <li data-bbox="229 1568 976 1792">• any representation, warranty or statement made, repeated or taken to be made or repeated by the Trust Manager in any Transaction Document or in any document, of any nature, issued under any Transaction Document is untrue when made or repeated and which has, or is likely to have, a Material Adverse Effect;</li> <li data-bbox="229 1792 976 1904">• the Trust Manager fails to maintain any Authorisation where such failure has, or is likely to have, a Material Adverse Effect; or</li> <li data-bbox="229 1904 976 2024">• the Trust Manager fails to comply with any of its obligations, undertakings or other covenants under the</li> </ul>	<p data-bbox="976 1411 1359 1500">Termination of appointment of the Trust Manager.</p>

Description of trigger	Consequence of trigger
<p>Transaction Documents where such failure has, or is likely to have a Material Adverse Effect and that failure is not remedied within 15 Business Days of the Trust Manager becoming aware of that failure.</p>	
<b><i>Loan Note Trust Manager Termination Events</i></b>	
<p>"<b>Loan Note Trust Manager Termination Events</b>" are the same events as set out above for the Trust Manager, as applicable to the Loan Note Trust Manager.</p>	<p>Termination of appointment of the Loan Note Trust Manager.</p>
<b><i>Trustee Retirement Events</i></b>	
<p>The Trustee must retire if:</p>	<p>Trustee must retire as trustee of the Trust.</p>
<ul style="list-style-type: none"> <li>• an Insolvency Event occurs in respect of the Trustee in its personal capacity;</li> <li>• required by law;</li> <li>• the Trustee ceases to carry on business as a professional Trustee;</li> <li>• the Trustee merges or consolidates with another entity, unless: <ul style="list-style-type: none"> <li>• that entity assumes the obligations of the Trustee under the Transaction Documents; and</li> <li>• a Rating Confirmation is obtained in respect of the merger or consolidation (as the case may be) in respect of all Rated Debt;</li> </ul> </li> <li>• it is not a Resident of Australia; or</li> <li>• the trustee does not comply with a material obligation under the Transaction Documents and, if the non-compliance can be remedied, the Trustee does not remedy the non-compliance within 30 days of being requested to do so by the Trust Manager.</li> </ul>	<p>See the section entitled "<i>The Trust</i>" for further information.</p>
<b><i>Loan Note Trustee Retirement Events</i></b>	
<p>The same events as set out above for the Trustee.</p>	<p>The Loan Note Trustee must retire as trustee of the Loan Note Trust.</p>
	<p>See the sections entitled "<i>The Trust</i>" for further information.</p>
<b><i>Note Events of Default for Series 2018-1 Notes</i></b>	
<p>The occurrences of any one of the following events:</p> <ul style="list-style-type: none"> <li>• <b><i>Non-payment:</i></b> the Loan Note Trustee fails to pay any amount of principal on the Series 2018-1 Notes within 7 days of the due date for its payment or fails to pay any amount of interest on the Series 2018-1 Notes within 15 days of its due date, save where, in accordance with the terms of the Security and Cashflow Allocation Deed and Originator</li> </ul>	<p>A Note Event of Default will occur in respect of the Series 2018-1 Notes.</p>



Description of trigger	Consequence of trigger
<p data-bbox="331 253 976 315">VFN Loan Note Supplement, the Loan Note Trustee has insufficient funds to pay such amounts; or</p> <ul style="list-style-type: none"> <li data-bbox="240 342 976 678">• <b><i>Breach of other obligations:</i></b> the Loan Note Trustee fails to perform or observe any of its other obligations under the Series 2018-1 Notes, the Series 2018-1 Loan Note Supplement, the Series 2018-1 Note Deed Poll or, insofar as such obligation relates to Series 2018-1, the Loan Note Trust Deed and the Security and Cashflow Allocation Deed and such default has or will have a material adverse effect on the timing or amount of payments of principal or interest on the Most Senior Class of Notes and (except where such default is incapable of remedy) such default remains unremedied for thirty (30) days after such notice; or</li> <li data-bbox="240 705 976 952">• <b><i>Security enforced:</i></b> other than in relation to another Series of Associated Debt, distress is levied or a judgment, order or security interest is enforced or becomes enforceable against any property of the Loan Note Trustee as trustee of the Loan Note Trust and such circumstance is likely to have a Material Adverse Effect and is not frivolous or vexatious and, in each case, is not discharged within five Business Days; or</li> <li data-bbox="240 978 976 1193">• <b><i>Insolvency etc:</i></b> an Insolvency Event occurs in relation to the Loan Note Trustee (unless the Insolvency Event only affects assets or liabilities of the Loan Note Trustee which do not relate to the Loan Note Trust and the Loan Note Trustee is replaced in accordance with the Loan Note Trust Deed within 90 days of the occurrence of the Insolvency Event); or</li> <li data-bbox="240 1220 976 1740">• <b><i>Obligations legal, valid and binding:</i></b> any action, condition or thing at any time required to be taken, fulfilled or done in order: <ul style="list-style-type: none"> <li data-bbox="331 1344 976 1496">• to enable the Loan Note Trustee lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Series 2018-1 Notes and the documents relating to them; or</li> <li data-bbox="331 1523 976 1740">• to ensure that those obligations are legal, valid, binding and enforceable, except as that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws affecting the enforcement of the rights of creditors generally and general principles of equity,</li> </ul> </li> </ul> <p data-bbox="331 1767 976 1856">is not taken, fulfilled or done and the failure to do so is materially prejudicial to the interests of the relevant Noteholders; or</p> <ul style="list-style-type: none"> <li data-bbox="240 1883 976 2002">• <b><i>Unlawfulness:</i></b> it is or becomes unlawful for the Loan Note Trustee to perform or comply with any of its material obligations under or in respect of the Series 2018-1 Notes or the documents related to them; or</li> </ul>	<p data-bbox="1002 342 1343 589">An Enforcement Notice may be issued to the Loan Note Trustee declaring the Series 2018-1 Notes to be immediately due and payable and the security granted in respect of Series 2018-1 under the Series 2018-1 Loan Note Supplement enforceable.</p>

Description of trigger	Consequence of trigger
<ul style="list-style-type: none"> <li>• <b>Government intervention:</b> (i) all or substantially all of the business, assets and revenues of the Loan Note Trustee is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government, or (ii) the Loan Note Trustee is prevented by any person acting under the authority of any national, regional or local government from exercising normal control over all or substantially all of its business, assets and revenues.</li> </ul>	

## FEES

The table below sets out the principal on-going transaction fees and the expenses related to the admission to trading of the Series 2018-1 Notes.

<i>Expense</i>	<i>Amount</i>	<i>Priority in cashflow</i>	<i>Frequency</i>
Senior servicing fee	The product of: one twelfth of 1% and the aggregate outstanding amount of the Eligible Receivables Balance at the beginning of the relevant Collection Period; less any amount agreed to be partially waived by the Servicer on the Transfer Date of the Trust.	In priority to Class A1, A2, B, C, D and E Monthly Distribution Amounts.	Payable on each Transfer Date.
Junior servicing fee	The product of: one twelfth of 4.5% and the aggregate outstanding amount of Eligible Receivables Balance at the beginning of the relevant Collection Period; less any amount agreed to be partially waived by the Servicer on the Transfer Date for the Trust.	Subordinate.	Payable on each Transfer Date.
Trustee Fee	As set out in the Trustee Fee Letter between the Trustee and the Trust Manager for the Trust.	In priority to Class A1, A2, B, C, D and E Monthly Distribution Amounts.	Monthly.
Loan Note Trustee fee	As set out in the Loan Note Trustee Fee Letter between the Loan Note Trustee and the Loan Note Trust Manager for the Loan Note Trust.	In priority to Class A1, A2, B, C, D and E Monthly Distribution Amounts.	Monthly.
Trust Manager fee	The product of: 50%; one twelfth of 0.10%; and the Eligible Receivables Balance as at the beginning of the relevant Collection Period; less any amount agreed to be partially waived by the Trust Manager on the Transfer Date for the Trust.	In priority to Class A1, A2, B, C, D and E Monthly Distribution Amounts.	Payable on each Transfer Date.
Loan Note Trust Manager fee	The product of: 50%; one twelfth of 0.10%; and the Eligible Receivables Balance as at the beginning of the relevant Collection Period; less any amount agreed to be partially waived by the Loan Note Trust	In priority to Class A1, A2, B, C, D and E Monthly Distribution Amounts.	Payable on each Transfer Date.

	Manager on the Transfer Date for the Loan Note Trust.		
Trustee Account Bank fee	No annual fees apply but minor transaction fees may apply from time to time on an ad hoc basis.		
Loan Note Trustee Account Bank fee	No annual fees apply but minor transaction fees may apply from time to time on an ad hoc basis.		
Security Trustee fee	Trustee agrees to pay the Security Trustee's fee as trustee for the Security Trust to the Security Trustee on terms agreed in writing between the Trustee and the Security Trustee.	In priority to Class A1, A2, B, C, D and E Monthly Distribution Amounts.	Monthly.
Loan Note Security Trustee fee	Loan Note Trustee agrees to pay the Loan Note Security Trustee's fees as trustee for the Loan Note Security Trust to the Loan Note Security Trustee on terms agreed in writing between the Loan Note Trustee and the Loan Note Security Trustee.	In priority to Class A1, A2, B, C, D and E Monthly Distribution Amounts.	Monthly.

## THE TRUSTEE AND THE LOAN NOTE TRUSTEE

### Overview

Perpetual Corporate Trust Limited (ABN 99 000 341 533) is appointed as the Loan Note Trustee on the terms set out in the Master Trust Deed and the relevant Supplement.

Perpetual Corporate Trust Limited was incorporated in New South Wales on 27 October 1960 as Perpetual Trustees Nominees Limited under the Companies Statute of New South Wales as a public company. The name was changed to Perpetual Corporate Trust Limited on 18 October 2006 and Perpetual Corporate Trust Limited now operates as a limited liability public company under the Corporations Act. Perpetual Corporate Trust Limited is registered in New South Wales and its registered office is at Level 18, 123 Pitt Street, Sydney New South Wales 2000, Australia. The telephone number of Perpetual Corporate Trust Limited's principal office is +61 2 9229 9000.

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

### Directors

As of 21 February 2018, the company officers of Perpetual Corporate Trust Limited were as follows:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Eleanor Padman	Level 18, 123 Pitt Street, Sydney, NSW 2000, Australia	Director and Secretary
Christopher Green	Level 18, 123 Pitt Street, Sydney, NSW 2000, Australia	Director
Gillian Larkins	Level 18, 123 Pitt Street, Sydney, NSW 2000, Australia	Director
Sylvie Majella Dimarco	Level 18, 123 Pitt Street, Sydney, NSW 2000, Australia	Secretary

### Principal Activities

The principal activities of Perpetual Corporate Trust Limited are the provision of trustee and other commercial services. Perpetual Corporate Trust Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act (Australian Financial Services Licence No. 392673).

Perpetual Corporate Trust Limited and its related companies are leading trustee companies in Australia and are experienced in serving as trustee in connection with transactions under securitisation programmes of Australian issuers. They have acted in over 500 securitisation programmes of Australian issuers.

Perpetual Corporate Trust Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets sectors and has prior experience serving as a trustee for asset-backed securities transactions involving residential mortgage loans.

The information in this section entitled "*Principal Activities*" has been provided by Perpetual Corporate Trust Limited for use in this Offering Circular and Perpetual Corporate Trust Limited is solely responsible for the accuracy of the paragraphs in this section entitled "*Principal Activities*". Except for the foregoing paragraphs, Perpetual Corporate Trust Limited in its individual capacity has not been involved in the preparation of, and does not accept responsibility for, this Offering Circular (except for this section and the sections entitled "*Overview*" and "*Directors*" above).

### Limitation of Liability

Perpetual Corporate Trust Limited enters into the Transaction Documents only in its capacity as trustee of the Trust and Loan Note Trust, as applicable. A liability incurred by it acting in its capacity as trustee of the Trust or Loan Note Trust, arising under or in connection with a Transaction Document is limited to and can be enforced against it, only to the extent to which it can be satisfied out of the Trust Assets or Loan

Note Trust Assets (as applicable) out of which it is actually indemnified for the liability, save where there is a reduction in the extent of its indemnification out of the Trust Assets or Loan Note Trust Assets, as applicable, as a result of its fraud, negligence or wilful default. This limitation of the Perpetual Corporate Trust Limited's liability applies despite any other provision of the Transaction Documents and extends to all of its liabilities and obligations in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Transaction Document.

**"Assignment"** means an assignment or purported assignment of Receivables on Designated Accounts by the Transferor to the Trustee pursuant to an Offer made in accordance with the provisions of the Origination and Sale Deed.

**"Loan Note Trust Assets"** means in respect of the Loan Note Trust, the property and assets from time to time held by the Loan Note Trustee as trustee of the Loan Note Trust including, without limitation:

- (a) the sum of money referred to in the Notice of Creation of Loan Note Trust;
- (b) the Series Investor Interest Notes and any other Series of Related Debt held by the Loan Note Trustee and all monies derived therefrom including, without limitation:
  - (i) all monies due or to become due with respect to each Series Investor Interest Note and any other Series of Related Debt held by the Loan Note Trustee;
  - (ii) monies deposited from time to time in the Loan Note Trustee Bank Accounts; and
- (c) the benefit of all representations, covenants, indemnities and other contractual provisions in favour of the Loan Note Trustee (other than any such made or granted solely for its own benefit) made or granted in or pursuant to any of the Transaction Documents or pursuant to any Assignment and all rights to make demands, bring proceedings or take any other action in respect thereof; and
- (d) all rights vested by law in the Loan Note Trustee by virtue of its holding the Loan Note Trust Assets.

**"Transaction Dealings"** means in respect of the Trust or the Loan Note Trust, the transactions to be undertaken in accordance with or otherwise contemplated under the Transaction Documents from time to time.

**"Trust Assets"** means in respect of the Trust, the property and assets from time to time held by the Trustee as trustee of the Trust including, without limitation:

- (a) the sum of money referred to in the Notice of Creation of Trust;
- (b) the Eligible Receivables and Ineligible Receivables and any other property acquired by the Trustee pursuant to the terms and subject to the conditions of the Origination and Sale Deed;
- (c) all monies, investments and property from time to time representing or derived from or to be applied in respect of paragraph (b) above, including, without limitation:
  - (i) all monies due or to become due with respect to Receivables assigned to the Trustee;
  - (ii) all proceeds of such Receivables and Insurance Proceeds relating to such Receivables;
  - (iii) the right to receive Acquired Interchange as provided for in the Origination and Sale Deed;
  - (iv) monies deposited from time to time in the Trustee Bank Accounts; and
- (d) all rights vested by the Transaction Documents or by law in favour of the Trustee by virtue of an incorrect withdrawal in respect of monies representing Trust Assets (as set out in paragraph (c) above);
- (e) the benefit of all representations, covenants, indemnities and other contractual provisions in favour of the Trustee (other than any such made or granted solely for its own benefit) made or granted in or pursuant to any of the Transaction Documents or pursuant to any Assignment and all rights to make demands, bring proceedings or take any other action in respect thereof; and

- (f) all rights vested by law in the Trustee by virtue of its holding the Trust Assets.

"**Trust Business**" means in respect of the Trust, the business of the Trustee in:

- (a) acquiring the Trust Assets;
- (b) administering, collecting and otherwise dealing with the Trust Assets;
- (c) incurring financial indebtedness in respect of the Transferor Interest Note and all Series of Related Debt;
- (d) entering into, and exercising rights or complying with obligations under, the Transaction Documents to which it is a party and the transactions in connection with them; and
- (e) carrying out any other activities in connection with the Trust, including, without limitation, any Transaction Dealings.

## **THE SECURITY TRUSTEE AND THE LOAN NOTE SECURITY TRUSTEE**

P.T. Limited, of Level 18, 123 Pitt Street, Sydney, New South Wales 2000 has been appointed as Security Trustee of the Security Trust under the Security Trust Deed and as Loan Note Security Trustee of the Loan Note Security Trust under the Security and Cashflow Allocation Deed. The Australian Business Number of P.T. Limited is 67 004 454 666.

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

The information in the preceding 2 paragraphs has been provided by P.T. Limited for use in this Offering Circular and P.T. Limited is solely responsible for the accuracy of the preceding 2 paragraphs. Except for the foregoing 2 paragraphs, P.T. Limited in an individual capacity has not been involved in the preparation of, and do not accept responsibility for, this Offering Circular (except for this section).

### **Limitation of Liability**

The provisions described in the section entitled "*The Trustee and Loan the Note Trustee*" also apply to P.T. Limited in respect of the trust property the subject of the Security Trust and Loan Note Security Trust. This limitation of P.T. Limited's liability applies despite any other provision of the Transaction Documents and extends to all of its liabilities and obligations in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Transaction Document.



## **THE TRANSFEROR, THE SERVICER AND THE LATITUDE GROUP**

### **The Transferor and Servicer**

Latitude Finance Australia (which, prior to 25 November 2015 was known as GE Capital Finance Australia) is an Australian unlimited public company, incorporated in Australia with Australian Company Number 008583588 which has its registered office and principal place of business located at 800 Collins Street, Docklands, Victoria, 3008, Australia. It acts as the legal title holder, card issuer and servicer in respect of the Accounts managed by the Latitude Operating Group, including the Accounts within the securitised portfolio.

The Transferor's principal activities comprise of holding of the Transferor Interest Note and its holding of the Originator VFN Loan Note, together with the ongoing sale of Receivables to the Trustee.

The Servicer's activities in respect of the securitised portfolio are set out in the Servicing Deed.

### **The Latitude Operating Group**

The Latitude Operating Group is a major provider of consumer finance in Australia and New Zealand. It currently focuses on four segments of the Australia and New Zealand consumer finance market:

- (a) sales finance credit cards and credit cards;
- (b) personal loans;
- (c) motor vehicle loans; and
- (d) consumer credit insurance.

The Latitude Operating Group comprises the Australian and New Zealand consumer finance businesses established by GE Capital in the 1990s and since grown both organically and through acquisitions.

GE Capital sold its Australian and New Zealand consumer finance businesses (now Latitude) in November 2015, and it is currently owned by a consortium comprising Deutsche Bank AG and funds managed by Värde Management L.P. and KKR & CO. L.P. Deutsche Bank AG is a global financial services provider delivering commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services. Värde Partners is a global alternative investment adviser focused on investing capital and resources across multiple segments and markets. KKR & Co. L.P. is a global investment management firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds.

As at 31 December 2017, the Latitude Operating Group operated approximately 2.4 million customers with an aggregate balance of receivables of approximately A\$7.0 billion across all consumer finance businesses.

**"Latitude Operating Group"** means KVD Singapore Pte Ltd and its subsidiaries.

## **THE TRUST MANAGER AND LOAN NOTE TRUST MANAGER**

KVD TM Pty Ltd (the "**Trust Manager**" and the "**Loan Note Trust Manager**"), an Australian company limited by shares, was incorporated on 23 July 2015 and is owned 100% by KVD Australia Pty Ltd, a company registered in Australia. Its Australian Company Number is 607234015.

Its registered office and principal place of business is at 800 Collins Street, Docklands, Victoria, 3008, Australia.

The Trust Manager and Loan Note Trust Manager, under the Trust Management Deed and Loan Note Trust Management Deed respectively, carries on the day to day administration, supervision and management of the Trust and the Loan Note Trust business and directs the Trustee and the Loan Note Trustee in relation to the business of the Trust in accordance with the Transaction Documents.

KVD TM Pty Ltd holds an Australian Financial Services Licence under Part 7.6 of the Corporations Act (Australian Financial Services Licence number 500101).

## **CONSUMER CREDIT CARD FINANCE IN AUSTRALIA**

The number of personal credit cards issued in Australia has risen from 6.5 million in May 1994 to 15.3 million in December 2017.

Personal credit card purchases in Australia totalled A\$254.6 billion in the twelve months to December 2017 spread across 2.5 billion transactions.

Australian personal credit card outstanding balances have doubled since 2003. The amount of personal credit card balances outstanding was A\$47.4 billion in December 2017 with corresponding credit limits of A\$141.0 billion.<sup>1</sup>

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<sup>1</sup> <https://www.rba.gov.au/statistics/tables/xls/additional-credit-card.xls?v=2018-03-01-14-48-15>

## THE SECURITISED PORTFOLIO

### General

The securitised portfolio comprises Receivables existing and arising from accounts in the Latitude Operating Group's Australian sales finance credit cards and credit card business. The accounts within the securitised portfolio include those that were originated by the GE Capital Australia consumer finance business and those subsequently originated by Latitude Finance Australia.

The product types included within the securitised portfolio as at the Series 2018-1 Closing Date are summarised below.

### Sales Finance Credit Cards

A credit card that is issued to a customer through one of the Latitude Operating Group's Retailers (instore and on-line) to enable, in the first instance, that customer to purchase goods and services from that Retailer on interest free credit. In some instances, the customer originates the credit card via Latitude's website and has a choice to spend on interest free at a retailer or on a scheme purchase anywhere scheme cards are accepted and/or to withdraw cash. On origination, the Latitude Operating Group issues customers with a credit card with a credit limit. This credit limit can then be used to make further multiple interest free purchases at Latitude Operating Group's Retailers, scheme purchases (for scheme enabled cards), and cash advances, up to the customer's available credit limit.

Some of Latitude Operating Group's sales finance credit cards have scheme capability. Scheme cards allow everyday credit card purchases and cash advances at any merchant terminal or automated telling machine accepting Mastercard or Visa. Scheme products include the GO Mastercard and Gem Visa card.

Closed-loop cards can only be used with Latitude Operating Group's Retailers to purchase interest free promotion products as well as with EFTPOS machines for cash advances. New applications are no longer accepted for the closed-loop cards (except through Apple retail stores), however account holders are still writing new volume as they can purchase interest free promotion products at Latitude Operating Group's Retailers and make cash withdrawals. Currently, the closed-loop products include the CreditLine and Buyer's Edge cards.

Retailers can offer customers two categories of interest free plans:

- Interest Free: (i) minimum monthly payments (typically term of three to 60 months), or (ii) instalment interest free (equal monthly payments; typical term of 33 to 60 months); and
- Buy Now Pay Later: no payments required and no interest charged during deferred payment period (typical term of three to 12 months, but up to 24 months).

### Credit Cards

The Latitude Operating Group also issues credit cards directly to customers. These credit cards all have scheme capability and enable customers to use the credit card for purchases and cash advances at any merchant terminal or automated telling machine accepting Mastercard or Visa as well as for balance transfers. Credit card products include the 28 Degrees Mastercard, Latitude Infinity Visa card and the Latitude Mastercard credit cards. As at the date of this offering circular, the credit cards issued in respect of the accounts all utilise the Visa or MasterCard payment scheme network.

### Retailer

The sales finance credit cards are originated via the Latitude Operating Group's Retailers, including Harvey Norman, Amart Furniture, The Good Guys, Apple, Michael Hill and Freedom Furniture (amongst others) or online through Latitude's website. In total, the Latitude Operating Group has relationships with over 200 retailers in Australia that have over 6,300 locations.

Latitude has formed long-term relationships with many of its Retailers, some of which stretch back over 20 years. These relationships are based on the value proposition that the Latitude Operating Group provides to its Retailers, which include: (i) access to a large installed customer base; (ii) integration in the Retailer's organisations and systems; (iii) sophisticated retail analytics; and (iv) an automated credit approval process.

If a customer purchases goods or services from a Retailer utilising an interest free plan, the Retailer will pay to the Latitude Operating Group a merchant service fee to compensate the Latitude Operating Group for providing interest free finance to the customer. This merchant service fee is paid at origination of the transaction by the Retailer and settled overnight. The size of the merchant service fee is a function of the length of the interest free period and the Latitude Operating Group's assessment of the credit risk of the transaction.

### **Servicing and Origination**

See "*Servicing of Receivables*" for a description of how the Servicer services the Receivables included in the securitisation. The Servicer undertakes all the processing and administering of accounts making use of external suppliers as appropriate.

New customers for the sales finance credit card segment are recruited on the relevant Retailer's premises or through the Retailer's or Transferor's website. New customers for credit cards are recruited either online or through a direct sales team.

Credit applications are screened through a combination of customer demographics (e.g. age, residential status, time at employment/address), the customer's history with the Latitude Operating Group (e.g. behaviour scores, delinquency information) and external credit bureau information (number of enquiries, bankruptcy, judgement and default flags). Decisions on whether to accept or reject an application are automated to the extent possible. In certain cases the customer may be asked to provide proof of income and/or identification documentation before the application is accepted.

The Transferor uses a range of application scorecards to assess the credit quality of new account applications. Scorecards assess a range of factors, including previous account history (if relevant), income, time at and place of residence, current employment and external credit bureau data.

Where an application is accepted, the credit limit that is available to a customer is based on the customer's credit score, the product type and the origination channel (in-store or online). The actual allocated credit limit will be the minimum of what is available to the customer based on the aforementioned factors, the customer's capacity and what the customer requests. Credit limits assignment is adjusted using a risk-based automated decisioning process.

Behaviour scoring is one of the key tools used by the Transferor in risk management and underpins all risk decisions applied to accounts once they have been opened. The behavioural score takes into account (amongst other things) any delinquency history, credit utilisation history, cash withdrawal activity and payments end tenure.

### **Credit Agreements**

Each customer has a "Credit Agreement" with the Transferor governing the terms and condition of his or her account. Under each Credit Agreement for a sales finance credit card or credit card, the Transferor is, subject to compliance with the terms of the Credit Agreement and applicable laws, regulation, guidance and codes, able to add or change certain terms, conditions, services or features of the customer's account. This includes increasing or decreasing Periodic Finance Charges. A customer is entitled to close his or her account and pay down the balance in accordance with the terms of the Credit Agreement. Each Credit Agreement enables the Transferor to apply charges to balances outstanding at the time of the change as well as to future transactions. Whilst the Credit Agreements relating to sales finance credit cards permit the Transferor to change certain of the terms and conditions, the Transferor is not able to charge interest on a purchase that is subject to an interest free plan until the interest free term ends and then only from the day after the interest free terms ends.

The Transferor periodically assesses the forms of Credit Agreement used by the Transferor in order to determine their compliance with applicable law and regulatory codes and guidance, as well as the suitability of their terms and conditions. Where it considers that changes are required, such changes are implemented on a timetable consistent with the issues identified.

The National Consumer Credit Protection Act 2009 ("**NCCP Act**") commenced on 1 July 2010, and is overseen by the Australian Securities and Investments Commission ("**ASIC**"). The objective of the NCCP Act is:

- to create a single, uniform national legislation by transferring regulation of credit from the States and Territories to the Commonwealth;
- to regulate credit industry participants, credit contracts and transactions; and
- to protect consumers by encouraging responsible lending.

The NCCP Act applies to consumer lending and consumer leases. This includes credit cards, also referred to as a continuing credit contract.

Credit providers must be licensed with ASIC, and must not enter into a contract with a consumer that is "unsuitable".

Credit card consumers must be given a 'key facts sheet' when they apply for a credit card, which contains details of: how minimum repayments are calculated; the interest rate that applies to purchases and cash advances; applicable promotional interest rate (if any); the length of any interest-free period and any annual and late payment fees.

### **Description of Processing**

The Latitude Operating Group maintains account holder data and manages all transactions on the credit cards through its receivables processing systems, as well as managing the interface to the schemes (MasterCard and Visa) and its Retailers enabling daily processing of authorisations and settlements. The Latitude Operating Group makes settlement payments directly to MasterCard and Visa (in the case of credit card transactions made through their respective schemes) and to its Retailers (in the case of interest free purchases made in the Retailers stores). The Latitude Operating Group receives daily files from MasterCard, Visa and its Retailers detailing each credit card transaction. These files are then loaded into the Latitude Operating Group's receivables processing system and the relevant accounts are updated with the transaction details.

The Latitude Operating Group's primary receivables processing system is VisionPLUS, which it licenses from First Data, a major provider of credit card receivables processing systems. The Latitude Operating Group is upgrading its receivables processing system as part of a broader IT transformation program.

### **Billing, Payment and Charges**

The Latitude Operating Group generates monthly statements to cardholders which gives details of the transactions for their account. The Latitude Operating Group generates multiple product output files on a daily basis. These are sent electronically to a third party who produce and output customer statements via two methods:

- print method which are printed and posted; and
- online method which are made available online and customers are sent an email.

These statements to cardholders give customers details of their transactions (credits and debits). Printed statements are mailed with any collateral material that Latitude has scheduled as part of the mail pack (if the material is marketing related, the customer must have opted in to receive them). Collateral material is not available to customers that have chosen to receive their statement online.

Customers typically have up to approximately 56 days following purchases before they are required to make a payment, depending on which stage during a billing cycle a purchase is made.

For the sales finance credit cards and credit cards to be included in the securitised portfolio, customers (other than those on an instalment interest free or buy now pay later plan) must make a monthly minimum payment which is at least equal to the greater of:

- (a) 2.222 per cent to 4 per cent of the amount owed on the monthly statement (dependent on product); or
- (b) the stated minimum payment, which is currently A\$10 to A\$30 (per above) (dependent on product), or the entire amount if it is less than these amounts.

For instalment interest free plans the customer must make equal monthly payments (if customer makes all these payments on time, plus their annual fee and/or monthly account keeping fees where relevant, they will repay the plan at the end of the interest free period). For buy now pay later plans no payments are required until the end of the promotional period. Subject, in both cases, to customers exercising their right to pre-pay the outstanding principal balance prior to end of the promotional period.

Any arrears and amounts spent beyond the customer's credit limit are repayable immediately.

The Transferor charges a late payment fee of A\$20 if a customer does not pay any amount that is due and payable (e.g. the minimum monthly payment) by the due date. Various charges and fees are assessed on the card accounts in accordance with the terms of conditions of the product held. The key fees include establishment fees, account keeping fees, annual fees, paper statement fees, international transaction fees and payment handling fees.

On all products within the securitised portfolio, a cash advance fee is charged on all cash advances. The cash advance fee is 3% of the cash advance (subject to a minimum amount of between A\$1.95 to A\$4 (dependent on product)). Where the credit card is used to make transactions in a currency other than Australian Dollars, purchases and cash advances which are not in Australian Dollars are additionally subject to a 3% transaction fee (in respect of purchases) or additional A\$4 to A\$5 fee (in respect of cash advances), with the exception of the 28 Degrees card which does not charge transaction fees in respect of international purchases.

The finance charges on both purchases and cash balances are assessed daily and calculated by multiplying the account's actual daily balance by the applicable interest rate (which is calculated by taking the applicable annual percentage rate and dividing by 365). Finance charges are calculated from the transaction posting date. For purchases (other than interest free purchases), any accrued daily interest is deferred until the following statement, and is waived if the full statement balance is cleared on or before the account due date, which falls 25 days after the statement date. Cash balances have their finance charges assessed daily, there is no deferment and interest is accrued immediately. If a customer does not repay in full the balance of an interest free plan by the end of the interest free period, then finance charges will start to accrue from the day after the balance was due. All interest is billed on the next available statement following either the transaction posting date (for cash balances) or the deferred interest period (for purchases).

The interest rates on the Transferor's sales finance credit cards and credit cards may be changed by the Transferor (or in the case of an Existing Owner that holds legal title to the relevant Receivables, that Existing Owner) in accordance with the Credit Agreements for such accounts and such rates are not directly linked to any other rate or index. This is industry practice in Australia. As at the date of this Offering Circular, the standard APR for purchases for over 90% of the Latitude Operating Group accounts ranges from 21.99% to 29.5% (excluding introductory offers). The Transferor may offer promotional rates in relation to promotions such as purchase or balance transfer offers.

Pricing decisions are based on:

- (a) actual and anticipated movements in underlying interest rates;
- (b) marketing strategies and recruitment campaigns;
- (c) regulatory requirements and industry guidance; and
- (d) the competitive environment.

For all continuing credit contracts such as credit cards the NCCP Act states that the annual cost rate of the contract must not exceed forty-eight per cent (48%). The annual cost rate includes the annual interest rate, as well as all other fees and charges.

### **Delinquency, Collections and Loss Experience**

An account is contractually delinquent if the minimum payment is not received by the due date indicated on the customer's statement. Efforts to deal with delinquent Receivables occur at each stage of delinquency and the collections strategy that is applied to any given account will be determined largely by the customer's behaviour score. The collections team utilise a strategic decision making process to determine the timing

and type of contact that will be made with any customer whose account is in collections but will always comply fully with applicable laws and regulations.

During the first thirty (30) days of delinquency the collections team will utilise a number of different activities including outbound interactive voice response calls, telephone calls, SMS text messages and formal letters. If a customer remains delinquent after thirty (30) days then a default notice may be sent to the customer thereafter, with priority given to high risk customers. Following the expiry of the default notice a letter of demand will be issued to the customer and then court legal action will be reviewed through an onsite external solicitor. From 120 days a credit file default may be lodged. During the period from thirty (30) days onwards, telephone calls will be the main channel used to contact customers, along with the letters of demand and default. Accounts are automatically charged off at 180 days of delinquency. Other scenarios, such as confirmed bankruptcy and deceased customers can result in the account being charged off earlier.

Under the NCCP Act, the Latitude Operating Group is required to consider all requests for hardship and a reduction in the payments due to be made by a customer. The Latitude Operating Group has a specialised hardship team to assess all applications. The team will determine whether an offer of a reduced payment plan is affordable to the customer by carrying out an income and expenditure assessment. The team will compare a household expenditure measurement with the customer's stated expenses and use whatever is the highest. If the customer passes the assessment criteria then they will be offered either a short term (six to 12 months) or long term (permanent) arrangement where the minimum payment requirement is reduced. In exceptional circumstances, the Latitude Operating Group may also allow payment delays for up to three months. Since Q4 2017, hardship can be granted without an assessment of income and expenditure to a customer that has applied for the first time and is seeking a short-term arrangement.

Once charged-off the majority of Receivables are typically sold to debt recovery agents to maximise recoveries. The Latitude Operating Group will retain a portion of Receivables, either because they are not eligible to be sold to the debt recovery agents or because the Latitude Operating Group decides to retain some receivables to be able to compare the recovery rates they achieve versus debt recovery agent sale prices. From time to time the Latitude Operating Group may carry out an inventory sale of debts it has not previously sold to debt recovery agents at the point of charge off.

Tables which set forth the delinquency and loss experience of the Latitude Operating Group's Australian sales finance credit cards and credit card portfolios as at 31 December 2017 are set out at Appendix A to this Offering Circular. Please note, however, that the information provided in Appendix A is historical and will not be updated and that the statistical information set out therein may vary over time. Latitude Operating Group's delinquency and loss experience is comprised of segments which may, when taken individually, have delinquency and loss characteristics different from those of the overall portfolio of sales finance credit cards and credit card accounts. Because the securitised portfolio is only a portion of the Latitude Operating Group's overall portfolio, actual delinquency and loss experience with respect to Receivables comprised therein may be different from that set forth in Appendix A. Furthermore, the securitised portfolio may in the future include Receivables arising on accounts originated through additional retailers or through other channels.

There can be no assurances that the delinquency and loss experience for the securitised portfolio in the future will be similar to the historical experience of the Latitude Operating Group's sales finance credit cards and credit card portfolios set forth in Appendix A.

### **Credit Risk Mitigation**

The Transferor 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 the Transferor in this regard broadly include the following:

- (a) criteria for granting credit and the process for approving, amending, reviewing and re-financing credits (as to which, in relation to the Receivables, please see sections "*The Receivables – Eligibility Criteria*" and "*Servicing of Receivables*");
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the securitised portfolio will be serviced in line with the servicing procedures of the Transferor and the Servicer – please see the section "*Servicing of Receivables*");



- (c) adequate diversification of credit portfolios given the Originator's target market and overall credit strategy (as to which, in relation to the securitised portfolio, please see the section "*The Securitised Portfolio*"); and
- (d) policies and procedures in relation to risk mitigation techniques (as to which, please see further the sections "*The Receivables – Eligibility Criteria*" and "*Servicing of Receivables*").

## THE RECEIVABLES

The Transferor together with any Existing Owners holds and will hold legal and beneficial title to all the Accounts in the securitised portfolio, meaning the Transferor or such Existing Owner (as applicable) is the contractual counterparty to all of the underlying Credit Agreements. The Transferor together with any Existing Owner is the creditor to whom all of the debts arising on such Accounts are legally and (prior to the Receivables being assigned to the Trustee, as to which see below) beneficially owned and the issuer of the credit cards relating to those Accounts.

"**Existing Owner**" shall mean any member of the Latitude Group (other than the Transferor) and any financing entity established and managed by a member of the Latitude Group, which from time to time originates or has acquired Accounts and from whom the Transferor has procured the assignment of Receivables to the Trustee in accordance with the Origination and Sale Deed.

### **Designation of Accounts and assignment of Receivables to the Trustee**

Under the terms of the origination and sale deed dated on the Closing Date (the "**Origination and Sale Deed**"), the Transferor offered to the Trustee an assignment of all present and future Receivables that have arisen or will arise in existing Accounts identified in the initial Offer Notice (the "**Initial Offer**") that were originated or acquired by the Transferor or such Existing Owner and conform to the Eligibility Criteria described in this Offering Circular, and the Trustee, by paying the Acceptance Price for such assignment, accepted such offer (the assignment arising out of such offer and acceptance being the "**Initial Assignment**").

Under the terms of the Origination and Sale Deed, the Transferor may, from time to time after the Initial Assignment, offer (or procure that an Existing Owner offers) to the Trustee (each, a "**Subsequent Offer**") with effect from a specified date (each a "**Subsequent Assignment Date**") an assignment of all present and future Receivables which have arisen or will arise on certain additional specified existing Accounts and/or existing and future Accounts under one or more Product Lines that come into existence in future or that come into existence in the next Collection Period. If the Trustee accepts any such offer by paying the Acceptance Price due in respect of such offer (to be paid no later than the Business Day following the date on which the Subsequent Offer is made), then all Accounts specified in such offer shall (unless such Accounts are otherwise identified on the Transferor's System on the account opening date) be Designated Accounts and all Receivables arising on such Accounts shall be assigned to the Trustee subject to and in accordance with the terms of the Origination and Sale Deed (each such assignment being a "**Subsequent Assignment**"). An "**Offer**" means an Initial Offer or a Subsequent Offer.

The Receivables which have been or will be assigned pursuant to any Subsequent Assignment are those which arise on Designated Accounts. An Account will be designated as a "**Designated Account**" if the Account has been originated or acquired by the Transferor or an Existing Owner, conforms to the Eligibility Criteria described in this Offering Circular, is expressly referred to in an Offer or comes within a Product Line named in an accepted Offer and has not been identified on the Transferor's System as being excluded from such accepted Offer.

The designation of Accounts not yet in existence is known as "**Future Receivables Transfer**".

When a Future Receivables Transfer is made, the Transferor must as soon as reasonably practicable after and in any case within five Business Days after the occurrence of an Automatic Addition Trigger, deliver to the Trustee an Automatic Addition Suspension Notice unless a Rating Confirmation is given in respect of the continued designation of all future Accounts which are the subject of a Future Receivables Transfer. Upon the delivery of an Automatic Addition Suspension Notice to the Trustee, future Accounts in respect of a Product Line which come into existence under that Product Line and are the subject of a Future Receivables Transfer will, after the delivery of the Automatic Addition Suspension Notice and pursuant to its terms, no longer be designated as Designated Accounts.

When additional Accounts are nominated to become Designated Accounts pursuant to a Subsequent Offer, the Transferor must, amongst other things, provide:

- (a) a Solvency Certificate; and
- (b) statements from the Transferor in the relevant Offer substantially in the form set out in the Origination and Sale Deed confirming satisfaction of the criteria listed therein.

The Transferor and any Existing Owner will make representations at the time of each Offer that it is able to pay all of its debts as and when they become due and payable, it is not insolvent and it has no reasonable grounds to suspect that it will become insolvent by entering into and complying with its obligations in connection with the Offer.

Any of these preconditions may be waived by the Trustee if the Servicer certifies in writing that, in its opinion, formed on the basis of due consideration, such waiver will not result in a withdrawal or downgrading in the then current rating given by any Credit Rating Agency on any outstanding Rated Debt. At the time that it is nominated, each additional Account must also meet the relevant Eligibility Criteria as at the time of its designation. These criteria are explained in the "*Representations*" below. Additional Accounts may have been originated or purchased using underwriting standards that are different from the underwriting standards used in originating the original Designated Accounts. As a result, the additional Accounts that are selected in future may not have the same credit quality. The Transferor may choose to add an entire portfolio of Accounts from those portfolios which it acquires but which currently do not form part of the securitised portfolio (see "*The Securitised Portfolio*" above). In the event that such an addition would be in excess of the Maximum Addition Amount, Rating Confirmation would be sought.

Throughout the term of the Trust, the Designated Accounts from which the Receivables will arise will be the Accounts designated by the Transferor pursuant to the Initial Assignment *plus* any additional Accounts designated by the Transferor and any Existing Owner from time to time pursuant to any Subsequent Assignment, *minus* any Redesignated Accounts.

It is expected that, on or about the Series 2018-1 Closing Date, the Transferor will make a Subsequent Offer to the Trustee, such Subsequent Offer relating to Existing Receivables and future Receivables arising from Accounts not presently in the securitised portfolio. The initial purchase price due in respect of such Subsequent Offer is expected to be approximately A\$672,500,000.

#### **Offer of Receivables**

Every offer of Receivables by the Transferor or the Existing Owner to the Trustee under the Origination and Sale Deed will comprise an offer to assign or sell in equity all of the Transferor's or Existing Owner's (as the case may be) right, title and interest in and to:

- (a) all Existing Receivables in the Designated Accounts;
- (b) all Subsequent Receivables that are Principal Receivables under the Designated Accounts, until the first to occur of (1) the time a Designated Account becomes a Redesignated Account or (2) the Trust is terminated;
- (c) all Subsequent Receivables that are Finance Charge Receivables under those Designated Accounts that have accrued on Receivables that have been assigned to the Trustee as described in paragraphs (a) and (b) above;
- (d) if capable of being assigned, the benefit of, and any proceeds arising from, any guarantee or insurance policy obtained by the Transferor or an Existing Owner for any obligations of a Customer in respect of Receivables that have been assigned to the Trustee as described in paragraphs (a), (b) and (c) above; and
- (e) the benefit of all amounts representing Acquired Interchange in respect of the Designated Accounts.

If for any reason there are Receivables from Accounts the subject of the Initial Assignment or Designated Accounts that cannot be assigned to the Trustee, the Transferor or relevant Existing Owner will hold those Receivables on trust for the Trustee. These Collections will be treated as if the Receivables had been properly assigned.

The "**Purchase Price**" payable by the Trustee to the Transferor in respect of any assignment of Receivables (including any assignment of Receivables from an Existing Owner) and Acquired Interchange shall be equal to the aggregate of the following amounts:

- (a) by way of initial consideration, the amount of Acceptance Price paid on or about the Assignment Date as indicated above;

- (b) by way of further consideration in respect of Subsequent Receivables which are Eligible Receivables and coming into existence on any day after the relevant Assignment Date, an amount equal to the Outstanding Amount of such Subsequent Receivables (which is payable no later than close of business on the Business Day which is two Business Days after the Date of Processing) (the "**Subsequent Receivables Consideration**");
- (c) by way of further consideration, any payments of deferred consideration available to be made in accordance with the terms of the Cashflow Allocation Deed and each Supplement thereto, in an aggregate amount up to the aggregate Accrued Finance Charges on Designated Accounts identified in Offer Notices as having accrued to such Designated Accounts as at the date of designation; and
- (d) if a Discount Percentage has been applied, by way of further consideration any payments of deferred consideration available to be made in accordance with the terms of the Cashflow Allocation Deed and each Supplement thereto, in an aggregate amount up to the aggregate discount amount so applied in accordance with the Origination and Sale Deed (see "*Discount Option Receivables*" below).

The Trustee will hold any Ineligible Receivables and Finance Charge Receivables in respect of Ineligible Receivables and any Ineligible Principal Collections and Ineligible Finance Charge Collections on trust for the Transferor and will procure the payment of any Ineligible Principal Collections and Ineligible Finance Charge Collections to the Transferor.

No amounts of Purchase Price will be payable by the Trustee in respect of any Ineligible Receivables or Finance Charge Collections relating to Ineligible Receivables.

"**Acceptance Price**" shall mean:

- (a) in respect of the Initial Offer, the amount specified in the Initial Offer, being the aggregate Outstanding Amount of the Existing Receivables which are Principal Receivables and the Existing Receivables that are Outstanding Finance Charges which are the subject of an assignment to the Trustee, calculated at the Effective Time; and
- (b) in respect of each Subsequent Offer, an amount equal to the aggregate Outstanding Amount of the Existing Receivables which are Principal Receivables and the Existing Receivables that are Outstanding Finance Charges which are the subject of an Offer to the Trustee pursuant to a subsequent sale notice calculated at the Effective Time or, if such amount is zero, the amount of A\$1,

excluding in each case any Receivables which shall at that time have been identified by the Transferor or the Trust Manager as being Ineligible Receivables or Discount Option Receivables.

"**Accounts**" shall mean an account established pursuant to a Credit Agreement and references to an "**Account**" shall include the terms of the relevant Credit Agreement.

"**Accrued Finance Charges**" shall mean the outstanding amount of accrued but unbilled finance charge receivables on Designated Accounts as estimated at the Effective Time which, in respect of the Initial Assignment or a Subsequent Assignment shall be confirmed by the Servicer no later than one calendar month thereafter.

"**Acquired Receivables**" shall mean, in respect of the Trust, the Receivables which are Trust Assets of the Trust.

"**Assignment Date**" means the Initial Assignment Date or any Subsequent Assignment Date.

"**Automatic Addition Suspension Notice**" shall mean a notice stating that, with effect from the date of such notice, either: (i) all future Accounts falling within such Offer shall not be designated as Designated Accounts or (ii) **provided that** a Rating Confirmation is given in respect of the continued designation of a specified set of future Accounts falling within such Offer, such Accounts (if any) falling within such Offer as are not within the scope of that Rating Confirmation shall not be designated as Designated Accounts.

"**Automatic Addition Trigger**" shall mean the occurrence of the designation of any Accounts as Designated Accounts in excess of the Maximum Addition Amount.

**"Business Day"** means:

- (a) a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for general business in Sydney and Melbourne and any additional city specified in any Supplement; and
- (b) if a Series 2018-1 Note to be held in a Clearing System is to be issued or a payment is to be made in respect of a Series 2018-1 Note held in any Clearing System on that day, a day on which each applicable Clearing System in which the relevant Series 2018-1 Note is lodged is operating.

**"Clearing System"** means the Austraclear System and any other clearing system outside Australia specified in a Supplement or Loan Note Supplement in respect of a Series.

**"Collections"** shall mean:

- (a) all payments received by the Transferor, an Existing Owner or the Servicer in respect of Receivables in the form of cash, cheques, direct debits, bank giro credits or other forms of payment in accordance with the Credit Agreements in effect from time to time in relation thereto;
- (b) any such payments under guarantees obtained by the Transferor in respect of the obligations of Transferor to make payments on the Accounts;
- (c) any Insurance Proceeds in respect of the Accounts;
- (d) any amounts paid in cash by the Transferor as a result of a Reduction or breach of warranty; and
- (e) any amounts paid in cash to the Trustee as consideration for the re-assignment of Receivables on a Redesignated Account.

**"Credit Agreement"** means an agreement between a Customer and the Transferor or Existing Owner in the form of the Standard Documents, providing for, *inter alia*, either (i) the provision of a line of credit accessible by use of a credit card operated under a Credit Card System or (ii) a fixed amount of credit provided as sales finance, as such agreement may be amended, modified or otherwise changed from time to time.

**"Credit Card System"** means the payment card-based payment systems and schemes operated by MasterCard International Incorporated, MasterCard Asia/Pacific Pte Limited and Visa Worldwide Pte Limited and/or any of their regional licensors (and their respective successors or assignees) or any other payment card-based payment system or scheme through which payments in respect of any of the Accounts are made.

**"Credit Rating Agency"** shall mean, with respect to each Series, the rating agency or agencies, if any, selected by the Loan Note Trust Manager on behalf of the Loan Note Trust to provide a rating for the Related Debt or Associated Debt of such Series, as applicable, as specified in the related Supplement.

**"Customer"** means a person who is the debtor or guarantor (if applicable) in respect of an Account or a Receivable (whether or not jointly with another person), acting in that capacity and not in any other capacity.

**"Discount Option Receivables"** shall mean that amount of the Eligible Receivables which are assigned to the Trustee subject to a Discount Percentage as is equal to the product of the applicable Discount Percentage and the Outstanding Amount of such Eligible Receivables.

**"Effective Time"** shall mean (i) in respect of the Initial Assignment or any Subsequent Assignment, close of business on the day before the relevant Assignment Date and (ii) in respect of the redesignation of any Designated Account, close of business on the day before the relevant Redesignation Date.

**"Existing Receivable"** shall mean, in respect of a Offer Notice and an Account identified in that Offer Notice to become a Designated Account, the Receivables the subject of that Account which were in existence at the Effective Time (if the offer in that Offer Notice were to be accepted).

**"Finance Charge Receivables"** (together with Principal Receivables, the **"Receivables"**) are, broadly, amounts owing from Customers for transaction fees, Periodic Finance Charges, Fees (see *"Fees"* below)

plus (i) Discount Option Receivables; (ii) any amount of Receivables designated by the Transferor as being Finance Charge Receivables in respect of merchant service fees pursuant to the delivery of a certificate by the Transferor under the Origination and Sale Deed, see "*Merchant Service Fee*" below; and (iii) any amounts of consideration payable by the Transferor in respect of the re-assignment of Receivables on Defaulted Accounts under the call options contained in the Origination and Sale Deed (see "*Call Options*" below).

**"Ineligible Finance Charge Collections"** shall mean, in respect of any Collection Period, Collections in respect of Finance Charge Receivables on Ineligible Accounts.

**"Ineligible Principal Collections"** shall mean Collections in respect of Ineligible Receivables that are not Ineligible Finance Charge Collections.

**"Initial Assignment Date"** shall mean the Closing Date, being the date on which the Trustee accepted the Initial Offer delivered by the Transferor.

**"Insurance Proceeds"** means any amounts recovered by the Transferor or an Existing Owner or the Trustee (by way of payment, set-off or otherwise) pursuant to any insurance policies covering any Customer with respect to that Customer's Account (but excluding brokerage commission).

**"Latitude Group"** means KVD Singapore Pte Ltd (or any successor holding company which directly or indirectly holds shares in the Transferor and delivers a notice to the Trustee to that effect) and its subsidiaries from time to time.

**"Maximum Addition Amount"** shall mean the maximum number of Accounts which may be nominated by the Transferor as Designated Accounts in a given period, which shall (unless otherwise provided in a Supplement, or in respect of all Rated Debt either a Rating Confirmation is obtained or the relevant Credit Rating Agencies confirm in writing that there shall be no Adverse Rating Event):

- (a) with respect to any period of three consecutive Collection Periods (the first of such periods beginning with the Collection Period commencing on the first day of the Collection Period immediately following that in which the Initial Assignment Date falls), be equal to 15 per cent. of the number of Designated Accounts as of the later of (i) the first day of the calendar year during which such period of three Collection Periods commences (or, in respect of any such period commencing in the calendar year in which the Initial Assignment Date falls, the Initial Assignment Date) and (ii) the first day of the first Collection Period following the most recent date on which each Credit Rating Agency issued or confirmed the ratings of all classes of Rated Debt; and
- (b) with respect to any period of twelve consecutive Collection Periods (the first of such periods beginning with the Collection Period commencing on the first day of the Collection Period immediately following that in which the Initial Assignment Date falls), be equal to 20 per cent. of the number of Designated Accounts as of the later of (i) the first day of such period (or, in respect of the first such period following the Initial Assignment Date, the Initial Assignment Date) and (ii) the first day of the first Collection Period following the most recent date on which each Credit Rating Agency issued or confirmed the ratings of all classes of Rated Debt,

**provided, however, that:**

- (c) the aggregate principal balance in the nominated Designated Accounts (determined as at the date each such Account becomes a Designated Account) in any period of three consecutive Collection Periods (the first of such periods beginning with the Collection Period immediately following that in which the Initial Assignment Date falls) may not exceed 15 per cent. of the aggregate amount of Eligible Receivables, determined as of the later of (i) the first day of the first such period and (ii) the first day of the first Collection Period following the most recent date on which each Credit Rating Agency issued or confirmed the ratings of all classes of Rated Debt, in all of the Accounts owned by the Transferor and any Existing Owner that have been designated as Designated Accounts; and
- (d) the aggregate principal balance in the nominated Designated Accounts (determined as at the date each such Account becomes a Designated Account) in any period of 12 consecutive Collection Periods (the first of such periods beginning with the Collection Period immediately following the Collection Period in which the Initial Assignment Date falls) may not exceed 20 per cent. of the

aggregate amount of Eligible Receivables, determined as of the later of (A) the first day of the calendar year in which the first such Collection Period falls (or, in respect of the first such period following the Initial Assignment Date, the Initial Assignment Date) and (B) the first day of the first Collection Period following the most recent date on which each Credit Rating Agency issued or confirmed the ratings of all classes of Rated Debt, in all of the Accounts owned by the Transferor and any Existing Owner that have been designated as Designated Accounts.

**"Offer Notice"** means a notice of an Initial Offer or a Subsequent Offer.

**"Officer's Certificate"** shall mean a certificate executed by an officer or employee of the Servicer or Transferor, whose name appears on a list of officers and employees furnished to the Trustee by the Servicer or Transferor, as such list may from time to time be amended.

**"Principal Receivables"** are, broadly, amounts owing by Customers for the purchase of merchandise or services, credit card cheque transactions, charges for consumer credit insurance premiums, balance transfers and cash advances (other than, in each case, Discount Option Receivables).

**"Product Line"** shall mean each credit card product made available to customers or acquired by the Transferor or an Existing Owner from time to time and specifically identified on the Transferor's System by a specific product name, code or identifier, and for the avoidance of doubt, this definition shall include any new product lines which come into existence after the date hereof or which replace existing product lines.

**"Rated Debt"** shall mean, in respect of any Series, any Related Debt or Associated Debt which is rated by one or more Credit Rating Agencies where such rating was procured by the Trust or the Loan Note Trust and, in respect of a VFN Series only, which is expressly designated as being Rated Debt for the purposes of the Transaction Documents.

**"Retailer"** shall mean a retailer or other party (not being a member of the Latitude Group, or any other person acting on behalf of a member of the Latitude Group), which is party to a Retailer Agreement.

**"Retailer Agreement"** shall mean a retail agreement or other affinity or private-label arrangement pursuant to which any Accounts are originated or maintained by or on behalf of the Transferor.

**"Solvency Certificate"** shall mean a certificate as to solvency signed by a duly Authorised Officer.

**"Standard Documents"** means the forms of Credit Agreement used by the Transferor in respect of the Accounts from time to time.

**"Subsequent Receivables"** shall mean all Receivables on a Designated Account which are not Existing Receivables.

**"Supplement"** means, in respect of a Series, the relevant supplement to the Cashflow Allocation Deed entered into by, among others, the Trust Manager and the Trustee and complying with the Master Trust Deed.

**"Transaction Document"** shall mean the following documents:

- (a) Master Framework Deed;
- (b) Origination and Sale Deed;
- (c) Master Trust Deed and related Notice of Creation of Trust;
- (d) Servicing Deed;
- (e) Back-Up Servicing Deed;
- (f) Cashflow Allocation Deed;
- (g) each Supplement;
- (h) Security Trust Deed and related Notice of Creation of Security Trust;

- (i) the Trust Management Deed;
- (j) each Series Investor Interest Note;
- (k) Master Cash Settlement Agreement;
- (l) Loan Note Trust Deed and related Notice of Creation of Loan Note Trust;
- (m) each Loan Note Supplement;
- (n) Security and Cashflow Allocation Deed and the related Notice of Creation of Loan Note Security Trust;
- (o) each Series Loan Note Supplement and the related Notice of Creation of Loan Note Security Trust;
- (p) each Note Deed Poll and included Note Conditions;
- (q) the Loan Note Trust Management Deed;
- (r) any Swap Agreement; and
- (s) any other document designated as such by the Loan Note Trustee and Loan Note Security Trustee.

**"Transaction Party"** means each party to a Transaction Document.

**"Transferor's System"** means the system of the Transferor together with the system of any other person that accedes as a Transferor to the Transaction Documents or is an Existing Owner that is a Legal Title Holder.

#### **Redesignation of Accounts**

Each Designated Account will continue to be a Designated Account until such time as the Transferor reclassifies it as being no longer a Designated Account by delivering a Redesignation Notice, following which it will be a **"Redesignated Account"**. The Transferor will ensure that each Redesignated Account is identified on the Transferor's System on the date that a Designated Account becomes a Redesignated Account.

A Designated Account becomes a Redesignated Account on the **"Redesignation Date"**, being the date specified by the Transferor in the relevant Redesignation Notice. This applies to Designated Accounts irrespective of whether the Receivables were originally assigned to the Trustee by the Transferor or an Existing Owner.

The Transferor may deliver a notice to the Trustee (each such notice, a **"Redesignation Notice"**) specifying:

- (i) any Designated Account that it wishes to cease to be a Designated Account;
- (ii) all Designated Accounts arising under a Product Line that it wishes to cease to be Designated Accounts;
- (iii) all future Accounts yet to arise under a Product Line that it wishes to cease to become Designated Accounts upon coming into existence; and/or
- (iv) any Designated Account on which all Principal Receivables that arise under such Account are Ineligible Receivables that is to cease to be a Designated Account.

Notwithstanding any other provision of the Origination and Sale Deed, any Receivables on a Defaulted Account that are Ineligible Receivables prior to such date shall be treated as Ineligible Receivables rather than as Receivables on a Defaulted Account.

The Transferor shall not be permitted to redesignate Designated Accounts pursuant to a Redesignation Notice which are not Zero Balance Accounts, Ineligible Accounts, Debt Recovery Accounts, Cancelled Accounts, Defaulted Accounts or Designated Accounts which are to be redesignated pursuant to a breach of warranty unless the following additional conditions are met:



- (i) save in relation to Third Party Redesignated Accounts, in circumstances where those Accounts are due to be acquired by a third party in connection with the termination or expiry of the Retailer Agreement pursuant to which those Accounts were originated or maintained, the redesignation will not cause, in the reasonable opinion of the Transferor, (a) a Pay Out Event to occur, (b) the aggregate of the Transferor Interest and the Available Originator VFN Excess Amount to be less than the Minimum Transferor Interest on the relevant Redesignation Date or (c) the Eligible Receivables Balance to be less than the Minimum Aggregate Principal Receivables on the relevant Redesignation Date;
- (ii) save in relation to Third Party Redesignated Accounts, no selection procedures believed by the Transferor to be materially adverse to the interests of the holders of any Investor Interest Noteholder were utilised in selecting the Designated Accounts which are to be Redesignated Accounts;
- (iii) the Servicer shall certify to the Trustee that Collections equal to the Outstanding Amount of the Receivables have been (or will be) received by the Trustee in respect of every Principal Receivable which has been assigned to or held on trust for the Trustee in respect of that Account, other than Receivables which have been charged-off as uncollectible in accordance with the Credit Guidelines on the computer master file of Accounts used by the Servicer, or which have been the subject of a Credit Adjustment or Reduction, **provided, however, that** the maintenance of such records shall be without prejudice to the beneficial ownership of the Receivables in question; and
- (iv) the Transferor has delivered to the Trustee a solvency certificate and an officer's certificate confirming that the conditions set out at (i) to (iii) above have been satisfied.

Redesignated Accounts include all accounts that become Cancelled Accounts, Defaulted Accounts, Zero Balance Accounts, Debt Recovery Accounts or Ineligible Accounts from the date on which they are redesignated in any of these ways. The Principal Receivables that exist before the date of redesignation will be paid for by the Trustee (except in respect of Ineligible Accounts). Any future Receivables that come into existence after that time (other than Finance Charge Receivables in respect of Principal Receivables which are in existence prior to such Redesignation Date which come into existence on or following such Redesignation Date) will not be assigned to the Trustee as set out in the Origination and Sale Deed.

Save in respect of Defaulted Accounts, Debt Recovery Accounts or Accounts which will be reassigned because of a breach of warranty, if a Designated Account has become a Cancelled Account and the Transferor has issued a Redesignation Notice in respect of such Designated Account, then the Trustee shall at the request of the Transferor or (in the case of Third Party Redesignated Accounts and Cancelled Accounts) in any event, upon direction by the Trust Manager, enter into an agreement with the Transferor pursuant to which it agrees that all of its rights, title and interest in all (but not some only) of the Receivables outstanding on the Accounts referred to in such Redesignation Notice which constitutes Trust Assets are extinguished or, if the extinguishment of such right, title and interest in the Receivables would not result in the Transferor becoming the holder of the beneficial title to the Receivable, instead re-assigned or (where the original holder was an Existing Owner) assigned to the Transferor or to a person nominated by the Transferor in each case on the Redesignation Date.

The consideration for the reassignment of Eligible Receivables on any Redesignated Account is:

- (i) the payment by the Transferor of an amount equal to the aggregate of (x) the aggregate Outstanding Amount of the Eligible Receivables, (y) any estimated Outstanding Finance Charges in respect of which an Acceptance Price has been paid and (z) any other Outstanding Finance Charges, payable in cash on the Redesignation Date and which will be treated as Principal Collections in respect of (x) and (y) or a Finance Charge Collection in respect of (z); plus
- (ii) the payment by the Transferor of deferred consideration in an amount equal to any Accrued Finance Charges at the Effective Time such amount to be payable in cash at the time of realisation by the Transferor of the relevant Accrued Finance Charges and which shall be treated for the purposes of the Trust as a Finance Charge Collection.

The consideration for the extinguishment of any right, interest or title in (or re-assignment or assignment of) any of Ineligible Receivables originally assigned to the Trustee without there being a breach of warranty is, nil.

**"Credit Guidelines"** means the Transferor's or any Existing Owner's policies, procedures and practices relating to the origination of Accounts and Receivables, including, without limitation, the policies, procedures and practices adopted by it in relation to (a) the granting of credit in relation to the Accounts and/or (b) dealing with matters relating to the obligations and liabilities of the Transferor, with regard to applicable law, and for determining the creditworthiness of its credit card and sales finance customers, the extension of credit to its customers and the maintenance of such customers' accounts, as such policies, procedures and practices may be amended or varied from time to time in accordance with the Transaction Documents and applicable law.

**"Eligible Receivables Balance"** shall mean, on any date of determination, the aggregate Outstanding Amount of all Eligible Receivables (excluding Defaulted Receivables), *plus* any Outstanding Finance Charges that remain outstanding on such date of determination, and *plus* any amounts of Cash Available for Investment and amounts held in any Series Required Retained Principal Ledger, but excluding, for the avoidance of doubt, any Discount Option Receivables.

**"Investor Interest Noteholder"** means, in respect of each Series of Related Debt, any registered holder of such Series of Related Debt which, on the Series 2018-1 Closing Date, shall be the Loan Note Trustee.

**"Minimum Aggregate Principal Receivables"** shall mean in respect of any Series, unless otherwise provided in the Supplement relating to that Series, as of any date of determination, an amount equal to the sum of the numerators used in the calculation of the Investor Percentages for Principal Collections for all Outstanding Series on such date, provided, however, that, in respect of the Originator VFN Series, the numerator used in the calculation of its Investor Percentage for Principal Collections shall be deemed to exclude that portion of the Originator VFN Investor Interest that represents the Available Originator VFN Excess Amount, and, provided, however, that, with respect to any Outstanding Series in an Accumulation Period with an Investor Interest as of such date of determination equal to the amount standing to the credit of a principal funding ledger (howsoever described) in respect of such Outstanding Series, the numerator used in the calculation of the Investor Percentage for Principal Collections relating to the Outstanding Series shall, solely for the purpose of the definition of Minimum Aggregate Principal Receivables, be deemed equal to zero.

**"Outstanding Amount"** shall mean, in respect of any Receivable on any date, the amount which is the outstanding balance due in respect thereof at the close of business in Melbourne on the last Business Day (which term shall, for this purpose only, include any day which would be a Business Day but for the closure of banking institutions in any jurisdiction other than Melbourne) immediately preceding such date.

**"Servicing Guidelines"** means the Servicer's usual policies, procedures and practices relating to the operation of its card consumer finance business including, without limitation, its usual policies, procedures and practises for dealing with matters relating to the obligations and liabilities of the Transferor and the maintenance of its customers' accounts, as such policies, procedures and practices may be amended or varied from time to time subject to applicable law.

**"Third Party Redesignated Account"** shall mean a Designated Account which is to be redesignated as a result of an arm's-length arrangement on commercial terms made between the Transferor and a third party (including a Retailer) which requires the transfer to a third party of specified Designated Accounts.

## **Call Options**

Pursuant to the Origination and Sale Deed, the Trustee has granted to the Transferor a call option in respect of Defaulted Receivables and a call option in respect of Debt Recovery Receivables. The call options apply irrespective of whether the Receivables were originally assigned to the Trustee by the Transferor or an Existing Owner.

The Transferor may exercise either of these options by sending an assignment agreement (an **"Option Extinguishment Agreement"**) for the Trustee to execute, stating that at the Option Exercise Time on the Option Exercise Date it shall require the Trustee to extinguish all of its right, title and interest in all Defaulted Receivables on the Defaulted Accounts (or any specified Defaulted Accounts) or the Debt Recovery Receivables on the Debt Recovery Accounts (or any specified Debt Recovery Accounts), or if the extinguishment of such right, title and interest in such Defaulted Receivables or Debt Recovery Receivables would not result in the Transferor becoming the holder of the beneficial title to such Defaulted Receivables or Debt Recovery Receivables, instead re-assigned or (where the original holder was an

Existing Owner) assigned to the Transferor, as applicable (in each case as are in existence at the Option Exercise Time) and stating the amount of Defaulted Receivables or Debt Recovery Receivables, as applicable, to enter into an agreement with the Transferor at the related Option Exercise Time.

The consideration payable by the Transferor for such re-assignment shall, in the case of Defaulted Receivables, be equal to the aggregate of (a) A\$1 (payable on the Option Exercise Date), (b) any amount received from the relevant Customer (directly or indirectly), by the Transferor with respect to such Re-Acquired Defaulted Receivables and (c) any consideration payable by any third party to the Transferor, including debt collection agents, for the assignment of such Re-Acquired Defaulted Receivables (net of any costs of the Transferor in connection with such sale and any retention in respect of provisions), (b) and (c) together being the Sale Recoveries and being payable on the Transfer Date relating to the Collection Period during which the Sale Recoveries were realised and in the meantime the Transferor shall hold such amounts when received by it on trust for the Trustee.

The consideration payable by the Transferor for such reassignment shall, in the case of Debt Recovery Receivables, be paid and calculated on the same basis as set out in the last paragraph of "*Redesignation of Accounts*" above.

**"Defaulted Receivables"** means any Receivables on a Defaulted Account.

**"Re-Acquired Defaulted Receivable"** means a Defaulted Receivable existing on the Defaulted Accounts which is re-assigned and released to the Transferor in accordance with the applicable provisions in the Origination and Sale Deed.

#### **Discount Option Receivables**

The Transferor may, by giving at least thirty (30) days' prior notice to the Servicer, the Trust Manager, the Trustee and the Credit Rating Agencies, nominate a fixed or variable percentage of Principal Receivables to apply (a) generally to all Principal Receivables (a **"General Discount"**) or (b) in respect of certain identified Product Lines (each being a **"Product Line Discount"**). If a Discount Percentage has been nominated previously, an extension to the period for which it applies can be specified in the same way. A General Discount or Product Line Discount may be applied to Principal Receivables originally assigned to the Trustee by the Transferor or an Existing Owner.

In the case of a General Discount, from the date and for the length of time stated in the notice:

- (i) all amounts of Acceptance Price payable by the Trustee to accept an offer of Receivables and all Subsequent Receivables Consideration payable by the Trustee will be reduced by a percentage amount equal to the General Discount; and
- (ii) a percentage of the Principal Receivables equal to the General Discount will be treated by the Trustee as Finance Charge Receivables. These are a form of **"Discount Option Receivables"**.

In the case of a Product Line Discount, from the date and for the length of time stated in the notice:

- (i) all amounts of Acceptance Price payable by the Trustee to accept an offer of Receivables relating to Designated Accounts on the relevant Product Line only and all Subsequent Receivables Consideration payable by the Trustee in respect of Redesignated Accounts on the relevant Product Line only will be reduced by a percentage amount equal to the Product Line Discount; and
- (ii) a percentage of the Principal Receivables equal to the Product Line Discount will be treated by the Trustee as Finance Charge Receivables. These are a form of **"Discount Option Receivables"**.

No nomination of a Discount Percentage or the period it is in place will be effective unless:

- (i) a Rating Confirmation has been provided;
- (ii) the Trust Manager has provided the Trustee with an officer's certificate confirming that the performance of the portfolio of Designated Accounts is such that in the reasonable opinion of the Trust Manager the yield of Finance Charge Collections is not generating adequate cashflows for the Trust; and

- (iii) the Transferor has provided the Trustee with a solvency certificate confirming that the Transferor is able to pay its debts, as and when they become due and payable, within the meaning of section 95A of the *Corporations Act 2001 (Cth)* and will not become unable to pay its debts, as and when they become due and payable, within the meaning of that section in consequence of such Discount Percentage coming into effect or being in effect for an additional period, as at the date on which the Discount Percentage or additional period is to take effect.

The Transferor may have different reasons to designate a Discount Percentage. For example, the Finance Charge Collections on the Designated Accounts may decline for various reasons or may stay constant, whilst the Series 2018-1 Notes have interest rates that are variable and that could increase. This could cause a Pay Out Event to occur based in part on the amount of Finance Charge Collections and the interest rate on the Series 2018-1 Notes. The Transferor could avoid the occurrence of this Pay Out Event by designating a Discount Percentage, causing an increase in the amount of Finance Charge Collections. The Transferor, however, is under no obligation to designate a Discount Percentage and the Loan Note Trustee can make no assurance that the Transferor would designate a Discount Percentage to avoid a Pay Out Event.

**"Discount Percentage"** means a General Discount Percentage or a Product Line Discount Percentage.

**"Finance Charge Collections"**, in respect of any Collection Period, shall mean Collections in respect of Finance Charge Receivables other than Finance Charge Receivables on Ineligible Accounts, plus any amounts paid in cash to the Trustee as consideration for the re-assignment of Receivables on a Redesignated Account for both Outstanding Finance Charges in respect of which no Acceptance Price has been paid and for Accrued Finance Charges **provided that** the amount of Finance Charge Collections shall be reduced for the purposes of any calculation hereunder or in respect of any Supplement on any date of determination by the amount of any incorrect payments previously incorrectly allocated as Finance Charge Collections which are to be repaid on such date of determination.

**"Product Line Discount Percentage"** means a Discount Percentage nominated by the Transferor to apply to Principal Receivables arising in respect of certain identified Product Lines.

### **Outstanding Finance Charges**

If an offer specifies that part of the purchase price will include payment by reference to Capitalised Outstanding Finance Charges, the Finance Charge Collections received for such Capitalised Outstanding Finance Charges will be treated as Principal Collections. Under the terms of the Master Cash Settlement Agreement, if the Servicer is unable to determine whether Collections received on a daily basis relate to Capitalised Outstanding Finance Charges, the Servicer shall apply such Collections on an estimated basis and in the event that, on the following Determination Date, the amount of Finance Charge Collections treated as relating to Capitalised Outstanding Finance Charges in respect of the previous Collection Period is less than the actual amount of Collections received in respect thereof, an additional amount of Finance Charge Collections equal to the shortfall shall be treated as Principal Collections prior to the application of the priority of payments on the related Transfer Date. In the event that, on the following Determination Date, the amount of Finance Charge Collections treated as relating to Capitalised Outstanding Finance Charges in respect of the previous Collection Period is more than the actual amount of Collections received in respect thereof, the excess shall continue to be treated as Principal Collections and the amount of Capitalised Outstanding Finance Charges that are outstanding reduced in respect thereof.

If an offer specifies that part of the purchase price will include payment by reference to Non-Capitalised Outstanding Finance Charges, the Finance Charge Collections received for such Non-Capitalised Outstanding Finance Charges shall be treated as Finance Charge Collections, however, a portion of Available Funds may be treated as Principal Collections in relation thereto in accordance with the terms of the Excess Spread Priority of Payments.

**"Capitalised Outstanding Finance Charges"** means the outstanding amount of billed finance charge receivables on Designated Accounts at the Effective Time other than Non-Capitalised Outstanding Finance Charges.

**"Non-Capitalised Outstanding Finance Charges"** means the outstanding amount of billed finance charge receivables on Designated Accounts at the Effective Time and which were billed in the Collection Period ending immediately prior to the Effective Time.

**"Outstanding Finance Charges"** means the outstanding amount of billed finance charge receivables on Designated Accounts at the Effective Time.

## **Fees**

The Transferor and any Existing Owner may charge Fees – including late, over limit and non-sufficient funds fees – on credit card accounts which may be assessed at one time or on an ongoing basis. Certain of the Receivables assigned or to be assigned to the Trustee may also include Fees on Accounts. Any Fees that are charged (whether charged by the Transferor or Existing Owner) on Accounts are generally regarded as Finance Charge Receivables (and will therefore be taken into account in the calculation of billed Finance Charge Receivables). The Transferor and any Existing Owner may, however, decide that certain or all Fees will be viewed as Principal Receivables (and will therefore not be taken into account in the calculation of billed Finance Charge Receivables).

**"Fees"** shall mean, in respect of an Account, any annual fees, establishment fees, draft fees, late fees, service transaction fees, usage fees and any other fees which may from time to time be assessed and charged by the Transferor (whether for itself or on behalf of another party) as specified or defined in the Credit Agreement applicable to that Account.

## **Merchant Service Fee**

The amounts of any merchant service fee payable to the Transferor or an Existing Owner will not be transferred to the Trustee. However, the Transferor may designate in a certificate to the Trustee that a portion of Principal Receivables that represents amounts of merchant service fee on non-interest bearing credit in respect of Designated Accounts shall be treated as Finance Charge Receivables instead of as Principal Receivables, provided, however, that any such certificate shall have effect only in relation to Receivables which are acquired by the Trustee (whether as Existing Receivables or Subsequent Receivables) after the time when such certificate was issued. In all other cases, a Principal Receivable in respect of which a merchant service fee is payable shall be purchased by the Trustee for the Outstanding Amount and the number of Finance Charge Collections received by the Trustee in respect of such Principal Receivable may be nominal.

## **Interchange**

Members participating in the VISA® and MasterCard® associations receive fees as partial compensation for, amongst other things, taking credit risk and absorbing fraud losses. Under the VISA® and MasterCard® systems, such fees are passed from the banks that clear the transactions for merchants to card issuing banks. Such fees are calculated as a percentage of the amount of a credit card transaction for the purchase of goods or services. This percentage varies from time to time. The fees received as a result of participation in the VISA® and MasterCard® systems, are referred to in this Offering Circular as Interchange.

On each Transfer Date, the Transferor will deposit into the Trustee Collection Account an amount equal to the Interchange received in respect of the Designated Accounts for the preceding Collection Period, being the Acquired Interchange. **"Acquired Interchange"** shall mean, in respect of a Collection Period, an amount of Interchange equal to the product of:

- (a) the total amount of Interchange paid or payable to the Transferor with respect to transactions with a Date of Processing relating to such Collection Period (less, for the avoidance of doubt and without double counting, any GST payable by that Transferor in respect of the Interchange); and
- (b) a fraction, the numerator of which is the aggregate amount of cardholder charges for goods and services in the Designated Accounts of the Trust with respect to such Collection Period and the denominator of which is the aggregate amount of cardholder charges for goods and services in all Accounts which are owned by the Transferor (including the Designated Accounts) with respect to such Collection Period.

**"Eligible Acquired Interchange"** shall mean, in respect of a Collection Period, the amount of the Acquired Interchange for such Collection Period calculated as being referable to Eligible Receivables on the basis that such amount will equal the product of: (i) the Acquired Interchange for such Collection Period; (ii) a fraction, the numerator of which is the aggregate amount of cardholder charges for goods and services in the Designated Accounts of the Trust that are Eligible Receivables and the denominator of which is the aggregate amount of cardholder charges for goods and services in all Designated Accounts.

On each Transfer Date, the Transferor shall notify the Trustee of the amount of Acquired Interchange received by the Transferor and any Existing Owner in respect of the preceding Collection Period, and shall pay to the Trustee an amount equal to the aggregate of the Acquired Interchange for that Transfer Date.

### **Reductions in Receivables and Early Collections**

If the outstanding amount of a Principal Receivable that has been assigned by the Transferor or an Existing Owner to the Trustee is reduced after the date on which it was assigned because of:

- (i) set off, counterclaim or any other matter between the Customer and the Transferor or such Existing Owner, and the Transferor or such Existing Owner has received a benefit; or
- (ii) the application of any credit balance existing on a Customer's Account; or
- (iii) as a result of any merchandise refused or returned by the Customer or as to which the Customer has asserted any defence, dispute, set-off or counterclaim, or as a result of any rebate, refund, charge-back or adjustment (including Servicer errors), in each case only to the extent the Transferor or Existing Owner has received an economic benefit in respect thereof,

then the amount by which such Principal Receivable has been reduced shall be considered a "**Reduction**".

If the Servicer determines that a Reduction has occurred in respect of an Eligible Receivable, the Transferor will be obliged to pay to the credit of the Trustee Collection Account an amount equal to the amount of such Reduction by no later than the second Business Day following the date on which it became aware of such Reduction or was notified thereof by the Servicer.

The obligation of the Transferor to make such payment to the Trustee for a Reduction (a "**Transferor Payment Obligation**") may be fulfilled by the Trustee making a principal repayment under the Eligible Receivables Tranche of the Transferor Interest Note by an amount equal to such Reduction. The effect of this is that principal amount owing by the Trustee to the Transferor under the Eligible Receivables Tranche of the Transferor Interest Note will be reduced by (and set off against) the Transferor Payment Obligation by an amount equal to such Reduction. If such repayment would cause the Transferor Interest to be decreased below zero, the Trustee may apply any remainder (in whole or in part) by the Trustee making a principal repayment under the Originator VFN Excess Amount of the Originator VFN Investor Interest Note and the Loan Note Trustee, as holder of the Originator VFN Investor Interest Note, using this amount to make a principal repayment under the Originator VFN Loan Note and, as the Transferor and Trustee agree and the Loan Note Trustee acknowledges in the Originator VFN Supplement, the repayment under the Originator VFN Investor Interest Note and the Originator VFN Loan Note shall be set-off against the obligation for the Transferor to pay such amounts in whole or in part, until the Available Originator VFN Excess Amount is zero, with any remaining Reduction being applied pursuant to the terms of the relevant Supplements as set out in "*Series 2018-1*" below in respect of Series 2018-1.

If an existing Receivable has purportedly been assigned to the Trustee and the Transferor has received full or partial payment of that Receivable before the date that the receivable was purportedly assigned, then the portion thereof which shall have been so collected (an "**Early Collection**") shall be paid by the Transferor to the Trustee by no later than the second Business Day following the date on which it became aware of such Early Collection as was notified therefore by the Servicer and the Trustee shall be treated as having purchased the Early Collection instead of such portion of the related Existing Receivable.

The Transferor shall not be obliged (unlike Reductions) to make any payment to the Trustee in respect of a Credit Adjustment.

A "**Credit Adjustment**" means the Outstanding Amount of a Principal Receivable that:

- (a) was created by virtue of a sale of merchandise that was subsequently refused or returned by the Customer or against which the Customer has asserted any defence, dispute, set off or counterclaim and which in each case does not constitute a Reduction;
- (b) is reduced because the Customer had received a rebate, refund, charge back or adjustment, and which in each case does not constitute a Reduction; or
- (c) was created as a result of a fraudulent or counterfeit charge.

**"Originator VFN Investor Interest Note"** means the loan note so entitled and issued by the Trustee on the Closing Date with an initial principal amount of A\$69,780,000 documented pursuant to the Originator VFN deed poll and attached schedule of debt terms and conditions.

## **Representations**

Each offer of Receivables to the Trustee under the Origination and Sale Deed includes representations by the Transferor about the existing Principal Receivables and the future Principal Receivables. The representations for the existing Principal Receivables are given as of the relevant Assignment Date, and the representations for the future Principal Receivables are given on the date they are processed, and include, in each case, that:

- (i) unless identified as an Ineligible Receivable, the Principal Receivable is an Eligible Receivable and has arisen from an Eligible Account in the amount specified in the Offer, and unless specified in any daily activity report prepared by the Trust Manager containing all the information set out in the report format contained in the Cashflow Allocation Deed (the **"Daily Trust Manager Report"**), each Subsequent Receivable which is a Principal Receivable is an Eligible Receivable and has arisen from an Eligible Account in the amount specified in such Daily Trust Manager Report;
- (ii) each assignment passes good and marketable title for that Principal Receivable to the Trustee, together with the benefit of all Collections and other rights in connection with it, free from security interests of any person claiming through the Transferor, or the Existing Owner, or any of its affiliates, subject to any limitations arising on enforcement in Australia, and no further act, condition or thing will be required to be done in connection therewith to enable the Trustee to require payment of any such Receivable or to enforce any such right in the courts of Australia without the participation of the Transferor other than:
  - (a) the execution of a legal assignment of such Receivable in favour of the Trustee and notification of such assignment to the relevant Customer; or
  - (b) the joining of the Transferor or Existing Owner (as the case may be) as a party to proceedings by the Trustee against the relevant Customer;
- (iii) the assignment complies with all applicable laws on the Assignment Date, save where any such non-compliance would not have a material adverse effect on the ability of the Transferor or Existing Owner (as the case may be) to conduct its business; and
- (iv) the Transferor or Existing Owner (as the case may be) holds legal title to the Designated Accounts.

If a representation relating to the Eligibility Criteria given in connection with any Principal Receivable proves to be incorrect when made, then the Transferor is obliged to pay the Trustee an amount equal to the Outstanding Amount of that Receivable by no later than the Transfer Date following the end of the Collection Period during which such representation becomes known to the Transferor to be incorrect. A Principal Receivable of this type will afterwards be treated as an Ineligible Receivable.

The Trustee has not made and will not make any initial or periodic examination of the Receivables to determine if they arise on Eligible Accounts or if the Transferor's representations and warranties in respect of them are true.

An Account will be an **"Eligible Account"** if, as at the beginning of the day on the date on which it becomes a Designated Account, it is an Account:

- (a) where the Customer is an individual;
- (b) which was in existence and maintained with the Transferor or Existing Owner (as the case may be) prior to or at the time of its designation as a Designated Account;
- (c) which is denominated in, and repayments for the Receivables in relation to that Account are made or stated in, AUD;
- (d) which is governed by a Credit Agreement as amended from time to time, **provided that** no amendments may be made which would alter the governing law of the agreement or adversely

affect the assignability thereof or the ability of the Transferor or Existing Owner (as the case may be) to provide, or consent to the provision of, information regarding the relevant Customer to any person assuming the Transferor's or Existing Owner's (as the case may be) rights under the agreement, and, if acquired by the Transferor or Existing Owner, the contractual terms of such Credit Agreement are not materially different from one or more of the Transferor's or Existing Owner's standard forms in relation to such matters;

- (e) which is governed by Australian law;
- (f) the obligations of each Customer in relation to which are in full force and effect and constitute the legal, valid and binding obligations of that Customer enforceable against the Customer in accordance with the Credit Agreement subject to applicable bankruptcy laws, other similar laws affecting creditors' rights, general equitable principles and other limitations on enforcement in Australia;
- (g) which (including with regards to its origination and its underlying Credit Agreement and other credit documentation) complies in all material respects with all applicable legislation and regulations including the National Consumer Credit Protection Act 2009 (Cth) and the National Credit Code set out in schedule 1 of that Act, the National Consumer Credit Protection (Fees) Act 2009 (Cth) and the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth);
- (h) where the Customer is an Australian resident at the date of origination of the Account;
- (i) which has not been classified by the Transferor or the relevant Existing Owner as a Cancelled Account or as counterfeit, fraudulent, stolen or lost;
- (j) which has been originated or purchased by the Transferor or the relevant Existing Owner;
- (k) which has been operated by the Transferor or the relevant Existing Owner in all material respects in accordance with the Credit Guidelines;
- (l) which is not (or the Receivables in respect of which are not) currently subject to any right of rescission, defence, dispute, set-off, counterclaim or enforcement order; and
- (m) the Receivables in respect of which have not been classified by the Transferor or the relevant Existing Owner as having been charged-off,

**provided, however, that,** notwithstanding (a) to (m) above, an Account will be an Eligible Account if the Servicer certifies in writing that, having notified each Credit Rating Agency of the event of circumstance, in its opinion, formed on the basis of due consideration, such designation as an Eligible Account will not result in the withdrawal or downgrading by the Credit Rating Agencies of any outstanding Rated Debt.

A Principal Receivable will be an "**Eligible Receivable**" if it complies with the following criteria as at: (i) in the case of any existing Receivable which is the subject of an Offer made by the Transferor or the relevant Existing Owner, the relevant Assignment Date in respect of that Offer; or (ii) in the case of any future Receivable, the Date of Processing with respect to the transaction which gives rise to that Receivable:

- (i) it has arisen under an Eligible Account;
- (ii) it was created and otherwise complies in all material respects with all other applicable laws;
- (iii) it (a) was originated by the Transferor or an Existing Owner or any predecessor in title in accordance with and is governed by a Credit Agreement without waiver or amendment in any material respect of the following matters: governing law, assignment and disclosure of information to persons who may assume rights under the Credit Agreement, or else, it was originated by the Transferor or assigning Existing Owner (or (if acquired by the Transferor or Existing Owner) another originator) in all material respects in accordance with and is governed by contractual terms not materially different from those contained in the Credit Agreements in relation to those matters listed previously; (b) is governed by the Consumer Credit Law; and (c) was created and otherwise complies in all material respects with the Credit Guidelines (or, in respect of a Receivable which has arisen on an Account acquired by the Transferor or an Existing Owner prior to the date of



acquisition by the Trustee, it was, to the best of the Transferor's knowledge and belief, originated in all material respects in accordance with the credit guidelines of the transferor of such Accounts);

- (iv) it is free and clear of any security interests (other than pursuant to the Transaction Documents) exercisable against the Transferor and (if different) the assignor under such Offer, any of their respective Related Entities or any person claiming through the foregoing;
- (v) the Transferor or, where the assignor under such Offer is an Existing Owner that is a Legal Title Holder, the Existing Owner is the sole legal owner of the Account in each case who is able to assign its right, title and interest to the Receivables arising on that Account; and
- (vi) it constitutes the legal, valid, and binding obligations of the relevant Customer, enforceable in accordance with the terms of the relevant Credit Agreement, subject only to (a) applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting the rights of creditors generally and (b) general equitable principles and other limitations on enforcement in Australia.

The "**Eligibility Criteria**" means the criteria above that related to Eligible Accounts and Eligible Receivables.

The "**Date of Processing**" shall mean, in respect of any transaction in respect of any Account (and in the case of transactions relating to Interchange, in respect of all Accounts), the Business Day after the overnight processing which resulted in that transaction being first recorded on the computer master file of Accounts in respect of such Account used by the relevant Servicer or, as the case may be, the relevant Transferor (without regard to the effective date of such recording) and any reference to the date on which transactions are processed shall be taken as referring to the Date of Processing relative to such transactions.

A "**Legal Title Holder**" means each Existing Owner that holds legal title to Receivables arising on Designated Accounts.

#### **Breach of warranty and repurchase of Ineligible Receivables**

If a Principal Receivable has been assigned to the Trustee by the Transferor or any Existing Owner and any representation proves at any time to have been incorrect when made, the Transferor shall be required to pay to the Trustee, by no later than the Transfer Date following the end of the Collection Period during which such representation becomes known to the Transferor to be incorrect, an amount equal to the Outstanding Amount of such Principal Receivable to the Trustee Collection Account. This may be paid by the Transferor by way of cash or otherwise applied towards and set-off against an equivalent reduction of the obligation under the Eligible Receivables Tranche of the Transferor Interest Note. The Eligible Receivables Tranche of the Transferor Interest Note, however, may not be reduced below zero.

If and to the extent that the Transferor meets a payment obligation in this way, the Trustee will have no further claim against the Transferor for the breached representation and no Series Pay Out Event will occur in respect thereof (see "*Series 2018-1 – Series Pay Out Event*").

If:

- (i) all Principal Receivables arising under a Designated Account become ineligible as a result of incorrect representations and no Subsequent Receivables which are Principal Receivables could be generated on such Designated Account without breaching a representation required to be made by the Transferor on each assignment of Receivables under the Origination and Sale Deed; and
- (ii) that account has become a Redesignated Account and the Transferor's obligation with respect to such Principal Receivables as set out above has been fulfilled in full by way of cash payment or set off,

then the Transferor can require the Trustee to reassign those Receivables to the Transferor for nil consideration.

"**Ineligible Receivables**" means Principal Receivables which arise under a Designated Account but which do not comply with all the criteria set out in the definition of Eligible Receivables as at the relevant date specified therein.

## **Amendments to Credit Agreements and Credit Guidelines**

The Transferor and any Existing Owner may in certain circumstances amend the terms and conditions of its standard form credit agreements or change its policies and procedures and usual practices for its general credit business (insofar as the Transferor is permitted to do so by relevant consumer credit legislation, regulation and guidance). These amendments may (insofar as the Transferor or Existing Owner is permitted to do so by relevant consumer credit legislation, regulation and guidance) include reducing or increasing the amount of monthly minimum required payments or involve changes to Periodic Finance Charges or other charges that would apply to the Designated Accounts. See "*Risk Factors – A Change in the Terms of the Designated Accounts May Adversely Affect the Amount or Timing of Collections and May Cause an Early Redemption of the Series 2018-1 Notes or a Downgrade of the Series 2018-1 Notes*".

"**Periodic Finance Charges**" shall mean, in respect of an Account, any periodic finance charges or any similar term as specified or defined in the Credit Agreement applicable to that Account including, but not limited to, interest.

## **Payments under the Origination and Sale Deed and Interaction with Transferor Interest Note**

Notwithstanding any other provision, the Transferor and the Trustee agree and acknowledge that in the event that there is insufficient Cash Available for Investment available to the Trustee to make any payments of Acceptance Price for Existing Receivables or a further payment of Purchase Price for Subsequent Receivables to be paid by the Trustee on such date, the shortfall shall be made up by way of a further drawing under the Eligible Receivables Tranche of the Transferor Interest Note in the amount of the shortfall and the obligation of the Trustee to pay such amounts of Acceptance Price or Purchase Price set-off against the obligation of the Transferor to fund such further drawing by way of payment to the Trust.

The Trustee may apply any payment received by it from the Transferor in respect of Reductions and any breach of warranty to make a principal repayment under the Eligible Receivables Tranche of the Transferor Interest Note and set the two payments off against each other until the Transferor Interest is zero. If the Transferor Interest is reduced to zero, the Trustee may apply any remainder to make a principal repayment under the Originator VFN Excess Amount of the Originator VFN Investor Interest Note and the Loan Note Trustee, as holder of the Originator VFN Investor Interest Note, shall use this amount to make a principal repayment under the Originator VFN Loan Note with the repayment under the Originator VFN Investor Interest Note and the Originator VFN Loan Note being set-off against the obligation for the Transferor to pay such amounts in whole or in part, until the Available Originator VFN Excess Amount is zero. If the Transferor Interest and the Available Originator VFN Excess Amount are reduced to zero, the Transferor will still be obliged to pay an amount equal to the remainder to the Trustee and the remaining Reductions shall be applied in accordance with the terms of the Supplements.

## **Negative Undertakings of the Transferor**

In the Origination and Sale Deed, the Transferor undertakes not to (and to procure than an Existing Owner that is a Legal Title Holder does not):

- (a) save as permitted by the Transaction Documents, sell, assign, convey, transfer, lease, pledge or otherwise dispose of (or purport to do so) any Receivable (whether now existing or hereafter created) under a Designated Account to any person other than the Trustee;
- (b) save as permitted by the Transaction Documents, grant, create, incur, assume or suffer to exist any Security Interest (or purport to do so) over any Receivable (whether now existing or hereafter created) under a Designated Account or any interest therein;
- (c) consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any person (other than for the purposes of granting a Permitted Security Interest) unless, among other things:
  - (i) the corporation formed by such consolidation or into which such Transferor or Existing Owner is merged, or the person which acquires by conveyance or transfer the properties and assets of such Transferor or Existing Owner substantially as an entirety, shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Trustee in form satisfactory to the Trustee, the performance of the obligations of such Transferor or Existing Owner under the Transaction Documents (to the extent that any

right, covenant or obligation of the Transferor or Existing Owner is inapplicable to the successor entity, such successor entity shall be subject to such covenant or obligation, or benefit from such right, as would apply, to the extent practicable, to such successor entity) and it shall also execute such documents as are necessary for such person to become the holder of the Transferor Interest Note as contemplated in the Master Trust Deed; and

- (ii) such Transferor or Existing Owner shall have delivered to the Trustee a Verification Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with the requirements above and that any conditions precedent have been complied with including an opinion of counsel as to the enforceability of the supplemental agreement.

The Transferor and the Servicer are not permitted to assign or transfer any rights, benefits or obligations under the Origination and Sale Deed other than in the circumstances contemplated above or for the purposes of granting a Permitted Security Interest.

**"Permitted Security Interest"** means, in respect of the Transferor, Servicer and holder of the Transferor Interest Note and Originator VFN Loan Note, any security granted by such entities, other than in respect of any amounts or other assets held on trust for the benefit of the Trustee, provided that the security granted does not give the holder of the security or any other person any right to exercise a power of sale in respect of the secured assets other than where the exercise of such power of sale would not be materially prejudicial to the holder of any Related Debt or Associated Debt or the consent of the Security Trustee, provided in accordance with the terms of the Security Trust Deed, is otherwise obtained. The parties agree that the exercise of the power of sale in respect of the secured assets of the Transferor in its capacity as Transferor and as holder of the Transferor Interest Note and the Originator VFN Loan Note (together, the **"Latitude Secured Assets"**), will not be considered materially prejudicial to the holder of any Related Debt or Associated Debt if an Insolvency Event has occurred in respect of the Transferor and all of the rights of the Transferor in respect of the Latitude Secured Assets are transferred to a single Reputable Third Party. For the avoidance of doubt, there is no restriction on the holder of the security appointing a receiver in respect of the Latitude Secured Assets or the holder of the security or any receiver appointed by it exercising either a power of sale or assignment in respect of the proceeds of any of the Latitude Secured Assets to any third party.

**"Reputable Third Party"** means a reputable third party which is a bank, financial institution, trust, fund or other entity (in each case, other than the secured party exercising the power of sale) which is regularly engaged in or established for the purpose of purchasing or investing in rights similar to the Latitude Secured Assets and which is not insolvent.

## MATURITY ASSUMPTIONS

If the Trust Manager exercises its option to apply a Controlled Accumulation Period, on each Transfer Date during the Controlled Accumulation Period, an amount equal to the Controlled Deposit Amount will, to the extent funds are available for such purpose, be deposited in the Series 2018-1 Principal Funding Ledger of the Trustee Collection Account and identified as referable to Series 2018-1 until the balance of the Series 2018-1 Principal Funding Ledger equals the Series 2018-1 Investor Interest. Although it is anticipated that Principal Collections will be available on each Transfer Date during the Controlled Accumulation Period to make a deposit of the applicable Controlled Deposit Amount and that an amount equal to the Series 2018-1 Investor Interest will be paid to the Loan Note Trustee on or immediately prior to the Series 2018-1 Expected Redemption Date, allowing the Loan Note Trustee to redeem the Series 2018-1 Notes in full, no assurance can be given that sufficient Principal Collections will be available. If the amount required to repay the Series 2018-1 Investor Interest in full is not available on the Series 2018-1 Expected Redemption Date, the Scheduled Amortisation Period will begin in respect of Series 2018-1.

On each Transfer Date during the Scheduled Amortisation Period, an amount equal to the Scheduled Amortisation Amount will, to the extent funds are available for such purpose, be deposited in the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account by way of a partial repayment of the Series 2018-1 Investor Interest Note allowing the Loan Note Trustee to partially repay the Series 2018-1 Notes by the Scheduled Amortisation Amount on the corresponding Payment Date. No assurance can be given that sufficient Principal Collections will be available. If the amount required to pay the Scheduled Amortisation Amount is not available on any Transfer Date relating to the Scheduled Amortisation Period, the Rapid Amortisation Period will begin in respect of Series 2018-1.

If a Pay Out Event occurs during the Controlled Accumulation Period, the Rapid Amortisation Period will begin. Any amount on deposit in the Series 2018-1 Principal Funding Ledger and referable to Series 2018-1 will be paid to the Loan Note Trustee in respect of the Series 2018-1 Investor Interest on the first Transfer Date relating to the Rapid Amortisation Period. In addition, to the extent that the Series 2018-1 Investor Interest for each Class has not been distributed in full, the Loan Note Trustee will be entitled to monthly distributions of Principal Collections during the Rapid Amortisation Period equal to the Available Retained Principal Collections. A Pay Out Event occurs when either a Trust Pay Out Event or a Series Pay Out Event occurs. See *"Allocation of Trust Cashflows – Pay Out Event"* and *"Series 2018-1 – Series 2017 Pay Out Events"*. If a Pay Out Event occurs, it will automatically trigger an early redemption event under the Series 2018-1 Notes.

If a Pay Out Event occurs during the Revolving Period or the Scheduled Amortisation Period, the Loan Note Trustee will be entitled to monthly distributions of Principal Collections during the Rapid Amortisation Period equal to the Available Retained Principal Collections.

Appendix A contains a table that presents the highest and lowest Customer monthly payment rates for the Latitude Operating Group's Australian sales finance credit cards and credit card portfolio during 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 and the average Customer monthly payment rates for each such period. These are calculated as a percentage of total opening Receivables balances during the periods shown. The payment rates are based on amounts which would be deemed payments of Principal Collections and Finance Charge Collections for the related Accounts.

Collections may vary from month to month due to:

- (i) seasonal variations;
- (ii) promotional offerings – such as payment holidays;
- (iii) general economic conditions; and
- (iv) payment habits of individual obligors.

There is no guarantee that the future monthly payment rates for the securitised portfolio will be similar to the historical experience set forth in Appendix A or, if the Trust Manager exercises its option to apply a Controlled Accumulation Period, that there will be enough Principal Collections to deposit the Controlled Deposit Amount into the Series 2018-1 Principal Funding Ledger each month to fully redeem the Notes by the Series 2018-1 Expected Redemption Date or to deposit the Scheduled Amortisation Amount into the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account during the Scheduled Amortisation

Period. If a Pay Out Event occurs, the average life and maturity of the Notes could be significantly reduced, since Noteholders may start receiving principal distributions before the Series 2018-1 Expected Redemption Date.

Because a slowdown in the payment rate below the payment rates used to determine the Controlled Deposit Amount or a Pay Out Event may occur which would start the Rapid Amortisation Period, there is no guarantee that the actual number of months elapsed from the Series 2018-1 Closing Date to the final Payment Date for the Notes will equal the expected number of months. As described under "*Credit Structure and Cashflows*", if the Servicer shortens the Controlled Accumulation Period, there is no guarantee that there will be enough time to accumulate all amounts necessary to fully repay the Series 2018-1 Investor Interest on the Series 2018-1 Expected Redemption Date. See "*Risk Factors - Principal on the Series 2018-1 Notes May be Paid Earlier or Later than Expected if the Transferor Cannot Finance the Creation of New Receivables – Creating a Re-investment Risk to Noteholders*".

## RECEIVABLES YIELD CONSIDERATIONS

The gross revenues from finance charges billed to accounts in the Latitude Operating Group's Australian sales finance credit card and credit card portfolios for the most recent available periods are presented in Appendix A.

The yield will be affected by many factors, including changes in the delinquency rate on the Receivables and (in the case of credit card accounts) changes in the monthly Periodic Finance Charges on the Receivables and the percentage of Customers who pay their balances in full each month and do not incur monthly Periodic Finance Charges and the amount of the annual fees and other fees. See "*Risk Factors - A Change in the Terms of the Designated Accounts May Adversely Affect the Amount or Timing of Collections and May Cause an Early Redemption or a Downgrade of the Series 2018-1 Notes*".

The table presented in Appendix A sets forth the revenue for the Latitude Operating Group's Australian sales finance credit card and credit card portfolios. The revenue is comprised of monthly Periodic Finance Charges, card fees, Fees and Interchange. These revenues vary for each account based on the type and volume of activity for each account. See "*The Securitised Portfolio*".

The payment of Purchase Price will include amounts for Outstanding Finance Charges and as a result an amount of Collections in respect of Finance Charge Receivables will be treated as Principal Collections which will also reduce the yield on the portfolio.

## **MASTER FRAMEWORK DEED**

The Master Framework Deed contains definitions which are used across all of the Transaction Documents as well as a number of provisions which are common between the Transaction Documents. Some of the key provisions are set out below.

### **Limitation on Liability**

The liability of the Trustee, the Loan Note Trustee, the Security Trustee and the Loan Note Security Trustee (each, a "**Transaction Trustee**") is limited to the extent to which it can be satisfied out of the Trust Assets, Loan Note Trust Assets or property of the Security Trust or Loan Note Security Trust (as applicable) out of which the relevant Transaction Trustee is actually indemnified for the liability other than in the case of any fraud, negligence or wilful default of a Transaction Trustee.

No Transaction Trustee will be liable in its personal capacity and no receiver, liquidator, administrator or any similar person to the Transaction Trustee or prove in any liquidation, administration or arrangements of or affecting the Transaction Trustee (except in relation to the Trust Assets, Loan Note Trust Assets or property of the Security Trust or Loan Note Security Trust).

A Transaction Trustee is not obliged to do or refrain from doing anything under a Transaction Document (including incur any liability) unless the Transaction Trustee's liability is limited in the same manner as set out above.

### **Variation of Transaction Documents and consents**

A variation of any term of any Transaction Document must be in writing and signed by the parties thereto.

The Security Trustee or Loan Note Security Trustee may, without the consent or sanction of any other person, concur with the Trustee or Loan Note Trustee in making any modification or otherwise provide consent to any matter (unless the terms of the relevant Transaction Document requires that consent be obtained from another person or persons to any such modification or consent), if it is of the opinion that such modification or consent (i) will not be materially prejudicial to the interests of the Trust Secured Creditors or Loan Note Secured Creditors (as applicable) or (ii) is of a formal, minor or technical nature or to correct a manifest error.

### **Variation of Trust Documents**

The Trust Documents may be amended in writing from time to time by agreement between the parties thereto without the requirement to obtain the consent of any person not party thereto (including, if applicable, the Unitholders or the holder of any Series Investor Interest Note) if the amendment is made with the consent of the Trust Manager, the Trustee and the Transferor, provided that, the Trust Manager and Trustee shall be obliged to consent to such amendment where such amendment is:

- (a) to provide for additional Enhancement or substitute Enhancement with respect to a Series (so long as the amount of such substitute Enhancement, unless otherwise provided in any related Supplement, is equal or greater to the original Enhancement for such Series);
- (b) to change the definition of Eligible Account or Eligible Receivable or to provide for the addition to the Trust of a Participation, provided that any change to the definition of Eligible Account or Eligible Receivable shall have no effect in relation to any Receivables which have been acquired by the Trustee before such change takes effect and provided that the Trust Manager certifies in an Officer's Certificate that, in its opinion, formed on the basis of due consideration, such change or addition would not have a Material Adverse Effect on the holder of the Transferor Interest Note or any Series Investor Interest Note and a Rating Confirmation is provided; or
- (c) for any purpose other than those specified in paragraphs (a) and (b) above, provided, however, in each case, that (A) a Rating Confirmation is provided in respect of such variation, and (B) such variation will not result in a material change in the permitted activities of the Trustee or Trust Manager.

The Trust Documents may also be amended for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Trust Documents or modifying in any manner the rights

of any Series under the terms of the Trust Documents, provided that the consent of the Trust Manager, the Trustee and the Transferor (as the holder of the Transferor Interest Note) is obtained and, provided further that, the Trust Manager shall only provide its consent if the proposed addition, change, elimination or modification contemplated does not:

- (a) adversely affect the interests of the holder of any Series Investor Interest Note or reduce in any manner the amount of, or delay the timing of, the payments required to be made by the Trust under the terms of any Series Investor Interest Note or the funds referable to such Series Investor Interest Note for the purpose of making such payments, without the consent of the holder of such Series Investor Interest Note;
- (b) change the definition of or the manner of calculating the Investor Interest, the Investor Percentage or the Investor Default Amount in relation to any Outstanding Series without the consent of the holder of the relevant Series Investor Interest Note; or
- (c) reduce the aforesaid percentage required to consent to any such amendment, without the consent of the holder of the Series Investor Interest Note in respect of each Outstanding Series adversely affected.

No amendments may be made however to the rights and interests of the Unitholders in the Trust or Loan Note Trust.

**"Enhancement"** means, with respect to any Series or any Class within such Series, the subordination, cash collateral guarantee or account, collateral interest, letter of credit, surety bond, insurance policy, spread account, reserve account, cross-support feature or other contract or agreement for the benefit of such Series or Class (if any) which is designated as such in the applicable Supplement.

**"Enhancement Provider"** shall mean, with respect to any Series, the person, if any designated as such in the related Supplement, as an entity providing Enhancement.

**"Participation"** shall mean participations representing undivided interests in a pool of assets primarily consisting of receivables arising under Accounts beneficially owned by the Transferor and collections thereon. The addition of Participations shall be effected by an amendment to the Master Trust Deed, Servicing Deed and Cashflow Allocation Deed.

**"Trust Documents"** means the Master Trust Deed, the Notice of Creation of Trust and any other related documents required in connection with any of the foregoing and the Security Trust Deed.

### **Rating Confirmations**

Any party to a Transaction Document shall be entitled to take into account, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Transaction Documents, and in considering whether such exercise will not be materially prejudicial to or adversely affect the interests of the holders of any Rated Debt, any written confirmation from the Credit Rating Agencies that the then current rating of the Rated Debt would not be adversely affected by such exercise.

In the absence of fraud, wilful misconduct, bad faith or gross negligence, no party to a Transaction Document shall have any right of recourse against, the Transferor, the Servicer, the Loan Note Trust Manager or the Trust Manager (each, a **"Confirming Party"**) in respect of any confirmation given by such Confirming Party to the effect that an action, event or matter, in the opinion of such Confirming Party, will not result in a downgrade, withdrawal or suspension of the then current rating of the outstanding Rated Debt.



## THE TRUST AND THE LOAN NOTE TRUST

### General Legal Structure

The Trust is constituted pursuant to a trust deed and notice of creation of trust relating thereto dated 13 February 2017, (the "**Master Trust Deed**") between the Trustee and the Trust Manager and consists of a trust declared under the laws of Victoria over the Trust Assets for the purposes of the structure described in this Offering Circular.

Broadly, the Trust Assets comprise:

- (a) a pool of Eligible Receivables and Finance Charge Receivables together with Collections in respect thereof, any unutilised Cash Available for Investment, funded by the issuance of the Trust of Series of Related Debt and the Eligible Receivables Tranche of the Transferor Interest Note (as to which, see below); and
- (b) a pool of Ineligible Receivables and Ineligible Collections related to such Ineligible Receivables, held on trust for the Transferor.

In addition, the Trust Assets also comprise: (i) the sum of money referred to in the notice of creation of trust relating to the Trust (ii) all monies, investments and property from time to time representing or derived from or to be applied in respect of paragraphs (a) and (b) above; (iii) all rights vested by the Transaction Documents or by law in favour of the Trustee by virtue of an incorrect withdrawal in respect of monies representing Trust Assets; (iv) the benefit of all representations, covenants, indemnities and other contractual provisions in favour of the Trustee (other than any such made or granted solely in its personal capacity) made or granted in or pursuant to any of the Transaction Documents; and (v) all rights vested by law in the Trustee by virtue of its holding the Trust Assets.

The beneficial interest in the Trust is divided into Units. The Units in the Trust are subject to the terms of the Master Trust Deed and the other Transaction Documents and the rights of the Trust Secured Creditors rank in priority to the Unitholders. The aggregate subscription price of the initial Units in the Trust is the sum of an initial subscription amount of A\$1,000 or such other amount as specified in the Notice of Creation of Trust and a Unit register is maintained by the Trustee to record certain material information regarding the Units.

A Unitholder in the Trust has no right to receive distributions in respect of the Trust except: (i) any amounts expressly payable to that Unitholder in the Trust under the terms of the Master Trust Deed, the Cashflow Allocation Deed and each Supplement or amounts otherwise expressly provided for in the Transaction Documents; and; (ii) when the Trust ends an amount equal to its proportional share of any Trust Assets remaining. A Unitholder in the Trust is only entitled to receive a distribution under the terms of the Master Trust Deed if and to the extent that there are Trust Assets of the Trust available for distribution under and in accordance with the Transaction Documents for the Trust to that Unitholder.

### Limit on Unitholder Rights

A Unitholder in the Trust is not entitled to:

- (a) require the Trustee to act in a manner inconsistent with any fiduciary obligation or any of its obligations under the Transaction Documents;
- (b) exercise a right or power in respect of, lodge a caveat or other notice affecting, or otherwise claim any interest in, the Trust Assets;
- (c) require the Trustee or any other person to transfer the Trust Assets to the Unitholder;
- (d) interfere with any powers of the Trust Manager or the Trustee under the Master Trust Deed or any other Transaction Document (for avoidance of doubt, without prejudice to any rights any Unitholder may have in any other capacity including (without limiting) by virtue of any direct or indirect shareholding in such entities);
- (e) take any step to remove the Trust Manager or the Trustee;

- (f) take any step to end the Trust;
- (g) interfere in any way with or claim any right or interest under any other trust; or
- (h) have recourse against the Trustee in its personal capacity, except in accordance with (and only to the extent permitted by) the provisions relating to non-petition and limited recourse of the Trustee contained in the Master Framework Deed.

The Units in the Trust are transferable and redeemable (for a redemption price equal to the subscription price) but only at the direction of the Trust Manager and there must be at least one Unit in the Trust at all times.

**"Unitholder"** means in respect of the Trust or Loan Note Trust, the holder of one or more Units in the Trust or Loan Note Trust, as applicable.

#### **Taxation of Non-Resident Unitholders of the Trust**

Both the Trust and the Loan Note Trust are Division 6 "flow-through" trusts for Australian tax purposes. The basic consequence of this is that the tax payable on the "taxable income" of the Trust and the Loan Note Trust flow-through to the Unitholders. To the extent that the Unitholders are non-residents of Australia, there are provisions within the Australian Tax Act which require the Trustee and the Loan Note Trustee to make payments in relation to the tax liabilities of the non-resident Unitholders (in respect of their interests in the Trust) to the Australian Tax Office (i.e. withholding tax and de-facto withholding tax mechanisms). The Trustee and the Loan Note Trustee will have to make these tax payments on both an ongoing and an annual basis. There are provisions within the Transaction Documents which provide for the Trustee and the Loan Note Trustee to put aside funds on a regular basis to pay this tax liability – this mechanism is described in further detail below in "Allocation of Trust Cashflows - Operation of Trustee Administration Account: Tax Ledger and Distribution Ledger". At the Series 2018-1 Closing Date, two of the three Unitholders are non-residents of Australia.

#### **Income and Distributions for the Trust**

The Trust Manager will determine the Net Trust Income for each Financial Year in accordance with the Master Trust Deed.

The Trust Manager will determine the Net Taxable Income as soon as reasonably practicable after the end of a Financial Year of the Trust (and in any case, prior to the due date for the lodgement of any tax return) for that Financial Year. The Trust Manager also has certain obligations to ensure that certain tax liabilities are either borne by the Unitholders or, if borne by the Trustee, that the Trustee is adequately indemnified.

Each Unitholder's distribution entitlement will be calculated in accordance with the formula contained in the Master Trust Deed. The amount distributed to Unitholders will be distributed in accordance with the terms of the Cashflow Allocation Deed and each Supplement thereto. The Trustee (or the Trust Manager) may determine to make an interim distribution during a Financial Year, with each interim distribution also paid in accordance with the Cashflow Allocation Deed and each Supplement.

**"Financial Year"** means in respect of the Trust or the Loan Note Trust, as applicable:

- (a) a period of a calendar year ending on 30 June; or
- (b) if the trust has adopted a substituted accounting period under section 18(1) of the *Australian Tax Act*, a period of a calendar year ending on the last day of that accounting period,

a reference to a Financial Year of a trust includes a part Financial Year in which the trust is established or ends.

**"Net Taxable Income"** means in respect of a Financial Year of the Trust or the Loan Note Trust, the 'net income' (as defined in section 95(1) of the *Australian Tax Act*) of the Trust or the Loan Note Trust, as applicable, for that Financial Year.

**"Net Trust Income"** means in respect of a Financial Year of the Trust or the Loan Note Trust, the income of the Trust or the Loan Note Trust for that Financial Year as determined under the relevant sections of the Master Trust Deed or of the Loan Note Trust Deed, as applicable.

### **Appointment of Trustee**

Under the terms of the Master Trust Deed the Trustee has agreed to act as trustee of the Trust in connection with the Transaction Documents and to exercise its rights and comply with its obligations under the Transaction Documents. The Trustee as trustee of the Trust shall have all powers necessary or incidental to the entry into and performance of the Transaction Documents and conduct of the Trust Business of the Trust. Each Unitholder is bound by anything properly done or not done by the Trustee in accordance with the Transaction Documents whether or not the Unitholder approved of the thing done or not done.

The Trustee has all the powers of a natural person and corporation in connection with the exercise of its rights and compliance with its obligations in connection with the Trust Business of the Trust and, to the extent permitted by law, all rights of action and claims under the Transaction Documents or with respect of any Unitholder may be prosecuted and enforced in the name of the Trustee without the joining of any such Unitholder. The Trustee will only be considered to have knowledge or awareness in respect of the Trust by virtue of the officers of the Trustee with day to day responsibility for the Trust having actual knowledge, actual awareness or actual notice or (other than for Pay Out Events, events of default and termination events) grounds or reason to believe a thing.

The Trustee may exercise its rights and comply with its obligations in connection with the Trust Business of the Trust in any manner it thinks fit save that it is required to act on the instructions of the Trust Manager, as set out below. The Trustee shall be entitled to take into account, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to any Transaction Document, any Rating Confirmation that is provided in determining whether such exercise will adversely affect the interests of the holders of any Related Debt or Associated Debt or have a material adverse effect.

The Trustee has made and will make standard corporate representations and warranties as to power, authority and right and due authorisation of the execution, delivery and performance of the Transaction Documents. The Trustee has also agreed to standard covenants in its capacity as trustee of the Trust including that it will not carry on any business or other activity on behalf of the Trust, use, invest or dispose of any property or assets of the trust, incur indebtedness or create any security interest on behalf of the Trust or over Trust Assets, allow the Trust to have an interest in any bank account or permit the validity or effectiveness of the Trust to be supplemented, amended, varied or terminated, in each case other than as expressly contemplated in the Transaction Documents. The Trustee also covenants to maintain all necessary licenses, authorisations, consents and permits and to ensure its continued corporate existence as required to carry out its obligations under the Transaction Documents.

The Trustee has the right to delegate its responsibilities as trustee under the Trust but may not delegate any material part of its rights or obligations or appoint any **"Related Entity"** (as defined in the Corporations Act) of it as its delegate without the consent of the Trust Manager. The Trustee also has the right to rely on certain reports, opinions, statements and other documents delivered to it pursuant to the Transaction Documents.

For the avoidance of doubt, the appointment of the Trustee as trustee of the Trust does not mean that the Trustee is a trustee for the benefit of, is a partner of or has a fiduciary duty to, or other fiduciary relationship with, any Unitholder or Trust Secured Creditor or any other person, except as expressly provided in any Transaction Document to which it is a party.

### **Trustee Fees, Costs and Indemnities**

The Trustee is entitled to a fee for performing its obligations under the Master Trust Deed and the Transaction Documents payable in the amounts agreed in the Transaction Documents and the Trustee Fee Letter. The Trustee is also indemnified out of the Trust for any costs, loss or liability incurred by the Trustee in performing its duties and in the exercise of its powers, authorities or discretions save for obligations or liabilities that are incurred by the Trustee as a result of the Trustee's own fraud, negligence or wilful default (except where such obligation or liability is owed to any of the Trust Secured Creditors in which case the Trustee is indemnified only to the extent necessary to allow it to discharge its obligation or liability to that Trust Secured Creditor). The Trustee is indemnified for any legal costs incurred in connection with

proceedings against it alleging fraud, negligence or wilful default but is required to repay this amount if a court determines or the Trustee admits such fraud, negligence or wilful default. The Trustee also benefits from specific indemnities for: (i) any Penalty Payments the Trustee is required to pay including as a result of the Trustee being lender of record, mortgagee or equitable assignee of the Trust Assets (save that, if there is a determination by a court of negligence, fraud or wilful default by the Trustee, the Trustee is required to repay such amount to the Trust), and (ii) for all losses, costs or damages (including reasonable legal costs and disbursements on a full indemnity basis) suffered or incurred by it arising out of or in connection with any term of any Receivable being set aside or avoided under the unfair terms provisions of the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth) and the *Fair Trading Acts*.

The fees, costs and other amounts payable to the Trustee under the Master Trust Deed including its rights of indemnity, in respect of each Collection Period, shall be paid on the relevant Transfer Date (the "**Aggregate Investor Trustee Payment Amount**").

The amounts of all fees, costs, indemnities and other payments due to be paid to the Trustee under and in accordance with the terms of the Transaction Documents will be paid from the Available Funds that are available to the Trustee to make payments in respect of each Series. The portion of such fees, costs, indemnities and payments that will be funded from the Available Funds that are available to the Trustee to make payments on the Series 2018-1 Investor Interest Note is as described in the section entitled "*Series 2018-1 – Application of Available Funds*".

"**Penalty Payment**" means:

- (a) any amount (including, without limitation, any civil or criminal penalty) for which the Trustee is liable under the Consumer Credit Law and legal costs and other expenses payable or incurred by the Trustee in relation to such liability;
- (b) any other liability payable by the Trustee, or legal costs or other expenses payable or incurred by the Trustee, in relation to such liability;
- (c) any amount which the Trustee agrees to pay, after consultation with or at the direction of the Trust Manager, to any person in settlement of any liability or alleged liability or application for an order under the Consumer Credit Law;
- (d) any legal costs or other costs payable or incurred by the Trustee in relation to that application or settlement; and
- (e) any other losses incurred by the Trustee as a result of any breach of the Consumer Credit Law,

to the extent to which a person can be indemnified for that liability, money or amount under the Consumer Credit Law and includes all amounts ordered by a court or other judicial body, regulatory or administrative body to be paid by the Trustee.

"**Trustee Fee Letter**" means the fee letter between the Trustee, in its personal capacity, and a member of the Latitude Group for the Trust.

### **Appointment of Trust Manager**

Under the terms of the trust management deed dated 13 February 2017 (the "**Trust Management Deed**") the Trust Manager is appointed to manage the Trust in connection with the Transaction Documents and to exercise its rights and comply with its obligations under the Transaction Documents.

The Trust Manager will only be considered to have knowledge or awareness of, or notice of, any matter or thing, or grounds to believe anything in respect of the Trust by virtue of the officers of the Trust Manager having day to day responsibility for the administration of the Trust (or the Trust Manager's obligations in respect of the Trust) having actual knowledge, actual awareness or actual notice of that matter or thing, or grounds or reason to believe that thing.

The Trust Manager may direct the Trustee, in a general or specific way, in relation to how to carry on the Trust Business of the Trust. The Trust Manager has also agreed to undertakings in its capacity as Trust

Manager of the Trust including, amongst other things, an undertaking to carry on the day-to-day administration, supervision and management of the Trust Business in a proper and efficient manner.

The Trust Manager may employ agents and attorneys and may delegate any of its right or obligations in its capacity as trust manager of the Trust. The Trust Manager agrees to notify the Trustee of any such delegation. The Trust Manager also has the right to rely on certain reports, opinions, statements and other documents delivered to it pursuant to the Transaction Documents.

For the avoidance of doubt, the appointment as trust manager of the Trust does not mean that the Trust Manager is a trustee for the benefit of, is a partner of or has a fiduciary duty to, or other fiduciary relationship with, the Trustee or any other person.

### **Change of Trust Manager**

The Trustee may (and must if so directed by the Trust Secured Creditors) remove the Trust Manager as trust manager of the Trust Business for the Trust by giving the Trust Manager thirty (30) days' written notice of removal, which notice may only be given upon the occurrence and subsistence of a Trust Manager Termination Event.

The Trust Manager may retire as trust manager of the Trust by giving the Trustee and the Credit Rating Agencies at least ninety (90) days' notice of its intention to do so.

The retirement or removal of the Trust Manager as trust manager of the Trust takes effect when:

- (a) a successor trust manager is appointed for the Trust; and
- (b) the successor trust manager and each other party to the Transaction Documents to which the Trust Manager is a party in its capacity as trust manager have the same rights and obligations among themselves as they would have had if the successor trust manager had been party to them at the dates of those documents.

If the Trust Manager gives notice of its intention to retire or is removed as trust manager of the Trust, the retiring Trust Manager agrees to use its best endeavours to ensure a successor trust manager is appointed as soon as possible. If a successor trust manager is not appointed within ninety (90) days after notice of retirement or removal is given, the Trustee (at the direction of the Trust Secured Creditors) or the retiring trust manager may appoint a successor trust manager for the Trust. In respect of any outstanding Rated Debt, a successor trust manager may only be appointed if the Trust Manager has given each Credit Rating Agency of the Trust prior written notice of the proposed appointment of the successor trust manager to each Credit Rating Agency of any outstanding Rated Debt. In respect of any outstanding Rated Debt, a successor trust manager may only be appointed if each Credit Rating Agency of the Trust has confirmed, or is taken to have confirmed, that the appointment of the successor trust manager will not adversely affect the current rating of Rated Debt.

### **Trust Manager Fees, Costs and Indemnities**

The Trustee shall pay to the Trust Manager a fee for providing its services in relation to the Trust under the Trust Management Deed and the other Transaction Documents. The amounts of all fees, costs, indemnities and other payments due to be paid to the Trust Manager under and in accordance with the terms of the Transaction Documents will be paid from the Available Funds that are available to the Trustee to make payments in respect of each Series. The portion of such fees, costs, indemnities and payments that will be funded from the Available Funds that are available to the Trustee to make payments on the Series 2018-1 Investor Interest Note is as described in the section entitled "*Series 2018-1 – Application of Available Funds*".

The fees, costs and other amounts payable to the Trust Manager under the Trust Management Deed, in respect of each Collection Period, shall be paid on the relevant Transfer Date (the "**Aggregate Investor Trust Manager Payment Amount**").

### Directions to Trustee by Trust Manager

The Trustee must carry out the Trust Business of the Trust in accordance with the Trust Manager's directions. The Trust Manager must not direct the Trustee to do anything or refrain from doing anything, in connection with the Trust if doing, or not doing, that thing would:

- (a) have a Material Adverse Effect in respect of the Trust;
- (b) lead to the Trustee incurring any actual or potential tax liability (unless the Trustee can pay the Tax without affecting its ability to comply with its payment obligations to the Trust Secured Creditors);
- (c) lead to the Trustee becoming a member of a "**Tax Consolidated Group**" (as defined in the Australian Tax Act) unless the Trust Manager (acting reasonably) is satisfied that: (a) the Trustee's ability to comply with its payment obligations to the Trust Secured Creditors would not be affected by it becoming a member of such Tax Consolidated Group; (b) the Trustee has complied and will be able to comply with all its obligations under any Transaction Document relating to the Trustee becoming a member of such Tax Consolidated Group; and (c) the Trustee has entered into or will, upon becoming a member of such Tax Consolidated Group, enter into a tax sharing agreement acceptable to the Trustee which will ensure that the Trustee is not exposed to an unfunded tax liability. The Trustee acknowledges that a tax sharing agreement with a 'nil allocation' to that Trust and in respect of which a satisfactory legal opinion has been provided regarding whether it is a valid tax sharing agreement will be acceptable to the Trustee;
- (d) be illegal or contrary to the terms of the Transaction Documents;
- (e) result in the Trustee breaching a fiduciary duty in respect of the Trust; or
- (f) result in the Trustee incurring a personal liability in circumstances where the Trustee is not reasonably satisfied that it is adequately indemnified against that liability.

### Issuances of Related Debt by the Trust

The Trustee, at the direction of the Trust Manager, may issue a new Series Investor Interest Note or other form of Related Debt from time to time **provided that** the Trust Manager has confirmed to the Trustee that it has received the following:

- (a) Funding Documentation, a Loan Note Supplement and a Supplement duly executed by the Trustee and other relevant parties in respect of such Related Debt and Associated Debt;
- (b) confirmation that all conditions precedent to the issue of a new Series Investor Interest Note under the Investor Interest Note Funding Deed and the Supplement have been satisfied;
- (c) a Solvency Certificate from the Transferor; and
- (d) written confirmation from each relevant Credit Rating Agency that the issuance of the Related Debt will not result in an Adverse Rating Event (which confirmation shall be deemed to have been given by any Credit Rating Agency which issues a rating of any Rated Debt issued in connection with such new Series).

The relevant Funding Documentation together with the relevant Supplement entered into in respect of a Series of Related Debt is required to specify the principal terms of such Series and any supplements, amendments and variations to the Master Trust Deed and Cashflow Allocation Deed as a consequence thereof and, if there is more than one type or Class or tranche of Related Debt, the rights and priorities of such type or Class or tranche thereof vis-à-vis the other types or Classes or tranches of Related Debt constituting the new Series.

On the Closing Date the Trust issued the following Series of Related Debt: (i) the Series 2017-1 Investor Interest Note; (ii) the Series 2017-VFN Investor Interest Note; and (iii) the Originator VFN Investor Interest Note, each of which was subscribed for by the Loan Note Trustee and, in respect of the Series 2017-1 Investor Interest Note, the subscription was funded by the issue by the Loan Note Trustee of the Series 2017-1 Notes. On the Series 2017-2 Closing Date the Trust issued the Series 2017-2 Investor Interest Note which was subscribed for by the Loan Note Trustee, such subscription was funded by the issue by the Loan

Note Trustee of the Series 2017-2 Notes. On the Series 2018-1 Closing Date the Trust will issue the Series 2018-1 Investor Interest Note which will be subscribed for by the Loan Note Trustee, such subscription will be funded by the issue by the Loan Note Trustee of the Series 2018-1 Notes. A Trust Note Register is and will continue to be maintained to record certain material information about each Series of Related Debt issued from time to time by the Trust. Related Debt issued by the Trust may only be transferred if permitted under the terms of the relevant Funding Documentation.

The terms of the Series of Related Debt and the priorities of payments relating thereto will be set out in the relevant Series Investor Interest Note (in respect of Series 2018-1, the Series 2018-1 Investor Interest Note), the Cashflow Allocation Deed and each Supplement thereto (in respect of Series 2018-1, the Series 2018-1 Supplement).

**"Adverse Rating Event"** means, at any time, any actual or proposed downgrade, withdrawal or suspension of the then current ratings assigned to any outstanding Rated Debt by a Credit Rating Agency ignoring (for such purposes) any outstanding Rated Debt in respect of which the Final Redemption Date has passed.

**"Associated Debt"** shall mean any notes (including the Series 2018-1 Notes) or similar instrument issued by the Loan Note Trustee to fund its subscription for a Series of Related Debt, including the Series 2018-1 Investor Interest Note, as more particularly specified in the relevant Supplement.

**"Funding Documentation"** in respect of a Series means the documentation that sets out the terms and conditions of the Series of Related Debt or Series of Associated Debt, as applicable, whether in the form of a deed poll and/or terms and conditions and/or a funding deed, otherwise or equivalent.

**"Related Debt"** shall mean each Series of debt issued by the Trust including each Series Investor Interest Note, in each case as further specified in the related Supplement for such Series.

**"Series"** means the Related Debt and/or Associated Debt which is referred to in the applicable Supplement as appertaining to the relevant Series.

#### **Transferor Interest Note**

The Trustee as trustee of the Trust issued a variable funding note (the **"Transferor Interest Note"**) to the Transferor on the Closing Date in an initial Principal Amount Outstanding equal to A\$4,496,500.83. The estimated Principal Amount Outstanding of the Transferor Interest Note on the Series 2018-1 Closing Date is A\$10,900,000. The Transferor Interest Note consists of two separate tranches:

- (i) the Eligible Receivables Tranche; and
- (ii) the Expenses Tranche.

The Transferor Interest Note together with any outstanding interest and other amounts due shall be repaid in full on the first Payment Date that falls more than 30 years after the date the Transferor Interest Note was issued (the **"Scheduled Redemption Date"**) or (if earlier) on any date on which the Trust terminates (in accordance with the terms of the Master Trust Deed) or an enforcement notice is delivered following a Trust Event of Default, in each case from the funds available for such purpose under the terms of the Cashflow Allocation Deed. The **"Final Redemption Date"** in respect of the Transferor Interest Note means the date falling twelve (12) months after the Scheduled Redemption Date.

The principal terms of the Transferor Interest Note are contained in the Master Trust Deed. The Transferor may not transfer, assign, exchange, place in any custodial arrangement for security purposes, convey or dispose of any of its rights, title or interest in and to the Transferor Interest Note (a **"Disposal"**) or subject the Transferor Interest Note to any security interest except: (i) the Transferor may make a Disposal of, or create or grant any Security Interest over, the whole or any part of the Transferor Interest Note, that is a Permitted Security Interest; and (ii) the Transferor may make a Disposal in connection with a transfer by the Transferor of the whole or substantially the whole of its properties and assets to any person pursuant to a consolidation or merger permitted under the terms of the Origination and Sale Deed where the transferee expressly assumes the duties and obligations of the Transferor under the Transaction Documents and shall be the relevant person in respect of which the occurrence of a Pay Out Insolvency Event shall be determined.

**"Affiliates"** of any person shall mean any other person controlling, controlled by or under common control with such person.

### **Interest Accrual on the Transferor Interest Note**

Interest accrues on the Transferor Interest Note on a daily basis on the Principal Amount Outstanding of the Transferor Interest Note on such day, calculated on the basis of a 365 day year and such amount shall be payable in arrears on each Payment Date in respect of the relevant Interest Period.

The rate of interest applied to calculate the amount of interest payable on the Transferor Interest Note in respect of each Interest Period is calculated on the relevant Determination Date for such Interest Period and shall be the weighted average of the rates of interest or coupons calculated as being payable on each Series Investor Interest Note (excluding the Originator VFN Excess Amount) on such Determination Date.

**"Determination Date"** shall mean, unless otherwise specified in a Supplement, the third Business Day prior to each Transfer Date.

Interest will cease to accrue on the Transferor Interest Note on the date of redemption in full of such Transferor Interest Note unless payment of principal is improperly withheld or refused, in which event interest will continue to accrue (after as well as before judgment) in respect of each Interest Period to the Final Redemption Date of the Transferor Interest Note.

Interest and other payments payable on the Transferor Interest Note will be paid subject to the terms of the Cashflow Allocation Deed. There will be no default under the Transferor Interest Note if a payment is not made as a result of the Trustee not having sufficient funds in accordance with the terms of the Cashflow Allocation Deed to pay that amount.

### **Further Drawings under the Transferor Interest Note**

#### **(a) *Cash Drawings***

A further drawing under the Eligible Receivables Tranche of the Transferor Interest Note may be made on any Relevant Date by way of cash following receipt by the Trustee of a drawdown notice from the Trust Manager.

#### **(b) *Deemed Drawings and Deemed Set-Off Against other Payments:***

A further drawing under the Eligible Receivables Tranche of the Transferor Interest Note will be made on any Relevant Date on which the amount of Cash Available for Investment available to the Trustee is insufficient to make any payments of Acceptance Price for Existing Receivables or as further payments of Purchase Price for Subsequent Receivables to be paid by the Trustee on such date in the amount of the shortfall or for the purposes of funding any Receivables against which Incorrect Payments or Allocated Ineligible Collections was applied and which is to be paid to the Transferor. The obligation of the Transferor to fund the further drawing will be set-off against the shortfall in cash available to pay the Acceptance Price or further amount of Purchase Price or the amount of the Incorrect Payment or Allocated Ineligible Collection to the Transferor.

#### **(c) *Expenses Tranche***

A further drawing under the Expenses Tranche of the Transferor Interest Note may only be made upon agreement between the Transferor and the Trustee in connection with the issuance of a new Series.

### ***Principal Repayments under the Transferor Interest Note***

#### **(a) *Cash Repayments***

Cash Available for Investment may be applied to make a principal repayment under the Eligible Receivables Tranche of the Transferor Interest Note in accordance with the terms of the Cashflow Allocation Deed on any Relevant Date.

#### **(b) *Repayments by way of Set-Off***

The Principal Amount Outstanding under the Eligible Receivables Tranche of the Transferor Interest Note shall be repaid in an amount equal to the payment obligations of the Transferor in



respect of a breach of warranty or a Reduction under the terms of Origination and Sale Deed. The effect of this is that principal amount owing by the Trustee to the Transferor under the Eligible Receivables Tranche of the Transferor Interest Note will be set off against such payment obligation of the Transferor and reduced by an amount equal to such Reduction or Early Collection applied by the Trustee to make a repayment of principal under the Eligible Receivables Tranche of the Transferor Interest Note with the two payments being set-off against each other.

(c) ***Expenses Tranche***

The Expense Tranche of the Transferor Interest Note shall be repaid on each Transfer Date from the Available Funds of each Series available for such purposes in accordance with the terms of the Cashflow Allocation Deed and each Supplement thereto until repaid in full.

**Transferor Interest**

The Transferor Interest represents the amount of the Eligible Receivables Tranche of the Transferor Interest Note that is used for the purpose of calculating the funds available to the Trustee in respect of Collections and related amounts (other than Ineligible Collections) to make payments of interest on the Transferor Interest Note and to pay the Transferor Interest Note's pro-rata share of certain payments required to be made by the Trust to third parties.

**Duration of the Trust**

The trust ends on the earlier of:

- (a) the day before the eightieth anniversary of the commencement of the Trust; and
- (b) the date on which the Trust Manager notifies the Trustee that it is satisfied that all of the Trust Secured Obligations have been unconditionally and irrevocably repaid in full and the security interest under the Security Trust Deed in respect of the Trust Assets has been fully discharged and provided that the Trust Manager is not aware of any intention to continue to use the Trust for the purpose of issuing further Series of Related Debt.

**"Associated Debt Conditions"** means the terms and conditions of the Series 2018-1 Notes as contained in the Associated Debt Funding Document.

**"Associated Debt Funding Document"** means the funding deed or note deed poll entered into by the Loan Note Trustee in respect of the Series 2018-1 Notes and containing, among other things, the Associated Debt Conditions in respect of such Series.

**"Series Document"** means, in relation to a Series, the Security Trust Deed, the Security and Cashflow Allocation Deed, the relevant Supplement, the relevant Loan Note Supplement, the relevant Related Debt Conditions, the relevant Associated Debt Conditions, any related note deed poll, and any Supplemental Security Document or other Transaction Document creating or evidencing the rights and obligations of the Trustee or Loan Note Trustee specific to such Series and any other documents entered into in connection with such Series.

**"Supplemental Security Document"** means each further security document in respect of any Series and as specified in the relevant Loan Note Supplement (but, for the avoidance of doubt, not including any Loan Note Supplement).

**"Trust Secured Obligations"** means all amounts due to the Trust Secured Creditors of a Series of Related Debt in accordance with the relevant Related Debt Conditions and the relevant Series Documents and any other amounts payable by the Trustee hereunder or under any other Transaction Documents which the Security Trustee determines in its sole discretion are referable or allocable to such Series of Related Debt.

**"Related Debt Conditions"** means the terms and conditions applying to a Series Investor Interest Note entered into at the time of issuance.

**"Unit"** means each unit in the Trust or Loan Note Trust, as applicable.

## **Loan Note Trust**

The Loan Note Trust Deed and the terms of appointment and role of the Loan Note Trustee and Loan Note Trust Manager are generally identical to the provisions set out above for the Trust, the Trustee and the Trust Manager, including in respect of the taxation of the Loan Note Trust and the Tax Ledger, subject to the material differences set out below.

The Loan Note Trust Assets will consist of the Series of Related Debt, including the Series 2018-1 Investor Interest Note issued by the Trust and subscribed for by the Loan Note Trustee including the payments received by it pursuant thereto and cash held in any bank account by the Loan Note Trustee. The Loan Note Trust will issue Series of Associated Debt and the provisions set out above relating to the Transferor Interest Note are not applicable to the Loan Note Trust.

The Loan Note Trustee will use the payments it receives on each Series of Related Debt (including the Series 2018-1 Investor Interest Note) to make payments on the relevant Associated Debt for that Series which, in respect of Series 2018-1, is the Series 2018-1 Notes. The Loan Note Trustee obligations under each Series of Associated Debt (including the Series 2018-1 Notes) will be limited in recourse to the amounts received by it under the relevant Series of Related Debt (in this case, the Series 2018-1 Investor Interest Note) and the Loan Note Trustee will grant segregated security in favour of the Loan Note Security Trustee over each Series of Related Debt and any payments received by it pursuant thereto and held in any Loan Note Trustee bank account for the benefit of the holders of the relevant Associated Debt and any other Loan Note Secured Creditors for such Series, including granting security over its rights under and payments received pursuant to the Series 2018-1 Investor Interest Note for the sole benefit of the Noteholders under the Series 2018-1 Notes and the other Loan Note Secured Creditors in respect of the Series 2018-1 Notes. See the section entitled "*Security and Cashflow Allocation Deed*" for a more detailed description of the security.

Any amendments made to the Loan Note Trust documentation will be in accordance with the process contained in the Security and Cashflow Allocation Deed as described in the section entitled "*Security and Cashflow Allocation Deed*".

**"Aggregate Investor Loan Note Trustee Payment Amount"** means the fees, costs and other amounts payable to the Loan Note Trustee under the Loan Note Trust Deed, in respect of each Collection Period and paid on the relevant Transfer Date.

## SERVICING OF RECEIVABLES

### General

Latitude Finance Australia ("**Latitude**") was appointed by the Trust Manager on behalf of the Trustee as initial Servicer under the terms of the servicing deed dated on the Closing Date between the Servicer, the Trust Manager and the Trustee (the "**Servicing Deed**").

The Servicer may, in the ordinary course of business, delegate any or all of its duties as Servicer under the Servicing Deed to any other person who agrees to conduct such duties where applicable in accordance with the Servicing Guidelines. Regardless of any such delegation, the Servicer will remain fully liable for all obligations of the Servicer under the Servicing Deed.

To aid the administration and settlement of certain cash payments, the Servicer, the Trustee and the Transferor have entered into the master cash settlement agreement dated on the Closing Date (the "**Master Cash Settlement Agreement**"), the terms of which allow certain payments to and from the Transferor to be set off against each other and permit the Transferor to retain Collections which would otherwise be paid back to it by the Trustee (either as payments due to it or as refundable advance principal payments).

The Servicer (which term, for the purposes of the description of its servicing functions and obligations in this Offering Circular and unless the context requires otherwise, includes any delegate appointed by it in relation to such servicing functions and obligations (a "**Delegate**")) performs servicing, administration and management functions in relation to the Acquired Receivables and Designated Accounts and collects payments due in respect of the Acquired Receivables (the "**Services**"). The Servicer is required to perform the Services in accordance with the Transaction Documents, the Servicing Guidelines and customary and usual procedures and normal market practice (so far as consistent with the Servicing Guidelines).

Without limiting the generality of the foregoing, the Servicer's duties include collecting and directing the payment of the Collections in respect of Acquired Receivables and paying all Collections in its possession or control into the Trustee Collection Account no later than the Business Day after the Date of Processing and identifying any such funds which are required to be transferred to the Trustee Collection Account.

The Servicer has the following powers, subject to any applicable terms of the Servicing Guidelines and any applicable law:

- (a) to arrange the rescheduling of interest due and unpaid under any Acquired Receivables or Designated Accounts of the Trust;
- (b) in its discretion, to waive any right in respect of any Acquired Receivables or Designated Accounts;
- (c) to grant an extension of maturity beyond the originally contracted final payment date under any Acquired Receivable or Designated Account;
- (d) subject to paragraphs (a), (b) or (c) above, to permit a Customer to repay an Acquired Receivable early, whether as part of a refinancing or otherwise;
- (e) to carry out evaluations of Acquired Receivables for the purpose of determining whether any such Acquired Receivables should be charged off in accordance with the Servicing Guidelines;
- (f) to monitor payments by Customers and notify Customers of overdue payments;
- (g) to credit and debit the Accounts of the Customer as appropriate;
- (h) to execute and deliver, where appropriate, any instruments of satisfaction or cancellation, or of partial or full release or discharge with respect to the Acquired Receivables or Designated Accounts and to commence enforcement proceedings with respect to delinquent Acquired Receivables or Designated Accounts;
- (i) to make any filings with any relevant securities or other authority as may be necessary or advisable to comply with any securities or reporting requirements; and

- (j) to do any and all things in connection with the performance of the Services as it shall deem necessary or desirable.

### **Representations and undertakings**

The Servicer gives representations and warranties as to matters concerning its incorporation and existence, power to enter Transaction Documents and perform its obligations, no contravention with constituent documents or limitation on powers to be exceeded, all necessary authorisations, binding and enforceable obligations, no breach of obligations, corporate benefit, no filing or stamping, no breach of law or constituent documents or any security interest or material agreement binding on it, no litigation which would have a Material Adverse Effect, no immunity, not aware of any fraud or misrepresentation or negligence, all information provided is correct, no Servicer Termination Event is subsisting, has all necessary documents to enforce the Acquired Receivables, Servicing Guidelines comply with all applicable laws, and it holds an Australian Credit Licence.

The Servicer gives undertakings that it will comply with laws (including Consumer Credit Laws), provide independent auditors' servicing reports annually, protect the Trustee's legal interest in the Acquired Receivables, provide the Trustee and Trust Manager with reasonable access to records, maintain insurance in relation to its business and assets, maintain its corporate existence, notify upon an Insolvency Event occurring, maintain an Australian Credit Licence, ensure security interests are perfected, take action to enforce rights against Customers to the extent appropriate and consistent with the Servicing Guidelines, give all notices and other documents required to be given at law or under the relevant Servicing Guidelines, provide required reports and statistics, provide information and documents requested by the Trustee or Trust Manager, notify the balance of Eligible Receivables in Defaulted Accounts, provide Credit Rating Agencies with required information, comply with its obligations under the Transaction Documents and inform of any Pay Out Event, Trust Event of Default, Servicer Termination Event, Trust Manager Termination Event or Title Perfection Event. The Servicer cannot assign its rights under the Servicing Deed other than pursuant to a Permitted Security Interest.

"**Australian Credit Licence**" means an Australian credit licence granted by ASIC under the *National Consumer Credit Protection Act 2009* (Cth).

### **Servicing Fees**

As full compensation for its servicing duties and activities and as reimbursement for any expense incurred by it in connection therewith, Latitude Finance Australia as Servicer is entitled to receive a senior fee (the "**Senior Servicing Fee**") and a junior fee (the "**Junior Servicing Fee**") (together, the "**Servicing Fee**") from the Trustee with respect to each Collection Period. The Servicing Fee (which is exclusive of any GST thereon, if any) is payable monthly on the Transfer Date relating to each Collection Period.

The Senior Servicing Fee will be the sum of:

- (i) the product of (x) one twelfth of 1.0 per cent.; and (y) the aggregate outstanding amount of the Eligible Receivables Balance at the beginning of the relevant Collection Period; less
- (ii) any amount agreed to be partially waived by the Servicer on the Transfer Date for the Trust.

The Junior Servicing Fee will be the sum of:

- (i) the product of (x) one twelfth of 4.5 per cent.; and (y) the aggregate outstanding amount of the Eligible Receivables Balance at the beginning of the relevant Collection Period; less
- (ii) any amount agreed to be partially waived by the Servicer on the Transfer Date for the Trust.

The Servicing Deed also provides for the Junior Servicing Fee to be renegotiated over time, as needed, to ensure that the aggregate of the Senior Servicing Fee and the Junior Servicing Fee are equal to the benchmark fee calculated using external original and servicing benchmarks.

The Trustee, on the direction of the Trust Manager, will pay or reimburse the Servicer for (a) all reasonable costs incurred by the Servicer in connection with the negotiation and preparation of the Transaction Documents and the enforcement of defaulted Trust Assets (including legal costs and costs relating to court proceedings), (b) taxes, fees, fines and penalties in respect of fees paid or payable in connection with any

Transaction Document and (c) the Servicer's costs in connection with enforcement or reservation of its rights under the Transaction Documents.

### **Payment of Servicing Fees**

All amounts of Senior Servicing Fee, Junior Servicing Fee and any costs, expenses or other amounts payable by the Trustee to Latitude as Servicer shall be paid by the Trustee from the Available Funds for each Series of Related Debt and the Transferor Available Funds in respect of that Series and the Transferor Interest Note's pro-rata share of such Senior Servicing Fee, Junior Servicing Fee and costs calculated and distributed in accordance with the terms of the Cashflow Allocation Deed, each Supplement thereto and the Master Trust Deed.

The portion of the Senior Servicing Fee and any costs, expenses or other amounts (other than the Junior Servicing Fee) to be met from the Available Funds available to the Trustee (with respect to any Collection Period) in respect of Series 2018-1 on any Transfer Date, being the Investor Senior Servicing Amount for Series 2018-1 is described in "*Series 2018-1*".

The aggregate of the Senior Servicing Fee and any costs, expenses or other amounts (other than the Junior Servicing Fee) payable by the Trustee (with respect to any Collection Period) less the aggregate of the Investor Senior Servicing Amounts for all series of Related Debt (with respect of any Collection Period) ("**Transferor Senior Servicing Amount**"), shall be payable by the Trustee from the Transferor Available Funds in accordance with the Cashflow Allocation Deed, provided that, the amount of the Transferor Senior Servicing Amount for any Collection Period shall not exceed the Transferor Available Funds for such Collection Period with any excess being deferred and paid as and when sufficient Transferor Available Funds are available.

To the extent that the amounts payable by the Trustee to the Servicer exceed the amount of Available Funds available to the Trustee for such purpose, the Trustee shall be liable to pay such amounts only to the extent of such Available Funds and shall not be liable to pay any amounts in excess.

If there are insufficient funds made available to the Trustee to pay the Junior Servicing Fee in full on a Transfer Date (a "**Shortfall**"), the Junior Servicing Fee shall not be payable to the extent of such Shortfall and such amount shall be deferred and paid as and when sufficient funds are so available.

"**Transferor Available Funds**" shall mean, with respect to any Collection Period (or the following Determination Date or Transfer Date), an amount equal to the aggregate Transferor Finance Charge Amounts and Transferor Acquired Interchange Amounts credited to the Transferor Finance Charge Collections Ledger for such Collection Period.

### **Termination of Appointment of Servicer**

The appointment of Latitude Finance Australia as Servicer under the Servicing Deed, and the appointment of any person as a Successor Servicer to Latitude Finance Australia of the Acquired Receivables may only be terminated upon the occurrence of a Servicer Termination Event (as defined below). Where a Servicer Termination Event has occurred and is continuing, the Trustee may terminate all of the rights and obligations of the Servicer as Servicer under the Servicing Deed by serving a notice in writing to that effect (a "**Servicer Termination Notice**") on the Servicer. If the Trustee at any time becomes entitled to give a Servicer Termination Notice, it shall give such a notice if requested to do so by the Trust Manager. The Trust Manager must notify the relevant Credit Rating Agency of the termination.

If the Servicer's appointment has been terminated as a result of a Servicer Termination Event in circumstances where a Delegate Servicer has been appointed, the Transferor or the Trustee (as the case may be) may require the Delegate Servicer to continue performing its duties until a Successor Servicer has been appointed and the Trustee may (on the instructions of the Trust Manager) utilise amounts that would otherwise be available to pay the Servicing Fee to pay the fees of the Delegate Servicer.

"**Delegate Servicer**" shall mean any person who has agreed to perform any of the duties of the Servicer under the Servicing Deed following the delegation by the Servicer.

"**Servicer Termination Event**" means any one of the following events:

- (a) an Insolvency Event occurs in relation to the Servicer;

- (b) any representation, warranty or statement made, repeated or taken to be made or repeated by the Servicer in any Transaction Document or in any document, of any nature, issued under any Transaction Document is untrue when made or repeated and which has, or is likely to have a Material Adverse Effect and which continues to be incorrect in any material respect for a period of sixty (60) days after the date on which written notice of such incorrectness, requiring the same to be remedied, shall have been given to the Servicer by the Trustee and continues to have a Material Adverse Effect;
- (c) the Servicer breaches any undertaking or covenant in favour of another party to a Transaction Document which has, or is likely to have, a Material Adverse Effect and which continues unremedied for a period of sixty (60) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Trustee and continues to have a Material Adverse Effect; or
- (d) the Servicer fails to pay when due (including any payments it is obliged to procure on behalf of the Transferor) any amount due and payable by it to the Trustee under the Transaction Documents and the Servicer does not remedy the failure within five (5) Business Days of becoming aware of such circumstance,

however, a delay in or failure to perform (i) the matters referred to in (d) above for a period of five (5) Business Days or (ii) the matters referred to in (b) or (c) above for a period of sixty (60) days, will not be a Servicer Termination Event if such delay or failure is caused by an event amounting to force majeure (as listed in the Servicing Deed) and that delay or failure could not have been prevented by the exercise of reasonable diligence by the Servicer.

The Servicer may also resign from its obligations and duties as Servicer under the Servicing Deed upon ninety (90) days' notice.

The termination of the appointment of the Servicer or voluntary retirement of the Servicer shall not take effect until a Successor Servicer has been appointed in accordance with the terms of the Servicing Deed.

**"Material Adverse Effect"** means a material adverse effect as determined by: (i) in respect of the Trust, the Trustee (acting on the instructions of the Trust Manager) or the Security Trustee; and (ii) in respect of the Loan Note Trust the Loan Note Trustee (acting on the instructions of the Loan Note Trust Manager) or the Loan Note Security Trustee, as applicable on:

- (a) the credit quality of the Trust Assets or the Loan Note Trust Assets taken as a whole;
- (b) the ability of the Trustee or the Loan Note Trustee to perform any of its payment obligations or meet its financial undertakings under any Transaction Document;
- (c) the validity or enforceability of the Transaction Documents; or
- (d) the effectiveness or ranking of any security interest granted, or purported to be granted, under the Transaction Documents.

### **Indemnities and exoneration**

The Servicer has agreed to indemnify the Trustee from and against all costs, loss, damage or liability ("**Liabilities**") suffered by the Trustee as a consequence of a Servicer Termination Event. However, the Servicer will not indemnify the Trustee:

- (a) to the extent such Liabilities are caused by fraud, negligence, wilful default or bad faith of the Trustee;
- (b) for any liabilities, costs or expenses of the Trust with respect to any action taken by the Trustee at the request of the Trust Manager (other than where the Trust Manager is an Affiliate of the Servicer), otherwise than as a consequence of fraud, wilful misconduct, bad faith or gross negligence of the Servicer;
- (c) for any losses, claims or damages incurred in respect of the Trust, including, without limitation, losses incurred as a result of Acquired Receivables in Defaulted Accounts; and

- (d) for any liabilities, costs or expenses incurred by any of them under any tax law (or any interest or penalties with respect thereto or arising from a failure to comply therewith),

provided that paragraphs (b) to (d) above shall not apply in respect of any Penalty Payment incurred by the Trustee arising from a breach by the Servicer of its undertaking under Consumer Credit Laws.

Any such indemnification shall be payable by the Servicer itself and not be payable from the Trust Assets of the Trust.

Other than as described above, the Servicer will not be under any liability to the Trustee or any other person for any action or inaction of the Servicer under the Servicing Deed other than to the extent caused by a breach of the Servicer of the Transaction Documents to which it is party.

### **Back-Up Servicing Deed**

AMAL Asset Management Limited has been appointed by the Trustee and the Trust Manager to act as back-up servicer (the "**Back-Up Servicer**") by way of an agreement dated on the Closing Date (the "**Back-Up Servicing Deed**"). Under the terms of the Back-Up Servicing Deed the Back-Up Servicer provides the Back-Up Servicing Functions in respect of the Trust.

If the Servicer is removed or retires as servicer of the Acquired Receivables with respect to the Trust, the Back-Up Servicer agrees to act as Servicer of those Acquired Receivables pursuant to the provisions of the Servicing Deed and as outlined in the Servicing Guidelines. The provisions of the Servicing Deed (other than the servicing fee payable to the Servicer under the Servicing Deed) applying to the Servicer therein will apply to the Back-Up Servicer as successor Servicer.

The Back-Up Servicer will not be responsible or liable to any person for any inability to perform, or any deficiency in performing, its duties and obligations under the Back-Up Servicing Deed in respect to:

- any state of affairs of (i) the Servicer, (ii) the books and records of the Servicer, (iii) the business, data collection, storage or retrieval systems of the Servicer, or (iv) the computer equipment or software of the Servicer, at the time of the removal or retirement of the Servicer under the Servicing Deed;
- any inaccuracy, incompleteness or lack of currency of any data, information, documents or records on which it is entitled to rely unless the Back-Up Servicer is actually aware that such data, information, documents or records are incorrect or inaccurate;
- any failure to comply with the terms of the Back-Up Servicing Deed (having used its reasonable endeavours), as a result of being unable to obtain sufficient access to the Servicer's books and records, business, data collection, storage or retrieval systems or use or access the Servicer's computer equipment or software; or
- any failure by a person (other than the back-up servicer as servicer) to comply with its obligations under the Servicing Deed.

"**Back-up Servicing Functions**" means the roles and responsibilities of the Back-Up Servicer in relation to the potential future servicing of Acquired Receivables as set out in the Back-Up Servicing Deed.

### **Back-Up Servicing Fee**

The Back-Up Servicer is paid a fee (the "**Back-Up Servicing Fee**") in the amount agreed in the letter dated on the Closing Date between the Back-Up Servicer and the Trust Manager (the "**Back-Up Servicer Fee Letter**") which shall be paid in accordance with the terms of the Cashflow Allocation Deed and each Supplement. A portion of the Back-Up Servicing Fee and any costs, expenses or other amounts payable by the Trustee in respect of each Series from the Available Funds will be borne by the Available Funds for each Series of Related Debt (the "**Investor Back-Up Servicing Amount**" see the section entitled "*Series 2018-1*" for further detail) with the remainder being paid from the Transferor Available Funds.

On or from the Appointment Date, the Back-Up Servicer will also be paid fees as Servicer. The fees as Servicer will be the product of (i) one twelfth of a percentage to be agreed between the Back-Up Servicer and the Trust Manager (up to a maximum percentage of 1 per cent per annum); and (ii) the aggregate

outstanding amount of Acquired Receivables of the Trust at the beginning of the relevant Collection Period (the "**Senior Back-Up Servicer Fee**") plus any amount agreed between the Back-Up Servicer and the Trust Manager in excess of the Senior Back-Up Servicer Fee shall be paid as a Junior Servicing Fee.

"**Appointment Date**" the date on which the retirement or removal of the Servicer is to take effect in accordance with the Servicing Deed.



## ALLOCATION OF TRUST CASHFLOWS

### Transferor Collection Accounts

The Transferor has opened accounts with the Transferor Account Bank in its own name for the purpose of receiving, *inter alia*, Collections (the "**Transferor Collection Account**"). The Transferor shall (and shall procure that each Existing Owner shall) ensure, or the Servicer shall ensure on behalf of the Transferor and each Existing Owner, that Collections are credited to the Transferor Collection Accounts no later than the Business Day following the Date of Processing of such Collections regardless of which account or accounts such Collections were originally credited.

Pending application of monies from the Transferor Collection Accounts to the Trustee Collection Account either hereunder or in accordance with the Origination and Sale Deed and the cashflow allocation deed dated on the Closing Date (the "**Cashflow Allocation Deed**"), the Collections from time to time standing to the credit of the Transferor Collection Accounts shall be held by the Transferor on trust for and to the order of the Trustee, to the extent such sums are Principal Collections, Finance Charge Collections, Acquired Interchange or Ineligible Collections and the Transferor confirms that the bank at which the Transferor Collection Accounts are maintained has been notified in writing that such account is a trust account held on the above basis.

If at any time the existing Transferor Account Bank ceases to be an Australian ADI which, insofar as the relevant Credit Rating Agency rates any Related Debt or Associated Debt, at all times has (a) a short-term unsecured debt rating of at least A-2 by S&P (or, where no short-term unsecured debt rating by S&P is available, a long-term unsecured debt rating of at least BBB by S&P), (b) a short-term unsecured debt rating of at least P-2 by Moody's and a long-term unsecured debt rating of at least Baa2 by Moody's, (c) a short-term unsecured debt rating of at least F2 by Fitch Ratings and a long-term unsecured debt rating of at least BBB+ by Fitch Ratings, (d) a long-term senior debt and deposits rating of at least BBB or R-2 by DBRS, or in the absence of a rating assigned by DBRS, a DBRS Equivalent Rating at least equal to BBB by DBRS or, such other rating from time to time notified or published by DBRS replacing any of the above ratings or implementing a rating requirement, and/or (e) such other short-term or long-term rating which is otherwise acceptable to the relevant Credit Rating Agency, the Transferor shall use (and shall procure that any Existing Owner that holds legal title to any Acquired Receivables uses) reasonable endeavours to, within 30 days (in respect of a downgrade by Fitch Ratings, Moody's or DBRS) of being notified or 60 days (in respect of a downgrade by S&P) from the date the Transferor Account Bank ceases to have such ratings, or such longer period as may be agreed with the relevant Credit Rating Agencies as not leading to a downgrade of any outstanding Rated Debt, establish a new Transferor Collection Account with an Australian ADI that does satisfy such rating requirements, and shall transfer any cash or any investments to such new Transferor Collection Account, provided that, so long as the Transferor uses reasonable endeavours to transfer or procure the transfer of the Transferor Collection Accounts within such time period, any failure to transfer shall not constitute a breach by the Transferor of any Transaction Document and will not cause a Pay Out Event to occur.

"**Trustee Collection Account**" means the bank account so entitled opened in the name of the Trustee with the Account Bank established in accordance with the Cashflow Allocation Deed and any replacement or redesignation of such bank account permitted in accordance with the Transaction Documents.

### Establishment of Trustee Bank Accounts

The Trust Manager has established and shall maintain the Trustee Collection Account and the Trustee Administration Account in the name of the Trustee with the Trustee Account Bank, each of which shall be segregated Australian Dollar denominated interest bearing accounts opened in Australia (together with any additional Trustee bank accounts may be opened by the Trustee from time to time at the Trustee Account Bank or at any other Approved Bank as specified in any Supplement), (the "**Trustee Bank Accounts**"). The Trustee, as trustee of the Trust, shall possess all legal right, title and interest in all funds on deposit from time to time in such Trustee Bank Accounts and in all proceeds thereof.

If, at any time, the bank or financial institution with which any Trustee Bank Account is held ceases to be an Approved Bank then the Trust Manager shall direct the Trustee to within thirty (30) calendar days (or such longer period as may be agreed with the relevant Credit Rating Agencies as not leading to an Adverse Rating Event), transfer each Trustee Bank Account which is held with such bank or financial institution to another bank or financial institution which is an Approved Bank. If the Trustee shall fail to establish the

new Trustee Bank Accounts, the Trust Manager shall be authorised to establish the new Trustee Bank Accounts itself.

**"Approved Bank"** means an Australian ADI which, insofar as the relevant Credit Rating Agency rates any Related Debt or Associated Debt, at all times has (a) a short-term unsecured debt rating of at least A-1 by S&P and a long-term unsecured debt rating of at least A by S&P, (b) a short-term unsecured debt rating of at least P-1 by Moody's and a long-term unsecured debt rating of at least A2 by Moody's, (c) a short-term unsecured debt rating of at least F1 by Fitch Ratings or a long-term unsecured debt rating of at least A by Fitch Ratings, (d) a long-term senior debt and deposits rating of at least A by DBRS, or in the absence of a rating assigned by DBRS, a DBRS Equivalent Rating at least equal to A by DBRS or, such other rating from time to time notified or published by DBRS replacing any of the above ratings or implementing a rating requirement, and/or (e) such other short-term or long-term rating which is otherwise acceptable to the relevant Credit Rating Agency.

**"DBRS Equivalent Rating"** shall mean: (i) if a Fitch Ratings public rating, a Moody's public rating and an S&P public rating are all available, (a) the remaining rating (upon conversion on the basis of the DBRS Equivalent Chart) once the highest and the lowest rating have been excluded or (b) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart); (ii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) above, but public ratings by any two of Fitch Ratings, Moody's and S&P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalent Chart); and (iii) if the DBRS Equivalent Rating cannot be determined under (i) or (ii) above, and therefore only a public rating by one of Fitch Ratings, Moody's and S&P is available, such rating will be the DBRS Equivalent Rating upon conversion on the basis of the DBRS Equivalent Chart.

**"DBRS Equivalent Chart"** shall mean:

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB (high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB (low)	Baa3	BBB-	BBB
BB (high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB (low)	Ba3	BB-	BB-
B (high)	B1	B+	B+
B	B2	B	B
B (low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC
CCC	Caa2	CCC	
CCC(low)	Caa3	CCC-	
CC	Ca	CC C	
D	C	D	D

#### Operation of Trustee Collection Account

The Trust Manager shall establish six ledgers relating to the Trustee Collection Account entitled (1) the **"Principal Collections Ledger"**, (2) the **"Finance Charge Collections Ledger"** (3) the **"Transferor Finance Charge Collections Ledger"** (4) the **"Ineligible Principal Collections Ledger"** (5) the **"Trustee Acquisition Ledger"** and (6) the **"Ineligible Finance Charge Collections Ledger"**. Additional ledgers, or sub-ledgers of the foregoing ledgers, may be established by any Supplement in respect of a Series. The Trust Manager shall credit amounts identified as representing Principal Collections to the Principal Collections Ledger and amounts identified as representing Finance Charge Collections and Acquired

Interchange to the Finance Charge Collections Ledger and the date of any such transfer shall be a "**Relevant Date**".

The Trustee has directed the Transferor that (subject to the provisions of certain monthly cash settlement arrangements between the Transferor and the Trustee) Finance Charge Collections and Principal Collections held on trust in the Transferor Collection Accounts for the benefit of the Trustee are to be transferred to the Trustee Collection Account on the Business Day following the Date of Processing of such Collections, or as soon as practicable thereafter.

The Trustee must regard all monies in the Trustee Collection Account as Collections in respect of Receivables assigned to the Trust unless the Servicer has notified the Trustee that part or all of such monies have been incorrectly paid into such account ("**Incorrect Payments**").

Collections representing Trust Assets are allocated as Principal Collections, Finance Charge Collections, Ineligible Principal Collections, Ineligible Finance Charge Collections and Acquired Interchange. If a Discount Percentage is nominated by the Transferor (see "*The Receivables - Discount Option Receivables*"), the resulting Discount Option Receivables will be treated as Finance Charge Receivables, and a corresponding amount of Collections which would otherwise be treated as Principal Collections being treated as Finance Charge Collections. The reverse will apply in respect of the purchase of Outstanding Finances Charges.

Unless specified otherwise in the related Supplement, each Series is or will be entitled to varying percentages of Principal Collections and Finance Charge Collections and will be allocated percentages of losses in respect of Default Amounts in Defaulted Accounts, in each case calculated in accordance with the Supplement applicable to such Series, on a *pari passu* basis with each other Series and the Transferor Interest Note. Also, as noted above, if so specified in the related Supplement, each Series is or will be entitled to a portion of Acquired Interchange in respect of each Collection Period. To the extent that any Acquired Interchange is not allocated to all such Series, such Acquired Interchange will be allocated to the Transferor Interest Note.

Receivables on Defaulted Accounts which are Eligible Receivables will be notionally allocated between the Eligible Receivables Tranche of the Transferor Interest Note and each Series Investor Interest Note in accordance with their respective Floating Percentages for the Collection Period in which such Account became a Defaulted Account reducing the Transferor Interest and each Series Investor Interest accordingly for the purposes of allocation (but not reducing the Principal Amount Outstanding under the Transferor Interest Note or any Series of Related Debt for any other purpose including for the calculation of interest payments) until such time as the Transferor Interest would be deemed to be reduced to zero and treating the resulting Investor Default Amount for each Series as provided in the related Supplement.

In the case of Reductions occurring in respect of an Eligible Receivable, the Transferor is obliged to make a payment in respect thereof under the Origination and Sale Deed. The Trustee may apply the amount received by it from the Transferor (in whole or in part) to make a principal repayment under the Eligible Receivables Tranche of the Transferor Interest Note and setting the two payment obligations off against each other. If such repayment would cause the Transferor Interest to be decreased below zero, the Trustee may apply any remainder (in whole or in part) to make a principal repayment under the Originator VFN Excess Amount of the Originator VFN Investor Interest Note and the Loan Note Trustee, as holder of the Originator VFN Investor Interest Note, shall use this amount to make a principal repayment under the Originator VFN Loan Note and, as the Transferor and Trustee agree and the Loan Note Trustee acknowledges in the Originator VFN Supplement, the repayment under the Originator VFN Investor Interest Note and the Originator VFN Loan Note shall be set-off against the obligation for the Transferor to pay such amounts in whole or in part until the Available Originator VFN Excess Amount is zero, with any remainder thereafter being applied pursuant to the terms of the relevant Supplements.

Credit Adjustments in respect of an Eligible Receivable are notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note (each a "**Transferor Credit Adjustment**") reducing the Transferor Interest accordingly for the purposes of allocations (but not reducing the Principal Amount Outstanding under the Transferor Interest Note for any other purpose including for the calculation of interest payments) until such time as the Transferor Interest would be deemed to be reduced to zero, with any remainder being notionally allocated to the Originator VFN Excess Amount reducing the Originator VFN Investor Interest accordingly for the purposes of allocations (but not reducing the Principal Amount Outstanding under the Originator VFN Investor Interest Note for any other purpose including for the calculation of interest

payments) until the Available Originator VFN Excess Amount is reduced to zero, with any remainder thereafter being applied pursuant to the terms of the relevant Supplements.

If on any Transfer Date the Transferor Default Amount for the prior Collection Period exceeds the sum of the amount applied with respect thereto pursuant to the Cashflow Allocation Deed, such excess amount, together with the amount by which the Transferor Interest has been reduced on or before such Transfer Date by any Transferor Credit Adjustments, shall together (until such time as such amounts are reinstated pursuant to the Transferor Priority of Payment or the Excess Spread Priority of Payment or the Originator VFN Supplement) constitute "**Transferor Charge-Offs**".

The Transferor is entitled to receive, to the extent sufficient Available Funds are available to the Trustee for such purpose, certain amounts of deferred consideration in relation to the transfer of Accrued Finance Charges and Discount Option Receivables. The Unitholders are entitled to receive, any Finance Charge Collections and Acquired Interchange remaining after the application of Available Funds in accordance with the terms of the Supplements and the Excess Spread Priority of Payments, subject to the terms of the Master Trust Deed and the Cashflow Allocation Deed in respect of the amount of the distribution and any amounts to be retained in respect of tax.

Certain obligations on the part of the Transferor to make a payment to the Trustee pursuant to the Origination and Sale Deed relating to Eligible Receivables in respect of which a breach of warranty has occurred and Reductions, may be fulfilled by a repayment of the relevant tranche of the Transferor Interest Note, as described in more detail in the section entitled "*Breach of warranty and repurchase of Ineligible Receivables*".

"**Floating Percentage**" means a Floating Investor Percentage or the Floating Transferor Percentage.

"**Ineligible Collections**" shall mean Ineligible Finance Charge Collections and Ineligible Principal Collections.

"**Ineligible Finance Charge Collections**" shall mean, in respect of any Collection Period, Collections in respect of Finance Charge Receivables on Ineligible Accounts.

"**Ineligible Principal Collections**" shall mean Collections in respect of Ineligible Receivables that are not Ineligible Finance Charge Collections.

"**Principal Collection**" shall mean Collections on a Designated Account other than Finance Charge Collections and Ineligible Collections.

#### **Allocation of Collections**

The Trust Manager shall direct the Trustee to arrange for the following amounts to be deposited into the Trustee Collection Account (including directing the Servicer to, and to procure the Transferor to, transfer Collections to the Trustee Collection Account) within one Business Day of the relevant Date of Processing: (i) Principal Collections to the Principal Collections Ledger of the Trustee Collection Account; (ii) Finance Charge Collections and Acquired Interchange, to the Finance Charge Collections Ledger of the Trustee Collection Account; (iii) Ineligible Principal Collections, to the Ineligible Principal Collections Ledger of the Trustee Collection Account; and (iv) Ineligible Finance Charge Collections, to the Ineligible Finance Charge Collections Ledger of the Trustee Collection Account.

In accordance with the preceding summary of general principles, the Trust Manager shall direct the Trustee to make the following daily (unless otherwise stated) transfers of monies from, or on a daily basis identify and credit to separate ledgers in, the Trustee Collection Account as follows:

- (A) Incorrect Payments: the amount of any Incorrect Payments notified to the Trustee by the Trust Manager which have not previously been allocated as Collections representing Trust Assets shall be repaid to the Transferor;
- (B) Ineligible Principal Collections: the amount of Ineligible Principal Collections notified to the Trustee by the Trust Manager which have not previously been allocated as Principal Collections shall be retained in the Ineligible Principal Collections Ledger and immediately paid to the Transferor as a repayment of the Principal Amount Outstanding;

- (C) Series Principal Collections: the relevant amount of Principal Collections to be credited to the Principal Collections Ledger, as specified in or pursuant to a Supplement for any Series, shall be retained in the Trustee Collection Account;
- (D) Cash Available for Investment: subject to any provisions of any Supplement which require any amounts to be retained in the Principal Collections Ledger (whether on account of Required Retained Principal Collections (as defined in the related Supplement for each Series) or otherwise) or, as the case may be, distributed from the Principal Collections Ledger (other than to the Trustee Acquisition Ledger), the amount of any Principal Collections remaining after the application of paragraphs (A) to (C) above (which remaining amount shall constitute Cash Available for Investment) shall be transferred to the Trustee Acquisition Ledger of the Trustee Collection Account (and a corresponding adjustment shall be made to the Principal Collections Ledger in the Trustee Collection Account);
- (E) Transferor Finance Charge Amount: an amount equal to the aggregate of: (i) the product of (1) the Floating Transferor Percentage for the Collection Period in which such Finance Charge Collections arise and (2) the aggregate amount of Finance Charge Collections in respect of the relevant Date of Processing and (ii) the aggregate amount of Ineligible Finance Charge Collections in respect of the Date of Processing (together, the "**Transferor Finance Charge Amount**") shall be transferred from the Finance Charge Collections Ledger and Ineligible Finance Charge Collections Ledger, as applicable, to the Transferor Finance Charge Collections Ledger and applied on the next Transfer Date as Transferor Available Funds in accordance with the Transferor Priority of Payments with any remainder (such amounts being Transferor Excess Amounts) being credited to the Distribution Ledger of the Trustee Administration Account (and a corresponding adjustment shall be made to the Finance Charge Collections Ledger and Ineligible Finance Charge Collections Ledger in the Trustee Collection Account);
- (F) Transferor Acquired Interchange Amount: on each Transfer Date, an amount equal to the aggregate of (i) the product of (1) the Floating Transferor Percentage for the Collection Period preceding such Transfer Date and (2) the aggregate amount of Eligible Acquired Interchange deposited in the Trustee Collection Account in respect of such Collection Period, and (ii) all Ineligible Acquired Interchange (the "**Transferor Acquired Interchange Amount**") shall be transferred to the Transferor Finance Charge Collections Ledger and applied on the next Transfer Date as Transferor Available Funds in accordance with the Transferor Priority of Payments with any remainder (such amounts being Transferor Excess Amounts) to be credited to the Distribution Ledger of the Trustee Administration Account (and a corresponding adjustment shall be made to the Finance Charge Collections Ledger in the Trustee Collection Account);
- (G) Investor Finance Charge Amount: in respect of each Series of Related Debt, an amount equal to the product of (1) the sum of the Floating Investor Percentages in respect of all Outstanding Series of Related Debt for the Collection Period in which such Finance Charge Collections arise and (2) the aggregate amount of Finance Charge Collections in respect of the relevant Date of Processing (an "**Investor Finance Charge Amount**") shall be transferred in accordance with the relevant Supplements in relation to the amounts thereof referable to the Series of Related Debt (and a corresponding adjustment shall be made to the Finance Charge Collections Ledger in the Trustee Collection Account);
- (H) Investor Acquired Interchange Amount: on each Transfer Date, in respect of each Series of Related Debt, an amount equal to the product of (1) the sum of the Floating Investor Percentages in respect of all Outstanding Series of Related Debt for the Collection Period in which such Eligible Acquired Interchange arises and (2) the aggregate amount of Eligible Acquired Interchange deposited in the Trustee Collection Account in respect of such Collection Period (the "**Investor Acquired Interchange Amount**") shall be transferred in accordance with the relevant Supplements in relation to the amounts thereof referable to the Series of Related Debt (and a corresponding adjustment shall be made to the Finance Charge Collections Ledger in the Trustee Collection Account); and
- (I) Amounts remaining: amounts remaining in the Trustee Collection Account after the application of monies referred to above and in any Supplement shall either (1) remain deposited in the Trustee Collection Account until such time as they are utilised on succeeding Business Days in accordance

with the Cashflow Allocation Deed and any Supplement, or (2) be invested in Permitted Investments.

On each Transfer Date, funds held in the Principal Collections Ledger and Finance Charge Collections Ledger shall, in respect of each Series be credited to such account or ledger as is specified in the relevant Supplement (and a corresponding adjustment made to the Principal Collections Ledger and Finance Charge Collections Ledger). On each Transfer Date, the Transferor Available Funds credited to the Transferor Finance Charge Collections Ledger will be applied in accordance with the Transferor Priority of Payments as set out below.

**"Collection Period"** means generally each period from (and including) the first day of the calendar month up to (and including) the last day of the calendar month.

**"Payment Date"** means the 22nd day of each calendar month or, if the 22nd is not a Business Day, the immediately following Business Day, unless specified otherwise in a Supplement for a particular Series.

**"Transfer Date"** means, in relation to any Collection Period, unless otherwise specified in the related Supplement with respect to any Series, the Business Day immediately prior to the Payment Date immediately following the end of such Collection Period.

The calculations and application of amounts summarised above are applied for the purposes of calculating the amounts available to the Trustee to make certain payments and do not constitute distributions by the Trust unless expressly stated otherwise and do not affect whether or not an amount is outstanding under the terms and conditions of any Series Investor Interest Note.

**"Floating Transferor Percentage"** shall mean, in respect of any Collection Period and in respect of the Transferor, the percentage resulting from the calculation of:

- (a) 100%; minus
- (b) the aggregate of the Floating Investor Percentages of each Series in respect of that Collection Period.

**"Ineligible Acquired Interchange"** shall mean, in respect of a Collection Period, the amount of the Acquired Interchange for such Collection Period less the Eligible Acquired Interchange for such Collection Period.

#### **Operation of Trustee Administration Account: Tax Ledger and Distribution Ledger**

The Trust Manager has established and maintains, on behalf of the Trustee, a ledger in the Trustee Administration Account (the **"Distribution Ledger"**) on which it records as a credit entry on each Transfer Date:

- (i) an amount (if any) of Excess Spread available to be deposited in the Distribution Ledger from the Available Funds after application in accordance with the terms of the relevant Supplement for each Series and the Excess Spread Priority of Payments;
- (ii) any Transferor Excess Amounts deposited therein (as referred to in paragraphs (E) and (F) above); and
- (iii) any amounts (being **"Excess Tax Amounts"**) no longer required to be retained in the Tax Ledger and released therefrom for credit to the Distribution Ledger.

The Trust Manager will apply amounts standing to the credit of the Distribution Ledger of the Trustee Administration Account on each Payment Date to, among other things, make distributions to the Unitholders and reserve in a tax ledger of the Trustee Administration Account (the **"Tax Ledger"**) for any potential tax liability which arises or may arise in connection with amounts to be distributed to the Unitholders or otherwise in respect of the Trust for that Financial Year.

In this Offering Circular, references to **"Tax"** means any tax (including the GST), levy, charge impost, duty, fee, deduction or withholding or any income, stamp or transaction duty, tax or charge, which is assessed,

levied, imposed or collected by a government agency and includes any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of the foregoing.

"GST" has the meaning given to "GST" in the GST Act.

### **Upfront Expenses**

All drawings under the Expenses Tranche of the Transferor Interest Note shall be immediately utilised by the Trustee to pay any Upfront Financing Fee payable by it under the Investor Interest Note Funding Deed and any upfront fees, costs or expenses payable by the Trustee to third parties in connection with the arrangement or execution of the Transaction Documents or issuance of any Series.

### **Trustee Acquisition Ledger: Use of Cash Available for Investment**

Principal Collections not required to make the payments described above and any funds drawn under any Series of Related Debt shall constitute Cash Available for Investment and be deposited in the Trustee Acquisition Ledger.

On each Relevant Date, the Trustee shall utilise amounts standing to the credit of the Trustee Acquisition Ledger to make any payments of Purchase Price required to fund acceptance of an Offer under the Origination and Sale Deed and/or to meet the obligations of the Trustee to make payments in respect of Subsequent Receivables which, in each case, shall be paid to the Transferor.

If, on any Relevant Date, the Cash Available for Investment is less than the amount of payments of Acceptance Price or in respect of Subsequent Receivables that the Transferor is to pay on such Relevant Date, a further drawing will be made by the Trustee under the Eligible Receivables Tranche of the Transferor Interest Note in the amount of the shortfall and the obligation of the Trustee to pay such shortfall to the Transferor shall be set-off against the Transferor's obligations to fund such further drawing.

If, on any Relevant Date, the amount of Cash Available for Investment is greater than the amount of payments of Acceptance Price or in respect of Subsequent Receivables that the Transferor is to pay on such Relevant Date, the excess shall be applied to make a principal repayment in the same amount under the Eligible Receivables Tranche of the Transferor Interest Note, such amount to be paid to the Transferor, unless and until the Transferor Interest is zero, following which any remainder shall be retained as Cash Available for Investment until it can be used on a future date.

Notwithstanding the above, any Cash Available for Investment in the Trustee Acquisition Ledger shall, upon the commencement of an Amortisation Period or Accumulation Period in respect of any Series, or on any Determination Date upon which it is determined that a repayment of any Related Debt will be required on the following Transfer Date, be treated as a Principal Collection and applied in accordance with the provisions relating to Principal Collections.

### **Application of Monies in the Transferor Finance Charge Collections Ledger of the Trustee Collection Account**

On each Transfer Date, the Trust Manager shall instruct the Trustee in writing to apply the Transferor Available Funds credited to the Transferor Finance Charge Collections Ledger, to pay the following in the following order of priority (the "**Transferor Priority of Payment**"):

- (i) an amount equal to the Transferor Back-Up Servicing Amount referable to the Transferor Interest Note for such Transfer Date plus any Transferor Back-Up Servicing Amount due but not paid on any previous Transfer Date shall be available to the Trustee to pay the Transferor portion of the Back-Up Servicing Fee to the Back-Up Servicer on the following Payment Date;
- (ii) the Transferor Senior Servicing Amount referable to the Transferor Interest Note for such Transfer Date plus any Transferor Senior Servicing Amount due but not paid on any previous Transfer Date to be paid to the Servicer on the following Payment Date;
- (iii) interest and any other amounts (other than principal) due and payable by the Trustee under the Transferor Interest Note to be paid to the Transferor;

- (iv) an amount equal to the aggregate Transferor Default Amounts notionally allocated to the Transferor Interest Note, if any, for the preceding Collection Period shall be identified as "**Transferor Principal Loss Make-Up**" and applied to make a principal repayment on the Transferor Interest Note until the Principal Amount Outstanding is zero;
- (v) an amount equal to any Transferor Charge-Offs notionally allocated to the Transferor Interest Note, to the extent not previously reinstated pursuant to this clause or under the Excess Spread Priority of Payments, shall be identified as "**Transferor Principal Loss Make-Up**" and applied to make a principal repayment on the Transferor Interest Note until the Principal Amount Outstanding is zero;
- (vi) any other costs and expenses (if any) due and payable by the Trustee in connection with the Transferor Interest Note and expressed to be allocated to the Transferor Interest Note for such purposes by any Transaction Document;
- (vii) an amount equal to the aggregate of the amount of Investor Charge-offs allocated to any Series Investor Interest which have not been previously reinstated (including after the application of the Excess Spread Priority of Payment on such Transfer Date) shall be made available to the Trustee in order to reinstate such Series Investor Interest (identified as 'Loss Make-Up (Charge-off)' or, if the relevant Series Investor Interest or Series Originator VFN Subordination is in an Amortisation Period 'Principal Loss Make-Up (Charge-off)' in respect of the relevant Series) and shall be applied in accordance with the terms of the Cashflow Allocation Deed and the relevant Supplement, provided that, to the extent there are insufficient amounts, such amount shall be applied: (i) first, towards Outstanding Series other than the Originator VFN Series and the Series Originator VFN Subordination of such Outstanding Series divided pro rata between each Series Investor Interest and Series Originator VFN Subordination according to the amount of Investor Charge-offs allocated thereto; (ii) secondly, towards the Originator VFN Excess Amount; and (iii) thirdly, towards Series that are not Outstanding Series and the Series Originator VFN Subordination for any such Series not past its Final Redemption Date divided pro rata between each Series Investor Interest and Series Originator VFN Subordination according to the amount of Investor Charge-offs allocated thereto; and
- (viii) with any remainder (the "**Transferor Excess Amounts**") to be deposited in the Distribution Ledger of the Trustee Administration Account and applied in accordance with the Cashflow Allocation Deed.

"**Final Redemption Date**" in respect of each Series, shall have the meaning given to it in the relevant Supplement, Loan Note Supplement or Funding Documentation and, in respect of Series 2018-1 and the Series 2018-1 Investor Interest Note and Series 2018-1 Notes, shall be on 22 March 2032 the "**Series 2018-1 Final Redemption Date**".

"**Funding Documentation**" in respect of a Series means the documentation that sets out the terms and conditions of the Series of Related Debt or Series of Associated Debt, as applicable, whether in the form of a deed poll and/or terms and conditions and/or a funding deed, otherwise or equivalent.

"**Transferor Back-Up Servicing Amount**" means an amount equal to the aggregate of the Back-Up Servicing Fee and any costs, expenses or other amounts payable by the Trustee (with respect to any Collection Period) less the aggregate of the Investor Back-Up Servicing Amounts for all Series of Related Debt (with respect to any Collection Period).

"**Transferor Default Amounts**" means the Receivable amount in a Defaulted Account which was an Eligible Receivable prior to the time such Account became a Defaulted Account, notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note.

### **Earnings on Permitted Investments**

Subject to the terms of any Supplement in respect of a Series of Related Debt, interest or other distributions earned on the Trustee Bank Accounts or any monies credited to Trustee Bank Accounts which represent investment earnings accrued on Permitted Investments made using monies deposited in such Trustee Bank Accounts shall be credited to the Finance Charge Collections ledger of the Trustee Collection Account and constitute Available Funds in respect of each Series of Related Debt based on the relevant Floating Investor Percentage for the Collection Period in respect of which such funds were received.



### Excess Spread Priority of Payments

All amounts of Series Excess Spread available after the application of Available Funds pursuant to each Series' Supplement in respect of each Series in Group One and any other amounts expressed as being applied under this waterfall in the Supplement of any Series not in Group One, will be applied by the Trustee to pay the following amounts in the following order of priority (the "**Excess Spread Priority of Payment**"):

- (a) *first*, an amount equal to the Junior Servicing Fee payable on such Transfer Date plus any Junior Servicing Fee due but not paid on any prior Transfer Date shall be paid to the Servicer;
- (b) *second*, an amount equal to all amounts of other fees, costs, charges, expenses, losses, damages, claims and liabilities payable by the Trust to any third party on such Transfer Date and not otherwise covered in this payments priority shall be paid to such third party including, without limitation, any Qualifying Swap Subordinated Termination Payments in respect of all Series in a Qualifying Swap Group;
- (c) *third*, an amount equal to the aggregate of the Group One Series Finance Charge Shortfall (having taken into account any amounts of Available Funds made available to each Series from its Series Originator VFN Subordination and applied as Available Funds under the Originator VFN Supplement) of the Cashflow Allocation Deed as supplemented by the Originator VFN Supplement for all Outstanding Series in Group One shall be made available to the Trustee for the purpose of making up shortfalls of Available Funds for all Outstanding Series in Group One (other than the Originator VFN Series), provided that, to the extent there are insufficient amounts available to cover the Group One Series Finance Charge Shortfall in respect of such Outstanding Series the amount available to the Trustee to be applied in respect of each Outstanding Series experiencing a Group One Series Finance Charge Shortfall will be divided pro rata between each such Outstanding Series according to the size of each Group One Series Finance Charge Shortfall (the amounts made available to the Series in Group One being "**Excess Finance Charges**");
- (d) *fourth*, an amount equal to the Group One Originator VFN Excess Finance Charges for the Originator VFN Series to be made available to the Trustee to be applied in respect of the Originator VFN Series;
- (e) *fifth*, an amount (the "**Originator VFN Subordination Monthly Distribution Amount**") equal to (1) the Originator VFN Monthly Finance Amount for such Transfer Date, plus (2) any Deficiency Amount (as defined in the Originator Supplement) being unpaid interest on the Originator VFN Subordination Monthly Distribution Amount from previous Transfer Dates for such Transfer Date, plus (3) any Originator VFN Additional Finance Amount for such Transfer Date, to the extent such amounts relate to the aggregate of each Series Originator VFN Subordination portion of the Originator VFN Investor Interest Note, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Series Originator VFN Subordination portion of the Originator VFN Investor Interest Note, together with any deferred interest and additional interest due and unpaid on the Series Originator VFN Subordination portion of Originator VFN Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds available to meet the Originator VFN Subordination Monthly Distribution Amount in full, then the relevant amounts constituting the Originator VFN Subordination Monthly Distribution Amount shall be met in the priority of payment set out above, as all such terms are defined in the Supplement for the Originator VFN Series;
- (f) *sixth*, in the following order of priority:
  - (i) first, Finance Charge Collections up to the amount of any Non-Capitalised Outstanding Finance Charges in respect of which a payment has not been made under this paragraph on any previous Transfer Date shall be treated as Principal Collections received in the Collection Period in which such Transfer Date falls and credited to the Principal Collections Ledger;
  - (ii) second, an amount equal to the amount of any deferred consideration payments required to be made in respect of, first, Accrued Finance Charges and, thereafter Discount Option

Receivables, under the terms of the Origination and Sale Deed, to be applied to pay deferred consideration to the Transferor;

- (g) *seventh*, an amount equal to the amount of any principal amount outstanding under the Expense Tranche of the Transferor Interest Note shall be paid to the Transferor;
- (h) *eighth*, any amounts due and payable in respect of the payment of any Ongoing Financing Fee by the Trustee to the Loan Note Trust under the Investor Interest Note Funding Deed;
- (i) *ninth*, an amount equal to the aggregate of the amount of Investor Charge-offs notionally allocated to the Originator VFN Excess Amount and which have not been previously reinstated shall be made available to the Trustee in order to reinstate such Originator VFN Excess Amount (identified as 'Loss Make-Up (Charge-off)' or, if the Originator VFN Series is in an Amortisation Period in respect of the Originator VFN Excess Amount, 'Principal Loss Make-Up (Charge-off)' in each case in respect of the Originator VFN Series) and shall be applied in accordance with the terms of the Originator VFN Supplement;
- (j) *tenth*, an amount equal to the aggregate Transferor Default Amounts notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note, if any, for the preceding Collection Period shall be identified as "**Transferor Principal Loss Make-Up**" and applied to make a principal repayment on the Eligible Receivables Tranche of the Transferor Interest Note until the Principal Amount Outstanding of the Eligible Receivables Tranche is zero;
- (k) *eleventh*, an amount equal to any Transferor Charge-Offs notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note, to the extent not previously reinstated pursuant to this clause or under the Excess Spread Priority of Payments, shall be identified as "**Transferor Principal Loss Make-Up**" and applied to make a principal repayment on the Eligible Receivables Tranche of the Transferor Interest Note until the Principal Amount Outstanding of the Eligible Receivables Tranche is zero;
- (l) *twelfth*, in respect of any Series in Group One which is not an Outstanding Series (including Series in respect of which the Final Redemption Date has occurred) for which amounts of principal and/or interest (together, the "**Remaining Amounts Outstanding**") remain outstanding under the relevant Series Investor Interest Note, an amount up to the aggregate Remaining Amounts Outstanding for all such Series, provided that, in the event of a shortfall, the amounts will be applied between each such Series pro-rata according to the size of their Remaining Amounts Outstanding and will be applied to repay first principal and then interest outstanding in respect of such Series Investor Interest Note; and
- (m) *thirteenth*, the balance, if any, after giving effect to the payments made pursuant to paragraphs (a) to (l) (inclusive) above shall constitute "**Excess Spread**" and shall be transferred to the Distribution Ledger of the Trustee Administration Account.

"**Group One Series Finance Charge Shortfall**" means, in respect of each Outstanding Series in Group One on a Transfer Date, an amount equal to the greater of (1) the Group One Series Amount for that Series less the aggregate of Available Funds and Reallocated Principal Collections (as each such term is defined in the relevant Supplement) in respect of such Transfer Date and (2) zero.

"**Originator VFN Additional Finance Amount**" shall, in respect of a Transfer Date, mean any amounts of unpaid default interest payable under the Originator VFN Investor Interest Note.

#### **Adjustments, Ineligible Receivables and Incorrect Payments**

If from time to time payments of monies into the Trustee Collection Account representing Ineligible Collections are incorrectly deemed to be Principal Collections in respect of Eligible Receivables and incorrectly allocated ("**Allocated Ineligible Collections**"), the Trust Manager shall instruct the Trustee to apply Trust Assets in a manner consistent with the principles above to re-apply the Allocated Ineligible Collections correctly and amend the Trustee's books of account to record that (a) the pool of Ineligible Receivables has been decreased by the amount of Allocated Ineligible Collections previously incorrectly allocated as Principal Collections and the Eligible Receivables Balance has been increased by the same amount and (b) a further drawing shall be made under the Transferor Interest Note by the amount so added to the Eligible Receivables Balance, such amount to be applied as if it were an Ineligible Principal

Collection, provided that, if such Ineligible Principal Collection is to be paid immediately to the Transferor, the two payments may be set-off against each other.

If a Principal Receivable has been assigned to the Trustee by the Transferor or any Existing Owner and any representation proves at any time to have been incorrect when made, the Transferor shall be required to pay to the Trustee, by no later than the Transfer Date following the end of the Collection Period during which such representation becomes known to the Transferor to be incorrect, an amount equal to the Outstanding Amount of such Principal Receivable to the Trustee Collection Account. This may be paid by the Transferor by way of cash or otherwise applied towards and set-off against an equivalent reduction of the obligation under the Eligible Receivables Tranche of the Transferor Interest Note until the Transferor Interest is reduced below zero.

If payments of monies are incorrectly deemed to be Trust Assets and paid into the Trustee Collection Account, then the Trustee shall be notified by the Trust Manager who shall instruct the Trustee to apply such Trust Assets in a manner consistent with the principles above to pay the benefit of such Incorrect Payments to the Transferor and amend the Trustee's books of record to: (i) if the Incorrect Payment was treated as a Principal Collection increase the amount of Principal Receivables and make a further drawing under the Eligible Receivables Tranche of the Transferor Interest Note in an amount equal to such increase in Principal Receivables but set off against the repayment of the incorrect amount payable to the Transferor; and (ii) in respect of any Incorrect Payments that were incorrectly treated as Finance Charge Collections, following any deduction of such amount of Incorrect Payments incorrectly allocated as Finance Charge Collections from Finance Charge Collections and its repayment to the Transferor, such amount of Incorrect Payments incorrectly allocated as Finance Charge Collections, if any, shall be treated as having been repaid.

#### **Pay Out Events**

A "**Pay Out Event**" means, with respect to each Series, a Trust Pay Out Event or a Series Pay Out Event.

If any one of the following events (each a "**Trust Pay Out Event**") shall occur:

- (a) the occurrence of an Insolvency Event in relation to the Transferor; or
- (b) the Transferor becomes unable to transfer Receivables on the Designated Accounts to the Trustee in the manner contemplated in the Origination and Sale Deed;

then:

- (i) in the case of a Trust Pay Out Event under paragraph (a) (any such event a "**Pay Out Insolvency Event**") above, a Series Pay Out Event will occur in respect of each Series Investor Interest Note and the Transferor Interest Note and the additional rights upon the occurrence of a Pay Out Insolvency Event (set out below) will apply; or
- (ii) in the case of any other Trust Pay Out Event, a Series Pay Out Event will occur in respect of each Series Investor Interest Note and the Transferor Interest Note,

in each case without any notice or other action on the part of the Trustee, the Transferor or the holder of any Series Investor Interest Note immediately upon the occurrence of such event.

In addition to the Trust Pay Out Events (which are also Series Pay Out Events in respect of each Series), further Series Pay Out Events with respect to any Series Investor Interest Note may be specified in any related Supplement.

#### **Additional Rights Upon the Occurrence of a Pay Out Insolvency Event**

Where a Pay Out Insolvency Event occurs, the Trustee shall not be permitted to accept any further Offers to purchase Receivables, but Finance Charge Receivables accruing in respect of Principal Receivables which have been assigned to the Trustee shall form part of the Trust Assets and Collections, whenever received, relating thereto shall continue to be allocated and applied in accordance with the above.

## Monthly Trust Manager Reports

The Loan Note Trust Manager will prepare monthly reports on behalf of the Loan Note Trustee containing information as required by the Cashflow Allocation Deed and the Series 2018-1 Supplement, including, but not limited to, information in respect of the Receivables, a confirmation of the Transferor's retained economic interest in the securitisation as required by Article 405 of the CRR and Article 51 of the AIFMR and details with respect to the rates of interest, principal and interest payments on the Series 2018-1 Notes and other payments by the Trustee and Loan Note Trustee. They will be made available by the Loan Note Trust Manager via the Bloomberg service, any other replacement service designated by the Loan Note Trust Manager or on the website [www.latitudefinancial.com.au](http://www.latitudefinancial.com.au).

## Shortfall after Application of Proceeds

The Cashflow Allocation Deed provides that, notwithstanding any other provision to the contrary, the Trustee's liability to pay any amount in respect of the Transaction Documents to any Transaction Party may only be discharged from, and recourse against the Trustee in respect of any such amount is limited to, the amounts available to the Trustee under the terms of the Cashflow Allocation Deed and each Supplement for the purpose of making such payments.

Each Transaction Party agrees that it shall not be entitled to take any action or institute proceedings against the Trustee to recover any shortfall in the amounts owing or to recover any amounts payable by or obtain performance to be made by the Trustee under or in connection with payments under any Transaction Document or to otherwise enforce any of its rights under or arising in respect of the Transaction Documents, except to receive any amounts owing to it under the Transaction Documents from the amounts available to the Trustee under the terms of the Cashflow Allocation Deed as supplemented by each Supplement for the purpose of making payments to such Transaction Party.

If, following the enforcement of the Security by the Security Trustee, the net proceeds of the sale or redemption of the Trust Secured Property in accordance with the Security Trust Deed, the Cashflow Allocation Deed and each Supplement are not sufficient to make all payments due under the Transaction Documents and for the Trustee to meet its obligations, if any, in respect of the termination of any Related Agreements, any claim or right to claim of any Transaction Party (other than the Investor Interest Noteholders in respect of each Series of Related Debt or the Transferor in respect of the Transferor Interest Note) in respect of any such shortfall remaining after the application of such net proceeds in accordance with the Supplement shall be extinguished. Failure to make any payment in respect of any shortfall on any Series Investor Interest Note or other Series of Related Debt or on any other Transaction Document shall in no circumstances constitute a Trust Event of Default (or, if a Trust Event of Default has already occurred, a further Trust Event of Default).

If, on the date of termination of the Trust in accordance with the Master Trust Deed, any Series Investor Interest Note or other Series of Related Debt remains outstanding, to the extent any amounts remain available to the Trustee for such purpose after the realisation and application of all the Trust Secured Property by the Security Trustee in accordance with the Security Trust Deed, Cashflow Allocation Deed and each Supplement thereto, such amount may be applied to make repayments of interest and then principal outstanding on any such Series Investor Interest Notes or other Series of Related Debt pro-rata based on the aggregate of the principal and interest amounts outstanding per Series.

This paragraph is without prejudice to any liability of the Trustee for fraud, negligence or wilful default under the terms of any Transaction Document.

**"Related Agreement"** means any swap agreements or other hedging agreements or letters of credit, guarantees or other support or credit enhancement documents with one or more counterparties or guarantors under which the Loan Note Trustee will make payments to such counterparty and such counterparty will make payments to the Loan Note Trustee as specified in such related agreement.

**"Trust Secured Property"** means all the rights, assets and property of the Trust subject to security under the Security Trust Deed.

## SERIES 2018-1

### *General*

The Trustee will issue the Series 2018-1 Investor Interest Note to the Loan Note Trustee (being the initial Series 2018-1 Investor Interest Noteholder) on the Series 2018-1 Closing Date. The Loan Note Trustee will utilise the proceeds raised by it from the issue of the Series 2018-1 Notes to subscribe for the Series 2018-1 Investor Interest Note. The Series 2018-1 Investor Interest Note will consist of tranches relating to the equivalent Class of the Series 2018-1 Notes being, in respect of the Class A1 Notes, the "**Class A1 Tranche**", in respect of the Class A2 Notes, the "**Class A2 Tranche**", in respect of the Class B Notes, the "**Class B Tranche**", in respect of the Class C Notes, the "**Class C Tranche**", in respect of the Class D Notes, the "**Class D Tranche**" and in respect of the Class E Notes, the "**Class E Tranche**" and each a "**Tranche**". The amount of any principal repayment made under any Tranche of the Series 2018-1 Investor Interest Note will be used by the Loan Note Trustee to make a principal repayment under the equivalent Class of Series 2018-1 Notes. The Series 2018-1 Investor Interest Note and the Series 2018-1 Notes together constitute a Series of debt ("**Series 2018-1**"). The Loan Note Trustee will be registered by the Trustee as the holder of the Series 2018-1 Investor Interest Note in the register of Notes established and maintained by the Trustee in accordance with the Master Trust Deed (the "**Trust Note Register**").

The amounts available to the Trustee to make payments under the Series 2018-1 Investor Interest Note (which will then be used to make payments under the Series 2018-1 Notes) and to pay other costs and expenses relating to Series 2018-1 (the "**Series 2018-1 Payments**" being the Series Payments for Series 2018-1) will be determined on the basis of the Series 2018-1 Investor Interest. The "**Series 2018-1 Investor Interest**" will, on any date, be an amount equal to the Series 2018-1 Initial Investor Interest as reduced by the aggregate of:

- (a) any principal repayments under the Series 2018-1 Investor Interest Note prior to such date; and
- (b) any Investor Charge-offs not reinstated including as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Series 2018-1 or by virtue of being reallocated to the Series 2018-1 Originator VFN Subordination, provided that, following the Final Redemption Date of the Series 2018-1 Investor Interest Note, the Series 2018-1 Investor Interest shall be zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

For the avoidance of doubt, references to an Investor Interest or the Series 2018-1 Investor Interest are included for calculational purposes only and neither Series 2018-1 nor the Loan Note Trustee will have any interest in or entitlement to the Trust other than its right to receive payments under the Series 2018-1 Investor Interest Note.

The amount of Finance Charge Collections available to the Trustee to make payments on the Series 2018-1 Investor Interest Note in respect of any Collection Period will be determined by reference to the Floating Investor Percentage. The amount of Principal Collections which are applied by the Trustee with reference to Series 2018-1 and available to the Trustee to make repayments of principal under, or accumulate principal in respect of, the Series 2018-1 Investor Interest Note during any Amortisation Period or the Controlled Accumulation Period will be determined by reference to the Floating Investor Percentage during the Revolving Period and by reference to the Fixed Investor Percentage during the Controlled Accumulation Period, Scheduled Amortisation Period or the Rapid Amortisation Period.

Series 2018-1 will be included in Group One and will not be subordinated to any other Series.

"**Group One**" means Series 2017-1, Series 2017-2, Series 2018-1, Series 2017-VFN and the Originator VFN Series, as well as each other Series subsequently specified in the related Supplement to be included in Group One.

The Originator VFN Series will provide credit enhancement to Series 2018-1 by reference to the Series Originator VFN Subordination (see "*The Originator VFN and the Series Originator VFN Subordination*" below).

The terms of the Series 2018-1 Investor Interest Note are contained in the Series 2018-1 Investor Interest Note (documented pursuant to the "**Series 2018-1 Deed Poll**" and schedule of debt terms and conditions attached thereto) and the details of the funds available to the Trustee to make the Series 2018-1 Payments,

the priorities of payments and other terms relating to Series 2018-1 are set out in the Series 2018-1 Supplement to the Cashflow Allocation Deed.

The "**Series 2018-1 Transaction Documents**" are: the Series 2018-1 Investor Interest Note, the Series 2018-1 Notes, the Cashflow Allocation Deed, the Series 2018-1 Supplement, the Security Trust Deed, the Security and Cashflow Allocation Deed and the related Series 2018-1 Loan Note Supplement, the Master Framework Deed, and any mandates regarding the Loan Note Trustee Distribution Account (or any other bank account of the Loan Note Trust) in respect of Series 2018-1.

The Loan Note Trust Manager shall prepare and deliver to the Trustee, the Transferor, and the Series 2018-1 Investor Interest Noteholder a monthly investor report to be made available to the Series 2018-1 Noteholders by such method and in such form as is agreed between the Trust Manager, the Loan Note Trust Manager, the Loan Note Trustee and the Trustee (which may include via the Bloomberg service, any other replacement servicer) designated by the Loan Note Trust Manager or on the website [www.latitudefinancial.com.au](http://www.latitudefinancial.com.au) and containing (i) material information relevant to the Series 2018-1 Noteholders; and (ii) if applicable, confirmation of the ongoing retention (including the nature of such retention) by the Transferor of a material net economic interest of not less than 5 per cent. of the nominal value of the securitisation to which the Transaction Documents relate in accordance with Article 405 of EU Regulation 575/2013 and Article 51 of EU Regulation 231/2013.

The Trustee shall establish a sub-ledger of the Finance Charge Collections Ledger within the Trustee Collection Account entitled "**Series 2018-1 Finance Charge Collections Ledger**" for the purpose of making and receiving certain payments in relation to Series 2018-1. The Trustee shall, from time to time, promptly upon their identification, credit amounts held in the Trustee Collection Account which are identified as representing the portion of the Finance Charge Collections and Eligible Acquired Interchange referable to Series 2018-1 to the Series 2018-1 Finance Charge Collections Ledger as set out below.

The Trustee shall establish a sub-ledger of the Trustee Collection Account entitled "**Series 2018-1 Required Retained Principal Ledger**" for the purpose of retaining Required Retained Principal Collections up to the Maximum Required Retained Principal Amount. The Trustee shall (if so instructed by the Trust Manager) invest amounts held in the Series 2018-1 Required Retained Principal Ledger in Permitted Investments so as to be available for application.

The Trustee shall establish a sub-ledger of the Trustee Collection Account entitled "**Series 2018-1 Step-Up Reserve Ledger**" for the purpose of reserving and making available to the Trustee additional Available Funds in the event that the Step-Up Margin is applied to the Class A1 Tranche of the Series 2018-1 Investor Interest Note.

### **Transferor Undertakings**

In the Series 2018-1 Supplement, the Transferor undertakes not to transfer, assign, exchange, place in any custodial arrangement for security purposes, convey or dispose of any of its rights, title or interest in and to the Transferor Interest Note or grant any encumbrance over the Transferor Interest Note except as expressly permitted under the terms of the Master Trust Deed. The Transferor also undertakes to retain a material net economic interest of not less than 5 per cent. of the nominal value of the securitisation to which the Transaction Documents relate in accordance with Article 405 of the CRR and Article 51 of the AIFMR until the Transfer Date in relation to the Series 2018-1 Final Redemption Date by way of a retention in accordance with paragraph 1(b) of Article 405 of the CRR and paragraph 1(b) of Article 51 of the AIFMR of an originator's interest in an amount of not less than 5 per cent. of the securitised exposure subject always to any requirement of law and **provided that** the Transferor will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Transferor.

### **General Definitions**

"**Adjusted Investor Interest**" for each Series has the meaning given to it in the relevant Supplement, and in respect of the Series 2018-1 shall mean the Series 2018-1 Adjusted Investor Interest and in respect of the Originator VFN shall mean the Originator VFN Adjusted Investor Interest.

"**Floating Investor Percentage**" shall mean, in respect of Series 2018-1, with respect to any Collection Period, the percentage equivalent (which percentage shall never exceed 100 per cent.) of a fraction:

- (a) the numerator of which is the Series 2018-1 Adjusted Investor Interest at the close of business on the last day of the prior Collection Period (or, with respect to the first Collection Period, the Series 2018-1 Initial Investor Interest); and
- (b) the denominator of which is the greater of:
  - (i) an amount equal to the Eligible Receivables Balance as at the close of business on the last day of the prior Collection Period (or, with respect to the first Collection Period, on the Series 2018-1 Closing Date); and
  - (ii) either:
    - (A) other than in respect of calculations with regard to Principal Collections, the sum of (1) the Series 2018-1 Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period (or, with respect to the first Collection Period, the Series 2018-1 Initial Investor Interest) and (2) the sum of the numerators used to calculate the Investor Percentages for distributions other than in respect of Principal Collections, at any time, for all Outstanding Series (excluding Series 2018-1) with respect to the Collection Period for which the Floating Investor Percentage is being determined; or
    - (B) in respect of calculations with regard to Principal Collections, the sum of (1) the Series 2018-1 Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period (or, with respect to the first Collection Period, the Series 2018-1 Initial Investor Interest) and (2) the sum of the numerators used to calculate the Investor Percentages for distributions with respect to Principal Collections for all Outstanding Series (excluding Series 2018-1) with respect to the Collection Period for which the Floating Investor Percentage is being determined,

provided, however, that, with respect to any Collection Period in which a Subsequent Assignment Date in respect of Accounts with a balance of Existing Receivables or a Redesignation Date in respect of Third Party Redesignated Accounts, as the case may be, occurs, the amount in paragraph (b)(i) above shall be:

- (c) for the period from (and including) the first day of the Collection Period to (but excluding) the Subsequent Assignment Date or the Redesignation Date, as the case may be, an amount equal to the Eligible Receivables Balance as at the close of business on the last day of the prior Collection Period or, with respect to the first Collection Period, on the Series 2018-1 Closing Date; and
- (d) for the period from (and including) the Subsequent Assignment Date or the Redesignation Date, as the case may be, to (and including) the last day of the Collection Period, an amount equal to the Eligible Receivables Balance at the beginning of the day on the related Subsequent Assignment Date or Redesignation Date, as the case may be, as adjusted for the Outstanding Amount of Eligible Receivables and any Outstanding Finance Charges at the beginning of such day added to or, as the case may be, removed from the Trust on such Subsequent Assignment Date or Redesignation Date, as the case may be,

and provided further, however, that, with respect to any Collection Period in which a Relevant Event occurs, the amounts used for the calculation in paragraph (b)(ii) above shall be:

- (e) for the period from (and including) the first day of the Collection Period to (but excluding) the date of the Relevant Event, the sum of the numerators used to calculate the investor percentages for distributions with respect to Finance Charge Collections and Eligible Acquired Interchange and allocations of Default Amounts for all Outstanding Series (including Series 2018-1) for the relevant Collection Period; and
- (f) for the period from (and including) the date of the Relevant Event to (and including) the last day of the Collection Period, the sum of the numerators used to calculate the investor percentages for distributions with respect to Finance Charge Collections and Eligible Acquired Interchange and allocations of Default Amounts for all Outstanding Series (including Series 2018-1) on the date of the Relevant Event, adjusted to take into account the Relevant Event in question,

and **provided further, however, that**, on and following the Series 2018-1 Final Redemption Date, the Floating Investor Percentage shall be zero.

**"Investor Percentage"** shall mean, in respect of Series 2018-1, for any Collection Period:

- (a) with respect to Default Amounts, Finance Charge Collections and Eligible Acquired Interchange at any time and with respect to Principal Collections during the Revolving Period, the Floating Investor Percentage; and
- (b) with respect to Principal Collections during the Controlled Accumulation Period, the Scheduled Amortisation Period or the Rapid Amortisation Period, the Fixed Investor Percentage,

provided, however, that, in respect of any Collection Period when the Series 2018-1 Investor Interest is zero or would be zero if the payments to be made on the Transfer Date falling in that Collection Period were made on the last day of the preceding Collection Period, the Investor Percentage shall be zero.

**"Relevant Event"** means any event which increases or decreases the amount of a Series Investor Interest for any Outstanding Series (including Series 2018-1) other than by reason of allocating or reinstating the Investor Charge-offs for that Series (as defined in the Supplement for that Series) which occurs prior to the end of that Series' Revolving Period (as defined in the Supplement for that Series).

**"Series 2018-1 Adjusted Investor Interest"** shall mean, with respect to any date of determination, an amount equal to the Series 2018-1 Investor Interest minus the Series 2018-1 Principal Funding Ledger Balance (in an amount not to exceed the Series 2018-1 Investor Interest) on such date of determination.

**"Series 2018-1 Initial Investor Interest"** shall mean A\$500,000,000.

**"Series 2018-1 Investor Interest Note"** means the A\$500,000,000 loan note so entitled and issued by the Trustee on or about the Series 2018-1 Closing Date documented pursuant to the Series 2018-1 Deed Poll and attached schedule of debt terms and conditions.

#### **Allocation and Application of Collections by the Trustee in respect of Series 2018-1**

- (a) During the Revolving Period, the Trustee, acting on the instructions of the Trust Manager, shall, prior to the close of business on each Relevant Date (including, for the avoidance of doubt, each Transfer Date) on which amounts are deposited in the Trustee Collection Account, effect the transfers and matters detailed below.
  - (i) Credit to the Series 2018-1 Finance Charge Collections Ledger an amount equal to the sum of (1) the product of (A) the Floating Investor Percentage for the Collection Period in which such Finance Charge Collections arise and (B) the aggregate amount of Finance Charge Collections processed on the relevant Date of Processing, to be applied as Available Funds, plus, where the Relevant Date is also a Transfer Date, (2) the product of (A) the Floating Investor Percentage for the Collection Period preceding that in which the relevant Transfer Date falls and (B) the aggregate amount of Eligible Acquired Interchange transferred to the Trustee Collection Account on such Transfer Date, to be applied as Available Funds. In relation to (1) above, all such amounts credited to the Series 2018-1 Finance Charge Collections Ledger shall (if so instructed by the Trust Manager) be invested by the Trustee in Permitted Investments.
  - (ii) In respect of amounts standing to the credit of the Principal Collections Ledger, an amount equal to the product of (A) the Floating Investor Percentage for the Collection Period in which such Principal Collections arise and (B) the aggregate amount of Principal Collections in respect of the relevant Date of Processing shall be applied as follows:
    - (A) *first*, an amount equal to the product of (A) the Required Retained Principal Collections Percentage for the Collection Period in which such Principal Collections arise, (B) the Floating Investor Percentage and (C) the aggregate amount of Principal Collections in respect of the relevant Date of Processing shall be deposited in the Series 2018-1 Required Retained Principal Ledger and shall (if so instructed by the Trust Manager) be invested by the Trustee in Permitted



- Investments, so as to be available for application as Reallocated Principal Collections;
- (B) *second*, up to an amount equal to Series 2018-1's *pro rata* share of the Daily Principal Shortfall on the Relevant Date shall be retained in the Principal Collections Ledger as Group One Retained Principal Collections representing Series 2018-1's *pro rata* share of the Daily Principal Shortfall to be utilised as Available Retained Principal Collections; and
  - (C) *third*, any remaining amount shall be transferred to the Trustee Acquisition Ledger of the Trustee Collection Account and utilised as Cash Available for Investment.
- (iii) On each Transfer Date, amounts deposited in the Trustee Collection Account and credited to and retained in the Principal Collections Ledger during the related Collection Period or in the Series 2018-1 Required Retained Principal Ledger shall be applied as follows:
- (A) an amount equal to the Required Retained Principal Collections (if any) deposited in the Series 2018-1 Required Retained Principal Ledger shall be utilised (if required) as Reallocated Principal Collections or otherwise retained as described below in the section entitled "*Reallocated Principal Collections*"; and
  - (B) an amount equal to amounts credited to the Principal Collections Ledger as Group One Retained Principal Collections not utilised as Shared Principal Collections shall be utilised as Cash Available for Investment on such Transfer Date.
- (b) During the Controlled Accumulation Period, the Trustee, acting on the instructions of the Trust Manager, shall, prior to the close of business on each Relevant Date (including, for the avoidance of doubt, each Transfer Date) on which amounts are deposited in the Trustee Collection Account, effect the transfers and matters detailed below.
- (i) Credit to the Series 2018-1 Finance Charge Collections Ledger an amount equal to the sum of (1) the product of (A) the Floating Investor Percentage for the Collection Period in which such Finance Charge Collections arise and (B) the aggregate amount of Finance Charge Collections processed on the relevant Date of Processing, to be applied as Available Funds, plus, where the Relevant Date is also a Transfer Date, (2) the product of (A) the Floating Investor Percentage for the Collection Period preceding that in which the relevant Transfer Date falls and (B) the aggregate amount of Eligible Acquired Interchange transferred to the Trustee Collection Account on such Transfer Date, to be applied as Available Funds. In relation to (1) above, all such amounts credited to the Series 2018-1 Finance Charge Collections Ledger shall (if so instructed by the Trust Manager) be invested by the Trustee in Permitted Investments.
  - (ii) In respect of amounts standing to the credit of the Principal Collections Ledger, an amount equal to the product of (A) the Fixed Investor Percentage for the Collection Period in which such Principal Collections arise and (B) the aggregate amount of Principal Collections in respect of the relevant Date of Processing shall be applied as follows:
    - (A) *first*, an amount equal to the product of (A) the Required Retained Principal Collections Percentage for the Collection Period in which such Principal Collections arise, (B) the Fixed Investor Percentage and (C) the aggregate amount of Principal Collections in respect of the relevant Date of Processing shall be deposited in the Series 2018-1 Required Retained Principal Collections Ledger and shall (if so instructed by the Trust Manager) be invested by the Trustee in Permitted Investments, so as to be available for application as Reallocated Principal Collections;
    - (B) *second*, up to an amount equal to the Series 2018-1's *pro rata* share of the Daily Principal Shortfall on the Relevant Date shall be retained in the Principal Collections Ledger as Group One Retained Principal Collections representing

Series 2018-1's *pro rata* share of the Daily Principal Shortfall, to be utilised as Available Retained Principal Collections; and

- (C) *third*, any remaining amount shall be transferred to the Trustee Acquisition Ledger of the Trustee Collection Account and utilised as Cash Available for Investment.
- (iii) On each Transfer Date, amounts deposited in the Trustee Collection Account and credited to and retained in the Principal Collections Ledger during the preceding Collection Period shall be applied as follows:
- (A) an amount equal to the Required Retained Principal Collections (if any) deposited in the Series 2018-1 Required Retained Principal Ledger shall be utilised (if required) as Reallocated Principal Collections or otherwise retained as described below in the section entitled "*Reallocated Principal Collections*"; and
  - (B) an amount equal to amounts credited to the undivided Principal Collections Ledger as Group One Retained Principal Collections not utilised as part of the Controlled Deposit Amount or Shared Principal Collections shall be utilised as Cash Available for Investment on such Transfer Date.
- (c) During the Rapid Amortisation Period and the Scheduled Amortisation Period, the Trustee, acting on the instructions of the Trust Manager, shall, prior to the close of business on each Relevant Date (including, for the avoidance of doubt, each Transfer Date) on which amounts are deposited in the Trustee Collection Account, effect the transfers and matters detailed below.
- (i) Credit to the Series 2018-1 Finance Charge Collections Ledger an amount equal to the sum of (1) the product of (A) the Floating Investor Percentage for the Collection Period in which such Finance Charge Collections arise and (B) the aggregate amount of Finance Charge Collections processed on the relevant Date of Processing, to be applied as Available Funds, plus, where the Relevant Date is also a Transfer Date, (2) the product of (A) the Floating Investor Percentage for the Collection Period preceding that in which the relevant Transfer Date falls and (B) the aggregate amount of Eligible Acquired Interchange transferred to the Trustee Collection Account on such Transfer Date, to be applied as Available Funds. In relation to (1) above, all such amounts credited to the Series 2018-1 Finance Charge Collections Ledger shall (if so instructed by the Trust Manager) be invested by the Trustee in Permitted Investments.
  - (ii) In respect of amounts standing to the credit of the Principal Collections Ledger, an amount equal to the product of (A) the Fixed Investor Percentage for the Collection Period in which such Principal Collections arise and (B) the aggregate amount of Principal Collections in respect of the relevant Date of Processing shall be applied as follows:
    - (A) first, an amount equal to the product of (A) the Required Retained Principal Collections Percentage for the Collection Period in which such Principal Collections arise, (B) the Fixed Investor Percentage and (C) the aggregate amount of Principal Collections in respect of the relevant Date of Processing shall be deposited in the Series 2018-1 Required Retained Principal Ledger and shall (if so instructed by the Trust Manager) be invested by the Trustee in Permitted Investments, so as to be available for application as Reallocated Principal Collections;
    - (B) second, up to an amount equal to the Series 2018-1's *pro rata* share of the Daily Principal Shortfall on the Relevant Date shall be retained in the Principal Collections Ledger as Group One Retained Principal Collections representing Series 2018-1's *pro rata* share of the Daily Principal Shortfall, to be utilised as Available Retained Principal Collections; and
    - (C) third, any remaining amount shall be transferred to the Trustee Acquisition Ledger of the Trustee Collection Account and utilised as Cash Available for Investment,

**provided, however, that**, in relation to the Rapid Amortisation Period and the Scheduled Amortisation Period the amount retained in the Principal Collections Ledger pursuant to paragraph (B) above shall not exceed the sum of (1) the Series 2018-1 Investor Interest as of the close of business on the last day of the prior Collection Period taking into account any adjustments to be made on the related Transfer Date and any distributions to be made on the related Transfer Date and (2) any Reallocated Principal Collections relating to the Collection Period in which such amount is retained (the "**Required Amount**").

**"Cash Available for Investment"** shall mean, on any date of determination, the aggregate of the following amounts:

- (a) the amount of Principal Collections identified as such transferred to the Trustee Acquisition Ledger of the Trustee Collection Account on that day in accordance with the relevant provisions of the Cashflow Allocation Deed;
- (b) any subscription proceeds lent under any Series of Related Debt and deposited in the Trustee Acquisition Ledger of the Trustee Collection Account under the Cashflow Allocation Deed and any Supplement thereto on the relevant day, other than (if so specified in the relevant Supplement) any contribution in respect of a Replacement Series to be used to repay another Series; and
- (c) without double counting, any 'Loss Make-Up (Default)' and 'Loss Make-Up (Charge-off)' to be specified as being treated as Cash Available for Investment under the terms of the Cashflow Allocation Deed and each Supplement.

**"Daily Principal Shortfall"** shall mean, on any date of determination, the excess of:

- (a) the Group One Monthly Principal Payment for the Collection Period relating to such date; over
- (b) the amount of Group One Retained Principal Collections which are retained or to be retained in the Principal Collections Ledger in respect of Principal Collections processed to date for such Collection Period,

**provided, however, that** a reference to "Series 2018-1's *pro rata* share of the Daily Principal Shortfall" shall be an amount calculated as equal to the product of:

- (a) a fraction, the numerator of which is the amount of Principal Collections calculated for the Series 2018-1 Investor Interest and the denominator of which is the amount of Principal Collections calculated for the aggregate investor interests used for calculation purposes in respect of all Outstanding Series in Group One (including the Series 2018-1 Investor Interest) less the amount of Principal Collections calculated for the Available Originator VFN Excess Amount, in each case on such date of determination; and
- (b) the Daily Principal Shortfall.

**"Group One Monthly Principal Payment"** shall mean, with respect to any Collection Period, for all Outstanding Series in Group One (including Series 2018-1) which are in an Amortisation Period or an Accumulation Period, the sum of:

- (a) the aggregate of the deposit amounts and amortisation amounts (if any) for the related Transfer Date for each Series in Group One in any Accumulation Period or any Amortisation Period other than a Rapid Amortisation Period (as such term is defined in the related Supplement for such Series);
- (b) the Investor Interest as of the end of the prior Collection Period for each Series in Group One in its Rapid Amortisation Period (as such term is defined in the related Supplement for such Series); and
- (c) such other amounts as may be specified for this purpose in the related Supplements for all Series in Group One.

**"Class Tranche"** shall mean, as the context requires, any of the Class A1 Tranche, Class A2 Tranche, Class B Tranche, Class C Tranche, the Class D Tranche and/or the Class E Tranche.

**"Group One Retained Principal Collections"** shall mean those Principal Collections retained in the Principal Collections Ledger each Collection Period calculated by reference to all Outstanding Series in Group One that can be utilised by the Trustee, if needed, as Shared Principal Collections to make payments of principal to Outstanding Series in Group One on a Transfer Date and which are not Required Retained Principal Collections (as defined in the relevant Supplement) for any Series (including Series 2018-1).

**"Maximum Required Retained Principal Amount"** means, on any date of calculation prior to the Series 2018-1 Final Redemption Date or (if earlier) the date on which the Series 2018-1 Investor Interest is reduced to zero, an amount equal to the lesser of: (i) the aggregate of (A) the Available Series Originator VFN Subordination, and (B) an amount equal to the Series 2018-1 Adjusted Investor Interest less the Series 2018-1 Adjusted Investor Interest of the most senior Class Tranche then outstanding; and (ii) the higher of (x) 1% of the Series 2018-1 Adjusted Investor Interest; and (y) A\$750,000 and, on the Series 2018-1 Final Redemption Date or (if earlier) the date on which the Series 2018-1 Investor Interest is reduced to zero, A\$0.

**"Pay Out Commencement Date"** shall mean the date on which a Trust Pay Out Event or a Series 2018-1 Pay Out Event is deemed to occur.

**"Required Retained Principal Collections"** shall mean those Principal Collections credited to the Principal Collections Ledger, on each Relevant Date, as calculated by reference to the Required Retained Principal Collections Percentage, together with any Retained Principal Collections held in the Series 2018-1 Required Retained Principal Ledger of the Trustee Collection Account that can be utilised, if needed, as Reallocated Principal Collections.

**"Required Retained Principal Collections Percentage"** means, in respect of a Collection Period:

- (a) if the aggregate of: (i) the amount held in the Series 2018-1 Required Retained Principal Ledger; and (ii) the amount of the Originator VFN Required Retained Principal Collections (as defined in the Originator VFN Supplement) to be made available to Series 2018-1 and deposited in the Originator VFN Required Retained Principal Ledger identified for the Series 2018-1 Originator VFN Subordination, is equal to the Maximum Required Retained Principal Amount, zero per cent.; or
- (b) in all other cases, 100 per cent. until such time as the Required Retained Principal Collections for the relevant Collection Period equals the Maximum Required Retained Principal Amount, having taken into account any Originator VFN Required Retained Principal Collections to be made available to Series 2018-1 and deposited in the Originator VFN Required Retained Principal Ledger identified for the Series 2018-1 Originator VFN Subordination, following which the Required Retained Principal Collections Percentage shall be zero per cent.

**"Series 2018-1 Required Amount"** means, as of each Transfer Date, the aggregate of the Class A1 Required Amount, the Class A2 Required Amount, the Class B Required Amount, the Class C Required Amount, the Class D Required Amount and the Class E Required Amount.

#### **Calculation of Monthly Required Expense Amounts**

- (a) The calculated amount required to be transferred from amounts standing to the credit of the Series 2018-1 Finance Charge Collections Ledger in the Trustee Collection Account and either used to pay the Series 2018-1 Senior Trust Expenses to the relevant third party, or deposited in the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account by way of a payment of interest on the Class A1 Tranche of the Series 2018-1 Investor Interest Note, in respect of each Transfer Date (the **"Class A1 Monthly Required Expense Amount"**) shall be the aggregate of the following:
  - (i) the Series 2018-1 Senior Trust Expenses plus any Series 2018-1 Senior Trust Expenses remaining unpaid in respect of any previous Transfer Dates; plus
  - (ii) an amount equal to the Class A1 Monthly Finance Amount in respect of the Interest Period ending on (but excluding) the Payment Date immediately following such Transfer Date; plus
  - (iii) an amount equal to any unpaid Class A1 Deficiency Amounts; plus

- (iv) an amount equal to any Class A1 Additional Finance Amounts payable on the Payment Date immediately following such Transfer Date,

and on the related Transfer Date the Trustee shall, to the extent of available funds, deposit and credit funds equal to such amounts, in accordance with the priorities of payment below.

**"Interest Period"** means with respect to any Series of Related Debt or Associated Debt, shall have the meaning given to it in the relevant Supplement and in respect of the Transferor Interest Note shall be the period from and including the Payment Date immediately preceding such Payment Date (or, in the case of the first Payment Date, from and including the Series 2018-1 Closing Date) to but excluding such Payment Date.

**"Class A1 Additional Finance Amount"** shall, in respect of a Transfer Date, mean any amounts of unpaid default interest payable in respect of the Class A1 Tranche of the Series 2018-1 Investor Interest Note.

**"Class A1 Deficiency Amounts"** shall mean, in respect of any Transfer Date, an amount equal to the excess, if any, of the Class A1 Monthly Required Expense Amount as of the prior Transfer Date (disregarding for this purpose the Series 2018-1 Senior Trust Expenses) over the amounts actually deposited on such prior Transfer Date as the Class A1 Monthly Distribution Amount into the Loan Note Trustee Distribution Account for the payment of such amount.

**"Class A1 Initial Investor Interest"** shall mean A\$353,450,000.

**"Class A1 Monthly Finance Amount"** shall mean, in respect of a Transfer Date, the Interest Amount payable on such Transfer Date under the Class A1 Tranche of the Series 2018-1 Investor Interest Note calculated in accordance with the Series 2018-1 Investor Interest Note.

- (b) The calculated amount required to be transferred from amounts standing to the credit of the Series 2018-1 Finance Charge Collections Ledger in the Trustee Collection Account and deposited in the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account by way of a payment of interest on the Class A2 Tranche of the Series 2018-1 Investor Interest Note, in respect of each Transfer Date (the **"Class A2 Monthly Required Expense Amount"**) shall be the aggregate of the following:

- (i) an amount equal to the Class A2 Monthly Finance Amount in respect of the Interest Period ending on (but excluding) the Payment Date immediately following such Transfer Date; plus
- (ii) an amount equal to any unpaid Class A2 Deficiency Amounts; plus
- (iii) an amount equal to any Class A2 Additional Finance Amounts payable on the Payment Date immediately following such Transfer Date,

and on the related Transfer Date the Trustee shall, to the extent of available funds, deposit and credit funds equal to such amounts, in accordance with the priorities of payment below.

**"Class A2 Additional Finance Amount"** shall, in respect of a Transfer Date, mean any amounts of unpaid default interest payable in respect of the Class A2 Tranche of the Series 2018-1 Investor Interest Note.

**"Class A2 Deficiency Amount"** shall mean, in respect of any Transfer Date, an amount equal to the excess, if any, of the Class A2 Monthly Required Expense Amount as of the prior Transfer Date (disregarding for this purpose the Series 2018-1 Senior Trust Expenses) over the amounts actually deposited on such prior Transfer Date as the Class A2 Monthly Distribution Amount into the Loan Note Trustee Distribution Account for the payment of such amount.

**"Class A2 Initial Investor Interest"** shall mean A\$52,325,000.

**"Class A2 Monthly Finance Amount"** shall mean, in respect of a Transfer Date, the Interest Amount payable on such Transfer Date under the Class A2 Tranche of the Series 2018-1 Investor Interest Note calculated in accordance with the Series 2018-1 Investor Interest Note.

- (c) The calculated amount required to be transferred from amounts standing to the credit of the Series 2018-1 Finance Charge Collections Ledger in the Trustee Collection Account and deposited in the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account by way of a payment of interest on the Class B Tranche of the Series 2018-1 Investor Interest Note, in respect of each Transfer Date (the "**Class B Monthly Required Expense Amount**") shall be the aggregate of the following:

- (i) an amount equal to the Class B Monthly Finance Amount in respect of the Interest Period ending on (but excluding) the Payment Date immediately following such Transfer Date; plus
- (ii) an amount equal to any unpaid Class B Deficiency Amounts; plus
- (iii) an amount equal to any Class B Additional Finance Amounts payable on the Payment Date immediately following such Transfer Date,

and on the related Transfer Date the Trustee shall, to the extent of available funds, deposit and credit funds equal to such amounts, in accordance with the priorities of payment below.

**"Class B Additional Finance Amount"** shall, in respect of a Transfer Date, mean any amounts of unpaid default interest payable in respect of the Class B Tranche of the Series 2018-1 Investor Interest Note.

**"Class B Deficiency Amount"** shall mean, in respect of any Transfer Date, an amount equal to the excess, if any, of the Class B Monthly Required Expense Amount as of the prior Transfer Date (disregarding for this purpose the Series 2018-1 Senior Trust Expenses) over the amounts actually deposited on such prior Transfer Date as the Class B Monthly Distribution Amount into the Loan Note Trustee Distribution Account for the payment of such amount.

**"Class B Initial Investor Interest"** shall mean A\$28,800,000.

**"Class B Monthly Finance Amount"** shall mean, in respect of a Transfer Date, the Interest Amount payable on such Transfer Date under the Class B Tranche of the Series 2018-1 Investor Interest Note calculated in accordance with the Series 2018-1 Investor Interest Note.

- (d) The calculated amount required to be transferred from amounts standing to the credit of the Series 2018-1 Finance Charge Collections Ledger in the Trustee Collection Account and deposited in the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account by way of a payment of interest on the Class C Tranche of the Series 2018-1 Investor Interest Note, in respect of each Transfer Date (the "**Class C Monthly Required Expense Amount**") shall be the aggregate of the following:

- (i) an amount equal to the Class C Monthly Finance Amount in respect of the Interest Period ending on (but excluding) the Payment Date immediately following such Transfer Date; plus
- (ii) an amount equal to any unpaid Class C Deficiency Amounts; plus
- (iii) an amount equal to any Class C Additional Finance Amounts payable on the Payment Date immediately following such Transfer Date,

and on the related Transfer Date the Trustee shall, to the extent of available funds, deposit and credit funds equal to such amounts, in accordance with the priorities of payment below.

**"Class C Additional Finance Amount"** shall, in respect of a Transfer Date, mean any amounts of unpaid default interest payable in respect of the Class C Tranche of the Series 2018-1 Investor Interest Note under the Series 2018-1 Investor Interest Note.

**"Class C Deficiency Amount"** shall mean, in respect of any Transfer Date, an amount equal to the excess, if any, of the Class C Monthly Required Expense Amount as of the prior Transfer Date (disregarding for this purpose the Series 2018-1 Senior Trust Expenses) over the amounts actually

deposited on such prior Transfer Date as the Class C Monthly Distribution Amount into the Loan Note Trustee Distribution Account for the payment of such amount.

**"Class C Initial Investor Interest"** shall mean A\$26,175,000.

**"Class C Monthly Finance Amount"** shall mean, in respect of a Transfer Date, the Interest Amount payable on such Transfer Date under the Class C Tranche of the Series 2018-1 Investor Interest Note calculated in accordance with the Series 2018-1 Investor Interest Note.

- (e) The calculated amount required to be transferred from amounts standing to the credit of the Series 2018-1 Finance Charge Collections Ledger in the Trustee Collection Account and deposited in the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account by way of a payment of interest on the Class D Tranche of the Series 2018-1 Investor Interest Note, in respect of each Transfer Date (the **"Class D Monthly Required Expense Amount"**) shall be the aggregate of the following:

- (i) an amount equal to the Class D Monthly Finance Amount in respect of the Interest Period ending on (but excluding) the Payment Date immediately following such Transfer Date; plus
- (ii) an amount equal to any unpaid Class D Deficiency Amounts; plus
- (iii) an amount equal to any Class D Additional Finance Amounts payable on the Payment Date immediately following such Transfer Date,

and on the related Transfer Date the Trustee shall, to the extent of available funds, deposit and credit funds equal to such amounts, in accordance with the priorities of payment below.

**"Class D Additional Finance Amount"** shall, in respect of a Transfer Date, mean any amounts of unpaid default interest payable in respect of the Class D Tranche of the Series 2018-1 Investor Interest Note under the Series 2018-1 Investor Interest Note.

**"Class D Deficiency Amount"** shall mean, in respect of any Transfer Date, an amount equal to the excess, if any, of the Class D Monthly Required Expense Amount as of the prior Transfer Date (disregarding for this purpose the Series 2018-1 Senior Trust Expenses) over the amounts actually deposited on such prior Transfer Date as the Class D Monthly Distribution Amount into the Loan Note Trustee Distribution Account for the payment of such amount.

**"Class D Initial Investor Interest"** shall mean A\$20,930,000.

**"Class D Monthly Finance Amount"** shall mean, in respect of a Transfer Date, the Interest Amount payable on such Transfer Date under the Class D Tranche of the Series 2018-1 Investor Interest Note calculated in accordance with the Series 2018-1 Investor Interest Note.

- (f) The calculated amount required to be transferred from amounts standing to the credit of the Series 2018-1 Finance Charge Collections Ledger in the Trustee Collection Account and deposited in the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account by way of a payment of interest on the Class E Tranche of the Series 2018-1 Investor Interest Note, in respect of each Transfer Date (the **"Class E Monthly Required Expense Amount"**) shall be the aggregate of the following:

- (i) an amount equal to the Class E Monthly Finance Amount in respect of the Interest Period ending on (but excluding) the Payment Date immediately following such Transfer Date; plus
- (ii) an amount equal to any unpaid Class E Deficiency Amounts; plus
- (iii) an amount equal to any Class E Additional Finance Amounts payable on the Payment Date immediately following such Transfer Date,

and on the related Transfer Date the Trustee shall, to the extent of available funds, deposit and credit funds equal to such amounts, in accordance with the priorities of payment below.

**"Class E Additional Finance Amount"** shall, in respect of a Transfer Date, mean any amounts of unpaid default interest payable in respect of the Class E Tranche of the Series 2018-1 Investor Interest Note under the Series 2018-1 Investor Interest Note.

**"Class E Deficiency Amount"** shall mean, in respect of any Transfer Date, an amount equal to the excess, if any, of the Class E Monthly Required Expense Amount as of the prior Transfer Date (disregarding for this purpose the Series 2018-1 Senior Trust Expenses) over the amounts actually deposited on such prior Transfer Date as the Class E Monthly Distribution Amount into the Loan Note Trustee Distribution Account for the payment of such amount.

**"Class E Initial Investor Interest"** shall mean A\$18,320,000.

**"Class E Monthly Finance Amount"** shall mean, in respect of a Transfer Date, the Interest Amount payable on such Transfer Date under the Class E Tranche of the Series 2018-1 Investor Interest Note calculated in accordance with the Series 2018-1 Investor Interest Note.

#### **Application of Available Funds**

**"Available Funds"** means, with respect to any Collection Period (or the following Determination Date or Transfer Date), an amount equal to the sum of:

- (a) the Investor Percentage of Finance Charge Collections for such Collection Period, such amount to be credited to the Series 2018-1 Finance Charge Collections Ledger;
- (b) the Investor Percentage of amounts of Eligible Acquired Interchange for such Collection Period, such amount to be credited to the Series 2018-1 Finance Charge Collections Ledger on the related Transfer Date with respect to the preceding Collection Period;
- (c) with respect to any Collection Period prior to the reduction of the Series 2018-1 Investor Interest to zero for calculational purposes, the Principal Funding Investment Proceeds and any Excess Principal Funding Investment Proceeds transferred from the Series 2018-1 Principal Funding Ledger of the Trustee Collection Account;
- (d) with respect to any Collection Period prior to the reduction of the Series 2018-1 Investor Interest to zero for calculational purposes, any Accumulation Reserve Investment Proceeds, Accumulation Reserve Draw Amount and Accumulation Reserve Ledger Surplus Amounts transferred from the Series 2018-1 Accumulation Reserve Ledger of the Trustee Collection Account;
- (e) net amounts to be received by the Trustee into the Series 2018-1 Finance Charge Collections Ledger pursuant to the terms of a Qualifying Swap Agreement and referable to Series 2018-1 in relation to the following Payment Date;
- (f) any other proceeds of Permitted Investments referable to Series 2018-1 which constitute Available Funds; and
- (g) any amounts released from the Series 2018-1 Step-Up Reserve Ledger for the purpose of being applied as Available Funds.

On or before each Transfer Date, the Trust Manager shall instruct the Trustee of the amounts available to be paid or transferred pursuant to the below, to the extent of (A) Available Funds standing to the credit of the Series 2018-1 Finance Charge Collections Ledger and (B) further amounts, if any, of Group One Series 2018-1 Excess Finance Charges, and shall be used to make the following payments in the following order of priority:

- (a) an amount equal to A\$1 for such Transfer Date to be paid to the Unitholders, such payment being at the discretion of the Trust Manager;
- (b) an amount equal to the Series 2018-1 Senior Trust Expenses for such Transfer Date and any Series 2018-1 Senior Trust Expenses remaining unpaid in respect of any previous Transfer Date shall be paid in the order of priority specified in the definition thereof to be paid to the relevant parties;



- (c) *pro rata and pari passu*, an amount equal to:
  - (i) the Investor Trust Manager Payment Amount for such Transfer Date plus any Investor Trust Manager Payment Amounts remaining unpaid in respect of any previous Transfer Date to the Trust Manager; and
  - (ii) the Investor Senior Servicing Amount for such Transfer Date plus any Investor Senior Servicing Amounts remaining unpaid in respect of any previous Transfer Date to Servicer;
- (d) if Series 2018-1 is in a Qualifying Swap Group, an amount equal to any Qualifying Swap Amount referable to Series 2018-1 payable on such Transfer Date, excluding any Qualifying Swap Partial Termination Payments, Qualifying Swap Permitted Tax Credit Payments or Qualifying Swap Subordinated Termination Payments, will be paid to the relevant Qualifying Swap Provider;
- (e) *pro rata and pari passu*:
  - (i) an amount (the "**Class A1 Monthly Distribution Amount**") equal to (1) the Class A1 Monthly Finance Amount for such Transfer Date, plus (2) any Class A1 Deficiency Amount for such Transfer Date, plus (3) any Class A1 Additional Finance Amount for such Transfer Date, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class A1 Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class A1 Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds available to meet the Class A1 Monthly Distribution Amount in full, then the relevant amounts constituting the Class A1 Monthly Distribution Amount shall be met in the priority of payment set out above;
  - (ii) if Series 2018-1 is in a Qualifying Swap Group, an amount equal to any Qualifying Swap Partial Termination Payments and Qualifying Swap Permitted Tax Credit Payments referable to Series 2018-1 that are due and payable on or around such Transfer Date shall be paid to the relevant Qualifying Swap Provider;
- (f) an amount equal to the Class A1 Investor Default Amount, if any, for the preceding Collection Period shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class A1 Investor Default Amounts and either reinstate or reimburse the Class A1 Investor Interest for the purpose of calculations, as applicable;
- (g) an amount equal to the aggregate amount of Class A1 Investor Charge-offs which have not been previously reinstated and for which a payment of Principal Loss Make-Up (Charge-off) has not previously been made shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger to be utilised as Principal Loss Make-Up (Charge-off) to make-up such Class A1 Investor Charge-offs amounts and either reinstate or reimburse the Class A1 Investor Interest for the purpose of calculations, as applicable;
- (h) an amount equal to the Class A2 Investor Default Amount, if any, for the preceding Collection Period shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class A2 Investor Default Amounts and either reinstate or reimburse the Class A2 Investor Interest for the purpose of calculations, as applicable;
- (i) an amount equal to the aggregate amount of Class A2 Investor Charge-offs which have not been previously reinstated and for which a payment of Principal Loss Make-Up (Charge-off) has not previously been made shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger to

be utilised as 'Principal Loss Make-Up (Charge-off)' to make-up such Class A2 Investor Charge-offs amounts and either reinstate or reimburse the Class A2 Investor Interest for the purpose of calculations, as applicable;

- (j) an amount (the "**Class A2 Monthly Distribution Amount**") equal to (1) the Class A2 Monthly Finance Amount for such Transfer Date, plus (2) any Class A2 Deficiency Amount for such Transfer Date, plus (3) any Class A2 Additional Finance Amount for such Transfer Date, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class A2 Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class A2 Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds available to meet the Class A2 Monthly Distribution Amount in full, then the relevant amounts constituting the Class A2 Monthly Distribution Amount shall be met in the priority of payment set out above;
- (k) an amount equal to the Class B Investor Default Amount, if any, for the preceding Collection Period shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class B Investor Default Amounts and either reinstate or reimburse the Class B Investor Interest for the purpose of calculations, as applicable;
- (l) an amount equal to the aggregate amount of Class B Investor Charge-offs which have not been previously reinstated and for which a payment of Principal Loss Make-Up (Charge-off) has not previously been made shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger to be utilised as 'Principal Loss Make-Up (Charge-off)' to make-up such Class B Investor Charge-offs amounts and either reinstate or reimburse the Class B Investor Interest for the purpose of calculations, as applicable;
- (m) an amount (the "**Class B Monthly Distribution Amount**") equal to (1) the Class B Monthly Finance Amount for such Transfer Date, plus (2) any Class B Deficiency Amount for such Transfer Date, plus (3) any Class B Additional Finance Amount for such Transfer Date, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class B Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class B Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds available to meet the Class B Monthly Distribution Amount in full, then the relevant amounts constituting the Class B Monthly Distribution Amount shall be met in the priority of payment set out above;
- (n) an amount equal to the Class C Investor Default Amount, if any, for the preceding Collection Period shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class C Investor Default Amounts and either reinstate or reimburse the Class C Investor Interest for the purpose of calculations, as applicable;
- (o) an amount equal to the aggregate amount of Class C Investor Charge-offs which have not been previously reinstated and for which a payment of Principal Loss Make-Up (Charge-off) has not previously been made shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger to be utilised as 'Principal Loss Make-Up (Charge-off)' to make-up such Class C Investor Charge-offs amounts and either reinstate or reimburse the Class C Investor Interest for the purpose of calculations, as applicable;
- (p) an amount (the "**Class C Monthly Distribution Amount**") equal to (1) the Class C Monthly Finance Amount for such Transfer Date, plus (2) any Class C Deficiency Amount for such Transfer Date, plus (3) any Class C Additional Finance Amount for such Transfer Date, shall be paid to the

Loan Note Trustee as payment of the Interest Amount in respect of the Class C Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class C Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds available to meet the Class C Monthly Distribution Amount in full, then the relevant amounts constituting the Class C Monthly Distribution Amount shall be met in the priority of payment set out above;

- (q) an amount equal to the Class D Investor Default Amount, if any, for the preceding Collection Period shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class D Investor Default Amounts and either reinstate or reimburse the Class D Investor Interest for the purpose of calculations, as applicable;
- (r) an amount equal to the aggregate amount of Class D Investor Charge-offs which have not been previously reinstated and for which a payment of Principal Loss Make-Up (Charge-off) has not previously been made shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger to be utilised as 'Principal Loss Make-Up (Charge-off)' to make-up such Class D Investor Charge-offs amounts and either reinstate or reimburse the Class D Investor Interest for the purpose of calculations, as applicable;
- (s) an amount (the "**Class D Monthly Distribution Amount**") equal to (1) the Class D Monthly Finance Amount for such Transfer Date, plus (2) any Class D Deficiency Amount for such Transfer Date, plus (3) any Class D Additional Finance Amount for such Transfer Date, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class D Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class D Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds available to meet the Class D Monthly Distribution Amount in full, then the relevant amounts constituting the Class D Monthly Distribution Amount shall be met in the priority of payment set out above;
- (t) an amount equal to the Class E Investor Default Amount, if any, for the preceding Collection Period shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger (identified as 'Principal Loss Make-Up (Default)'), to make-up such Class E Investor Default Amounts and either reinstate or reimburse the Class E Investor Interest for the purpose of calculations, as applicable;
- (u) an amount equal to the aggregate amount of Class E Investor Charge-offs which have not been previously reinstated and for which a payment of Principal Loss Make-Up (Charge-off) has not previously been made shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') or (during the Rapid Amortisation Period or the Scheduled Amortisation Period) remain credited to the Series 2018-1 Finance Charge Collections Ledger to be utilised as 'Principal Loss Make-Up (Charge-off)' to make-up such Class E Investor Charge-offs amounts and either reinstate or reimburse the Class E Investor Interest for the purpose of calculations, as applicable;
- (v) an amount (the "**Class E Monthly Distribution Amount**") equal to (1) the Class E Monthly Finance Amount for such Transfer Date, plus (2) any Class E Deficiency Amount for such Transfer Date, plus (3) any Class E Additional Finance Amount for such Transfer Date, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Class E Tranche of the Series 2018-1 Investor Interest Note, together with any deferred interest and additional interest due and unpaid on Class E Tranche of the Series 2018-1 Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds available to meet the Class E Monthly Distribution Amount in full, then the relevant amounts constituting the Class E Monthly Distribution Amount shall be met in the priority of payment set out above;

- (w) an amount equal to the aggregate amount of Investor Charge-offs allocated to the Series 2018-1 Originator VFN Subordination which have not been previously reinstated (including by Finance Charge Collections allocated to the Trustee for the purpose of making payments in respect of the Originator VFN Series and made available for that purpose) shall be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)' in respect of the Originator VFN Series) and applied to make-up and reinstate such Series 2018-1 Originator VFN Subordination for the purpose of calculations in accordance with the terms of the Originator VFN Supplement;
- (x) if the Trust Manager exercises its option to apply a Controlled Accumulation Period to Series 2018-1, on each Transfer Date from and after the Accumulation Reserve Funding Date, but prior to the date on which the Series 2018-1 Accumulation Reserve Ledger is closed, an amount up to the amount by which the Available Accumulation Reserve Amount is less than the Required Accumulation Reserve Amount shall be deposited in the Trustee Collection Account to the credit of the Series 2018-1 Accumulation Reserve Ledger;
- (y) the amount (if any) determined by the Trust Manager to be credited to the Series 2018-1 Step-Up Reserve Ledger, up to the Step-Up Required Amount; and
- (z) the remainder (being the "**Series Excess Spread**" in respect of Series 2018-1) will, together with any other Series Excess Spread available on such date, be applied in accordance with the Excess Spread Priority of Payments.

On each Transfer Date on which a Group One Series Finance Charge Shortfall occurs in respect of Series 2018-1, the Trustee will utilise any amounts available to it in respect of other Series in Group One under the terms of the Cashflow Allocation Deed and each Supplement thereto (including pursuant to the Excess Spread Priority of Payments) by way of payments for Supported Group One Finance Charge Shortfalls and Excess Finance Charges and apply the same as payments for its Supported Group One Finance Charge Shortfall and Group One Series 2018-1 Excess Finance Charges.

**"Group One Series 2018-1 Excess Finance Charges"** shall mean, in respect of a Transfer Date, the lesser of (A) the amount of Excess Finance Charges available to the Trustee from funds allocated to the Trustee in respect of other Series in Group One for the purpose of making the Series 2018-1 Payments pursuant to the Cashflow Allocation Deed; and (B) an amount equal to (1) the aggregate of Available Funds in respect of such Transfer Date, **less** (2) the amounts payable pursuant to the Series 2018-1 Supplement (disregarding, for the purposes of calculation, any reduction of such amounts as a result of shortfalls in funds available to make such payments).

**"Loss Make-Up (Charge-off)"** shall mean any amounts of Available Funds (including those made available by other Series) to be treated as Principal Collections for the purpose of making-up an Investor Charge-off and reinstating the relevant Series 2018-1 Investor Interest (or the relevant investor interest in respect of another Series) for the purpose of making calculations.

**"Loss Make-Up (Default)"** shall mean any amounts of Available Funds (including those made available by other Series) to be treated as Principal Collections for the purpose of making-up an Investor Default Amount and reinstating the relevant Series 2018-1 Investor Interest (or the relevant investor interest in respect of another Series) for the purpose of making calculations.

**"Principal Loss Make-Up (Charge-off)"** shall mean any amounts of Available Funds (including those made available by other Series) to be treated as Principal Collections for the purpose of curing an Investor Charge-off by reimbursing the Series 2018-1 Investor Interest (or the relevant investor interest in respect of another Series).

**"Principal Loss Make-Up (Default)"** shall mean any amounts of Available Funds (including those made available by other Series) to be treated as Principal Collections for the purpose of curing an Investor Default Amount by reimbursing the Series 2018-1 Investor Interest (or the relevant investor interest in respect of another Series).

**"Series 2018-1 Senior Trust Expenses"** shall mean, in respect of a Transfer Date, the following amounts payable on or about such Transfer Date in the following order of priority:

- (a) the Series 2018-1 pro rata share of the amounts payable by the Trustee to the Security Trustee and any receiver or Appointee appointed pursuant to the terms of the Security Trust Deed (other than

pursuant to the indemnity for taxes in favour of the Security Trustee in respect of any tax liabilities of the Trustee paid for from funds credited to the Tax Ledger of the Trustee Administration Account) calculated with reference to the size of the Floating Investor Percentage for Series 2018-1 and the size of the equivalent percentage for each other Series of Related Debt outstanding;

- (b) the Investor Trustee Payment Amount and the Series 2018-1 pro rata share of any tax liabilities of the Trustee due and payable during the period from that Transfer Date to the next Transfer Date but only to the extent there are insufficient amounts in the Tax Ledger of the Trustee Administration Account to pay such tax liabilities;
- (c) the Series 2018-1 pro-rata share of the amounts payable by the Trustee to the Trustee Account Bank calculated with reference to the size of the Floating Investor Percentage for Series 2018-1 and the size of the equivalent percentage for each other Series of Related Debt outstanding; and
- (d) the Investor Back-Up Servicing Amount for such Transfer Date.

**"Trustee Administration Account"** means the bank account so entitled opened in the name of the Trustee with the Account Bank established in accordance with the Cashflow Allocation Deed and any replacement or redesignation of such bank account permitted in accordance with the Transaction Documents.

#### **Trustee, Trust Manager, Servicer and Back-Up Servicer Fees**

As described in *"Servicing of Receivables"* above, a share of the Senior Servicing Fee payable by the Trustee to the Servicer shall be payable from funds available to the Trustee in respect of Series 2018-1. This share of the Servicing Fee, being the **"Investor Senior Servicing Amount"** in respect of Series 2018-1 shall be calculated to be an amount equal to the product of (A) the Floating Investor Percentage as of the first day of the Collection Period preceding such Transfer Date, and (B) the aggregate of Senior Servicing Fee and any other costs, expenses or other amounts (other than the Junior Servicing Fee) payable by the Trustee to the Servicer on such Transfer Date. The Junior Servicing Fee is paid under the Excess Spread Priority of Payments from the excess spread amounts of all Series in Group One.

As described in *"Servicing of Receivables"* above, a share of the Back-Up Servicing Fee payable by the Trustee to the Back-Up Servicer shall be payable from funds available to the Trustee in respect of Series 2018-1. This share of the Back-Up Servicing Fee, being the Investor Back-Up Servicing Amount in respect of Series 2018-1 shall be calculated to be an amount equal to the product of (A) the Floating Investor Percentage as of the first day of the Collection Period preceding such Transfer Date, and (B) the aggregate of Back-Up Servicing Fee and any other costs, expenses or other amounts payable by the Trustee to the Back-Up Servicer on such Transfer Date.

As described in *"Servicing of Receivables"* above, a share of the Aggregate Investor Trustee Payment Amount payable to Trustee in respect of Series 2018-1 shall be payable from funds available to the Trustee in respect of Series 2018-1. This share of the Aggregate Investor Trustee Payment Amount, being the **"Investor Trustee Payment Amount"** in respect of Series 2018-1 shall be equal to the product of (A) a fraction, the numerator of which is the Series 2018-1 Investor Interest as of the last day of the Collection Period preceding such Transfer Date and the denominator of which is the aggregate of the investor interests of each Series in respect of which such Investor Trustee Payment Amount was incurred and (B) the Aggregate Investor Trustee Payment Amount certified to the Trust Manager by the end of any Collection Period as being accrued due and payable in respect of such Collection Period. The portion of the equivalent fee payable to the Loan Note Trustee and referable to Series 2018-1 (the **"Investor Loan Note Trustee Payment Amount"**) shall be calculated on the same basis as a portion of the Aggregate Investor Loan Note Trustee Payment Amount.

As described in *"Servicing of Receivables"* above, a share of the Aggregate Investor Trust Manager Payment Amount payable to the Trust Manager in respect of each Collection Period shall be payable from funds available to the Trustee in respect of Series 2018-1. This share of the Aggregate Investor Trust Manager Payment Amount, being the **"Investor Trust Manager Payment Amount"** in respect of Series 2018-1 shall be equal to the product of (A) a fraction, the numerator of which is the Series 2018-1 Investor Interest as of the last day of the Collection Period preceding such Transfer Date and the denominator of which is the aggregate of the investor interests of each Series in respect of which such Investor Trust Manager Payment Amount was incurred and (B) the Aggregate Investor Trust Manager Payment Amount certified to the Trust Manager by the end of any Collection Period as being accrued due and payable in

respect of such Collection Period. The portion of the equivalent fee and payable by the Loan Note Trustee to the Loan Note Trustee and referable to Series 2018-1 (the "**Investor Loan Note Trust Manager Payment Amount**") shall be calculated on the same basis as a portion of the Aggregate Investor Loan Note Trust Manager Payment Amount.

"**Aggregate Investor Loan Note Trust Manager Payment Amount**" means the fees, costs and other amounts payable to the Loan Note Trust Manager in respect of each Collection Period on the relevant Transfer Date.

#### **Master Cash Settlement Agreement and Advance Payments**

The provisions of the Master Cash Settlement Agreement shall apply to Series 2018-1 and, for the purposes of the Master Cash Settlement Agreement, Series 2018-1 shall be a relevant Series. The "Senior Expense Amount" for Series 2018-1 shall be an amount calculated by the Trust Manager on the first day of each Collection Period as being equal to the amounts expected to be paid or provided for under items (a) to (e), (j), (m), (p), (s), (v), (x) and (y) of the priority of payment set out above, provided that the Rate of Interest for such purposes, if applicable, will be at least equal to the Rate of Interest on the date of calculation of such expected payments as determined by the Trust Manager (acting pursuant to the Series 2018-1 Investor Interest Note) on such date. The expected payments under items (e)(i), (j), (m), (p), (s) and (v) of the priorities of payment and, if so provided in the relevant Qualifying Swap Agreement, items (d) and (e)(ii), and the Senior Expense Amount shall be recalculated for the purposes of Series 2018-1 on the Payment Date falling during such Collection Period (being the date of determination of the Rate of Interest for payments to be made on the Payment Date following such Collection Period).

Under the terms of the Master Cash Settlement Agreement: (i) Finance Charge Collections will be transferred in each Collection Period until such time as the amount transferred equals the Senior Expense Amount plus an amount equal to the amount of Non-Capitalised Outstanding Finance Charges, as estimated by the Servicer, in respect of which a payment has not yet been made under the Excess Spread Priority of Payments (such amount retained in respect of Series 2018-1 to be adjusted from time to time to reflect Series 2018-1's pro-rata share of such amount in accordance with the terms of the Cashflow Allocation Deed and each Supplement thereto); and (ii) Principal Collections will be transferred in each Collection Period until an amount equal to the amount required to be retained in the Series 2018-1 Required Retained Principal Ledger or as Group One Retained Principal Collections, has been transferred to the Trustee Collection Account, (being "**Senior Funding Completion**" in respect of Finance Charge Collections and Principal Collections respectively). Thereafter, the terms of the Master Cash Settlement Agreement will permit the Transferor to retain Collections which would otherwise be paid back to it by the Trustee, which such payments represent the direct or indirect proceeds of:

- (a) Finance Charge Collections, in which case such amounts shall constitute "**Finance Charge Advance Payments**" and shall be retained by the Transferor absolutely, subject only to an obligation to refund an equivalent amount to the extent of any overpayment; or
- (b) Principal Collections, in which case such amounts shall constitute "**Principal Advance Payments**" in respect of repayments on the Originator VFN Investor Interest Note, subject to an obligation to refund them on or after each Determination Date (unless such amounts could just be transferred back to the Transferor as Principal Advance Payments).

Finance Charge Advance Payments will represent sums which it is anticipated that the Transferor (or one of its Affiliates, such as the Servicer) will receive on the Transfer Date following the Collection Period in which such payments are made. Principal Advance Payments will represent amounts of Cash Available for Investment which would otherwise be utilised by the Trustee, pending application in accordance with the provisions of the Cashflow Allocation Deed and each Supplement thereto, to repay principal as the Originator VFN Investor Interest Note and (indirectly) the Originator VFN Loan Note. It is anticipated that Principal Advance Payments will typically be released to the Transferor in consideration for the assignment of new Receivables to the Trustee.

All Collections held in the Transferor Collection Account will be held on trust for the Trustee pending the transfer of such Collections to the Trustee Collection Account which (prior to the relevant Senior Funding Completion) will take place no later than the Business Day following the Date of Processing of such Collections, or as soon as practicable thereafter. Following Senior Funding Completion, (a) under item (i) of the definition thereof, Finance Charge Collections and/or (b) under item (ii) of the definition thereof,

Principal Collections, shall be retained by the Transferor, either as payments of the Finance Charge Collections or Principal Collections due to it or as Finance Charge Advance Payments or Principal Advance Payments.

### **Monthly Finance Payments**

The Class A1 Monthly Distribution Amount will be used by the Loan Note Trustee to pay interest due on the Class A1 Notes.

The Class A2 Monthly Distribution Amount will be used by the Loan Note Trustee to pay interest due on the Class A2 Notes.

The Class B Monthly Distribution Amount will be used by the Loan Note Trustee to pay interest due on the Class B Notes.

The Class C Monthly Distribution Amount will be used by the Loan Note Trustee to pay interest due on the Class C Notes.

The Class D Monthly Distribution Amount will be used by the Loan Note Trustee to pay interest due on the Class D Notes.

The Class E Monthly Distribution Amount will be used by the Loan Note Trustee to pay interest due on the Class E Notes.

The Additional Coupon which is payable on the then most senior Tranche of the Series 2018-1 Investor Interest Note that is outstanding will be used by the Loan Note Trustee to pay the Series 2018-1 Senior Loan Note Trust Expenses.

"**Series 2018-1 Senior Loan Note Trust Expenses**" shall mean, in respect of a Transfer Date, the following amounts payable on or about such Transfer Date in the following order of priority:

- (a) the Series 2018-1 pro-rata share of the amounts payable by the Loan Note Trustee to the Loan Note Security Trustee and any receiver or Appointee appointed pursuant to the terms of the Security and Cashflow Allocation Deed (other than pursuant to the indemnity for taxes in favour of the Loan Note Security Trustee in respect of any tax liabilities of the Loan Note Trustee paid for from funds credited to the Tax Ledger of the Loan Note Trustee Distribution Account) calculated with reference to the size of the Floating Investor Percentage for Series 2018-1 and the size of the equivalent percentage for each other Series of Related Debt outstanding;
- (b) the Investor Loan Note Trustee Payment Amount and the Series 2018-1 pro-rata share of any tax liabilities of the Loan Note Trustee due and payable during the period from that Transfer Date to the next Transfer Date but only to the extent there are insufficient amounts in the Tax Ledger of the Loan Note Trustee Distribution Account to pay such tax liabilities; and
- (c) the Series 2018-1 pro-rata share of the amounts payable by the Loan Note Trustee to the Loan Note Trustee Account Bank calculated with reference to the size of the Floating Investor Percentage for Series 2018-1 and the size of the equivalent percentage for each other Series of Related Debt outstanding.

### **The Accumulation Period Series 2018-1 Principal Funding Ledger and Series 2018-1 Accumulation Reserve Ledger**

#### **Principal Funding**

If the Trustee delivers a Controlled Accumulation Notice to Series 2018-1 or intends to repay Series 2018-1 by way of a Replacement Series, the Trustee will establish a ledger of the Trustee Collection Account in respect of Series 2018-1 entitled "**Series 2018-1 Principal Funding Ledger**", as to which see below. During the Controlled Accumulation Period for Series 2018-1, the Trustee will credit the amounts described in "*Calculation of Monthly Principal Amounts to be used to make payments under the Series 2018-1 Investor Interest Note*" to the Series 2018-1 Principal Funding Ledger and apply such amount to make a repayment of principal on the Series 2018-1 Investor Interest Note on the Transfer Date relating to the Series 2018-1 Expected Redemption Date.

Funds on deposit in the Series 2018-1 Principal Funding Ledger shall (if so instructed by the Trust Manager) be invested at the direction of the Trust Manager by the Trustee in Permitted Investments.

On the Transfer Date occurring in the month following the commencement of the Controlled Accumulation Period and on each Transfer Date thereafter with respect to the Controlled Accumulation Period and, if applicable, on the first Transfer Date with respect to the Rapid Amortisation Period, the Trustee, acting on the instructions of the Trust Manager given on or before such Transfer Date, shall transfer from the Series 2018-1 Principal Funding Ledger of the Trustee Collection Account to the credit of the Series 2018-1 Finance Charge Collections Ledger an amount of Principal Funding Investment Proceeds, up to the amount of the Series 2018-1 Covered Amount, for application as Available Funds. Any Excess Principal Funding Investment Proceeds on any Transfer Date shall also be transferred to the Series 2018-1 Finance Charge Collections Ledger of the Trustee Collection Account and constitute Available Funds.

**"Excess Principal Funding Investment Proceeds"** shall mean, for any Collection Period, with respect to each Transfer Date for the Controlled Accumulation Period or the first Transfer Date with respect to the Rapid Amortisation Period, the amount, if any, by which the Principal Funding Investment Proceeds for such Transfer Date exceed the aggregate Series 2018-1 Covered Amount for such Transfer Date.

**"Principal Funding Investment Proceeds"** shall mean, with respect to each Transfer Date with respect to the Controlled Accumulation Period or the first Transfer Date with respect to the Rapid Amortisation Period (as applicable), the investment earnings on funds deposited in the Trustee Collection Account and credited to the Series 2018-1 Principal Funding Ledger (net of investment expenses and losses) pursuant to the Series 2018-1 Supplement, for the period from and including the immediately preceding Transfer Date to but excluding such Transfer Date.

**"Series 2018-1 Principal Funding Ledger Balance"** shall mean, with respect to any date of determination, the principal amount, if any, on deposit in the Trustee Collection Account and credited to the Series 2018-1 Principal Funding Ledger on such date of determination.

#### **Series 2018-1 Accumulation Reserve Ledger**

If the Trustee delivers a Controlled Accumulation Notice to Series 2018-1, the Trustee will establish a ledger of the Trustee Collection Account in respect of Series 2018-1 entitled the **"Series 2018-1 Accumulation Reserve Ledger"**. The Series 2018-1 Accumulation Reserve Ledger will be established to assist with the payment by the Trustee of the Class A1 Monthly Finance Amount, the Class A2 Monthly Finance Amount, the Class B Monthly Finance Amount, the Class C Monthly Finance Amount, the Class D Monthly Finance Amount and the Class E Monthly Finance Amount.

On each Transfer Date falling after the Accumulation Reserve Funding Date, but prior to the termination of the Series 2018-1 Accumulation Reserve Ledger, the Trustee will apply certain amounts of Available Funds in the priority described above to increase the amount on deposit in the Series 2018-1 Accumulation Reserve Ledger to the extent it is less than the Required Accumulation Reserve Amount.

**"Accumulation Reserve Funding Date"** shall mean the Transfer Date which occurs one month prior to the commencement of the Controlled Accumulation Period, or an earlier date if the Portfolio Adjusted Yield decreases below certain levels specified in the Series 2018-1 Supplement. In any event, the date will be no more than 12 months prior to the commencement of the Controlled Accumulation Period.

**"Portfolio Adjusted Yield"** shall mean, with respect to any Transfer Date commencing on and including the third Transfer Date after the Series 2018-1 Closing Date, the average of the percentages obtained for each of the three preceding Collection Periods by subtracting the Expense Rate from the Portfolio Yield for each Collection Period.

**"Required Accumulation Reserve Amount"** shall mean, with respect to any Transfer Date that occurs after the delivery of a Controlled Accumulation Notice and on or after the Accumulation Reserve Funding Date, an amount equal to A\$11,750,000 or any other amount designated by the Trust Manager and notified by it to the Trustee, **provided, however, that**, if such designation is of a lesser amount than A\$11,750,000, the Trust Manager shall deliver to the Trustee a certificate of an Authorised Officer to the effect that, in its opinion, formed on the basis of due consideration, such designation will not cause a Pay Out Event in respect of Series 2018-1 or an event that, after the giving of notice or the lapse of time, would cause a Pay Out Event to occur in respect of Series 2018-1.



Funds standing to the credit of the Series 2018-1 Accumulation Reserve Ledger shall (if so instructed by the Trust Manager) be invested by the Trustee acting on the instructions of the Trust Manager in Permitted Investments. On each Transfer Date, interest and earnings (net of losses and investment expenses) accrued since the preceding Transfer Date on funds on deposit in the Trustee Collection Account which are standing to the credit of the Series 2018-1 Accumulation Reserve Ledger shall be retained in the Trustee Collection Account and credited to the Series 2018-1 Accumulation Reserve Ledger (to the extent that the Available Accumulation Reserve Amount is less than the Required Accumulation Reserve Amount) and the balance (such balance, the "**Accumulation Reserve Investment Proceeds**"), if any, shall be transferred from the Series 2018-1 Accumulation Reserve Ledger to the Series 2018-1 Finance Charge Collections Ledger for application as Available Funds.

On or before each Transfer Date with respect to the Controlled Accumulation Period and, as applicable, on the first Transfer Date for the Rapid Amortisation Period where a Controlled Accumulation Period has applied prior to such date, the Trust Manager shall calculate the "**Accumulation Reserve Draw Amount**", which shall be equal to the Principal Funding Investment Shortfall with respect to such Transfer Date, **provided, however, that** such amount will be reduced to the extent that Available Funds otherwise would be available for deposit (and apart from such reduction would be required to be deposited) in the Trustee Collection Account and credited to the Series 2018-1 Accumulation Reserve Ledger under the priorities of payment with respect to such Transfer Date. "**Principal Funding Investment Shortfall**" shall mean, with respect to each Transfer Date with respect to the Controlled Accumulation Period or the first Transfer Date with respect to the Rapid Amortisation Period following the application of any Controlled Accumulation Period (as applicable), the amount, if any, by which the Principal Funding Investment Proceeds for such Transfer Date are less than the Series 2018-1 Covered Amount determined as of such Transfer Date.

In the event that for any Transfer Date the Accumulation Reserve Draw Amount is greater than zero, the Accumulation Reserve Draw Amount, up to the Available Accumulation Reserve Amount, shall be withdrawn from the amount standing to the credit of the Series 2018-1 Accumulation Reserve Ledger on such Transfer Date by the Trustee, acting in accordance with the instructions of the Trust Manager and deposited in the Trustee Collection Account and credited to the Series 2018-1 Finance Charge Collections Ledger.

In the event that the Available Accumulation Reserve Amount on any Transfer Date, after giving effect to all deposits to and withdrawals from the amounts standing to the credit of the Series 2018-1 Accumulation Reserve Ledger with respect to such Transfer Date, is greater than the Required Accumulation Reserve Amount, the Trustee acting on the instructions of the Trust Manager shall transfer from the amounts standing to the credit of the Series 2018-1 Accumulation Reserve Ledger to the Series 2018-1 Finance Charge Collections Ledger an amount equal to such surplus which shall constitute Available Funds.

Any remaining funds held in the Series 2018-1 Accumulation Reserve Ledger upon the earlier to occur of the termination of the Trust pursuant to the Master Trust Deed, the first Transfer Date for the Rapid Amortisation Period where a Controlled Accumulation Period has applied prior to such date, the Transfer Date immediately preceding the Series 2018-1 Scheduled Redemption Date where a Controlled Accumulation Period has applied prior to such date, shall be withdrawn and applied as Available Funds following which the Series 2018-1 Accumulation Reserve Ledger shall be deemed to have been closed (the "**Accumulation Reserve Ledger Surplus Amounts**").

"**Authorised Officer**" means, in respect of a specified entity, any person who is duly authorised by such specified entity and in respect of whom a certificate has been provided which has been signed by a director or another duly authorised person of such specified entity and which sets out the name and signature of such person and confirms such person's authority to act.

The "**Available Accumulation Reserve Amount**" shall mean, with respect to any Transfer Date, the amount recorded on the Series 2018-1 Accumulation Reserve Ledger on such date (before giving effect to any amount credited or to be credited to such reserve from Available Funds on such date).

"**Series 2018-1 Covered Amount**" shall mean, as of each Transfer Date with respect to any Interest Period commencing during the Controlled Accumulation Period, or as of the first Transfer Date with respect to the Rapid Amortisation Period, in each case prior to the Series 2018-1 Investor Interest being reduced to zero, the aggregate of the Class A1 Covered Amount, the Class A2 Covered Amount, the Class B Covered Amount, the Class C Covered Amount, the Class D Covered Amount and the Class E Covered Amount.

**"Class A1 Covered Amount"** shall mean an amount, determined as of each Transfer Date with respect to any Interest Period commencing during the Controlled Accumulation Period, or as of the first Transfer Date with respect to the Rapid Amortisation Period, in each case prior to the payment in full of the Class A1 Investor Interest, equal to the product of:

- (a) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 365; and
- (b) the Class A1 Interest Rate in effect with respect to such Interest Period; and
- (c) the Series 2018-1 Principal Funding Ledger Balance available to the Trustee for the purposes of making payments on the Class A1 Tranche of the Series 2018-1 Investor Interest Note as of the last day of the Collection Period preceding the Collection Period in which such Interest Period ends.

**"Class A1 Interest Rate"** shall mean the rate of interest which, if it were applied to the Class A1 Tranche of the Series 2018-1 Investor Interest Note, would calculate an amount of interest payable on the Class A1 Tranche equal to the interest amount payable thereon (including any Additional Coupon).

**"Class A2 Covered Amount"** shall mean an amount, determined as of each Transfer Date with respect to any Interest Period commencing during the Controlled Accumulation Period, or as of the first Transfer Date with respect to the Rapid Amortisation Period, in each case prior to the payment in full of the Class A2 Investor Interest, equal to the product of:

- (a) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 365; and
- (b) the Class A2 Interest Rate in effect with respect to such Interest Period; and
- (c) the Series 2018-1 Principal Funding Ledger Balance available to the Trustee for the purposes of making payments on the Class A2 Tranche of the Series 2018-1 Investor Interest Note as of the last day of the Collection Period preceding the Collection Period in which such Interest Period ends.

**"Class A2 Interest Rate"** shall mean, for any Interest Period: (i) the Rate of Interest payable in respect of the Class A2 Tranche of the Series 2018-1 Investor Interest Note as defined and calculated in accordance with the terms of the Series 2018-1 Investor Interest Note or (ii) (if the Class A1 Notes have been repaid in full) the rate of interest which, if it were applied to the Class A2 Tranche of the Series 2018-1 Investor Interest Note, would calculate an amount of interest payable on the Class A2 Tranche equal to the interest amount (including any Additional Coupon).

**"Class B Covered Amount"** shall mean an amount, determined as of each Transfer Date with respect to any Interest Period commencing during the Controlled Accumulation Period, or as of the first Transfer Date with respect to the Rapid Amortisation Period, in each case prior to the payment in full of the Class B Investor Interest, equal to the product of:

- (a) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 365; and
- (b) the Class B Interest Rate in effect with respect to such Interest Period; and
- (c) the Series 2018-1 Principal Funding Ledger Balance available to the Trustee for the purposes of making payments on the Class B Tranche of the Series 2018-1 Investor Interest Note as of the last day of the Collection Period preceding the Collection Period in which such Interest Period ends.

**"Class B Interest Rate"** shall mean, for any Interest Period: (i) the Rate of Interest payable in respect of the Class B Tranche of the Series 2018-1 Investor Interest Note as defined and calculated in accordance with the terms of the Series 2018-1 Investor Interest Note or (ii) (if the Class A1 Notes and the Class A2 Notes have been repaid in full) the rate of interest which, if it were applied to the Class B Tranche of the Series 2018-1 Investor Interest Note, would calculate an amount of interest payable on the Class B Tranche equal to the interest amount (including any Additional Coupon).

**"Class C Covered Amount"** shall mean an amount, determined as of each Transfer Date with respect to any Interest Period commencing during the Controlled Accumulation Period, or as of the first Transfer Date with respect to the Rapid Amortisation Period, in each case prior to the payment in full of the Class C Investor Interest, equal to the product of:

- (a) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 365; and
- (b) the Class C Interest Rate in effect with respect to such Interest Period; and
- (c) the Series 2018-1 Principal Funding Ledger Balance available to the Trustee for the purposes of making payments on the Class C Tranche of the Series 2018-1 Investor Interest Note as of the last day of the Collection Period preceding the Collection Period in which such Interest Period ends.

**"Class C Interest Rate"** shall mean, for any Interest Period: (i) the Rate of Interest payable in respect of the Class C Tranche of the Series 2018-1 Investor Interest Note as defined and calculated in accordance with the terms of the Series 2018-1 Investor Interest Note or (ii) (if the Class A1 Notes, the Class A2 Notes and Class B Notes have been repaid in full) the rate of interest which, if it were applied to the Class C Tranche of the Series 2018-1 Investor Interest Note, would calculate an amount of interest payable on the Class C Tranche equal to the interest amount (including any Additional Coupon).

**"Class D Covered Amount"** shall mean an amount, determined as of each Transfer Date with respect to any Interest Period commencing during the Controlled Accumulation Period, or as of the first Transfer Date with respect to the Rapid Amortisation Period, in each case prior to the payment in full of the Class D Investor Interest, equal to the product of:

- (a) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 365; and
- (b) the Class D Interest Rate in effect with respect to such Interest Period; and
- (c) the Series 2018-1 Principal Funding Ledger Balance available to the Trustee for the purposes of making payments on the Class D Tranche of the Series 2018-1 Investor Interest Note as of the last day of the Collection Period preceding the Collection Period in which such Interest Period ends.

**"Class D Interest Rate"** shall mean, for any Interest Period: (i) the Rate of Interest payable in respect of the Class D Tranche of the Series 2018-1 Investor Interest Note as defined and calculated in accordance with the terms of the Series 2018-1 Investor Interest Note or (ii) (if the Class A1 Notes, the Class A2 Notes, the Class B Notes and Class C Notes have been repaid in full) the rate of interest which, if it were applied to the Class D Tranche of the Series 2018-1 Investor Interest Note, would calculate an amount of interest payable on the Class D Tranche equal to the interest amount (including any Additional Coupon).

**"Class E Covered Amount"** shall mean an amount, determined as of each Transfer Date with respect to any Interest Period commencing during the Controlled Accumulation Period, or as of the first Transfer Date with respect to the Rapid Amortisation Period, in each case prior to the payment in full of the Class E Investor Interest, equal to the product of:

- (a) a fraction, the numerator of which is the actual number of days in such Interest Period and the denominator of which is 365; and
- (b) the Class E Interest Rate in effect with respect to such Interest Period; and
- (c) the Series 2018-1 Principal Funding Ledger Balance available to the Trustee for the purposes of making payments on the Class E Tranche of the Series 2018-1 Investor Interest Note as of the last day of the Collection Period preceding the Collection Period in which such Interest Period ends.

**"Class E Interest Rate"** shall mean, for any Interest Period: (i) the Rate of Interest payable in respect of the Class E Tranche of the Series 2018-1 Investor Interest Note as defined and calculated in accordance with the terms of the Series 2018-1 Investor Interest Note or (ii) (if the Class A1 Notes, the Class A2 Notes, Class B Notes, Class C Notes and Class D Notes have been repaid in full) the rate of interest which, if it were applied to the Class E Tranche of the Series 2018-1 Investor Interest Note, would calculate an amount of interest payable on the Class E Tranche equal to the interest amount (including any Additional Coupon).

**"Interest Period"** means each period beginning on (and including), in the case of the first Interest Period, the Series 2018-1 Closing Date or, thereafter, any Payment Date and ending on (but excluding) the next Payment Date. The first interest payment will be made on the first Payment Date in respect of the Interest Period from (and including) the Series 2018-1 Closing Date to (but excluding) the first Payment Date.

#### **The Series 2018-1 Step-Up Reserve Ledger**

The Trustee will establish a ledger of the Trustee Collection Account in respect of Series 2018-1 entitled the **"Series 2018-1 Step-Up Reserve Ledger"**. The Trustee, acting on the instructions of the Trust Manager, shall make deposits into the Trustee Collection Account for credit to the Series 2018-1 Step-Up Reserve Ledger, on any Transfer Date on which the Trust Manager determines such deposit should be made and in the amount determined by the Trust Manager, until such time as the amount held in the Step-Up Reserve Ledger is at least equal to the Step-Up Required Amount, such determination to be made in the full discretion of the Trust Manager to ensure the amount credited to the Series 2018-1 Step-Up Reserve Ledger is equal to the Step-Up Required Amount on the Series 2018-1 Expected Redemption Date and such amount shall be paid from the application of Available Funds as described above.

On each Transfer Date, interest and earnings (net of losses and investment expenses) accrued since the preceding Transfer Date on funds on deposit in the Trustee Collection Account which are standing to the credit of the Series 2018-1 Step-Up Reserve Ledger shall be retained in the Trustee Collection Account and credited to the Series 2018-1 Step-Up Reserve Ledger. If, on any Transfer Date, funds held in the Series 2018-1 Step-Up Reserve Ledger are greater than the Step-Up Required Amount calculated on such Transfer Date, the excess shall be transferred from the Series 2018-1 Step-Up Reserve Ledger to the Series 2018-1 Finance Charge Collections Ledger for application as Available Funds.

If, on the Series 2018-1 Expected Redemption Date, no Pay Out Event has occurred and the Step-Up Margin is applied for the purposes of interest payments on the Class A1 Tranche of the Series 2018-1 Investor Interest Note, on each Transfer Date that occurs thereafter, until the Class A1 Tranche has been repaid in full and provided that the amount credited to the Series 2018-1 Step-Up Reserve Ledger shall not be reduced below zero, the Step-Up Draw Amount will be transferred from the Series 2018-1 Step-Up Reserve Ledger to the Series 2018-1 Finance Charge Collections Ledger for application as Available Funds.

Upon the earlier to occur of the following Transfer Dates:

- (i) the Transfer Date on which the Class A1 Tranche of the Series 2018-1 Investor Interest Note (together with all interest and any other amounts payable thereon) is repaid in full;
- (ii) if a Pay Out Event occurs on or before the Series 2018-1 Expected Redemption Date, the first Transfer Date thereafter; or
- (iii) the Transfer Date relating to the Final Redemption Date,

all amounts (if any) credited to the Series 2018-1 Step-Up Reserve Ledger will be transferred from the Series 2018-1 Step-Up Reserve Ledger to the Series 2018-1 Finance Charge Collections Ledger for application as Available Funds. After this distribution from the amounts standing to the credit of the Series 2018-1 Step-Up Reserve Ledger has been made, the Series 2018-1 Step-Up Reserve Ledger shall be deemed to have been closed.

Funds standing to the credit of the Series 2018-1 Step-Up Reserve Ledger shall (if so instructed by the Trust Manager) be invested by the Trustee acting on the instructions of the Servicer in Permitted Investments. The Trustee shall ensure an Approved Bank maintains possession, on its behalf, of the negotiable instruments or securities, if any, evidencing such Permitted Investments.

**"Step-Up Draw Amount"** means, on each Transfer Date, an amount equal to the product of (i) 0.25% per annum of the Class A1 Debt Amount on the previous such Transfer Date (taking into account any principal repayment under the Class A1 Tranche of the Series 2018-1 Investor Interest Note on such previous Transfer Date), and (ii) a fraction, the numerator of which is the number of days in the Interest Period that commenced on the previous Transfer Date and the denominator of which is 365.

**"Step-Up Required Amount"** means, on each Transfer Date, an amount equal to 0.3% of the Class A1 Debt Amount on such Transfer Date taking into account any principal repayment under the Class A1 Tranche of the Series 2018-1 Investor Interest Note on such Transfer Date.

## Application of Principal Collections

The application of Principal Collections that the Trustee applies with reference to a particular Series varies depending on whether that Series is in a Revolving Period, Controlled Accumulation Period or Amortisation Period and the periods that apply will vary from Series to Series. In respect of Series 2018-1, Series 2018-1 will either be in its Revolving Period, Controlled Accumulation Period, Scheduled Amortisation Period or Rapid Amortisation Period, as described below.

### Revolving Period

The "**Revolving Period**" shall mean the period from and including the Series 2018-1 Closing Date to but not including the earlier of:

- (a) the day that the Controlled Accumulation Period commences; and
- (b) the commencement of the Scheduled Amortisation Period or the occurrence of the Pay Out Commencement Date.

During the Revolving Period, Principal Collections credited daily to the Principal Collections Ledger of the Trustee Collection Account and applied by the Trustee with reference to Series 2018-1 will not be used to make payments on the Series 2018-1 Investor Interest Note but a specified percentage of Principal Collections will be retained for calculation purposes in the Principal Collections Ledger as Group One Retained Principal Collections and Required Retained Principal Collections, as described below. The remainder will be applied as Cash Available for Investment.

Any Group One Retained Principal Collections will be used as Shared Principal Collections (see "*Shared Principal Collections*") below and to the extent not used as Shared Principal Collections will constitute Cash Available for Investment.

Amounts of Principal Collections that are retained as Required Retained Principal Collections may be deposited in the Series 2018-1 Finance Charge Collections Ledger and applied as Available Funds on a Transfer Date to meet certain payments or distributions to the Loan Note Trustee under the priorities of payment that the Trustee is not able to satisfy from Finance Charge Collections and Eligible Acquired Interchange. Any non-utilised Required Retained Principal Collections will be applied as Shared Principal Collections (if required) and thereafter will constitute Cash Available for Investment. See "*Reallocated Principal Collection*" for further details.

### Controlled Accumulation Period

Unless a Pay Out Event has occurred, the Trust Manager may deliver a notice (a "**Controlled Accumulation Notice**") to the Trustee, the Loan Note Trustee and the Noteholders of the Series 2018-1 Notes, providing that a Controlled Accumulation Period shall apply to Series 2018-1, such notice to be delivered prior to the Accumulation Reserve Funding Date.

If a Controlled Accumulation Notice is delivered, the Controlled Accumulation Period will commence on the Series 2018-1 Controlled Accumulation Commencement Date and end on the last day of the Collection Period falling immediately prior to the Series 2018-1 Expected Redemption Date, **provided, however, that** if the Controlled Accumulation Period Length is less than 12 months, the date on which such Controlled Accumulation Period actually commences shall (subject to the below) be the first day of the Collection Period that is the number of months prior to the last day of the Collection Period falling immediately prior to the Series 2018-1 Expected Redemption Date equal to the Controlled Accumulation Period Length and, as a result, the number of complete Collection Periods in such Controlled Accumulation Period will equal the Controlled Accumulation Period Length.

Prior to the start of the Collection Period commencing on 1 March 2022, and prior to the start of each Collection Period thereafter until the Controlled Accumulation Period begins, the Trust Manager will determine the "**Controlled Accumulation Period Length**" which will equal the lowest number of months (not less than one) such that the sum of the Controlled Accumulation Period Factors for each month during such period will be equal to or greater than the Required Accumulation Factor Number.

During the Controlled Accumulation Period, a portion of Principal Collections credited each Business Day to the Trustee Collection Account and applied by the Trustee with reference to Series 2018-1, less any

Required Retained Principal Collections, will be accumulated by the Trustee during each Collection Period in the Principal Collections Ledger as Group One Retained Principal Collections. Any amount of Principal Collections applied by the Trustee with reference to Series 2018-1 in excess of the Group One Retained Principal Collections and Required Retained Principal Collections will be transferred to the Trustee Acquisition Ledger to be used as Cash Available for Investment. The amount accumulated on each day during any Collection Period as Group One Retained Principal Collections will, together with non-utilised Required Retained Principal Collections on a Transfer Date, form part of Available Retained Principal Collections (as defined below). The amount of Available Retained Principal Collections will be utilised first to cover the Controlled Deposit Amount (as defined below) for that Collection Period, which amount will be transferred by the Trustee (on each related Transfer Date) to the Series 2018-1 Principal Funding Ledger of the Trustee Collection Account on the related Transfer Date. See "*Principal Funding*" below. Any remainder will be applied by the Trustee first as Shared Principal Collections (as described above in "*Revolving Period*"), and then as Cash Available for Investment as previously described in "*Allocation of Trust Cashflows - Trustee Acquisition Ledger: Use of Cash Available for Investment*".

As in the Revolving Period, during each Collection Period during the Controlled Accumulation Period, a specified percentage of Principal Collections as calculated by reference to Series 2018-1 (equal to the Required Retained Principal Collections Percentage of such Principal Collections) will be retained within the Trustee Collection Account of the Trust and may be deposited in the Series 2018-1 Finance Charge Collections Ledger on a Transfer Date to meet certain payments by the Trustee that the Trustee is not able to satisfy from Finance Charge Collections and Acquired Interchange distributed as described above under "*Application of Available Funds*".

**"Class A1 Debt Amount"** means, with respect to any date of determination, an amount equal to A\$353,450,000 minus the aggregate amount of principal payments made under the Class A1 Tranche of the Series 2018-1 Investor Interest Note.

**"Class A2 Debt Amount"** means, with respect to any date of determination, an amount equal to A\$52,325,000 minus the aggregate amount of principal payments made under the Class A2 Tranche of the Series 2018-1 Investor Interest Note.

**"Class B Debt Amount"** means, with respect to any date of determination, an amount equal to A\$28,800,000 minus the aggregate amount of principal payments made under the Class B Tranche of the Series 2018-1 Investor Interest Note.

**"Class C Debt Amount"** means, with respect to any date of determination, an amount equal to A\$26,175,000 minus the aggregate amount of principal payments made under the Class C Tranche of the Series 2018-1 Investor Interest Note.

**"Class D Debt Amount"** means, with respect to any date of determination, an amount equal to A\$20,930,000 minus the aggregate amount of principal payments made under the Class D Tranche of the Series 2018-1 Investor Interest Note.

**"Class E Debt Amount"** means, with respect to any date of determination, an amount equal to A\$18,320,000 minus the aggregate amount of principal payments made under the Class E Tranche of the Series 2018-1 Investor Interest Note.

**"Controlled Accumulation Period Factor"** shall mean, for each Collection Period, a fraction, the numerator of which is equal to the sum of the initial investor interests of all Outstanding Series and the denominator of which is equal to the sum (without duplication) of:

- (a) the Series 2018-1 Initial Investor Interest;
- (b) the initial investor interests of all Outstanding Series (other than Series 2018-1) in Group One which are not notified by the Trust Manager as being predicted to be in their revolving periods as at the start of such Collection Period; and
- (c) the initial investor interests of all Outstanding Series which are not in Group One which are not allocating Shared Principal Collections.

**"Controlled Accumulation Shortfall"** shall initially mean zero and shall thereafter mean, with respect to any Transfer Date during the Controlled Accumulation Period, the excess, if any, of the Controlled Deposit

Amount for the previous Transfer Date over the aggregate amount credited to the Series 2018-1 Principal Funding Ledger for the previous Collection Period and in respect of the previous Transfer Date.

**"Controlled Deposit Amount"** shall mean, for any Transfer Date during the Controlled Accumulation Period prior to the repayment in full of the Series 2018-1 Investor Interest Note, the sum of:

- (a) the product of:
  - (i) the Series 2018-1 Debt Amount immediately prior to the commencement of the Controlled Accumulation Period; and
  - (ii) one-twelfth or, if the Controlled Accumulation Period Length for the Controlled Accumulation Period is determined to be less than 12 months, the Controlled Accumulation Period Factor for the Collection Period preceding such Transfer Date divided by the Required Accumulation Factor Number; and
- (b) any Controlled Accumulation Shortfall for the relevant Transfer Date.

**"Required Accumulation Factor Number"** shall be equal to one divided by the lowest monthly average principal payment rate (expressed as a decimal) on the Designated Accounts for the 12 months preceding the date of such calculation, rounded up to the nearest whole number.

**"Series 2018-1 Debt Amount"** shall mean, with respect to any date of determination, an amount equal to the aggregate of the Class A1 Debt Amount, the Class A2 Debt Amount, the Class B Debt Amount, the Class C Debt Amount, the Class D Debt Amount and the Class E Debt Amount.

#### **Scheduled Amortisation Period and Redemption Call Dates**

Unless the Series 2018-1 Investor Interest has been reduced to zero or an amount equal to the Series 2018-1 Investor Interest has been accumulated in the Series 2018-1 Principal Funding Ledger, the scheduled amortisation period ("**Scheduled Amortisation Period**") will commence on the first day of the Collection Period during which the Series 2018-1 Expected Redemption Date occurs and will apply until (and including) the Series 2018-1 Scheduled Redemption Date or (if earlier) the date on which the Series 2018-1 Investor Interest is reduced to zero or the occurrence of a Pay Out Commencement Date. For the avoidance of doubt, a Partial Amortisation Notice can still be delivered notwithstanding the commencement of the Scheduled Amortisation Period.

If on the Transfer Date relating to any Redemption Call Date, the Loan Note Trustee exercises its option to redeem under Condition 7 (*Redemption*) of the Series 2018-1 Notes, the Trustee has the option to repay the Series 2018-1 Investor Interest Note, from amounts accumulated in the Series 2018-1 Principal Funding Ledger during a Controlled Accumulation Period and/or from Cash Available for Investment (including where generated from the proceeds of any Replacement Series), such redemption to be in whole or (if less) in part in an amount equal to the Series 2018-1 Investor Interest, save that a repayment on the Transfer Date relating to the Series 2018-1 Expected Redemption Date and following a Controlled Accumulation Period may be made (if less) in an amount equal to the amount credited to the Series 2018-1 Principal Funding Ledger on such date.

During the Scheduled Amortisation Period, a portion of Principal Collections credited each Business Day to the Trustee Collection Account and applied by the Trustee with reference to Series 2018-1, less any Required Retained Principal Collections, will be accumulated by the Trustee during each Collection Period in the Principal Collections Ledger as Group One Retained Principal Collections. Any amount of Principal Collections applied by the Trustee with reference to Series 2018-1 in excess of the Group One Retained Principal Collections and Required Retained Principal Collections will be transferred to the Trustee Acquisition Ledger to be used as Cash Available for Investment. The amount accumulated on each day during any Collection Period as Group One Retained Principal Collections will, together with non-utilised Required Retained Principal Collections on a Transfer Date, form part of Available Retained Principal Collections (as defined below).

The amount of Available Retained Principal Collections will be utilised first to cover the Scheduled Amortisation Amount (as defined below) for that Collection Period, which amount will be used by the Trustee to make a repayment of principal in an amount equal to the Scheduled Amortisation Amount under the Series 2018-1 Investor Interest Note on such Transfer Date, as further described below. The Loan Note

Trustee will use the amount received by it to make an equivalent repayment of principal on the Series 2018-1 Notes on the related Payment Date. Any remainder will be applied by the Trustee first as Shared Principal Collections (as described above in *"Revolving Period"*), and then as Cash Available for Investment.

As in the Revolving Period, during each Collection Period during the Scheduled Amortisation Period, a specified percentage of Principal Collections as calculated by reference to Series 2018-1 (equal to the Required Retained Principal Collections Percentage of such Principal Collections) will be retained within the Trustee Collection Account of the Trust and may be deposited in the Series 2018-1 Finance Charge Collections Ledger on a Transfer Date to meet certain payments by the Trustee that the Trustee is not able to satisfy from Finance Charge Collections and Acquired Interchange distributed as described above under *"Application of Available Funds"*.

**"Redemption Call Date"** means:

- (a) the Series 2018-1 Expected Redemption Date;
- (b) each Payment Date that occurs during the Scheduled Amortisation Period, subject to providing at least 5 days notice to the Noteholders; and
- (c) any Payment Date following a determination by the Trust Manager or Loan Note Trust Manager that, as a result of a change in law or its interpretation or administration, the Trustee or the Loan Note Trustee is required to withhold or deduct any amounts for or on account of tax on the payment of any principal or interest in respect of the Series 2018-1 Investor Interest Note or Series 2018-1 Notes, or the Trustee, Loan Note Trustee or Transferor otherwise becomes liable to make a payment on account of tax in relation to the transaction which is more than trivial.

**"Scheduled Amortisation Amount"** means, in respect of each Collection Period during the Scheduled Amortisation Period and the related Transfer Date on which such Scheduled Amortisation Amount shall be paid, an amount equal to A\$41,666,666.67 or (if less) the Series 2018-1 Investor Interest on such Transfer Date (after taking into account any allocations and payments on such Transfer Date), provided that, if the Trustee makes a repayment on the Series 2018-1 Investor Interest Note on the Series 2018-1 Expected Redemption Date or any Partial Amortisation Date, or any Scheduled Amortisation Amount remaining shall be reduced by the amount of the Partial Amortisation Amount or Optional Amortisation Amount on a pro-rata basis.

**"Series 2018-1 Expected Redemption Date"** shall mean the Payment Date falling in March 2023.

**"Series 2018-1 Scheduled Redemption Date"** shall mean the Payment Date falling 1 year after the Series 2018-1 Expected Redemption Date.

#### **Rapid Amortisation Period**

The **"Rapid Amortisation Period"** shall mean the period commencing on the Pay Out Commencement Date and ending on the earlier to occur of:

- (i) the Transfer Date relating to the Series 2018-1 Final Redemption Date; and
- (ii) the termination of the Trust under the terms of the Master Trust Deed.

During the Rapid Amortisation Period, a portion of Principal Collections credited each Business Day to the Trustee Collection Account and applied by the Trustee with reference to Series 2018-1, less any Required Retained Principal Collections, being the Available Retained Principal Collections, will be accumulated on each day by the Trustee during each Collection Period in the Principal Collections Ledger as Group One Retained Principal Collections and will, together with non-utilised Required Retained Principal Collections on a Transfer Date, form part of Available Retained Principal Collections (as defined below). The amounts so credited will be used by the Trustee to make a repayment of principal under the Series 2018-1 Investor Interest Note on such Transfer Date, as further described below.

Any remainder will be applied by the Trustee first as Shared Principal Collections (as described above in *"Revolving Period"*), and then as Cash Available for Investment. See *"Allocation of Trust Cashflows - Trustee Acquisition Ledger: Use of Cash Available for Investment"*.



As in the Revolving Period, during each Collection Period during the Rapid Amortisation Period, a specified percentage of Principal Collections as calculated by reference to Series 2018-1 (equal to the Required Retained Principal Collections Percentage of such Principal Collections) will be retained within the Receivables Trustee Collection Account of the Trust and may be deposited in the Series 2018-1 Finance Charge Collections Ledger on a Transfer Date to meet certain payments by the Trustee that the Trustee is not able to satisfy from Finance Charge Collections and Acquired Interchange distributed as described above under "*Application of Available Funds*".

### **Partial Amortisation**

If, on any Determination Date, a Partial Amortisation Event occurs, the Trust Manager shall provide a Partial Amortisation Notice to the Trustee, the Loan Note Trustee and the holders of the Series 2018-1 Notes and will (on behalf of the Trustee) apply an amount of Cash Available for Investment equal to the Partial Amortisation Amount (if any) in respect of each outstanding Series in Group One to make a Partial Amortisation repayment on a Partial Amortisation Date.

The Trust Manager shall certify in the Partial Amortisation Notice or otherwise in advance of any Partial Amortisation Date that a Partial Amortisation Event has occurred and shall specify the Partial Amortisation Amounts (if any) which it has determined for each Series in Group One, including Series 2018-1.

Any Partial Amortisation Amount allocated to Series 2018-1 shall be allocated between the various Tranches of the Series 2018-1 Investor Interest Note *pro rata*, unless the Trust Manager certifies that, in its opinion, a different allocation is necessary in order to (i) avoid a Pay Out Event or (ii) avoid any Credit Rating Agency reducing or withdrawing its rating of any Class of the Associated Debt, in which case such Partial Amortisation Amount shall be allocated between the various Tranches of the Series 2018-1 Investor Interest Note as the Trust Manager shall determine is necessary to avoid the relevant event.

"**Partial Amortisation Amount**" shall mean, in respect of any Partial Amortisation, the amount of the Cash Available for Investment standing to the credit of the Trustee Acquisition Ledger of the Trustee Collection Account on the relevant Determination Date which the Trust Manager determines, in its opinion, on such Determination Date, will not be required for any other purpose on the following Transfer Date, together with, in respect of any Series that will be repaid in full as a result of the Partial Amortisation Event, amounts held in the principal funding ledger or any other ledger in respect of such Series, as determined by the Trust Manager and notified to the Trustee, the Transferor and the Loan Note Trustee, which is to be allocated to a given Series in Group One, such allocation to be made by the Trust Manager on the basis of the principle that the Cash Available for Investment (together with any amounts released from any principal funding ledger or any other ledger pursuant to the foregoing) is to be allocated between Series in the following order of priority:

- (a) *first*, an amount determined by the Trust Manager as required to be applied towards the accumulation of amounts for, or the amortisation of, each Series in Group One that is in an Accumulation Period or an Amortisation Period or, in the case of a VFN Series, that is required in accordance with its terms to be reduced (in each case *pro rata* with such Series' Adjusted Investor Interest);
- (b) *second*, an amount determined by the Trust Manager as required to be applied towards the amortisation of each Series to avoid (or increase the chance of avoiding) a Pay Out Event occurring;
- (c) *third*, an amount determined by the Trust Manager as required to be applied towards the amortisation of each Series in order to ensure that (or increase the chance that) each applicable Credit Rating Agency will not reduce or withdraw its then current rating on any outstanding Rated Debt;
- (d) *fourth*, an amount determined by the Trust Manager to be applied in its sole discretion towards (i) the amortisation of the Series Investor Interest of any VFN Series (other than the Originator VFN Series) and/or (ii) the amortisation of the Originator VFN Excess Amount by an amount such that the Transferor Interest together with the Available Originator VFN Excess Amount does not fall below the Minimum Transferor Interest; and
- (e) *fifth*, an amount determined by the Trust Manager to be applied towards the amortisation of each Series (other than the Originator VFN Series) in Group One and their Available Series Originator

VFN Subordination (as defined in the Originator VFN Supplement) in priority to each Series' proximity to its Scheduled Redemption Date (such that, for the avoidance of doubt, that Series which is nearest to its Scheduled Redemption Date shall be amortised in full prior to any amortisation of any other Series under this paragraph (e)),

**provided that**, for the avoidance of doubt, the Partial Amortisation Amount shall not be applied towards the amortisation of any Series beyond the amount required to repay the Adjusted Investor Interest of such Series to zero and shall also not be applied to any Series in respect of which the Final Redemption Date has passed.

**"Partial Amortisation Event"** shall mean any of the following events:

- (a) the balance of the Cash Available for Investment standing to the credit of the Trustee Acquisition Ledger of the Trustee Collection Account on any Determination Date is greater than 10 per cent. of the Eligible Receivables Balance and has been greater than 10 per cent. of the Eligible Receivables Balance on the previous five Determination Dates; or
- (b) the average Portfolio Yield for three consecutive Collection Periods in respect of any Series other than the Originator VFN Series less the average Expense Rate for the same period in respect of the same Series (as such terms are defined in the relevant Supplement) is less than 3 per cent.

The circumstances where a Partial Amortisation Event may occur are varied. However, as described in the risk factor entitled "*A Partial Amortisation Event may result in an Early Redemption of the Notes*", this may occur where there has been insufficient nomination of Designated Accounts and/or generation of new Receivables to utilise Cash Available for Investment with the result that there has been sufficient Cash Available for Investment to cause a Partial Amortisation Event to occur.

**"Series Investor Interest"** represents, in respect of a Series, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trust to make payments on such Series Investor Interest Note and to such Series pro-rata share of payments required to be made by the Trust to third parties, as set out in respect of such Series in the relevant Series' Supplement and, in respect of Series 2018-1, means the Series 2018-1 Investor Interest.

#### **Calculation of Monthly Principal Amounts to be used to make payments under the Series 2018-1 Investor Interest Note**

**"Available Retained Principal Collections"** shall mean, for the purposes of calculation in respect of a Transfer Date and a related Collection Period:

- (a) the aggregate amount of Retained Principal Collections for such Collection Period, minus
- (b) the aggregate of: (A) the amount of Retained Principal Collections which are utilised as Reallocated Principal Collections (if any) with respect to such Collection Period which are to be used to fund the Series 2018-1 Required Amount and distributed to the Loan Note Trustee under the Series 2018-1 Investor Interest Note, and (B) the amount of Required Retained Principal Collections credited to the Principal Collections Ledger on each Relevant Date during such Collection Period which are utilised or retained, plus
- (c) the amount of Shared Principal Collections with respect to Group One that are allocated to Series 2018-1, plus
- (d) with respect to any Transfer Date falling in the Rapid Amortisation Period or the Scheduled Amortisation Period, the amount of Principal Loss Make-Up (Charge-off) and Principal Loss Make-Up (Default) for the Originator VFN Series calculated pursuant to the Series 2018-1 Supplement, plus
- (e) the lesser of: (A) the amount of Required Retained Principal Collections related to previous Collection Periods released from the Series 2018-1 Required Retained Principal Ledger, and (B) the excess, if any, of the Maximum Required Retained Principal Amount on the Transfer Date for the previous Collection Period over the Maximum Required Retained Principal Amount for the Transfer Date and the related Collection Period.

**"Fixed Investor Percentage"** shall mean, in respect of Series 2018-1, with respect to any Collection Period, the percentage equivalent (which percentage shall never exceed 100 per cent.) of a fraction:

- (a) the numerator of which is the Series 2018-1 Investor Interest at the close of business on the last day of the Revolving Period (whether permanently ended or most recently temporarily suspended); and
- (b) the denominator of which is the greater of:
  - (i) an amount equal to the Eligible Receivables Balance as at the close of business on the last day of the prior Collection Period; and
  - (ii) the sum of (A) the Series 2018-1 Investor Interest as of the close of business on the last day of the Revolving Period (whether permanently ended or most recently temporarily suspended) plus (B) the sum of the numerators used to calculate the Investor Percentages for distributions with respect to Principal Collections for all Outstanding Series (excluding Series 2018-1) for that Collection Period,

provided, however, that, with respect to any Collection Period in which a Subsequent Assignment Date in respect of Accounts with a balance of Existing Receivables or a Redesignation Date in respect of Third Party Redesignated Accounts, as the case may be, occurs, the amount used for the calculation in paragraph (b)(i) above shall be:

- for the period from (and including) the first day of the Collection Period to (but excluding) the Subsequent Assignment Date or the Redesignation Date, as the case may be, an amount equal to the Eligible Receivables Balance as at the close of business on the last day of the prior Collection Period; and
- for the period from (and including) the Subsequent Assignment Date or the Redesignation Date, as the case may be, to (and including) the last day of the Collection Period, an amount equal to the Eligible Receivables Balance at the beginning of the day on the related Subsequent Assignment Date or Redesignation Date, as the case may be, as adjusted for the Outstanding Amount of Eligible Receivables and any Outstanding Finance Charges at the beginning of such day added to or, as the case may be, removed from the Trust on such Subsequent Assignment Date or Redesignation Date, as the case may be,

and provided further, however, that, with respect to any Collection Period in which a Relevant Event occurs, the amount used for the calculation in paragraph (b)(ii) above shall be:

- for the period from (and including) the first day of the Collection Period to (but excluding) the date of the Relevant Event, the sum of the numerators used to calculate the Investor Percentages for distributions with respect to Principal Collections for all Outstanding Series (including Series 2018-1) for the relevant Collection Period; and
- for the period from (and including) the date of the Relevant Event to (and including) the last day of the Collection Period, the sum of the numerators used to calculate the Investor Percentages for distributions with respect to Principal Collections for all Outstanding Series (including Series 2018-1) on the date of the Relevant Event, adjusted to take into account the Relevant Event in question,

and **provided further, however, that**, on and following the Series 2018-1 Final Redemption Date, the Fixed Investor Percentage shall be zero.

**"Retained Principal Collections"** shall mean, with respect to any Collection Period, the aggregate amount of Principal Collections retained in the Principal Collections Ledger for such Collection Period under the terms of the Series 2018-1 Supplement.

The **"Class A1 Monthly Principal Amount"** means the calculated amount required to be transferred from the Principal Collections Ledger of the Trustee Collection Account together with, in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period the amount of Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) required to be transferred from the Series 2018-1 Finance Charge Collections Ledger of the Trustee Collection Account, to (in the case of the Controlled

Accumulation Period) the Series 2018-1 Principal Funding Ledger in the Trustee Collection Account or (in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period) to the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account, in each case referable to the Class A1 Investor Interest on each Transfer Date, commencing on the Transfer Date in the month following the month in which the Controlled Accumulation Period, the Rapid Amortisation Period or the Scheduled Amortisation Period begins and shall be equal to the lesser of:

- (a) an amount equal to the aggregate of (A) the aggregate amount of Available Retained Principal Collections which are standing to the credit of the Principal Collections Ledger and (B) in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period, the aggregate of the amounts credited to the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) on such Transfer Date; and
- (b) subject, in the case of the Scheduled Amortisation Period and the Controlled Accumulation Period, to the last two paragraphs in this section below, an amount equal to: (A) in the Rapid Amortisation Period, the Class A1 Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); (B) in the Controlled Accumulation Period, the lesser of (i) the Class A1 Controlled Deposit Amount and (ii) the Class A1 Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); and (C) in the Scheduled Amortisation Period, the Class A1 Scheduled Amortisation Amount.

**"Class A1 Controlled Deposit Amount"** shall mean, for any Transfer Date during the Controlled Accumulation Period prior to the repayment in full of the Series 2018-1 Investor Interest Note, an amount equal to the product of: (i) the Controlled Deposit Amount in respect of such Transfer Date; and (ii) a fraction, the numerator of which is the Class A1 Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class A1 Monthly Principal Amount.

The **"Class A1 Scheduled Amortisation Amount"** means, in respect of each Collection Period during the Scheduled Amortisation Period and the related Transfer Date on which the Scheduled Amortisation Amount shall be paid, an amount equal to the product of: (i) the Scheduled Amortisation Amount in respect of such Collection Period and Transfer Date; and (ii) a fraction, the numerator of which is the Class A1 Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class A1 Monthly Principal Amount.

The **"Class A2 Monthly Principal Amount"** means the calculated amount required to be transferred from the Principal Collections Ledger of the Trustee Collection Account together with, in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period the amount of Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) required to be transferred from the Series 2018-1 Finance Charge Collections Ledger of the Trustee Collection Account, to (in the case of the Controlled Accumulation Period) the Series 2018-1 Principal Funding Ledger in the Trustee Collection Account or (in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period) to the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account, in each case referable to the Class A2 Investor Interest on each Transfer Date, commencing on the Transfer Date in the month following the month in which the Controlled Accumulation Period, the Rapid Amortisation Period or the Scheduled Amortisation Period begins and shall be equal to the lesser of:

- (a) an amount equal to the aggregate of (A) the aggregate amount of Available Retained Principal Collections which are standing to the credit of the Principal Collections Ledger and (B) in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period, the aggregate of the amounts credited to the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) on such Transfer Date, minus the portion of such funds applied to the Class A1 Monthly Principal Amount; and

- (b) subject, in the case of the Scheduled Amortisation Period and the Controlled Accumulation Period, to the last two paragraphs in this section below, an amount equal to: (A) in the Rapid Amortisation Period, the Class A2 Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); (B) in the Controlled Accumulation Period, the lesser of (i) the Class A2 Controlled Deposit Amount and (ii) the Class A2 Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); and (C) in the Scheduled Amortisation Period, the Class A2 Scheduled Amortisation Amount.

**"Class A2 Controlled Deposit Amount"** shall mean, for any Transfer Date during the Controlled Accumulation Period prior to the repayment in full of the Series 2018-1 Investor Interest Note, an amount equal to the product of: (i) the Controlled Deposit Amount in respect of such Transfer Date; and (ii) a fraction, the numerator of which is the Class A2 Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class A2 Monthly Principal Amount.

The **"Class A2 Scheduled Amortisation Amount"** means, in respect of each Collection Period during the Scheduled Amortisation Period and the related Transfer Date on which the Scheduled Amortisation Amount shall be paid, an amount equal to the product of: (i) the Scheduled Amortisation Amount in respect of such Collection Period and Transfer Date; and (ii) a fraction, the numerator of which is the Class A2 Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class A2 Monthly Principal Amount.

The **"Class B Monthly Principal Amount"** means the calculated amount required to be transferred from the Principal Collections Ledger of the Trustee Collection Account together with, in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period the amount of Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) required to be transferred from the Series 2018-1 Finance Charge Collections Ledger of the Trustee Collection Account, to (in the case of the Controlled Accumulation Period) the Series 2018-1 Principal Funding Ledger in the Trustee Collection Account or (in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period) to the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account, in each case referable to the Class B Investor Interest on each Transfer Date, commencing on the Transfer Date in the month following the month in which the Controlled Accumulation Period, the Rapid Amortisation Period or the Scheduled Amortisation Period begins and shall be equal to the lesser of:

- (a) an amount equal to the aggregate of (A) the aggregate amount of Available Retained Principal Collections which are standing to the credit of the Principal Collections Ledger and (B) in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period, the aggregate of the amounts credited to the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) on such Transfer Date, minus the portion of such funds applied to the Class A1 Monthly Principal Amount and the Class A2 Monthly Principal Amount; and
- (b) subject, in the case of the Scheduled Amortisation Period and the Controlled Accumulation Period, to the last two paragraphs in this section below, an amount equal to: (A) in the Rapid Amortisation Period, the Class B Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); (B) in the Controlled Accumulation Period, the lesser of (i) the Class B Controlled Deposit Amount and (ii) the Class B Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss

Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); and (C) in the Scheduled Amortisation Period, the Class B Scheduled Amortisation Amount.

**"Class B Controlled Deposit Amount"** shall mean, for any Transfer Date during the Controlled Accumulation Period prior to the repayment in full of the Series 2018-1 Investor Interest Note, an amount equal to the product of: (i) the Controlled Deposit Amount in respect of such Transfer Date; and (ii) a fraction, the numerator of which is the Class B Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class B Monthly Principal Amount.

The **"Class B Scheduled Amortisation Amount"** means, in respect of each Collection Period during the Scheduled Amortisation Period and the related Transfer Date on which the Scheduled Amortisation Amount shall be paid, an amount equal to the product of: (i) the Scheduled Amortisation Amount in respect of such Collection Period and Transfer Date; and (ii) a fraction, the numerator of which is the Class B Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class B Monthly Principal Amount.

The **"Class C Monthly Principal Amount"** means the calculated amount required to be transferred from the Principal Collections Ledger of the Trustee Collection Account together with, in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period the amount of Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) required to be transferred from the Series 2018-1 Finance Charge Collections Ledger of the Trustee Collection Account, to (in the case of the Controlled Accumulation Period) the Series 2018-1 Principal Funding Ledger in the Trustee Collection Account or (in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period) to the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account, in each case referable to the Class C Investor Interest on each Transfer Date, commencing on the Transfer Date in the month following the month in which the Controlled Accumulation Period, the Rapid Amortisation Period or the Scheduled Amortisation Period begins and shall be equal to the lesser of:

- (a) an amount equal to the aggregate of (A) the aggregate amount of Available Retained Principal Collections which are standing to the credit of the Principal Collections Ledger and (B) in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period, the aggregate of the amounts credited to the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) on such Transfer Date, minus the portion of such funds applied to the Class A1 Monthly Principal Amount, the Class A2 Monthly Principal Amount and the Class B Monthly Principal Amount; and
- (b) subject, in the case of the Scheduled Amortisation Period and the Controlled Accumulation Period, to the last two paragraphs in this section below, an amount equal to: (A) in the Rapid Amortisation Period, the Class C Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); (B) in the Controlled Accumulation Period, the lesser of (i) the Class C Controlled Deposit Amount and (ii) the Class C Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); and (C) in the Scheduled Amortisation Period, the Class C Scheduled Amortisation Amount.

**"Class C Controlled Deposit Amount"** shall mean, for any Transfer Date during the Controlled Accumulation Period prior to the repayment in full of the Series 2018-1 Investor Interest Note, an amount equal to the product of: (i) the Controlled Deposit Amount in respect of such Transfer Date; and (ii) a fraction, the numerator of which is the Class C Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class C Monthly Principal Amount.

The "**Class C Scheduled Amortisation Amount**" means, in respect of each Collection Period during the Scheduled Amortisation Period and the related Transfer Date on which the Scheduled Amortisation Amount shall be paid, an amount equal to the product of: (i) the Scheduled Amortisation Amount in respect of such Collection Period and Transfer Date; and (ii) a fraction, the numerator of which is the Class C Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class C Monthly Principal Amount.

The "**Class D Monthly Principal Amount**" means the calculated amount required to be transferred from the Principal Collections Ledger of the Trustee Collection Account together with, in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period the amount of Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) required to be transferred from the Series 2018-1 Finance Charge Collections Ledger of the Trustee Collection Account, to (in the case of the Controlled Accumulation Period) the Series 2018-1 Principal Funding Ledger in the Trustee Collection Account or (in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period) to the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account, in each case referable to the Class D Investor Interest on each Transfer Date, commencing on the Transfer Date in the month following the month in which the Controlled Accumulation Period, the Rapid Amortisation Period or the Scheduled Amortisation Period begins and shall be equal to the lesser of:

- (a) an amount equal to the aggregate of (A) the aggregate amount of Available Retained Principal Collections which are standing to the credit of the Principal Collections Ledger and (B) in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period, the aggregate of the amounts credited to the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) on such Transfer Date, minus the portion of such funds applied to the Class A1 Monthly Principal Amount, the Class A2 Monthly Principal Amount, the Class B Monthly Principal Amount and the Class C Monthly Principal Amount; and
- (b) subject, in the case of the Scheduled Amortisation Period and the Controlled Accumulation Period, to the last two paragraphs in this section below, an amount equal to: (A) in the Rapid Amortisation Period, the Class D Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); (B) in the Controlled Accumulation Period, the lesser of (i) the Class D Controlled Deposit Amount and (ii) the Class D Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); and (C) in the Scheduled Amortisation Period, the Class D Scheduled Amortisation Amount.

"**Class D Controlled Deposit Amount**" shall mean, for any Transfer Date during the Controlled Accumulation Period prior to the repayment in full of the Series 2018-1 Investor Interest Note, an amount equal to the product of: (i) the Controlled Deposit Amount in respect of such Transfer Date; and (ii) a fraction, the numerator of which is the Class D Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class D Monthly Principal Amount.

The "**Class D Scheduled Amortisation Amount**" means, in respect of each Collection Period during the Scheduled Amortisation Period and the related Transfer Date on which the Scheduled Amortisation Amount shall be paid, an amount equal to the product of: (i) the Scheduled Amortisation Amount in respect of such Collection Period and Transfer Date; and (ii) a fraction, the numerator of which is the Class D Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class D Monthly Principal Amount.

The "**Class E Monthly Principal Amount**" means the calculated amount required to be transferred from the Principal Collections Ledger of the Trustee Collection Account together with, in the case of the Rapid

Amortisation Period and the Scheduled Amortisation Period the amount of Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) required to be transferred from the Series 2018-1 Finance Charge Collections Ledger of the Trustee Collection Account, to (in the case of the Controlled Accumulation Period) the Series 2018-1 Principal Funding Ledger in the Trustee Collection Account or (in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period) to the Series 2018-1 Ledger in the Loan Note Trustee Distribution Account, in each case referable to the Class E Investor Interest on each Transfer Date, commencing on the Transfer Date in the month following the month in which the Controlled Accumulation Period, the Rapid Amortisation Period or the Scheduled Amortisation Period begins and shall be equal to the lesser of:

- (a) an amount equal to the aggregate of (A) the aggregate amount of Available Retained Principal Collections which are standing to the credit of the Principal Collections Ledger and (B) in the case of the Rapid Amortisation Period and the Scheduled Amortisation Period, the aggregate of the amounts credited to the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) on such Transfer Date, minus the portion of such funds applied to the Class A1 Monthly Principal Amount, the Class A2 Monthly Principal Amount, the Class B Monthly Principal Amount, the Class C Monthly Principal Amount and the Class D Monthly Principal Amount; and
- (b) subject, in the case of the Scheduled Amortisation Period and the Controlled Accumulation Period, to the last two paragraphs in this section below, an amount equal to: (A) in the Rapid Amortisation Period, the Class E Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); (B) in the Controlled Accumulation Period, the lesser of (i) the Class E Controlled Deposit Amount and (ii) the Class E Adjusted Investor Interest (after taking into account any adjustments to be made on such Transfer Date as a result of Investor Charge-offs but not taking into account any adjustment in respect of Investor Default Amounts on such Transfer Date for which Principal Loss Make-Up (Default) is calculated) plus the amount credited to the Series 2018-1 Finance Charge Collections Ledger on such Transfer Date identified as Principal Loss Make-Up (Charge-off); and (C) in the Scheduled Amortisation Period, the Class E Scheduled Amortisation Amount.

**"Class E Controlled Deposit Amount"** shall mean, for any Transfer Date during the Controlled Accumulation Period prior to the repayment in full of the Series 2018-1 Investor Interest Note, an amount equal to the product of: (i) the Controlled Deposit Amount in respect of such Transfer Date; and (ii) a fraction, the numerator of which is the Class E Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class E Monthly Principal Amount.

The **"Class E Scheduled Amortisation Amount"** means, in respect of each Collection Period during the Scheduled Amortisation Period and the related Transfer Date on which the Scheduled Amortisation Amount shall be paid, an amount equal to the product of: (i) the Scheduled Amortisation Amount in respect of such Collection Period and Transfer Date; and (ii) a fraction, the numerator of which is the Class E Investor Interest and the denominator of which is the Series 2018-1 Investor Interest on such Transfer Date after any adjustments for Investor Default Amounts or Investor Charge-offs but prior to the application of the Class E Monthly Principal Amount.

Notwithstanding the above, during the Scheduled Amortisation Period and the Controlled Accumulation Period, in the event that the aggregate of the amounts available to be applied as set out above are less than the Scheduled Amortisation Amount or Controlled Deposit Amount, respectively, each of the Class A1 Monthly Principal Amount, the Class A2 Monthly Principal Amount, the Class B Monthly Principal Amount, the Class C Monthly Principal Amount, the Class D Monthly Principal Amount and the Class E Monthly Principal Amount will be reduced pro-rata until the aggregate of such amounts equals the amount available and references to the Class A1 Monthly Principal Amount, the Class A2 Monthly Principal Amount, Class B Monthly Principal Amount, Class C Monthly Principal Amount, Class D Monthly Principal Amount and the Class E Monthly Principal Amount shall be read and construed accordingly for all purposes.



Notwithstanding the above, during the Controlled Accumulation Period, the aggregate amount distributable from the Principal Collections Ledger in respect of Series 2018-1 shall not exceed the Controlled Deposit Amount for the relevant Transfer Date and, in the event that the aggregate monthly principal amounts for each Class exceed the Controlled Deposit Amount, the monthly principal amounts of each class will be reduced in reverse sequential order.

***Application of Principal Collections to repay the Series 2018-1 Investor Interest Note and the Series 2018-1 Notes***

- (a) On each Transfer Date that occurs during the Scheduled Amortisation Period until the Transfer Date relating to the Series 2018-1 Scheduled Redemption Date, an amount equal to the aggregate of the Class A1 Monthly Principal Amount, the Class A2 Monthly Principal Amount, the Class B Monthly Principal Amount, the Class C Monthly Principal Amount, the Class D Monthly Principal Amount and the Class E Monthly Principal Amount will be used by the Trustee to make a principal repayment under the Class A1 Tranche, Class A2 Tranche, Class B Tranche, Class C Tranche, Class D Tranche and Class E Tranche of the Series 2018-1 Investor Interest Note respectively.
- (b) If the Rapid Amortisation Period occurs, including (without limitation) as a result of the Series 2018-1 Investor Interest Note not being repaid in an amount equal to the Scheduled Amortisation Amount on any Transfer Date during the Scheduled Amortisation Period or not being repaid in full on or before the Transfer Date relating to the Series 2018-1 Scheduled Redemption Date, on each Transfer Date during the Rapid Amortisation Period (for the avoidance of doubt, up to and including the Transfer Date relating to the Series 2018-1 Final Redemption Date unless the Series 2018-1 Investor Interest Note is repaid in full prior to such date), an amount equal to the aggregate of the Class A1 Monthly Principal Amount, the Class A2 Monthly Principal Amount, the Class B Monthly Principal Amount, the Class C Monthly Principal Amount, the Class D Monthly Principal Amount and the Class E Monthly Principal Amount will be used by the Trustee to make a principal repayment under the Class A1 Tranche, Class A2 Tranche, Class B Tranche, Class C Tranche, Class D Tranche and Class E Tranche of the Series 2018-1 Investor Interest Note respectively.
- (c) On the Transfer Date relating to the Series 2018-1 Expected Redemption Date and the first Transfer Date (if any) in the Rapid Amortisation Period that falls during a Controlled Accumulation Period, the Trustee shall and, on each Redemption Call Date the Trustee may, make a principal repayment under the Series 2018-1 Investor Interest Note as set out below.
- (d) On the Transfer Date relating to the Series 2018-1 Expected Redemption Date, if the Trustee has delivered a Controlled Accumulation Notice and provided the Rapid Amortisation Period has not commenced, the Trustee shall apply the amounts credited to the Series 2018-1 Principal Funding Ledger (other than from a Replacement Series) to make a principal repayment of the Series 2018-1 Investor Interest Note as follows:
  - (i) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class A1 Investor Interest shall be applied to repay the Class A1 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (ii) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class A2 Investor Interest shall be applied to repay the Class A2 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (iii) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class B Investor Interest shall be applied to repay the Class B Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (iv) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class C Investor Interest shall be applied to repay the Class C Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (v) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class D Investor Interest shall be applied to repay the Class D Tranche of the Series 2018-1 Investor Interest Note until repaid in full; and

- (vi) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class E Investor Interest shall be applied to repay the Class E Tranche of the Series 2018-1 Investor Interest Note until repaid in full,

and, if the Series 2018-1 Investor Interest Note is not (or will not be) repaid in full on the Transfer Date relating to the Series 2018-1 Expected Redemption Date and the Rapid Amortisation Period has not commenced, the Scheduled Amortisation Period will commence.

- (e) If the Trustee has delivered a Controlled Accumulation Notice and the Rapid Amortisation Period has commenced during the Controlled Accumulation Period, on the first Transfer Date thereafter, the Trustee shall apply the amounts credited to the Series 2018-1 Principal Funding Ledger in an amount equal to the lesser of the amount credited thereto and the Series 2018-1 Investor Interest to make a principal repayment of the Series 2018-1 Investor Interest Note.
- (f) On a Transfer Date relating to the Series 2018-1 Expected Redemption Date and each Redemption Call Date, in addition to any repayment of principal under paragraph (a) or (d), the Trustee may apply Cash Available for Investment and/or funds standing to the credit of the Series 2018-1 Principal Funding Ledger generated by the proceeds of any Replacement Series to make a principal repayment of the Series 2018-1 Investor Interest Note in whole or (if less) in an amount equal to the Series 2018-1 Investor Interest (having taken into account a reduction in the Series 2018-1 Investor Interest by virtue of any principal repayments under paragraph (a) above or (d) above).
- (g) A principal repayment under paragraph (e) or (f) above shall be applied to each Tranche of the Series 2018-1 Investor Interest Note in the following amounts and order of priority:
  - (i) by way of a principal repayment under the Class A1 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (ii) by way of a principal repayment under the Class A2 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (iii) by way of a principal repayment under the Class B Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (iv) by way of a principal repayment under the Class C Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
  - (v) by way of a principal repayment under the Class D Tranche of the Series 2018-1 Investor Interest Note until repaid in full; and
  - (vi) by way of a principal repayment under the Class E Tranche of the Series 2018-1 Investor Interest Note until repaid in full.
- (h) On each Partial Amortisation Date, the Trustee shall withdraw from the Trustee Acquisition Ledger of the Trustee Collection Account:
  - (i) the Partial Amortisation Amount (if any) specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class A1 Tranche and apply such amount to make a principal repayment under the Class A1 Tranche of the Series 2018-1 Investor Interest Note;
  - (ii) the Partial Amortisation Amount (if any) specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class A2 Tranche and apply such amount to make a principal repayment under the Class A2 Tranche of the Series 2018-1 Investor Interest Note;
  - (iii) the Partial Amortisation Amount (if any) specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class B Tranche and apply such amount to make a principal repayment under the Class B Tranche of the Series 2018-1 Investor Interest Note;

- (iv) the Partial Amortisation Amount (if any) specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class C Tranche and apply such amount to make a principal repayment under the Class C Tranche of the Series 2018-1 Investor Interest Note;
  - (v) the Partial Amortisation Amount (if any) specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class D Tranche and apply such amount to make a principal repayment under the Class D Tranche of the Series 2018-1 Investor Interest Note; and
  - (vi) the Partial Amortisation Amount (if any) specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class E Tranche and apply such amount to make a principal repayment under the Class E Tranche of the Series 2018-1 Investor Interest Note.
- (i) The Loan Note Trustee will utilise the funds received by it by way of principal repayment under each of the Class A1 Tranche, Class A2 Tranche, Class B Tranche, Class C Tranche, Class D Tranche and Class E Tranche of the Series 2018-1 Investor Interest Note to make a principal repayment in the same amount under the equivalent Class of the Series 2018-1 Notes being Class A1 Notes, Class A2 Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes respectively.

### Shared Principal Collections

Series 2018-1 is in Group One, with the effect that Series 2018-1 shares Principal Collections with other Outstanding Series in Group One. At the Series 2018-1 Closing Date, Series 2017-1, Series 2017-2, Series 2018-1, Series 2017-VFN and the Originator VFN Series will be the only Outstanding Series in Group One, and further Series issued may also be identified as being in Group One from time to time.

The amount of Principal Collections available to the Trustee in respect of Series 2018-1 which are not utilised as Cash Available for Investment and which are not distributed on the related Transfer Date to meet any Class A1 Monthly Principal Amount, Class A2 Monthly Principal Amount, Class B Monthly Principal Amount, Class C Monthly Principal Amount, Class D Monthly Principal Amount or Class E Monthly Principal Amount or utilised on the related Transfer Date as Reallocated Principal Collections or as otherwise utilised or retained, including in the Series 2018-1 Required Retained Principal Ledger as described under the section "*Reallocated Principal Collections*" below, shall be available to the Trustee as Shared Principal Collections for other Outstanding Series in Group One and shall be identified as such in the Principal Collections Ledger.

Principal Collections calculated in respect of other Series in Group One will be shared with Series 2018-1 on any Transfer Date in accordance with the terms of the relevant Series' Supplements. Any Shared Principal Collections made available to the Trustee during a Collection Period or on the related Transfer Date from funds available to it for other Outstanding Series in Group One for the purposes of Series 2018-1 shall be applied as Available Retained Principal Collections.

The amount of Shared Principal Collections available to the Trustee for other Series but shared for the purpose of making repayments of principal under the Series 2018-1 Investor Interest Note on any Transfer Date shall be an amount equal to the Series Principal Shortfall, if any, with respect to Series 2018-1 for such Transfer Date, **provided, however, that**, if the aggregate amount of Shared Principal Collections for all Outstanding Series in Group One for such Transfer Date is less than the Cumulative Series Principal Shortfall for such Transfer Date, then Shared Principal Collections to be used to make payments in respect of Series 2018-1 on such Transfer Date shall equal the lesser of:

- (a) the aggregate of:
  - (i) the Series Additional Principal Collections; plus
  - (ii) the product of (1) Shared Principal Collections for all Outstanding Series in Group One for such Transfer Date less the Cumulative Series Additional Principal Collections and (2) a fraction, the numerator of which is the amount (if any) of the Remaining Series Principal Shortfall with respect to Series 2018-1 for such Transfer Date and the denominator of which is the amount of the Cumulative Remaining Series Principal Shortfall; and

(b) the Series Principal Shortfall,

**provided that**, if any Shared Principal Collections are not allocated to a Series within Group One as a result of the amount which would otherwise be allocated pursuant to the relevant Supplement exceeding the Series Principal Shortfall for such Series (such amount being "**Excess Allocated Principal Collections**"), then the Trustee shall be entitled to an amount of such Excess Allocated Principal Collections calculated in accordance with the foregoing provisions, as if such Excess Allocated Principal Collections were the amount of available Shared Principal Collections and the Series Principal Shortfall of Series 2018-1 and each other Outstanding Series in Group One were reduced by the amount of Shared Principal Collections allocated to them in accordance with such foregoing provisions and **provided that** such process shall be repeated, *mutatis mutandis*, until all Excess Allocated Principal Collections have been allocated to a Series.

**"Cumulative Remaining Series Principal Shortfall"** shall mean, with respect to any Transfer Date, the aggregate of the Remaining Series Principal Shortfalls (as defined in the relevant Supplement) for each Series in Group One other than the Originator VFN Series.

**"Cumulative Series Additional Principal Collections"** shall mean, with respect to any Transfer Date, the aggregate of the Series Additional Principal Collections (as defined in the relevant Supplement) for each Series in Group One other than the Originator VFN Series.

**"Cumulative Series Principal Shortfall"** shall mean the sum of the Series Principal Shortfalls (as such term is defined in the related Supplement) for each Series in Group One other than the Originator VFN Series.

**"Remaining Series Principal Shortfall"** means in respect of Series 2018-1, the greater of (a) the Series Principal Shortfall (if any) for that Transfer Date, minus the Series Additional Principal Collections (if any) for that Transfer Date and plus the Available Series Originator VFN Subordination for such Transfer Date, and (b) zero.

**"Series Additional Principal Collections"** shall mean in respect of Series 2018-1 on any Transfer Date during the Controlled Accumulation Period, Rapid Amortisation Period, the Controlled Accumulation Period or the Scheduled Amortisation Period, an amount equal to the lesser of:

- (a) the product of (i) Principal Collections available to the Originator VFN Series on such Transfer Date; and (ii) a fraction, the numerator of which is the Available Series 2018-1 Originator VFN Subordination at the end of the Revolving Period (whether permanently ended or most recently temporarily suspended) and the denominator of which is the Originator VFN Investor Interest; and
- (b) the Series Principal Shortfall for such Transfer Date.

**"Series Available Principal"** shall mean the Retained Principal Collections (other than any Required Retained Principal Collections) for the related Collection Period plus, during the Rapid Amortisation Period or the Scheduled Amortisation Period, the aggregate amount of Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) for the related Collection Period.

**"Series Principal Shortfall"** shall mean, with respect to any Transfer Date, the excess, if any, of:

- (a) with respect to any Transfer Date during the Controlled Accumulation Period, the Controlled Deposit Amount for such Transfer Date;
- (b) with respect to any Transfer Date during the Scheduled Amortisation Period, the Scheduled Amortisation Amount for such Transfer Date;
- (c) with respect to any Transfer Date during the Rapid Amortisation Period, the aggregate of the Series 2018-1 Investor Interest;

over:

- (d) the Series Available Principal.

**"Shared Principal Collections"** shall mean, as the context may require, either:

- (a) the amount of Principal Collections (which, for the purposes of this definition only, shall include Principal Collections from previous Collection Periods that constitute Cash Available for Investment) allocated for the purposes of calculation to Series 2018-1 which may be applied by the Loan Note Trustee to cover any series principal shortfall (or equivalent) with respect to other Outstanding Series in Group One; or
- (b) the amounts of Principal Collections (which, for the purposes of this definition only, shall include Principal Collections from previous Collection Periods that constitute Cash Available for Investment) allocated for the purposes of calculation to other Outstanding Series in Group One which the applicable supplements for such Series specify are to be treated as "Shared Principal Collections" which may be applied and distributed to the Loan Note Trustee to cover any Series Principal Shortfall with respect to Series 2018-1.

#### **The Originator VFN and the Series Originator VFN Subordination**

The Originator VFN Series was issued on the Closing Date and consists of an Originator VFN Investor Interest Note issued by the Trustee and subscribed for by the Loan Note Trustee using funds raised by the issuance by the Loan Note Trustee of the Originator VFN Loan Note to the Transferor. The Trustee will have access to collections for the purpose of the Originator VFN Series calculated on the basis of the Floating Investor Percentage.

**"Floating Investor Percentage"** means, in respect of the Originator VFN Series, with respect to any Collection Period, the percentage equivalent (which percentage shall never exceed 100 per cent.) of a fraction:

- (a) the numerator of which is the Originator VFN Adjusted Investor Interest at the close of business on the last day of the prior Collection Period (or, with respect to the first Collection Period, the Originator VFN Initial Investor Interest); and
- (b) the denominator of which is the greater of:
  - (i) an amount equal to the Eligible Receivables Balance as at the close of business on the last day of the prior Collection Period (or, with respect to the first Collection Period, on the Closing Date); and
  - (ii) either:
    - (A) other than in respect of calculations with regard to Principal Collections, the sum of (1) the Originator VFN Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period (or, with respect to the first Collection Period, the Originator VFN Initial Investor Interest) and (2) the sum of the numerators used to calculate the Investor Percentages for distributions other than in respect of Principal Collections, at any time, for all Outstanding Series (excluding Originator VFN) with respect to the Collection Period for which the Floating Investor Percentage is being determined; or
    - (B) in respect of calculations with regard to Principal Collections, the sum of (1) the Originator VFN Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period (or, with respect to the first Collection Period, the Originator VFN Initial Investor Interest) and (2) the sum of the numerators used to calculate the Investor Percentages for distributions with respect to Principal Collections for all Outstanding Series (excluding Originator VFN) with respect to the Collection Period for which the Floating Investor Percentage is being determined,

**provided, however, that**, with respect to any Collection Period in which a Subsequent Assignment Date in respect of Accounts with a balance of Existing Receivables or a Redesignation Date in respect of Third Party Redesignated Accounts, as the case may be, occurs, the amount in paragraph (b)(i) above shall be:

- (a) for the period from (and including) the first day of the Collection Period to (but excluding) the Subsequent Assignment Date or the Redesignation Date, as the case may be, an amount equal to the Eligible Receivables Balance as at the close of business on the last day of the prior Collection Period or, with respect to the first Collection Period, on the Closing Date; and
- (b) for the period from (and including) the Subsequent Assignment Date or the Redesignation Date, as the case may be, to (and including) the last day of the Collection Period, an amount equal to the Eligible Receivables Balance at the beginning of the day on the related Subsequent Assignment Date or Redesignation Date, as the case may be, as adjusted for the Outstanding Amount of Eligible Receivables and any Outstanding Finance Charges at the beginning of such day added to or, as the case may be, removed from the Trust on such Subsequent Assignment Date or Redesignation Date, as the case may be,

and **provided further, however, that**, with respect to any Collection Period in which a Relevant Event occurs, the amounts used for the calculation in paragraph (b)(ii) above shall be:

- (a) for the period from (and including) the first day of the Collection Period to (but excluding) the date of the Relevant Event, the sum of the numerators used to calculate the investor percentages for distributions with respect to Finance Charge Collections and Eligible Acquired Interchange and allocations of Default Amounts for all Outstanding Series (including Originator VFN) for the relevant Collection Period; and
- (b) for the period from (and including) the date of the Relevant Event to (and including) the last day of the Collection Period, the sum of the numerators used to calculate the investor percentages for distributions with respect to Finance Charge Collections and Eligible Acquired Interchange and allocations of Default Amounts for all Outstanding Series (including Originator VFN) on the date of the Relevant Event, adjusted to take into account the Relevant Event in question,

and **provided further, however, that**, on and following the Final Redemption Date of the Originator VFN Series Investor Interest Note, the Floating Investor Percentage shall be zero.

The Originator VFN Investor Interest Note consists of the following tranches: (i) a subordination amount for other Series in Group One, as specified in the relevant Supplement (each being a "**Series Originator VFN Subordination**" and, together, the "**Originator VFN Subordination**" and, taking into account losses and other charge-offs notionally allocated thereto, the "**Available Series Originator VFN Subordination**" and "**Available Originator VFN Subordination**" respectively); and (ii) an excess amount tranche equal to the difference between the Principal Amount Outstanding under the Originator VFN Investor Interest Note from time to time and the Originator VFN Subordination (the "**Originator VFN Excess Amount**"), such amount being available, as reduced by the amount of losses and charge-offs allocated thereto, among other things, to provide protection to the other Series against Reductions and Credit Adjustments. The difference between the Originator VFN Investor Interest and the Available Originator VFN Subordination, being Originator VFN Excess Amount as notionally reduced by losses and other charge-offs allocated thereto, is the "**Available Originator VFN Excess Amount**". The Transferor Interest, together with the Available Originator VFN Excess Amount portion of the Originator VFN Investor Interest Note, calculated as an average on an aggregate basis, is required to satisfy the Minimum Transferor Interest requirements as further set out in the section entitled "**Series 2018-1 Pay Out Events**".

The Trustee will also be able to use a portion of the available funds available to it in respect of the Originator VFN Series to meet shortfalls in Available Funds available to it to make payments on the Series 2018-1 Investor Interest Note and other amounts credited to the Series 2018-1 Finance Charge Collections Ledger for payment of the amounts referred to in paragraphs (a) to (u) under "*Application of Available Funds*" above.

The Originator VFN Loan Note has tranches and provisions that mirror those of the Originator VFN Investor Interest Note, being those relating to the subordination amount for each other relevant Series in Group One (each a "**Series Subordination Tranche**") and a tranche in respect of the Originator VFN Excess Amount (the "**Excess Amount Tranche**"). An additional tranche will be advanced under the Originator VFN Loan Note on the Series 2018-1 Closing Date to be designated the Series Subordination Tranche in respect of Series 2018-1 (the "**Series 2018-1 Subordination Tranche**"). A further advance will also be made under the Originator VFN Investor Interest Note designated the Series 2018-1 Originator VFN Subordination tranche, as to which see below. The further advance under the Originator VFN Loan Note

and Originator VFN Investor Interest Note shall be for an initial principal amount equal to A\$23,560,000 provided that both of which shall be variable funding notes and drawing and repayments under each may be made from time to time in accordance with their terms.

The Trustee will have access to collections for the purposes of the Originator VFN Series calculated on the basis of the Floating Investor Percentage. The terms of the Originator VFN Series contain concepts similar to those for Series 2018-1. The Originator VFN Series will fund its own portion of senior expenses and contains terms relating to the sharing of the principal collections, reallocation of principal collections, application of available pay-out events and qualifying swaps, with a number of differences of which are described below.

The Originator VFN Investor Interest on the Series 2018-1 Closing Date (after the issuance of Series 2018-1 and the acceptance of any Subsequent Offer on the Series 2018-1 Closing Date) is estimated to be approximately A\$135,300,000.

**"Originator VFN Increase"** shall mean each further advance made by the Loan Note Trustee to the Trustee under the Originator VFN Investor Interest Note.

**"Originator VFN Initial Investor Interest"** shall mean A\$69,780,000.

**"Originator VFN Investor Interest"** represents, in respect of the Originator VFN Series, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trustee to make the Originator VFN Payments and shall, on any date of determination, be an amount equal to the Originator VFN Initial Investor Interest as reduced by the aggregate of:

- (a) any principal repayments under the Originator VFN Investor Interest Note prior to such date; and
- (b) any Investor Charge-offs not reinstated as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Originator VFN Series or otherwise reinstated,

and increased by the aggregate of all Originator VFN Increases, all calculated as at that date provided that on and following the Final Redemption Date of the Originator VFN Investor Interest Note, the Originator VFN Investor Interest shall be treated as being zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

**"Originator VFN Payments"** shall mean all payments required to be made by the Trustee under the Originator VFN Investor Interest Note and to each Series supported by a Series Originator VFN Subordination and the payments required to be made by the Trustee to Transaction Parties and certain other persons, as set out in the Cashflow Allocation Deed contained in the Originator VFN Supplement.

#### **Series 2018-1 Originator VFN Subordination; Defaults, Reductions and Credit Adjustments**

On the Series 2018-1 Closing Date, the Series Originator VFN Subordination notionally allocated in respect of Series 2018-1 shall be the Series 2018-1 Originator VFN Subordination. In the event there would be a charge-off notionally allocated in respect of any Tranche of the Series 2018-1 Investor Interest Note following the calculations and applications in respect of Series 2018-1 on a Transfer Date, such charge-off (whether arising as a result of a Default, a Reduction or Credit Adjustment (as to which, see further below) or from Reallocated Principal Collections) will be re-allocated to the Available Series 2018-1 Originator VFN Subordination to the extent greater than zero.

At any time, taking into account losses and other charge-offs notionally allocated to the Series 2018-1 Originator VFN Subordination, the notional amount thereof available to provide support to the Series 2018-1 Investor Interest Note will be the **"Available Series 2018-1 Originator VFN Subordination"**. The Series 2018-1 Originator VFN Subordination may be increased by the Trustee and Loan Note Trustee at any time by amounts resulting from further subscription monies by the Loan Note Trustee under the Series 2018-1 Investor Interest Note that are notionally allocated to the Series 2018-1 Originator VFN Subordination tranche (funded by way of a further subscription by the Transferor under the Series 2018-1 Subordination Tranche of the Originator VFN Loan Note) or by the holders of the Originator VFN Loan Note, the Loan Note Trustee and the Trustee (in the case of the Loan Note Trustee and the Trustee, at the direction of the Loan Note Trust Manager and the Trust Manager, as applicable) directing that the Originator VFN Excess Amount portion of the Originator VFN Investor Interest Note (and related Excess Amount Tranche of the Originator VFN Loan Note) be reduced and the Series 2018-1 Originator VFN Subordination portion (and

related Series 2018-1 Subordination Tranche of the Originator VFN Loan Note) be increased. The reverse may also be agreed subject to the provision of the Rating Confirmation. Any shortfall between the Series 2018-1 Originator VFN Subordination and the Available Series 2018-1 Originator VFN Subordination may be replenished through reinstatement of charge-offs allocated to the Originator VFN Investor Interest Note that are notionally allocated to the Series 2018-1 Originator VFN Subordination.

The Originator VFN Investor Interest will receive its *pro rata* share, according to the Originator VFN Floating Investor Percentage, of Default Amounts for calculational purposes, allocated *pro rata* between the Available Originator VFN Excess Amount and each Available Series Originator VFN Subordination. In addition, Default Amounts allocated to Series 2018-1 may be reallocated to the Available Series 2018-1 Originator VFN Subordination, as further described below.

100 per cent of any Reductions that arise in respect of Eligible Receivables, to the extent the Transferor does not satisfy its payment obligations under the Origination and Sale Deed in respect thereof in cash, will result in the Trustee applying the amounts received to make a principal repayment first under the Transferor Interest Note until the Transferor Interest is reduced to zero and thereafter against the Available Originator VFN Excess Amount of Investor Interest Note (and related Excess Amount Tranche of the Originator VFN Loan Note) until reduced to zero and, in each case, setting off the amount of the repayment of principal made (directly or indirectly) to the Transferor as a result against the payment obligations of the Transferor under the Origination and Sale Deed. Credit Adjustments in respect of an Eligible Receivable are notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note reducing the Transferor Interest accordingly for the purposes of allocations (but not reducing the Principal Amount Outstanding under the Transferor Interest Note for any other purpose including for the calculation of interest payments) until deemed to be reduced to zero, with any remainder being notionally allocated to the Available Originator VFN Excess Amount reducing the Originator VFN Investor Interest accordingly for the purposes of allocations (but not reducing the Principal Amount Outstanding under the Originator VFN Investor Interest Note for any other purpose including for the calculation of interest payments) until also reduced to zero. Thereafter the portion of such Reductions and Credit Adjustments that are referable to Series 2018-1 in accordance with the relevant calculations are applied first against the Available Series 2018-1 Originator VFN Subordination until reduced to zero and thereafter against the Series 2018-1 Investor Interest, applied to the relevant Classes of Series 2018-1 in reverse order of priority.

Further details of the allocation of Default Amounts, Reductions and Credit Adjustments to the Transferor Interest Note, the Originator VFN Excess Amount tranche of the Originator VFN Investor Interest Note, the Series 2018-1 Originator VFN Subordination portion of the Originator VFN Investor Interest Note and the Series 2018-1 Investor Interest Note are set out in the section entitled: "*Defaulted and Dilution Receivables; Investor Charge-offs; Allocation to Series 2018-1 and the Originator VFN*" below.

"**Series 2018-1 Originator VFN Subordination**" shall mean, on any date, the Principal Amount Outstanding of the Originator VFN Investor Interest Note equal to A\$23,560,000 as:

- (a) increased at any time by increases in the Principal Amount Outstanding of the Originator VFN Investor Interest Note that are notionally allocated to the Series 2018-1 Originator VFN Subordination by agreement between the Loan Note Trustee and the holders of the Originator VFN Loan Note or by the holders of the Originator VFN Loan Note directing that the notional Originator VFN Excess Amount of the Originator VFN Investor Interest Note be reduced and the notional Series 2018-1 Originator VFN Subordination be increased by an equal amount; or
- (b) decreased at any time by decreases in the Principal Amount Outstanding of the Originator VFN Investor Interest Note that are notionally allocated to the Series 2018-1 Originator VFN Subordination by way of agreement between the Loan Note Trustee and the holders of the Originator VFN Loan Note or by the holders of the Originator VFN Loan Note directing that the portion of Originator VFN Excess Amount of the Originator VFN Investor Interest Note be increased and the notional Series 2018-1 Originator VFN Subordination be decreased by an equal amount, **provided that** either: (i) a Rating Confirmation has been obtained and **provided further that** the Series 2018-1 Originator VFN Subordination may not be decreased below A\$23,560,000; or (ii) the Series 2018-1 Investor Interest Note has been repaid in full.



### **Originator VFN Liquidity Support; Finance Charge Collections**

Series 2018-1 will also be able to use a portion of the funds available to the Trustee in respect of the Originator VFN Series to meet shortfalls in Available Funds available to it in respect of Series 2018-1 and other amounts credited to the Series 2018-1 Finance Charge Collections Ledger for payment of the amounts referred to in paragraphs (a) to (u) under "*Application of Available Funds*".

In calculating the amounts that are available to be used by the Trustee in support of Series 2018-1, the Trust Manager will make the following applications of funds available to the Trustee in respect of the Originator VFN Series from Finance Charge Collections and Acquired Interchange allocated to the Originator VFN Series in accordance with its Floating Investor Percentage in the following order of priority (the "**Originator VFN Available Funds Priority**") on each Transfer Date:

- (a) an amount equal to A\$1 for such Transfer Date to be paid to the Unitholders, such payment being at the discretion of the Trust Manager;
- (b) an amount equal to the Originator VFN Senior Trust Expenses for such Transfer Date and any Originator VFN Senior Trust Expenses remaining unpaid in respect of any previous Transfer Date shall be paid in the order of priority specified in the definition thereof to be paid to the relevant parties;
- (c) pro rata and pari passu, an amount equal to:
  - (i) the Investor Trust Manager Payment Amount (as defined in the Originator VFN Supplement but calculated on the same basis as the calculation for Series 2018-1) for such Transfer Date plus any Investor Trust Manager Payment Amounts remaining unpaid in respect of any previous Transfer Date will be paid to the Trust Manager; and
  - (ii) the Investor Senior Servicing Amount (as defined in the Originator VFN Supplement but calculated on the same basis as the calculation for Series 2018-1) for such Transfer Date plus any Investor Senior Servicing Amounts remaining unpaid in respect of any previous Transfer Date will be paid to Servicer;
- (d) if Originator VFN is in a Qualifying Swap Group, an amount equal to any Qualifying Swap Amount referable to the Originator VFN payable on such Transfer Date, including any Qualifying Swap Partial Termination Payments, Qualifying Swap Permitted Tax Credit Payments or Qualifying Swap Subordinated Termination Payments, will be paid to the relevant Qualifying Swap Provider;
- (e) an amount equal to the Additional Coupon (as defined in the Originator VFN Investor Interest Note but calculated on an equivalent basis to the Additional Coupon for Series 2018-1) payable under the Originator VFN Investor Interest Note for such Transfer Date shall be paid to the Loan Note Trustee as payment in part of the relevant portion of the interest amount payable on the Originator VFN Investor Interest Note;
- (f) an amount equal to the product of: (i) a fraction the numerator of which is the Available Originator VFN Excess Amount and the denominator of which is the Originator VFN Adjusted Investor Interest; and (ii) the amount of Available Funds (excluding any Group One Originator VFN Excess Finance Charges) available after the applications in paragraphs (a) to (e) above, shall be applied in the following order of priority:
  - (i) first, an amount (the "**Originator VFN Excess Amount Monthly Distribution Amount**") equal to (1) the Originator VFN Monthly Finance Amount (excluding the additional coupon) for such Transfer Date, plus (2) any Deficiency Amount for such Transfer Date, plus (3) any Originator VFN Additional Finance Amount (as defined in the Originator VFN Supplement) for such Transfer Date, to the extent such amounts relate to the Originator VFN Excess Amount portion of the Originator VFN Investor Interest Note, shall be paid to the Loan Note Trustee as payment of the Interest Amount in respect of the Originator VFN Excess Amount portion of the Originator VFN Investor Interest Note, together with any deferred interest and additional interest due and unpaid on the Originator VFN Excess Amount of the Originator VFN Investor Interest Note, which is due and payable on such Transfer Date, and provided that, if there are insufficient Available Funds

available to meet the Originator VFN Excess Amount Monthly Distribution Amount in full, then the relevant amounts constituting the Originator VFN Excess Amount Monthly Distribution Amount shall be met in the priority of payment set out above;

- (ii) second, an amount equal to the portion of the Investor Default Amount, if any, for the preceding Collection Period referable to the Originator VFN Excess Amount equal to the product of: (i) a fraction the numerator of which is the Originator VFN Excess Amount and the denominator of which is the Originator VFN Adjusted Investor Interest; and (ii) the Investor Default Amount, shall either be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Default)') to make-up such Investor Default Amounts and either reinstate or reimburse the Originator VFN Excess Amount portion of the Originator VFN Investor Interest for the purpose of calculations, as applicable, provided that, if the Originator VFN Series is in an Optional Amortisation Period or Rapid Amortisation Period, such amount shall instead be identified as 'Principal Loss Make-Up (Default)' in respect of the Originator VFN Series;
- (iii) third, an amount equal to the portion of the aggregate amount of Originator VFN Investor Charge-offs which have not been previously reinstated referable to the Originator VFN Excess Amount equal to the product of: (i) a fraction the numerator of which is the Originator VFN Excess Amount and the denominator of which is the Originator VFN Adjusted Investor Interest; and (ii) the Originator VFN Investor Charge-offs, shall be treated by the Trustee as a Principal Collection (identified as 'Loss Make-Up (Charge-off)') to make-up such Originator VFN Investor Charge-offs amounts and either reinstate or reimburse the Originator VFN Investor Interest for the purpose of calculations, as applicable, such amount shall instead be identified as Principal Loss Make-Up (Default) in respect of the Originator VFN Series;
- (iv) fourth, an amount equal to, in the following order of priority: (i) first, the aggregate of the amount of Investor Charge-offs allocated to the Series Investor Interest of any Outstanding Series (other than the Originator VFN Series) and the Series Originator VFN Subordination of such Outstanding Series, in the case of a shortfall, divided pro rata between each Series Investor Interest and Series Originator VFN Subordination according to the amount of Investor Charge-offs allocated thereto (identified as 'Loss Make-Up (Charge-off)' or, if the relevant Series or Series Originator VFN Subordination is in an Amortisation Period 'Principal Loss Make-Up (Charge-off)' in respect of such Series), (ii) secondly, any Transferor Charge-Offs notionally allocated to the Eligible Receivables Tranche of the Transferor Interest Note, and (iii) thirdly, towards Series that are not Outstanding Series and the Series Originator VFN Subordination for any such Series not past its Final Redemption Date divided pro rata between each Series Investor Interest and Series Originator VFN Subordination according to the amount of Investor Charge-offs allocated thereto (identified as 'Loss Make-Up (Charge-off)' or, if the relevant Series or Series Originator VFN Subordination is in an Amortisation Period 'Principal Loss Make-Up (Charge-off)' in respect of the relevant Series), in each case which have not previously been reinstated, shall be made available to the Trustee in order to reinstate the relevant portion of the relevant Series Investor Interest or the Eligible Receivables Tranche of the Transferor Interest Note, as appropriate, and shall be applied in accordance with the terms of the Cashflow Allocation Deed and the relevant Supplement; and
- (v) fifth, any remainder shall constitute "**Excess Spread**" and shall be transferred to the Distribution Ledger of the Trustee Administration Account and applied in accordance with the terms of the Cashflow Allocation Deed;
- (g) an amount equal to the Aggregate Supported Group One Finance Charge Shortfall, if any, shall be made available to the Trustee for the purpose of making up shortfalls of Available Funds for each Series receiving a payment in respect of its Supported Group One Finance Charge Shortfall; and
- (h) the remainder (being the Series Excess Spread in respect of Originator VFN) will, together with any other Series Excess Spread available on such date, be applied in accordance with the Excess Spread Priority of Payments.

On each Transfer Date on which a Group One Originator VFN Excess Finance Charge arises in respect of the Originator VFN Series, the Trustee will utilise any amounts available to it in respect of other Series in Group One under the terms of the Cashflow Allocation Deed and each Supplement thereto (including pursuant to the Excess Spread Priority of Payments) for Group One Originator VFN Excess Finance Charges and apply the same as Available Funds as described above.

**"Aggregate Supported Group One Finance Charge Shortfall"** shall mean the aggregate of the Supported Group One Finance Charge Shortfall for each outstanding Series.

**"Available Series Originator VFN Subordination"** shall mean, on any date, in respect of a particular Series, the portion of the Available Originator VFN Subordination referable to that Series as set out in the relevant Supplement.

**"Group One Originator VFN Excess Finance Charges"** shall mean, in respect of a Transfer Date, the lesser of (A) the amount made available to the Trustee from funds allocated to other Series in Group One for the purpose of making the Originator VFN Payments pursuant to the Cashflow Allocation Deed; and (B) an amount equal to (1) the aggregate of Available Funds in respect of such Transfer Date, **less** (2) the amounts payable pursuant to items (a) to (e) and (g) of the Originator VFN Available Funds Priority in the Originator VFN Supplement (disregarding, for the purposes of calculation, any reduction of such amounts as a result of shortfalls in funds available to make such payments).

**"Group One Series Amount"** means, in respect of each Series in Group One, amounts identified as such in the relevant Supplement and, in respect of Series 2018-1, means the amounts payable pursuant to paragraphs (a) to (y) of the priorities of payment set out above in *"Application of Available Funds"*.

**"Originator VFN Adjusted Investor Interest"** shall mean the Originator VFN Investor Interest, provided that, when any other Series in Group One is not in a Revolving Period, then the Originator VFN Adjusted Investor Interest for the purposes of calculating the Floating Investor Percentage in respect of calculations relating to Principal Collections shall be equal to the greater of: (i) the Originator VFN Investor Interest; and (ii) the aggregate of the Available Series Originator VFN Subordination of each other Series in Group One that is not in its Revolving Period as at the end of its Revolving Period.

**"Originator VFN Investor Charge-offs"** means the amount by which the Originator VFN Investor Interest is reduced by Investor Default Amounts (including any Investor Default Amounts reallocated to any Series Originator VFN Subordination by the relevant supported Series), Credit Adjustments allocated to the Originator VFN Excess Amount and any Series Originator VFN Subordination, Reductions allocated to any Series Originator VFN Subordination and Reallocated Originator VFN Principal Collections such amounts to be identified with respect to the relevant portion of the Originator VFN Investor Interest so reduced.

**"Originator VFN Monthly Finance Amount"** shall mean, in respect of a Transfer Date, the Interest Amount payable on such Transfer Date under the Originator VFN Investor Interest Note calculated in accordance with the Originator VFN Investor Interest Note.

**"Originator VFN Senior Trust Expenses"** shall mean, in respect of a Transfer Date, the following amounts payable on or about such Transfer Date in the following order of priority:

- (a) the Originator VFN pro-rata share of the amounts payable by the Trustee to the Security Trustee and any receiver or any delegate, agent, attorney, manager, nominee, co-Security Trustee or custodian appointed by the Security Trustee pursuant to the provisions of the Security Trust Deed (an **"Appointee"**) (other than pursuant to the indemnity for taxes in favour of the Security Trustee in respect of any tax liabilities of the Trustee paid for from funds credited to the Tax Ledger of the Trustee Administration Account) calculated with reference to the size of the Floating Investor Percentage for the Originator VFN and the size of the equivalent percentage for each other Series of Related Debt outstanding;
- (b) the Investor Trustee Payment Amount and the Originator VFN pro-rata share of any tax liabilities of the Trustee due and payable during the period from that Transfer Date to the next Transfer Date but only to the extent there are insufficient amounts in the Tax Ledger of the Trustee Administration Account to pay such tax liabilities;

- (c) the Originator VFN pro-rata share of the amounts payable by the Trustee to the Trustee Account Bank calculated with reference to the size of the Floating Investor Percentage for Originator VFN and the size of the equivalent percentage for each other Series of Related Debt outstanding; and
- (d) the Investor Back-Up Servicing Amount for such Transfer Date.

**"Supported Group One Finance Charge Shortfall"** shall mean, in respect of any Series in Group One with an Available Series Originator VFN Subordination of greater than zero on a Transfer Date, an amount equal to the lesser of (1) the Group One Series Finance Charge Shortfall for such Series and (2) the Series Originator VFN Subordination Available Amount for such Series.

**"Series Originator VFN Subordination Available Amount"** shall mean, in respect of any Series in Group One with an Available Series Originator VFN Subordination of greater than zero on a Transfer Date, an amount equal to the product of (1) a fraction, the numerator of which is the Available Series Originator VFN Subordination for such Series and the denominator of which is the Available Originator VFN Subordination and (2) the amount of Available Funds available after the application in paragraphs (a) to (f) of the Originator VFN Available Funds Priority.

### **Interest Amounts, Amortisation and Repayment of the Originator VFN Investor Interest Note**

#### *Interest Amounts*

Interest shall be payable on the Originator VFN Investor Interest Note on a daily basis on the Principal Amount Outstanding of the Originator VFN Investor Interest Note and a 365 day year at the Originator VFN Interest Rate. The Originator VFN Monthly Finance Amount is the amount of interest payable calculated as set out above plus an additional coupon amount equal to the Originator VFN Senior Loan Note Trust Expenses payable on the following Transfer Date. **"Originator VFN Interest Rate"** shall be the percentage rate per annum calculated on the first day of the relevant Interest Period as being the weighted average, according to the Principal Amounts Outstanding thereof, of (i) in respect of the Originator VFN Excess Amount, the weighted average of the rates of interest or coupons most recently calculated as being payable on each Series Investor Interest Note (excluding the Originator VFN Excess Amount); and (ii) 12% in respect of each Series Originator VFN Subordination.

The relevant period for the payment of interest (**"Originator Interest Period"**) is: (i) in respect of the initial drawing made on the Closing Date, the period from (and including) the Closing Date to the first Payment Date thereafter; (ii) with respect to any further advance made after the first day of a current Originator Interest Period but on or before the last day of the Collection Period in which the current Originator Interest Period commenced, the first Originator Interest Period is the period from (and including) the relevant funding date to (but excluding) the first Payment Date thereafter; (iii) with respect to any further advance made after the last day of the Collection Period in which the current Originator Interest Period commenced and before the next succeeding Payment Date, the first Originator Interest Period is the period from (and including) the relevant funding date to (but excluding) the second succeeding Payment Date thereafter; and (iv) otherwise, each Originator Interest Period shall run from (and including) a Payment Date to (but excluding) the next Payment Date.

Any unpaid interest on the Originator VFN Investor Interest Note is subject to equivalent payments provisions and default interest provisions as per the Series 2018-1 Investor Interest Note.

**"Originator VFN Senior Loan Note Trust Expenses"** shall mean, in respect of a Transfer Date, the following amounts payable on or about such Transfer Date in the following order of priority:

- (a) the Originator VFN pro-rata share of the amounts payable by the Loan Note Trustee to the Loan Note Security Trustee and any receiver or Appointee appointed pursuant to the terms of the Security and Cashflow Allocation Deed (other than pursuant to the indemnity for taxes in favour of the Loan Note Security Trustee in respect of any tax liabilities of the Loan Note Trustee paid for from funds credited to the Tax Ledger of the Loan Note Trustee Distribution Account) calculated with reference to the size of the Floating Investor Percentage for Originator VFN and the size of the equivalent percentage for each other Series of Related Debt outstanding;
- (b) the Investor Loan Note Trustee Payment Amount and the Originator VFN pro-rata share of any tax liabilities of the Loan Note Trustee due and payable during the period from that Transfer Date to

the next Transfer Date but only to the extent there are insufficient amounts in the Tax Ledger of the Loan Note Trustee Distribution Account to pay such tax liabilities; and

- (c) the Originator VFN pro-rata share of the amounts payable by the Loan Note Trustee to the Loan Note Trustee Account Bank calculated with reference to the size of the Floating Investor Percentage for Originator VFN and the size of the equivalent percentage for each other Series of Related Debt outstanding.

The interest provisions of the Originator VFN Loan Note mirror those of the Originator VFN Investor Interest Note, save that the interest amount does not include the additional coupon for the Originator VFN Senior Loan Note Trust Expenses.

### ***Amortisation and Repayment of Principal***

#### **Rapid Amortisation**

The Series 2018-1 Originator VFN Subordination can only be amortised by reference to Principal Collections available to the Originator VFN Series following the Series 2018-1 Final Redemption Date. The Originator VFN Series cannot enter rapid amortisation until all other Series in Group One (including Series 2018-1) have been redeemed or have reached their termination dates. During the rapid amortisation period for the Originator VFN Series, the Principal Collections available to the Trustee in respect of the Originator VFN Series will be used to make repayments of principal on the Originator VFN Investor Interest Note which would be applied by the Loan Note Trustee to make a repayment of principal on the equivalent tranche of the Originator VFN Loan Note.

#### **Optional Amortisation**

Provided no Series in Group One is in an Amortisation Period or Accumulation Period, the Servicer may give notice to the Trustee (an "**Optional Amortisation Notice**") of an optional amortisation of the Originator VFN Series (such amortisation being referred to as an "**Optional Amortisation**") in accordance with the paragraphs below and in an amount equal to the Optional Amortisation Amount, as defined below. The Optional Amortisation Amount would be applied by the Trustee to make a repayment of principal on the relevant tranche of the Originator VFN Investor Interest Note which would be applied by the Loan Note Trustee to make a repayment of principal on the equivalent tranche of the Originator VFN Loan Note.

The Optional Amortisation Notice may specify an optional amortisation period for the Originator VFN Series (the "**Optional Amortisation Period**"), following which the Trustee shall utilise Trust Assets to make repayments of principal on each Transfer Date during the Optional Amortisation Period to the Loan Note Trustee under the Originator VFN Investor Interest Note on the terms specified in the Originator VFN Supplement up to an amount specified in the Optional Amortisation Notice (the "**Optional Amortisation Amount**" in respect of each such Optional Amortisation Period). To be valid, the Optional Amortisation Notice shall state the date on which the Optional Amortisation Period shall commence (which shall be the first day of a Collection Period falling no earlier than the date of the delivery of the Optional Amortisation Notice) and the date (if any) on which the Optional Amortisation Period shall end (if principal repayments in an amount equal to the Optional Amortisation Amount have not been made prior to such date). The Trustee shall utilise funds allocated to the Originator VFN Investor Interest on each Transfer Date during the Optional Amortisation Period on the terms set out in the Originator VFN Supplement.

The parties to the Originator VFN Supplement may agree to an Optional Amortisation on a date other than a Transfer Date, subject to all necessary amendments or modifications to the Transaction Documents being agreed by the parties thereto at such time, and provided that the Optional Amortisation Amount shall consist solely of Cash Available for Investment standing to the credit of the Trustee Acquisition Ledger of the Trustee Collection Account on such date.

No later than two Business Days prior to any Transfer Date, the Trust Manager may deliver an Optional Amortisation Notice specifying an optional amortisation of the Originator VFN Series on the following Transfer Date (the "**Optional Amortisation Date**") in an amount (the "**Optional Amortisation Amount**" in respect of such Optional Amortisation Date) up to an amount equal to the amount of Cash Available for Investment standing to the credit of the Trustee Acquisition Ledger of the Trustee Collection Account on such date to the extent available and not used for any other purpose on the Transfer Date. The Trustee will then apply the Cash Available for Investment for such purpose on the following Transfer Date.

The Optional Amortisation Amount in respect of either an Optional Amortisation Date or an Optional Amortisation Period shall not exceed:

- (a) the lesser of (1) the amount which would cause the sum of (a) the Transferor Interest and (b) the Available Originator VFN Excess Amount to be reduced to the Minimum Transferor Interest and (2) the maximum amount by which the Originator VFN Investor Interest Note can be reduced without causing the Transferor's undertaking in respect of its risk retention requirements under the CRR and AIFMR to be breached; or
- (b) the amount which would cause the Series Originator VFN Subordination for any Series (other than Series 2017-VFN) to fall below the Series Originator VFN Subordination for such Series as at the Series 2018-1 Closing Date of such Series.

The Originator VFN Investor Interest Note and related Originator VFN Loan Note are subject to equivalent provisions as the Series 2018-1 Investor Interest Note and the Series 2018-1 Notes in respect of Partial Amortisation and will have a scheduled redemption date and final redemption date which will fall after the final redemption date of the Series 2018-1.

***Defaulted and Dilution Receivables; Investor Charge-offs; Allocation to the Originator VFN***

Reductions and Credit Adjustments, when allocated to a Series Investor Interest Note or other Series of Related Debt, will (subject to such amounts being reinstated in accordance with the Cashflow Allocation Deed and relevant Supplement and with the exception of Reductions allocated to the Originator VFN Excess Amount under the Cashflow Allocation Deed) reduce the relevant Series Investor Interest for calculational purposes by an equivalent amount (**provided that** no Series Investor Interest may be reduced below zero and the Principal Amount Outstanding under the Series Investor Interest Note or other Related Debt shall not be reduced including for the purposes of calculating interest payments).

In the event there are any Reductions or Credit Adjustments remaining after the application of such amounts to the Eligible Receivables Tranche of the Transferor Interest Note and the Originator VFN Excess Amount, to the extent the Transferor has not satisfied its payment obligations relating thereto in cash, the remainder shall be, in respect of each Collection Period the "**Investor Dilution Amount**" and a portion of the Investor Dilution Amount shall be reallocated to the Series 2018-1 Investor Interest as set out below.

An amount equal to the product of (i) the Investor Dilution Amount; and (ii) a fraction the numerator of which is the Series 2018-1 Adjusted Investor Interest plus the Available Series 2018-1 Originator VFN Subordination and the denominator of which is the Aggregate Adjusted Investor Interest (excluding, for the avoidance of doubt, the Available Originator VFN Excess Amount) will be applied towards, first, the Available Series 2018-1 Originator VFN Subordination, until it is reduced to zero, and, second, any remainder shall be reallocated to the Series 2018-1 Investor Interest as follows:

- (i) *first*, to the Class E Investor Interest up to the amount that would reduce the Class E Investor Interest to zero (taking into account any other Class E Investor Charge-offs applied on such Transfer Date), such amount the "**Class E Investor Dilution Amount**";
- (ii) *second*, to the Class D Investor Interest up to the amount that would reduce the Class D Investor Interest to zero (taking into account any other Class D Investor Charge-offs applied on such Transfer Date), such amount the "**Class D Investor Dilution Amount**";
- (iii) *third*, to the Class C Investor Interest up to the amount that would reduce the Class C Investor Interest to zero (taking into account any other Class C Investor Charge-offs applied on such Transfer Date), such amount the "**Class C Investor Dilution Amount**";
- (iv) *fourth*, to the Class B Investor Interest up to the amount that would reduce the Class B Investor Interest to zero (taking into account any other Class B Investor Charge-offs applied on such Transfer Date), such amount the "**Class B Investor Dilution Amount**";
- (v) *fifth*, to the Class A2 Investor Interest up to the amount that would reduce the Class A2 Investor Interest to zero (taking into account any other Class A2 Investor Charge-offs applied on such Transfer Date), such amount the "**Class A2 Investor Dilution Amount**"; and

- (vi) *sixth*, to the Class A1 Investor Interest up to the amount that would reduce the Class A1 Investor Interest to zero (taking into account any other Class A1 Investor Charge-offs applied on such Transfer Date), such amount the "**Class A1 Investor Dilution Amount**".

The Originator VFN Investor Interest will receive its *pro rata* share, according to the Originator VFN Floating Investor Percentage, of Default Amounts for calculational purposes, allocated *pro rata* between the Available Originator VFN Excess Amount and each Available Series Originator VFN Subordination. In addition, Default Amounts allocated to Series 2018-1 may be reallocated to the Available Series 2018-1 Originator VFN Subordination, as further described below.

"**Aggregate Adjusted Investor Interest**" shall mean, on any date of determination, the sum of the Adjusted Investor Interests of each Series outstanding.

***Series 2018-1 Defaults and Charge-offs; Allocation to Series 2018-1 and the Series 2018-1 Originator VFN Subordination***

A portion of the Investor Default Amount will be notionally allocated in calculations on each Transfer Date to each Tranche of the Series 2018-1 Investor Interest Note based on the product of the Class A1 Floating Allocation, the Class A2 Floating Allocation, the Class B Floating Allocation, the Class C Floating Allocation, the Class D Floating Allocation or the Class E Floating Allocation (as the case may be) applicable during the related Collection Period and the aggregate of all Investor Default Amounts for such Collection Period, defined (as the case may be) as the "**Class A1 Investor Default Amount**", the "**Class A2 Investor Default Amount**", the "**Class B Investor Default Amount**", the "**Class C Investor Default Amount**", "**Class D Investor Default Amount**" and the "**Class E Investor Default Amount**".

"**Class A1 Floating Allocation**" is a percentage utilised by the Trustee for the purposes of calculating amounts available to it in respect of payment amounts referable to the Class A1 Tranche and shall mean, with respect to any Collection Period, the percentage equivalent of a fraction, the numerator of which is the Class A1 Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period and the denominator of which is equal to the Series 2018-1 Adjusted Investor Interest as of the close of business on such day, **provided, however**, that, with respect to the first Collection Period, the Class A1 Floating Allocation shall mean the percentage equivalent of a fraction, the numerator of which is the Class A1 Initial Investor Interest and the denominator of which is the Series 2018-1 Initial Investor Interest.

"**Default Amounts**" shall mean, with respect to any Defaulted Account, the Outstanding Amount of Principal Receivables (other than Ineligible Receivables and Outstanding Finance Charges) in such Defaulted Account on the day such Account became a Defaulted Account.

"**Investor Default Amount**" shall mean, in respect of Series 2018-1, with respect to any Receivable in a Defaulted Account on the Transfer Date following the Collection Period in which such Account became a Defaulted Account, an amount equal to the product of:

- (a) such Default Amounts; and
- (b) the Floating Investor Percentage for such Collection Period.

***Class A1 Investor Default Amounts and Dilution Amounts***

On or before each Transfer Date, the Trust Manager shall calculate the Class A1 Investor Default Amount and the Class A1 Investor Dilution Amount for the prior Collection Period, which shall be applied as follows.

If, on any Transfer Date, the Class A1 Investor Default Amount for the prior Collection Period exceeds the amount of Available Funds available to pay such amount on such Transfer Date (including any Reallocated Principal Collections available for such purpose):

- (a) the Available Series 2018-1 Originator VFN Subordination (after giving effect to any reductions and reinstatements thereof in accordance with the Originator VFN Supplement) will be reduced by the amount of such excess until such time as the Available Series 2018-1 Originator VFN Subordination is zero; and

- (b) the Class E Investor Interest (after giving effect to reductions for any Class E Investor Charge-offs, any Reallocated Class E Principal Collections, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date) will be reduced by the amount of any remainder.

In the event that such reduction would cause the Class E Investor Interest to be a negative number, the Class E Investor Interest will be reduced to zero, and the Class D Investor Interest (after giving effect to reductions for any Class D Investor Charge-offs, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class D Principal Collections that have resulted in a reduction of the Class E Investor Interest) will be reduced by the amount by which the Class E Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class D Investor Interest to be a negative number, the Class D Investor Interest will be reduced to zero, and the Class C Investor Interest (after giving effect to reductions for any Class C Investor Charge-offs, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class C Principal Collections that have resulted in a reduction of the Class D Investor Interest) will be reduced by the amount by which the Class D Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class C Investor Interest to be a negative number, the Class C Investor Interest will be reduced to zero, and the Class B Investor Interest (after giving effect to reductions for any Class B Investor Charge-offs, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class B Principal Collections that have resulted in a reduction of the Class C Investor Interest) will be reduced by the amount by which the Class C Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class B Investor Interest to be a negative number, the Class B Investor Interest will be reduced to zero, and the Class A2 Investor Interest (after giving effect to reductions for any Class A2 Investor Charge-offs and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class A2 Principal Collections that have resulted in a reduction of the Class B Investor Interest) will be reduced by the amount by which the Class B Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class A2 Investor Interest to be a negative number, the Class A1 Investor Interest will be reduced by the amount by which the Class A2 Investor Interest would have been reduced below zero (after giving effect to any Class A1 Investor Charge-offs), but not by more than would reduce the Class A1 Investor Interest to zero.

If, on any Transfer Date, there is a Class A1 Investor Dilution Amount such amount, together with the amount (if any) by which the Class A1 Investor Interest is reduced as described above, shall constitute a "**Class A1 Investor Charge-off**" on such Transfer Date and to the extent such Class A1 Investor Dilution Amount exceeds the sum of the amount applied with respect thereto pursuant to Clause 3.13(g) (*Payments of Amounts Representing Available Funds*) of the Series 2018-1 Supplement on such Transfer Date, the Class A1 Investor Interest will be reduced (but not by more than would reduce the Class A1 Investor Interest to zero).

If the Class A1 Investor Interest has been reduced by the amount of any Class A1 Investor Charge-offs, it will be reinstated on any Transfer Date (but not by an amount in excess of the aggregate Class A1 Investor Charge-offs) for the purpose of calculations by any amounts identified as 'Loss Make-Up (Charge-off)' in respect of the Class A1 Investor Interest (but not any amounts identified as 'Principal Loss Make-Up (Charge-off)'). See "*Application of Available Funds*" above.

#### *Class A2 Investor Default Amounts and Dilution Amounts*

On or before each Transfer Date, the Trust Manager shall calculate the Class A2 Investor Default Amount and the Class A2 Investor Dilution Amount for the prior Collection Period, which shall be applied as set out below.



If, on any Transfer Date, the Class A2 Investor Default Amount for the prior Collection Period exceeds the amount of Available Funds available to pay such amount on such Transfer Date (including any Reallocated Principal Collections available for such purpose):

- (a) the Available Series 2018-1 Originator VFN Subordination (after giving effect to any reductions and reinstatements thereof in accordance with the Originator VFN Supplement) will be reduced by the amount of such excess until such time as the Available Series 2018-1 Originator VFN Subordination is zero; and
- (b) the Class E Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts that will result in a reduction of the Class E Investor Interest on such Transfer Date, any Class E Investor Charge-offs, any Reallocated Class E Principal Collections, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date) will be reduced by the amount of any remainder.

In the event that such reduction would cause the Class E Investor Interest to be a negative number, the Class E Investor Interest will be reduced to zero, and the Class D Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts that will result in a reduction of the Class D Investor Interest on such Transfer Date, any Class D Investor Charge-offs, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class D Principal Collections that have resulted in a reduction of the Class E Investor Interest) will be reduced by the amount by which the Class E Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class D Investor Interest to be a negative number, the Class D Investor Interest will be reduced to zero, and the Class C Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts that will result in a reduction of the Class C Investor Interest on such Transfer Date, any Class C Investor Charge-offs, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class C Principal Collections that have resulted in a reduction of the Class D Investor Interest) will be reduced by the amount by which the Class D Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class C Investor Interest to be a negative number, the Class C Investor Interest will be reduced to zero, and the Class B Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts that will result in a reduction of the Class B Investor Interest on such Transfer Date, any Class B Investor Charge-offs, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class B Principal Collections that have resulted in the reduction of the Class C Investor Interest) will be reduced by the amount by which the Class B Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class B Investor Interest to be a negative number, the Class A2 Investor Interest will be reduced by the amount by which the Class B Investor Interest would have been reduced below zero (after giving effect to reductions for any Class A1 Investor Default Amounts that will result in a reduction of the Class A2 Investor Interest on such Transfer Date, any Class A2 Investor Charge-offs and any Reallocated Class A2 Principal Collections) but not by more than would reduce the Class A2 Investor Interest to zero.

If, on any Transfer Date, there is a Class A2 Investor Dilution Amount such amount, together with the amount (if any) by which the Class A2 Investor Interest is reduced as described above or otherwise (including following the application of any Reallocated Class A2 Principal Collections), shall constitute a "**Class A2 Investor Charge-off**" on such Transfer Date and to the extent such Class A2 Investor Dilution Amount exceeds the amount of Available Funds available to pay such amount on such Transfer Date, the Class A2 Investor Interest will be reduced (but not by more than would reduce the Class A2 Investor Interest to zero).

If the Class A2 Investor Interest has been reduced by the amount of any Class A2 Investor Charge-offs, it will be reinstated on any Transfer Date (but not by an amount in excess of the aggregate Class A2 Investor Charge-offs) for the purpose of calculations by any amounts identified as Loss Make-Up (Charge-off) in

respect of the Class A2 Investor Interest (but not any amounts identified as Principal Loss Make-Up (Charge-off)). See "Application of Available Funds" above.

*Class B Investor Default Amounts and Dilution Amounts*

On or before each Transfer Date, the Trust Manager shall calculate the Class B Investor Default Amount and the Class B Investor Dilution Amount for the prior Collection Period, which shall be applied as set out below.

If, on any Transfer Date, the Class B Investor Default Amount for the prior Collection Period exceeds the amount of Available Funds available to pay such amount on such Transfer Date (including any Reallocated Principal Collections available for such purpose):

- (a) the Available Series 2018-1 Originator VFN Subordination (after giving effect to any reductions and reinstatements thereof in accordance with the Originator VFN Supplement) will be reduced by the amount of such excess until such time as the Available Series 2018-1 Originator VFN Subordination is zero; and
- (b) the Class E Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts and/or Class A2 Investor Default Amounts that will result in a reduction of the Class E Investor Interest on such Transfer Date, any Class E Investor Charge-offs, Reallocated Class E Principal Collections, any Reallocated Class D Principal Collections, any Reallocated Class C, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date) will be reduced by the amount of any remainder.

In the event that such reduction would cause the Class E Investor Interest to be a negative number, the Class E Investor Interest will be reduced to zero, and the Class D Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts and/or any Class A2 Investor Default Amounts that will result in a reduction of the Class D Investor Interest on such Transfer Date, any Class D Investor Charge-offs, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class D Principal Collections that have resulted in a reduction of the Class E Investor Interest) will be reduced by the amount by which the Class E Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class D Investor Interest to be a negative number, the Class D Investor Interest will be reduced to zero, and the Class C Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts and/or Class A2 Investor Default Amounts that will result in a reduction of the Class C Investor Interest on such Transfer Date, any Class C Investor Charge-offs, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date but excluding any Reallocated Class C Principal Collections that have resulted in a reduction of the Class D Investor Interest) will be reduced by the amount by which the Class D Investor Interest would have been reduced below zero.

In the event that such reduction would cause the Class C Investor Interest to be a negative number, the Class B Investor Interest will be reduced by the amount by which the Class C Investor Interest would have been reduced below zero (after giving effect to reductions for any Class A1 Investor Default Amounts and/or Class A2 Investor Default Amounts that will result in a reduction of the Class B Investor Interest on such Transfer Date, any Class B Investor Charge-offs, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections) but not by more than would reduce the Class B Investor Interest to zero.

If, on any Transfer Date, there is a Class B Investor Dilution Amount such amount, together with the amount (if any) by which the Class B Investor Interest is reduced as described above or otherwise (including following the application of any Reallocated Class B Principal Collections), shall constitute a "**Class B Investor Charge-off**" on such Transfer Date and to the extent such Class B Investor Dilution Amount exceeds the amount of Available Funds available to pay such amount on such Transfer Date, the Class B Investor Interest will be reduced (but not by more than would reduce the Class B Investor Interest to zero).

If the Class B Investor Interest has been reduced by the amount of any Class B Investor Charge-offs, it will be reinstated on any Transfer Date (but not by an amount in excess of the aggregate Class B Investor

Charge-offs) for the purpose of calculations by any amounts identified as Loss Make-Up (Charge-off) in respect of the Class B Investor Interest (but not any amounts identified as Principal Loss Make-Up (Charge-off)). See "Application of Available Funds" above.

#### *Class C Investor Default Amounts and Dilution Amounts*

On or before each Transfer Date, the Trust Manager shall calculate the Class C Investor Default Amount and the Class C Investor Dilution Amount for the prior Collection Period, which shall be applied as follows.

If, on any Transfer Date, the Class C Investor Default Amount for the prior Collection Period exceeds the amount of Available Funds available to pay such amount on such Transfer Date (including any Reallocated Principal Collections available for such purpose):

- (a) the Available Series 2018-1 Originator VFN Subordination (after giving effect to any reductions and reinstatements thereof in accordance with the Originator VFN Supplement) will be reduced by the amount of such excess until such time as the Available Series 2018-1 Originator VFN Subordination is zero; and
- (b) the Class E Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts and/or Class A2 Investor Default Amounts and/or Class B Investor Default Amounts that will result in a reduction of the Class E Investor Interest on such Transfer Date, any Class E Investor Charge-offs, any Reallocated Class E Principal Collections, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date) will be reduced by the amount of any remainder.

In the event that such reduction would cause the Class E Investor Interest to be a negative number, the Class E Investor Interest will be reduced to zero, and the Class D Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts and/or any Class A2 Investor Default Amounts and/or Class B Investor Default Amounts that will result in a reduction of the Class D Investor Interest on such Transfer Date, any Class D Investor Charge-offs, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date), will be reduced by the amount by which the Class E Investor Interest would not have been reduced.

In the event that such reduction would cause the Class D Investor Interest to be a negative number, the Class C Investor Interest will be reduced by the amount by which the Class D Investor Interest would have been reduced below zero (after giving effect to reductions for any Class A1 Investor Default Amounts and/or Class A2 Investor Default Amounts and/or Class B Investor Default Amounts that will result in a reduction of the Class C Investor Interest on such Transfer Date, any Class C Investor Charge-offs, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date), but not by more than would reduce the Class C Investor Interest to zero.

If, on any Transfer Date, there is a Class C Investor Dilution Amount such amount, together with the amount (if any) by which the Class C Investor Interest is reduced as described above or otherwise (including following the application of any Reallocated Class C Principal Collections), shall constitute a "**Class C Investor Charge-off**" on such Transfer Date and to the extent such Class C Investor Dilution Amount exceeds the amount of Available Funds available to pay such amount on such Transfer Date, the Class C Investor Interest will be reduced (but not by more than would reduce the Class C Investor Interest to zero).

If the Class C Investor Interest has been reduced by the amount of any Class C Investor Charge-offs, it will be reinstated on any Transfer Date (but not by an amount in excess of the aggregate Class C Investor Charge-offs) for the purpose of calculations by any amounts identified as 'Loss Make-Up (Charge-off)' in respect of the Class C Investor Interest (but not any amounts identified as Principal Loss Make-Up (Charge-off)). See "Application of Available Funds" above.

#### *Class D Investor Default Amounts and Dilution Amounts*

On or before each Transfer Date, the Trust Manager shall calculate the Class D Investor Default Amount and the Class D Investor Dilution Amount for the prior Collection Period, which shall be applied as follows.

If, on any Transfer Date, the Class D Investor Default Amount for the prior Collection Period exceeds the amount of Available Funds available to pay such amount on such Transfer Date (including any Reallocated Principal Collections available for such purpose):

- (a) the Available Series 2018-1 Originator VFN Subordination (after giving effect to any reductions and reinstatements thereof in accordance with the Originator VFN Supplement) will be reduced by the amount of such excess until such time as the Available Series 2018-1 Originator VFN Subordination is zero; and
- (b) the Class E Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts and/or Class A2 Investor Default Amounts and/or Class B Investor Default Amounts and/or Class C Investor Default Amounts that will result in a reduction of the Class E Investor Interest on such Transfer Date, any Class E Investor Charge-offs, Reallocated Class E Principal Collections, Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date) will be reduced by the amount of any remainder.

In the event that such reduction would cause the Class E Investor Interest to be a negative number, the Class D Investor Interest will be reduced by the amount which the Class E Investor Interest would have been reduced below zero (after giving effect to reductions for any Class A1 Investor Default Amounts and/or any Class A2 Investor Default Amounts and/or Class B Investor Default Amounts and/or Class C Investor Default Amounts that will result in a reduction of the Class D Investor Interest on such Transfer Date, any Class D Investor Charge-offs, and Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and any Reallocated Class A2 Principal Collections on such Transfer Date) but not by more than would reduce the Class D Investor Interest Note to zero.

If, on any Transfer Date, there is a Class D Investor Dilution Amount such amount, together with the amount (if any) by which the Class D Investor Interest is reduced as described above or otherwise (including following the application of any Reallocated Class D Principal Collections), shall constitute a "**Class D Investor Charge-off**" on such Transfer Date and to the extent such Class D Investor Dilution Amount exceeds the amount of Available Funds available to pay such amount on such Transfer Date, the Class D Investor Interest will be reduced (but not by more than would reduce the Class D Investor Interest to zero).

If the Class D Investor Interest has been reduced by the amount of any Class D Investor Charge-offs, it will be reinstated on any Transfer Date (but not by an amount in excess of the aggregate Class D Investor Charge-offs) for the purpose of calculations by any amounts identified as 'Loss Make-Up (Charge-off)' in respect of the Class D Investor Interest (but not any amounts identified as Principal Loss Make-Up (Charge-off)). See "*Application of Available Funds*" above.

#### *Class E Investor Default Amounts and Dilution Amounts*

On or before each Transfer Date, the Trust Manager shall calculate the Class E Investor Default Amount and the Class E Investor Dilution Amount for the prior Collection Period, which shall be applied as follows.

If, on any Transfer Date, the Class E Investor Default Amount for the prior Collection Period exceeds the amount of Available Funds available to pay such amount on such Transfer Date (including any Reallocated Principal Collections available for such purpose):

- (a) the Available Series 2018-1 Originator VFN Subordination (after giving effect to any reductions and reinstatements thereof in accordance with the Originator VFN Supplement) will be reduced by the amount of such excess until such time as the Available Series 2018-1 Originator VFN Subordination is zero; and
- (b) the Class E Investor Interest (after giving effect to reductions for any Class A1 Investor Default Amounts and/or Class A2 Investor Default Amounts and/or Class B Investor Default Amounts and/or Class C Investor Default Amounts and/or Class D Investor Default Amount that will result in a reduction of the Class E Investor Interest on such Transfer Date, any Class E Investor Charge-offs, any Reallocated Class E Principal Collections, any Reallocated Class D Principal Collections, any Reallocated Class C Principal Collections, any Reallocated Class B Principal Collections and

any Reallocated Class A2 Principal Collections on such Transfer Date) will be reduced by the amount of any remainder.

If, on any Transfer Date, there is a Class E Investor Dilution Amount such amount, together with the amount (if any) by which the Class E Investor Interest is reduced as described above or otherwise (including following the application of any Reallocated Class E Principal Collections), shall constitute a "**Class E Investor Charge-off**" on such Transfer Date and to the extent such Class E Investor Dilution Amount exceeds the amount of Available Funds available to pay such amount on such Transfer Date, the Class E Investor Interest will be reduced (but not by more than would reduce the Class E Investor Interest to zero).

If the Class E Investor Interest has been reduced by the amount of any Class E Investor Charge-offs, it will be reinstated on any Transfer Date (but not by an amount in excess of the aggregate Class E Investor Charge-offs) for the purpose of calculations by any amounts identified as 'Loss Make-Up (Charge-off)' in respect of the Class E Investor Interest (but not any amounts identified as Principal Loss Make-Up (Charge-off)). See "*Application of Available Funds*" above.

#### *Available Series 2018-1 Originator VFN Subordination*

If, on any day, the Available Series 2018-1 Originator VFN Subordination, having previously been reduced to zero, is subsequently reinstated, for the purposes of calculations, in whole or in part (a "**Reinstatement**"), then, to the extent the Series 2018-1 Investor Interest has been reduced by the amount of any Investor Charge-off, the Series 2018-1 Investor Interest shall be reinstated (and the Available Series 2018-1 Originator VFN Subordination reduced) by the amount of such Reinstatement, such reinstatement to be applied towards the Series 2018-1 Investor Interest in the following priority: Class A1 Investor Interest, Class A2 Investor Interest, Class B Investor Interest, Class C Investor Interest, Class D Investor Interest and then Class E Investor Interest.

The reduction or reinstatement of any of the Available Series 2018-1 Originator VFN Subordination, the Class A1 Investor Interest, the Class A2 Investor Interest, the Class B Investor Interest, the Class C Investor Interest, Class D Investor Interest or the Class E Investor Interest, as described above, shall be for allocation and calculation purposes only and shall not reduce or increase the Principal Amount Outstanding under the Originator VFN Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note for any purpose including, among other things, calculating the amount of interest due on the Originator VFN Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note.

#### *Application of Amounts towards the Originator VFN*

This section sets out various circumstances in which the Available Series 2018-1 Originator VFN Subordination will be reduced. On each Transfer Date, the order in which the Available Series 2018-1 Originator VFN Subordination will be reduced is as follows:

- (i) *first*, by the amount of any Investor Default Amounts allocated to it under the Cashflow Allocation Deed as supplemented by the Originator VFN Supplement;
- (ii) *second*, by the amount of any Investor Dilution Amounts allocated to it under the schedule to the Originator VFN Supplement and the schedule to the Supplement of other relevant Series; and
- (iii) *third*, by the amount of any Investor Default Amounts allocated to it under the schedule to the Supplement for the relevant Series.

#### **Application of Loss Make-Up (Default), Loss Make-Up (Charge-off) and Series 2018-1 Originator VFN Subordination to cure defaults and charge-offs**

On each Transfer Date during the Revolving Period and the Controlled Accumulation Period, any amounts identified as Loss Make-Up (Default) or Loss Make-Up (Charge-off) shall be utilised by the Trustee to cure Investor Default Amounts and Investor Charge-offs allocated to Series 2018-1 by way of reinstatement or reimbursement, acting on the instructions of the Trust Manager, in the following order of priority:

- (a) *first*, such amount shall constitute Cash Available for Investment and be applied as set out in the section "*Allocation of Trust Cashflows - Application of Monies in the Trustee Acquisition Ledger of the Trustee Collection Account*" above;

- (b) *second*, to the extent that such amount cannot be utilised in accordance with paragraph (a) above because the Transferor Interest is zero, such amounts shall be allocated on such Transfer Date to the Available Originator VFN Excess Amount and used to acquire a portion of the Available Originator VFN Excess Amount until such time as the Available Originator VFN Excess Amount is zero, and the amount so allocated shall be treated as a Principal Collection and applied as a principal repayment under the Originator VFN Investor Interest Note and the Loan Note Trustee shall apply such amount to make a principal repayment under the Originator VFN Loan Note; and
- (c) *third*, to the extent of any remainder, such amount shall instead be credited to and retained in the Trustee Acquisition Ledger of the Trustee Collection Account as Cash Available for Investment.

Similar provisions apply in respect of Loss Make-Up (Default) and Loss Make-Up (Charge-off) for the Originator VFN Series **provided that**, in respect of any reinstatement or cure of the Originator VFN Excess Amount, the application of paragraphs (a) and (b) above are subject to there being no breach of the Minimum Transferor Interest.

#### **Reallocated Principal Collections: The Series 2018-1 Required Retained Principal Ledger**

Amounts held in the Series 2018-1 Required Retained Principal Ledger will be available to be applied as Reallocated Principal Collections to cover shortfalls in Finance Charge Collections as set out below.

#### ***Calculation of Series 2018-1 Required Amounts***

The "**Class A1 Required Amount**" means the amount by which the sum of:

- (a) the Class A1 Monthly Required Expense Amount for that Transfer Date; plus
- (b) the Investor Senior Servicing Amount for that Transfer Date, if any, plus any Investor Senior Servicing Amount due but not paid on any prior Transfer Date, plus
- (c) the Investor Trust Manager Payment Amount for that Transfer Date, if any, plus any Investor Trust Manager Payment Amount due but not paid on any prior Transfer Date, plus
- (d) the Class A1 Investor Default Amount, if any, for that Transfer Date,

exceeds the aggregate of (1) the Available Funds falling within paragraphs (a) to (d) of that definition which are (after making all prior ranking payments) available for payment of such amounts on such Transfer Date and (2) the Available Funds falling within paragraph (e) of that definition which it is anticipated will (after making all prior ranking payments) be available to the Trustee for payment of amounts owed by the Trustee on or about the Transfer Date in respect of Series 2018-1, provided that the Class A1 Required Amount shall not exceed the Maximum Required Retained Principal Amount.

In the event that the Class A1 Required Amount for such Transfer Date is greater than zero, then:

- (a) first, an amount equal to the lesser of (A) the amount by which the Class A1 Investor Default Amount, if any, for that Transfer Date exceeds the sum of the amount applied with respect thereto pursuant to the application of Available Funds on such Transfer Date (the "**Class A1 Remaining Investor Default Amount**"), (B) the Class A1 Required Amount, and (C) the Class A1 Available Reallocation Subordination will reduce the Class A1 Required Amount pro tanto for the purposes of the application of Reallocated Principal Collections as described below (the "**Class A1 Required Amount Non-Cash Reduction**") and will be treated as a Class A1 Investor Default that reduces the Investor Interest of the relevant Class accordingly; and
- (b) secondly, after application of the Reallocated Originator VFN Principal Collections, the Principal Collections standing to the credit of the Principal Collections Ledger treated for calculation purposes as referable first to the Class E Investor Interest, then to the Class D Investor Interest, then to the Class C Investor Interest, then to the Class B Investor Interest and then to the Class A2 Investor Interest with respect to the prior Collection Period shall be applied as described below as Reallocated Principal Collections.

"**Class A1 Available Reallocation Subordination**" shall mean, for the purpose of calculation in respect of a Transfer Date, an amount equal to:

- (a) the aggregate of the Available Series 2018-1 Originator VFN Subordination, the Class E Investor Interest, the Class D Investor Interest, the Class C Investor Interest, the Class B Investor Interest and the Class A2 Investor Interest (in each case as calculated after giving effect to any Investor Charge-offs and any Required Amount Non-Cash Reduction allocated to such for such Transfer Date); less
- (b) an amount equal to the Class A1 Required Amount less the Class A1 Remaining Investor Default Amount.

The "**Class A2 Required Amount**" means the amount by which the sum of:

- (a) the Class A2 Monthly Required Expense Amount for that Transfer Date; plus
- (b) the Class A2 Investor Default Amount, if any, for that Transfer Date,

exceeds the aggregate of (1) the Available Funds falling within paragraphs (a) to (d) of that definition which are (after making all prior ranking payments) available for payment of such amounts on such Transfer Date and (2) the Available Funds falling within paragraph (e) of that definition which it is anticipated will (after making all prior ranking payments) be available to the Trustee for payment of amounts owed by the Trustee on or about the Transfer Date in respect of Series 2018-1, provided that the Class A2 Required Amount shall not exceed the amount which, when aggregated with any Class A1 Required Amount, is greater than the Maximum Required Retained Principal Amount.

In the event that the Class A2 Required Amount for such Transfer Date is greater than zero, then:

- (a) first, an amount equal to the lesser of (A) the amount by which the Class A2 Investor Default Amount, if any, for that Transfer Date exceeds the sum of the amount applied with respect thereto pursuant to the application of Available Funds on such Transfer Date (the "**Class A2 Remaining Investor Default Amount**"); (B) the Class A2 Required Amounts and (C) the Class A2 Available Reallocation Subordination will reduce the Class A2 Required Amount pro tanto for the purpose of the application of Reallocated Principal Collections as described below (the "**Class A2 Required Amount Non-Cash Reduction**") and will be treated as a Class A2 Investor Default that reduces the Investor Interest of the relevant Class accordingly; and
- (b) secondly, after application of the Reallocated Originator VFN Principal Collections, the Principal Collections standing to the credit of the Principal Collections Ledger treated for calculation purposes as referable first to the Class E Investor Interest, then to the Class D Investor Interest, then to the Class C Investor Interest and then to the Class B Investor Interest with respect to the prior Collection Period shall be applied as described below as Reallocated Principal Collections.

"**Class A2 Available Reallocation Subordination**" shall mean, for the purpose of calculation in respect of a Transfer Date an amount equal to:

- (a) the aggregate of the Available Series 2018-1 Originator VFN Subordination, the Class E Investor Interest, the Class D Investor Interest, the Class C Investor Interest and the Class B Investor Interest (in each case as calculated after giving effect to any Investor Charge-offs and any Required Amount Non-Cash Reduction allocated to such for such Transfer Date); less
- (b) an amount equal to the Class A2 Required Amount less the Class A2 Remaining Investor Default Amount.

The "**Class B Required Amount**" means the amount by which the sum of:

- (a) the Class B Monthly Required Expense Amount for that Transfer Date; plus
- (b) the Class B Investor Default Amount, if any, for that Transfer Date,

exceeds the aggregate of (1) the Available Funds falling within paragraphs (a) to (d) of that definition which are (after making all prior ranking payments) available for payment of such amounts on such Transfer Date and (2) the Available Funds falling within paragraph (e) of that definition which it is anticipated will (after making all prior ranking payments) be available to the Trustee for payment of amounts owed by the Trustee on or about the Transfer Date in respect of Series 2018-1, provided that the Class B Required Amount shall

not exceed the amount which, when aggregated with any Class A1 Required Amount and any Class A2 Required Amount, is greater than the Maximum Required Retained Principal Amount.

In the event that the Class B Required Amount for such Transfer Date is greater than zero, then:

- (a) first, an amount equal to the lesser of (A) the amount by which the Class B Investor Default Amount, if any, for that Transfer Date exceeds the sum of the amount applied with respect thereto pursuant to the application of Available Funds on such Transfer Date (the "**Class B Remaining Investor Default Amount**"); (B) the Class B Required Amounts and (C) the Class B Available Reallocation Subordination will reduce the Class B Required Amount pro tanto for the purpose of the application of Reallocated Principal Collections as described below (the "**Class B Required Amount Non-Cash Reduction**") and will be treated as a Class B Investor Default that reduces the Investor Interest of the relevant Class accordingly; and
- (b) secondly, after application of the Reallocated Originator VFN Principal Collections, the Principal Collections standing to the credit of the Principal Collections Ledger treated for calculation purposes as referable first to the Class E Investor Interest, then to the Class D Investor Interest and then to the Class C Investor Interest with respect to the prior Collection Period shall be applied as described below as Reallocated Principal Collections.

"**Class B Available Reallocation Subordination**" shall mean, for the purpose of calculation in respect of a Transfer Date an amount equal to:

- (a) the aggregate of the Available Series 2018-1 Originator VFN Subordination, the Class E Investor Interest, the Class D Investor Interest and the Class C Investor Interest (in each case as calculated after giving effect to any Investor Charge-offs and any Required Amount Non-Cash Reduction allocated to such for such Transfer Date); less
- (b) an amount equal to the Class B Required Amount less the Class B Remaining Investor Default Amount.

The "**Class C Required Amount**" means the amount by which the sum of:

- (a) the Class C Monthly Required Expense Amount for that Transfer Date; plus
- (b) the Class C Investor Default Amount, if any, for that Transfer Date,

exceeds the aggregate of (1) the Available Funds falling within paragraphs (a) to (d) of that definition which are (after making all prior ranking payments) available for payment of such amounts on such Transfer Date and (2) the Available Funds falling within paragraph (e) of that definition which it is anticipated will (after making all prior ranking payments) be available to the Trustee for payment of amounts owed by the Trustee on or about the Transfer Date in respect of Series 2018-1, provided that the Class C Required Amount shall not exceed the amount which, when aggregated with any Class A1 Required Amount, Class A2 Required Amount and Class B Required Amount, is greater than the Maximum Required Retained Principal Amount.

In the event that the Class C Required Amount for such Transfer Date is greater than zero, then:

- (a) first, an amount equal to the lesser of (A) the amount by which the Class C Investor Default Amount, if any, for that Transfer Date exceeds the sum of the amount applied with respect thereto pursuant to the application of Available Funds on such Transfer Date (the "**Class C Remaining Investor Default Amount**"); (B) the Class C Required Amounts and (C) the Class C Available Reallocation Subordination will reduce the Class C Required Amount pro tanto for the purpose of the application of Reallocated Principal Collections as described below (the "**Class C Required Amount Non-Cash Reduction**") and will be treated as a Class C Investor Default that reduces the Investor Interest of the relevant Class accordingly; and
- (b) secondly, after application of the Reallocated Originator VFN Principal Collections, the Principal Collections standing to the credit of the Principal Collections Ledger treated for calculation purposes as referable to the Class E Investor Interest and then to the Class D Investor Interest with respect to the prior Collection Period shall be applied as described below as Reallocated Principal Collections.



**"Class C Available Reallocation Subordination"** shall mean, for the purpose of calculation in respect of a Transfer Date an amount equal to:

- (a) the aggregate of the Available Series 2018-1 Originator VFN Subordination, the Class E Investor Interest and the Class D Investor Interest (in each case as calculated after giving effect to any Investor Charge-offs and any Required Amount Non-Cash Reduction allocated to such for such Transfer Date); less
- (b) an amount equal to the Class C Required Amount less the Class C Remaining Investor Default Amount.

The **"Class D Required Amount"** means the amount by which the sum of:

- (a) the Class D Monthly Required Expense Amount for that Transfer Date; plus
- (b) the Class D Investor Default Amount, if any, for that Transfer Date,

exceeds the aggregate of (1) the Available Funds falling within paragraphs (a) to (d) of that definition which are (after making all prior ranking payments) available for payment of such amounts on such Transfer Date and (2) the Available Funds falling within paragraph (e) of that definition which it is anticipated will (after making all prior ranking payments) be available to the Trustee for payment of amounts owed by the Trustee on or about the Transfer Date in respect of Series 2018-1, provided that the Class D Required Amount shall not exceed the amount which, when aggregated with any Class A1 Required Amount, Class A2 Required Amount, Class B Required Amount and any Class C Required Amount is greater than the Maximum Required Retained Principal Amount.

In the event that the Class D Required Amount for such Transfer Date is greater than zero, then:

- (a) first, an amount equal to the lesser of (A) the amount by which the Class D Investor Default Amount, if any, for that Transfer Date exceeds the sum of the amount applied with respect thereto pursuant to the application of Available Funds on such Transfer Date (the **"Class D Remaining Investor Default Amount"**); (B) the Class D Required Amounts and (C) the Class D Available Reallocation Subordination will reduce the Class D Required Amount pro tanto for the purpose of the application of Reallocated Principal Collections as described below (the **"Class D Required Amount Non-Cash Reduction"**) and will be treated as a Class D Investor Default that reduces the Investor Interest of the relevant Class accordingly; and
- (b) secondly, after application of the Reallocated Originator VFN Principal Collections, the Principal Collections standing to the credit of the Principal Collections Ledger treated for calculation purposes as referable to the Class E Investor Interest with respect to the prior Collection Period shall be applied as described below as Reallocated Principal Collections.

**"Class D Available Reallocation Subordination"** shall mean, for the purpose of calculation in respect of a Transfer Date an amount equal to:

- (a) the aggregate of the Available Series 2018-1 Originator VFN Subordination and the Class E Investor Interest (in each case as calculated after giving effect to any Investor Charge-offs and any Required Amount Non-Cash Reduction allocated to such for such Transfer Date); less
- (b) an amount equal to the Class D Required Amount less the Class D Remaining Investor Default Amount.

The **"Class E Required Amount"** means the amount by which the sum of:

- (a) the Class E Monthly Required Expense Amount for that Transfer Date; plus
- (b) the Class E Investor Default Amount, if any, for that Transfer Date,

exceeds the aggregate of (1) the Available Funds falling within paragraphs (a) to (d) of that definition which are (after making all prior ranking payments) available for payment of such amounts on such Transfer Date and (2) the Available Funds falling within paragraph (e) of that definition which it is anticipated will (after making all prior ranking payments) be available to the Trustee for payment of amounts owed by the Trustee

on or about the Transfer Date in respect of Series 2018-1, provided that the Class E Required Amount shall not exceed the amount which, when aggregated with any Class A1 Required Amount, Class A2 Required Amount, Class B Required Amount, Class C Required Amount and any Class D Required Amount is greater than the Maximum Required Retained Principal Amount.

In the event that the Class E Required Amount for such Transfer Date is greater than zero, then:

- (a) first, an amount equal to the lesser of (A) the amount by which the Class E Investor Default Amount, if any, for that Transfer Date exceeds the sum of the amount applied with respect thereto pursuant to the application of Available Funds on such Transfer Date (the "**Class E Remaining Investor Default Amount**"); (B) the Class E Required Amounts and (C) the Class E Available Reallocation Subordination will reduce the Class E Required Amount pro tanto for the purpose of the application of Reallocated Principal Collections as described below (the "**Class E Required Amount Non-Cash Reduction**") and will be treated as a Class E Investor Default that reduces the Investor Interest of the relevant Class accordingly; and
- (b) secondly, after application of the Reallocated Originator VFN Principal Collections, the Principal Collections standing to the credit of the Principal Collections Ledger treated for calculation purposes as referable to the Available Series 2018-1 Originator VFN Subordination shall be applied as described below as Reallocated Principal Collections.

"**Class E Available Reallocation Subordination**" shall mean, for the purpose of calculation in respect of a Transfer Date an amount equal to:

- (a) the aggregate of the Available Series 2018-1 Originator VFN Subordination, (as calculated after giving effect to any Investor Charge-offs and any Required Amount Non-Cash Reduction allocated to such for such Transfer Date); less
- (b) an amount equal to the Class E Required Amount less the Class E Remaining Investor Default Amount.

"**Reallocated Principal Collections**" shall mean Reallocated Class A2 Principal Collections, Reallocated Class B Principal Collections, Reallocated Class C Principal Collections, Reallocated Class D Principal Collections and Reallocated Class E Principal Collections.

"Required Amount Non-Cash Reductions" shall mean each of the Class A1 Required Amount Non-Cash Reduction, Class A2 Required Amount Non-Cash Reduction, Class B Required Amount Non-Cash Reduction, Class C Required Amount Non-Cash Reduction, Class D Required Amount Non-Cash Reduction and Class E Required Amount Non-Cash Reduction, as the case may be.

#### ***Reallocation of Class E Principal Collections***

With respect to any Transfer Date, if there is an insufficiency of Available Funds, so that there is a Class A1 Required Amount and/or Class A2 Required Amount and/or a Class B Required Amount and/or a Class C Required Amount and/or a Class D Required Amount, then the amount of the shortfall will be debited from the Series 2018-1 Required Retained Principal Ledger and applied as Reallocated Class E Principal Collections to meet the shortfall, **provided that**, if, on any Transfer Date, the Trust Manager instructs the Trustee that Reallocated Originator VFN Principal Collections will be made available to Series 2018-1, the amount of Reallocated Originator VFN Principal Collections so made available shall be credited to the Series 2018-1 Finance Charge Collections Ledger and applied as Available Funds prior to the application of the Reallocated Class E Principal Collections, as set out below.

"**Reallocated Originator VFN Principal Collections**" shall mean, with respect to any Transfer Date, Principal Collections allocated for calculation purposes to the Series 2018-1 Originator VFN Subordination but which are to be applied as Finance Charge Collections for Series 2018-1 in accordance with the Originator VFN Supplement;

"**Reallocated Class E Principal Collections**" shall mean, with respect to any Transfer Date, Principal Collections allocated for calculation purposes to the Class E Investor Interest but which are to be applied as Finance Charge Collections to meet the Class A1 Required Amount and/or Class A2 Required Amount and/or the Class B Required Amount and/or the Class C Required Amount and/or the Class D Required Amount, in an amount not to exceed the lesser of (A) Required Retained Principal Collections and (B) the

aggregate of the Class D Required Amount, the Class C Required Amount, the Class B Required Amount, the Class A2 Required Amount and the Class A1 Required Amount relating to such Transfer Date, **provided, however, that** such amount shall not exceed the Class E Investor Interest (after giving effect to any unreinstated Class E Investor Charge-offs that reduce the Class E Investor Interest) as of such Transfer Date.

On each Transfer Date, the Class E Investor Interest shall be reduced by the amount of, Reallocated Class E Principal Collections, thereafter Reallocated Class D Principal Collections, thereafter Reallocated Class C Principal Collections, thereafter Reallocated Class B Principal Collections and thereafter Reallocated Class A2 Principal Collections for such Transfer Date, **provided that**, to the extent it would cause the Class E Investor Interest (after giving effect to any Class E Investor Charge-offs for such Transfer Date) to be a negative number on any Transfer Date, the amount of Principal Collections to be so applied on such Transfer Date shall be an aggregate amount not to exceed the amount which would cause the Class E Investor Interest (after giving effect to any Class E Investor Charge-offs for such Transfer Date) to be reduced to zero.

"**Class E Investor Interest**" represents, in respect of the Class E Tranche of the Series 2018-1 Investor Interest Note, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trustee to make the Series 2018-1 Payments in respect of the Class E Tranche and shall mean, on any date of determination, an amount equal to:

- (a) the Class E Initial Investor Interest; minus
- (b) any principal repayments under the Class E Tranche of the Series 2018-1 Investor Interest Note prior to such date; minus
- (c) any Investor Charge-offs allocated to the Class E Tranche of the Series 2018-1 Investor Interest Note and not reinstated including as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Series 2018-1 or reinstated,

**provided that**, following the Final Redemption Date of the Series 2018-1 Investor Interest Note, the Class E Investor Interest shall be zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

"**Class E Fixed Allocation**" shall mean, with respect to any Collection Period following the Revolving Period, the percentage equivalent of a fraction, the numerator of which is the Class E Investor Interest as of the close of business on the last day of the Revolving Period and the denominator of which is equal to the Series 2018-1 Investor Interest as of the close of business on the last day of the Revolving Period.

"**Class E Floating Allocation**" is a percentage utilised by the Trustee for the purposes of calculating amounts available to it in respect of payment amounts referable to the Class E Tranche and shall mean, with respect to any Collection Period, the percentage equivalent of a fraction, the numerator of which is the Class E Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period and the denominator of which is equal to the Series 2018-1 Adjusted Investor Interest as of the close of business on such day, **provided, however, that**, with respect to the first Collection Period, the Class E Floating Allocation shall mean the percentage equivalent of a fraction, the numerator of which is the Class E Initial Investor Interest and the denominator of which is the Series 2018-1 Initial Investor Interest.

#### ***Reallocation of Class D Principal Collections***

If on each Transfer Date, following the application of the Reallocated Class E Principal Collections above, there is a Class A1 Required Amount and/or a Class A2 Required Amount and/or a Class B Required Amount and/or a Class C Required Amount, then the amount of the shortfall will be debited from the Series 2018-1 Required Retained Principal Ledger to meet the shortfall and applied as Reallocated Class D Principal Collections. "**Reallocated Class D Principal Collections**" shall mean, with respect to any Transfer Date, Principal Collections available for calculation purposes to the Trustee for the purposes of the Class D Investor Interest but which are to be applied as Finance Charge Collections to meet the Class A1 Required Amount and/or a Class A2 Required Amount and/or the Class B Required Amount and/or the Class C Required Amount, in an amount not to exceed the lesser of (A) Required Retained Principal Collections less the aggregate amount of Reallocated Class E Principal Collections, and (B) the aggregate of the Class C Required Amount, the Class B Required Amount, the Class A2 Required Amount and the

Class A1 Required Amount relating to such Transfer Date, **provided, however, that** such amount shall not exceed the Class D Investor Interest (after giving effect to any unreinstated Class D Investor Charge-offs that reduce the Class D Investor Interest) as of such Transfer Date.

On each Transfer Date, the Class D Investor Interest shall be reduced by the amount of Reallocated Class D Principal Collections, thereafter Reallocated Class C Principal Collections, thereafter Reallocated Class B Principal Collections for such Transfer Date and thereafter Reallocated Class A2 Principal Collections for such Transfer Date, in each case to the extent not already applied to reduce the Class E Investor Interest, **provided that**, to the extent it would cause the Class D Investor Interest (after giving effect to any Class D Investor Charge-offs for such Transfer Date) to be a negative number on any Transfer Date, the amount of Principal Collections to be so applied on such Transfer Date shall be an aggregate amount not to exceed the amount which would cause the Class D Investor Interest (after giving effect to any Class D Investor Charge-offs for such Transfer Date) to be reduced to zero.

"**Class D Investor Interest**" represents, in respect of the Class D Tranche of the Series 2018-1 Investor Interest Note, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trustee to make the Series 2018-1 Payments in respect of the Class D Tranche and shall mean, on any date of determination, an amount equal to:

- (a) the Class D Initial Investor Interest; minus
- (b) any principal repayments under the Class D Tranche of the Series 2018-1 Investor Interest Note prior to such date; minus
- (c) any Investor Charge-offs allocated to the Class D Tranche of the Series 2018-1 Investor Interest Note and not reinstated including as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Series 2018-1 or reinstated,

**provided that**, following the Final Redemption Date of the Series 2018-1 Investor Interest Note, the Class D Investor Interest shall be zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

"**Class D Fixed Allocation**" shall mean, with respect to any Collection Period following the Revolving Period, the percentage equivalent of a fraction, the numerator of which is the Class D Investor Interest as of the close of business on the last day of the Revolving Period and the denominator of which is equal to the Series 2018-1 Investor Interest as of the close of business on the last day of the Revolving Period.

"**Class D Floating Allocation**" is a percentage utilised by the Trustee for the purposes of calculating amounts available to it in respect of payment amounts referable to the Class D Tranche and shall mean, with respect to any Collection Period, the percentage equivalent of a fraction, the numerator of which is the Class D Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period and the denominator of which is equal to the Series 2018-1 Adjusted Investor Interest as of the close of business on such day, **provided, however, that**, with respect to the first Collection Period, the Class D Floating Allocation shall mean the percentage equivalent of a fraction, the numerator of which is the Class D Initial Investor Interest and the denominator of which is the Series 2018-1 Initial Investor Interest.

#### ***Reallocation of Class C Principal Collections***

If on each Transfer Date, following the application of the Reallocated Class E Principal Collections and Reallocated Class D Principal Collections above, there is a Class A1 Required Amount and/or a Class A2 Required Amount and/or a Class B Required Amount, then the amount of the shortfall will be debited from the Series 2018-1 Required Retained Principal Ledger and applied as Reallocated Class C Principal Collections to meet the shortfall. "**Reallocated Class C Principal Collections**" shall mean, with respect to any Transfer Date, Principal Collections available for calculation purposes to the Trustee for the purposes of the Class C Investor Interest but which are to be applied as Finance Charge Collections to meet the Class A1 Required Amount and/or Class A2 Required Amount and/or Class B Required Amount, in an amount not to exceed the lesser of (A) Required Retained Principal Collections less the aggregate amount of Reallocated Class E Principal Collections and Reallocated Class D Principal Collections, and (B) the aggregate of the Class B Required Amount, the Class A2 Required Amount and the Class A1 Required Amount relating to such Transfer Date, **provided, however, that** such amount shall not exceed the Class

C Investor Interest (after giving effect to any unreinstated Class C Investor Charge-offs that reduce the Class C Investor Interest) as of such Transfer Date.

On each Transfer Date, the Class C Investor Interest shall be reduced by the amount of, Reallocated Class C Principal Collections, thereafter Reallocated Class B Principal Collections and thereafter Reallocated Class A2 Principal Collections for such Transfer Date, in each case to the extent not already applied to reduce the Class E Investor Interest or the Class D Investor Interest, **provided that**, to the extent it would cause the Class C Investor Interest (after giving effect to any Class C Investor Charge-offs for such Transfer Date) to be a negative number on any Transfer Date, the amount of Principal Collections to be so applied on such Transfer Date shall be an aggregate amount not to exceed the amount which would cause the Class C Investor Interest (after giving effect to any Class C Investor Charge-offs for such Transfer Date) to be reduced to zero.

"**Class C Investor Interest**" represents, in respect of the Class C Tranche of the Series 2018-1 Investor Interest Note, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trustee to make the Series 2018-1 Payments in respect of the Class C Tranche and shall mean, on any date of determination, an amount equal to:

- (a) the Class C Initial Investor Interest; minus
- (b) any principal repayments under the Class C Tranche of the Series 2018-1 Investor Interest Note prior to such date; minus
- (c) any Investor Charge-offs allocated to the Class C Tranche of the Series 2018-1 Investor Interest Note and not reinstated including as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Series 2018-1 or reinstated,

**provided that**, following the Final Redemption Date of the Series 2018-1 Investor Interest Note, the Class C Investor Interest shall be zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

"**Class C Fixed Allocation**" shall mean, with respect to any Collection Period following the Revolving Period, the percentage equivalent of a fraction, the numerator of which is the Class C Investor Interest as of the close of business on the last day of the Revolving Period and the denominator of which is equal to the Series 2018-1 Investor Interest as of the close of business on the last day of the Revolving Period.

"**Class C Floating Allocation**" is a percentage utilised by the Trustee for the purposes of calculating amounts available to it in respect of payment amounts referable to the Class C Tranche and shall mean, with respect to any Collection Period, the percentage equivalent of a fraction, the numerator of which is the Class C Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period and the denominator of which is equal to the Series 2018-1 Adjusted Investor Interest as of the close of business on such day, **provided, however, that**, with respect to the first Collection Period, the Class C Floating Allocation shall mean the percentage equivalent of a fraction, the numerator of which is the Class C Initial Investor Interest and the denominator of which is the Series 2018-1 Initial Investor Interest.

#### ***Reallocation of Class B Principal Collections***

If on each Transfer Date, following the application of the Reallocated Class E Principal Collections, Reallocated Class D Principal Collections and Reallocated Class C Principal Collections above, there is a Class A1 Required Amount and/or Class A2 Required Amount, then the amount of the shortfall will be debited from the Series 2018-1 Required Retained Principal Ledger and applied Reallocated Class B Principal Collections to meet the shortfall. "**Reallocated Class B Principal Collections**" shall mean, with respect to any Transfer Date, Principal Collections available for calculation purposes to the Trustee for the purposes of the Class B Investor Interest but which are to be applied as Finance Charge Collections to meet the Class A1 Required Amount and/or Class A2 Required Amount, in an amount not to exceed the lesser of (A) the Required Retained Principal Collections less the aggregate amount of Reallocated Class E Principal Collections, Reallocated Class D Principal Collections and Reallocated Class C Principal Collections, and (B) the aggregate of the Class A1 Required Amount and the Class A2 Required Amount relating to such Transfer Date, **provided, however, that** such amount shall not exceed the Class B Investor Interest (after giving effect to any unreinstated Class B Investor Charge-offs that reduce the Class B Investor Interest) as of such Transfer Date.

On each Transfer Date, the Class B Investor Interest shall be reduced by the amount of Reallocated Class B Principal Collections and thereafter Reallocated Class A2 Principal Collections for such Transfer Date, in each case to the extent not already applied to reduce the Class E Investor Interest, Class D Investor Interest and the Class C Investor Interest, **provided that** to the extent it would cause the Class B Investor Interest (after giving effect to any Class B Investor Charge-offs for such Transfer Date) to be a negative number on any Transfer Date, the amount of Principal Collections to be so applied on such Transfer Date shall be an aggregate amount not to exceed the amount which would cause the Class B Investor Interest (after giving effect to any Class B Investor Charge-offs for such Transfer Date) to be reduced to zero.

"**Class B Investor Interest**" represents, in respect of the Class B Tranche of the Series 2018-1 Investor Interest Note, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trustee to make the Series 2018-1 Payments in respect of the Class B Tranche and shall mean, on any date of determination, an amount equal to:

- (a) the Class B Initial Investor Interest; minus
- (b) any principal repayments under the Class B Tranche of the Series 2018-1 Investor Interest Note prior to such date; minus
- (c) any Investor Charge-offs allocated to the Class B Tranche of the Series 2018-1 Investor Interest Note and not reinstated including as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Series 2018-1 or reinstated,

**provided that**, following the Final Redemption Date of the Series 2018-1 Investor Interest Note, the Class B Investor Interest shall be zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

"**Class B Fixed Allocation**" shall mean, with respect to any Collection Period following the Revolving Period, the percentage equivalent of a fraction, the numerator of which is the Class B Investor Interest as of the close of business on the last day of the Revolving Period and the denominator of which is equal to the Series 2018-1 Investor Interest as of the close of business on the last day of the Revolving Period.

"**Class B Floating Allocation**" is a percentage utilised by the Trustee for the purposes of calculating amounts available to it in respect of payment amounts referable to the Class B Tranche and shall mean, with respect to any Collection Period, the percentage equivalent of a fraction, the numerator of which is the Class B Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period and the denominator of which is equal to the Series 2018-1 Adjusted Investor Interest as of the close of business on such day, **provided, however, that**, with respect to the first Collection Period, the Class B Floating Allocation shall mean the percentage equivalent of a fraction, the numerator of which is the Class B Initial Investor Interest and the denominator of which is the Series 2018-1 Initial Investor Interest.

#### ***Reallocation of Class A2 Principal Collections***

If on each Transfer Date, following the application of the Reallocated Class E Principal Collections, Reallocated Class D Principal Collections, Reallocated Class C Principal Collections and Reallocated Class B Principal Collections above, there is a Class A1 Required Amount, then the amount of the shortfall will be debited from the Series 2018-1 Required Retained Principal Ledger and applied Reallocated Class A2 Principal Collections to meet the shortfall. "**Reallocated Class A2 Principal Collections**" shall mean, with respect to any Transfer Date, Principal Collections available for calculation purposes to the Trustee for the purposes of the Class A2 Investor Interest but which are to be applied as Finance Charge Collections to meet the Class A1 Required Amount, in an amount not to exceed the lesser of (A) the Required Retained Principal Collections less the aggregate amount of Reallocated Class E Principal Collections, Reallocated Class D Principal Collections, Reallocated Class C Principal Collections and Reallocated Class B Principal Collections, and (B) the Class A1 Required Amount relating to such Transfer Date, **provided, however, that** such amount shall not exceed the Class A2 Investor Interest (after giving effect to any unreinstated Class A2 Investor Charge-offs that reduce the Class A2 Investor Interest) as of such Transfer Date.

On each Transfer Date, the Class A2 Investor Interest shall be reduced by the amount of Reallocated Class A2 Principal Collections for such Transfer Date, in each case to the extent not already applied to reduce the Class E Investor Interest, Class D Investor Interest, the Class C Investor Interest or the Class B Investor Interest, **provided that** to the extent it would cause the Class A2 Investor Interest (after giving effect to

any Class A2 Investor Charge-offs for such Transfer Date) to be a negative number on any Transfer Date, the amount of Principal Collections to be so applied on such Transfer Date shall be an aggregate amount not to exceed the amount which would cause the Class A2 Investor Interest (after giving effect to any Class A2 Investor Charge-offs for such Transfer Date) to be reduced to zero.

"**Class A2 Investor Interest**" represents, in respect of the Class A2 Tranche of the Series 2018-1 Investor Interest Note, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trustee to make the Series 2018-1 Payments in respect of the Class A2 Tranche and shall mean, on any date of determination, an amount equal to:

- (a) the Class A2 Initial Investor Interest; minus
- (b) any principal repayments under the Class A2 Tranche of the Series 2018-1 Investor Interest Note prior to such date; minus
- (c) any Investor Charge-offs allocated to the Class A2 Tranche of the Series 2018-1 Investor Interest Note and not reinstated including as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Series 2018-1 or reinstated,

**provided that**, following the Final Redemption Date of the Series 2018-1 Investor Interest Note, the Class A2 Investor Interest shall be zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

"**Class A2 Fixed Allocation**" shall mean, with respect to any Collection Period following the Revolving Period, the percentage equivalent of a fraction, the numerator of which is the Class A2 Investor Interest as of the close of business on the last day of the Revolving Period and the denominator of which is equal to the Series 2018-1 Investor Interest as of the close of business on the last day of the Revolving Period.

"**Class A2 Floating Allocation**" is a percentage utilised by the Trustee for the purposes of calculating amounts available to it in respect of payment amounts referable to the Class A2 Tranche and shall mean, with respect to any Collection Period, the percentage equivalent of a fraction, the numerator of which is the Class A2 Adjusted Investor Interest as of the close of business on the last day of the preceding Collection Period and the denominator of which is equal to the Series 2018-1 Adjusted Investor Interest as of the close of business on such day, **provided, however, that**, with respect to the first Collection Period, the Class A2 Floating Allocation shall mean the percentage equivalent of a fraction, the numerator of which is the Class A2 Initial Investor Interest and the denominator of which is the Series 2018-1 Initial Investor Interest.

Any Required Retained Principal Collections not utilised as described above on a Transfer Date will be utilised as follows:

- (a) an amount equal to the lesser of:
  - (i) the excess of the Maximum Required Retained Principal Amount over the amount of Originator VFN Required Retained Principal Collections deposited in the Originator VFN Required Retained Principal Ledger identified for the Series 2018-1 Originator VFN Subordination;
  - (ii) the Available Series 2018-1 Originator VFN Subordination less the amount of the Originator VFN Required Retained Principal Collections deposited in the Originator VFN Required Retained Principal Ledger identified for the Series 2018-1 Originator VFN Subordination;
  - (iii) such unutilised Required Retained Principal Collections,

shall be deposited in the Originator VFN Required Retained Principal Ledger identified for the Series 2018-1 Originator VFN Subordination whereupon such amount shall cease to be identified as Required Retained Principal Collections of Series 2018-1 and shall instead be identified as Originator VFN Required Retained Principal Collections for the Series 2018-1 Originator VFN Subordination in the Originator VFN Required Retained Principal Ledger;

- (b) an amount equal to the lesser of:
  - (i) the excess of the Maximum Required Retained Principal Amount over the amount of Originator VFN Required Retained Principal Collections deposited in the Originator VFN Required Retained Principal Ledger identified for the Series 2018-1 Originator VFN Subordination following the application of the above; and
  - (ii) the amount of unutilised Required Retained Principal Collections following the application in (i) above,

shall be retained in the Series 2018-1 Required Retained Principal Ledger of the Trustee Collection Account; and
- (c) the balance of unutilised Required Retained Principal Collections remaining after the applications in (i) and (ii) above shall be applied as Available Retained Principal Collections in accordance with the usual provisions as described above on such Transfer Date (provided that, where such Required Retained Principal Collections were also retained across previous Collection Periods, Required Retained Principal Collections will be released first for the Required Retained Principal Collections retained in the more recent Collection Period).

Where Required Retained Principal Collections were also retained in previous Collection Periods as part of the Maximum Required Retained Principal Amount, the application of Required Retained Principal Collections as Reallocated Principal Collections will be deemed to utilise first the Required Retained Principal Collections retained during the most recent Collection Period and then secondly Required Retained Principal Collections retained in previous Collection Periods, provided that when utilising Required Retained Principal Collections retained as part of the Maximum Required Retained Principal Amount from Collection Periods other than the most recent Collection Period, such Required Retained Principal Collections shall be considered as being retained (and hence re-allocated) in respect of the most junior Class Tranche up to its Class Adjusted Investor Interest and thereafter successively in respect of the next most junior Class Tranche up to its Class Adjusted Investor Interest and provided further that the amount of Required Retained Principal Collections from previous Collection Periods utilised cannot exceed the aggregate of the Class Adjusted Investor Interests of each junior Class Tranche on such Transfer Date after taking into account any Reallocated Principal Collections utilising Required Retained Principal Collections from the most recent Collection Period on such Transfer Date.

If, on any Transfer Date, following the above calculations, there is any Available Series 2018-1 Originator VFN Subordination, any Investor Charge-offs allocated to Series 2018-1 on such Transfer Date shall be reallocated to the Available Series 2018-1 Originator VFN Subordination and such reallocation shall reinstate the Investor Charge-offs that would otherwise be allocated in the following priority: Class A2 Investor Charge-offs, Class B Investor Charge-offs, Class C Investor Charge-offs and Class D Investor Charge-offs and the Available Series 2018-1 Originator VFN Subordination shall be reduced *pro tanto*.

Following any reductions of the Series 2018-1 Investor Interest the Series 2018-1 Investor Interest may be reinstated by any amounts of Loss Make-Up (Charge-off) allocated thereto.

**"Class A1 Adjusted Investor Interest"** represents an amount used by the Trustee for calculational purposes and shall mean, with respect to any date of determination, an amount equal to the Class A1 Investor Interest minus that portion of the Series 2018-1 Principal Funding Ledger Balance which is referable to the Class A1 Investor Interest (in an amount not to exceed the Series 2018-1 Investor Interest) on such date of determination;

**"Class A1 Investor Interest"** represents, in respect of the Class A1 Tranche of the Series 2018-1 Investor Interest Note, the amount that will be used by the Trustee for the purpose of calculating the funds that will be made available to the Trustee to make the Series 2018-1 Payments in respect of the Class A1 Tranche and shall mean, on any date of determination, an amount equal to:

- (a) the Class A1 Initial Investor Interest; minus
- (b) any principal repayments under the Class A1 Tranche of the Series 2018-1 Investor Interest Note prior to such date; minus



- (c) any Investor Charge-offs allocated to the Class A1 Tranche of the Series 2018-1 Investor Interest Note and not reinstated including as a result of the allocation of Available Funds identified as 'Loss Make-Up (Charge-off)' referable to Series 2018-1 or reinstated,

**provided that**, following the Final Redemption Date of the Series 2018-1 Investor Interest Note, the Class A1 Investor Interest shall be zero other than for the purposes of determining the amount of any Investor Default Amount or Investor Charge-offs not previously reinstated.

**"Class Adjusted Investor Interest"** shall mean, as the context requires, any of the Class A1 Adjusted Investor Interest, the Class A2 Adjusted Investor Interest, the Class B Adjusted Investor Interest, the Class C Adjusted Investor Interest, the Class D Adjusted Investor Interest and/or Class E Adjusted Investor Interest.

**"Class A2 Adjusted Investor Interest"** represents an amount used by the Trustee for calculational purposes and shall mean, with respect to any date of determination, an amount equal to the Class A2 Investor Interest minus that portion of the Series 2018-1 Principal Funding Ledger Balance which is referable to the Class A2 Investor Interest (in an amount not to exceed the Series 2018-1 Investor Interest) on such date of determination.

**"Class B Adjusted Investor Interest"** represents an amount used by the Trustee for calculational purposes and shall mean, with respect to any date of determination, an amount equal to the Class B Investor Interest minus that portion of the Series 2018-1 Principal Funding Ledger Balance which is referable to the Class B Investor Interest (in an amount not to exceed the Series 2018-1 Investor Interest) on such date of determination.

**"Class C Adjusted Investor Interest"** represents an amount used by the Trustee for calculational purposes and shall mean, with respect to any date of determination, an amount equal to the Class C Investor Interest minus that portion of the Series 2018-1 Principal Funding Ledger Balance which is referable to the Class C Investor Interest (in an amount not to exceed the Series 2018-1 Investor Interest) on such date of determination.

**"Class D Adjusted Investor Interest"** represents an amount used by the Trustee for calculational purposes and shall mean, with respect to any date of determination, an amount equal to the Class D Investor Interest minus that portion of the Series 2018-1 Principal Funding Ledger Balance which is referable to the Class D Investor Interest (in an amount not to exceed the Series 2018-1 Investor Interest) on such date of determination.

**"Class E Adjusted Investor Interest"** represents an amount used by the Trustee for calculational purposes and shall mean, with respect to any date of determination, an amount equal to the Class E Investor Interest minus that portion of the Series 2018-1 Principal Funding Ledger Balance which is referable to the Class E Investor Interest (in an amount not to exceed the Series 2018-1 Investor Interest) on such date of determination.

#### **Reallocation of Originator VFN Required Retained Principal Collections**

All amounts of Originator VFN Required Retained Principal Collections held in the Originator VFN Required Retained Principal Ledger shall be identified in respect of a particular Series and shall be available, if required, to be applied as Reallocated Originator VFN Principal Collections for that Series. A portion of the amount drawn under the Series 2018-1 Originator VFN Subordination portion of the Originator VFN Investor Interest Note on the Series 2018-1 Closing Date will be used to credit an amount equal to the Maximum Required Retained Principal Amount for Series 2018-1 to the Originator VFN Required Retained Principal Ledger identified as the **"Originator VFN Required Retained Principal Collections"** held for Series 2018-1. Thereafter, to the extent any Originator VFN Required Retained Principal Collections held in the Originator VFN Required Retained Principal Ledger for Series 2018-1 are applied as Reallocated Originator VFN Principal Collections for Series 2018-1, Principal Collections retained with respect to the Originator VFN Required Retained Principal Collections Percentage may be credited to the Originator VFN Required Retained Principal Ledger for Series 2018-1 and other Series until each Series has an amount held therein which (together with any amounts held under that Series' own Supplement) is equal to its Maximum Required Retained Principal Amount.

**"Originator VFN Required Retained Principal Collections Percentage"** means, in respect of a Collection Period:

- (a) if the aggregate of: (i) the amounts held in the Series Required Retained Principal Ledger (as defined in the relevant Supplement and which, in respect of Series 2018-1, is the Series 2018-1 Required Retained Principal Ledger) for all Series in Group One with a Maximum Required Retained Principal Amount (as defined in the Master Framework Deed and being, in respect of Series 2018-1, the Maximum Required Retained Principal Amount) and (ii) the aggregate of the amounts deposited in the Originator VFN Required Retained Principal Ledger identified for the Originator VFN Subordination of any Series in Group One (being, in respect of Series 2018-1, the Series 2018-1 Originator VFN Subordination) with a Maximum Required Retained Principal Amount, is equal to the aggregate of the Maximum Required Retained Principal Amount (as defined in the relevant Supplement) for all Series in Group One, zero per cent.; and
- (b) in all other cases, 100 per cent. until the earlier of: (i) such time as the Required Retained Principal Collections for the relevant Collection Period equals the aggregate of the Maximum Required Retained Principal Amount (as defined in the relevant Supplement) for all Series in Group One with a Maximum Required Retained Principal Amount; and (ii) such time as the amount of Required Retained Principal Collections equals the aggregate of the Available Series Originator VFN Subordination for all Series in Group One with a Maximum Required Retained Principal Amount (adjusted to take into account any increases or decreases on the Transfer Date falling within such Collection Period).

**"Originator VFN Required Retained Principal Collections"** means those Principal Collections, as calculated by reference to the required retained principal collections percentage for the Originator VFN Subordination portion of the Originator VFN Series and retained in the Originator VFN Required Retained Principal Ledger, identified for the relevant Series, and available to be applied as Reallocated Originator VFN Principal Collections.

**"Series Required Retained Principal Ledger"** means a ledger of the Trustee Collection Account established in respect of a Series for the purposes of retaining Principal Collections available to be applied as Reallocated Principal Collections and which, in respect of Series 2018-1, is the Series 2018-1 Required Retained Principal Ledger and, in respect of the Originator VFN Series, is the Originator VFN Required Retained Principal Ledger.

**"Originator VFN Required Retained Principal Ledger"** shall mean a sub-ledger of the Trustee Collection Account established by the Trustee for the purpose of retaining Required Retained Principal Collections.

On each Transfer Date, an amount not to exceed the Originator VFN Required Retained Principal Collections, if any, with respect to such Transfer Date shall be debited from the Originator VFN Required Retained Principal Ledger and applied as follows:

- (a) in respect of each Series (other than the Originator VFN Series) with an Available Series Originator VFN Subordination amount of greater than zero and a Maximum Required Retained Principal Amount (as defined in the relevant Supplement and, in respect of Series 2018-1, being the Maximum Required Retained Principal Amount as defined above):
  - (i) an amount equal to the lesser of (A) the Net Series Required Amount for such Series less any payment made for such Series in respect of its Supported Group One Finance Charge Shortfall pursuant to the Originator VFN Available Funds Priority; and (B) the product of (1) a fraction, the numerator of which is the Available Series Originator VFN Subordination for such Series or (if such Series is in an Accumulation Period or an Amortisation Period and if such amount is greater) the Available Series Originator VFN Subordination for that Series at the end of its Revolving Period and the denominator of which is the Available Originator VFN Subordination or (if such Series is in an Accumulation Period or an Amortisation Period and if such amount is greater) an amount equal to the sum of the numerators and (2) the Originator VFN Required Retained Principal Collections; and (C) the Available Series Originator VFN Subordination, shall be transferred from the Originator VFN Required Retained Principal Ledger, and shall be credited to the Originator VFN Finance Charge Collections Ledger and applied in

accordance with paragraph (g) of the Originator VFN Available Funds Priority for such Series; and

- (ii) if, after the application of (A) above, any Series with an Available Series Originator VFN Subordination amount of greater than zero (taking into account any reductions as a result of the application in (A) above) continues to have a Net Series Required Amount, any remaining Originator VFN Required Retained Principal Collections may be allocated between each such Series according to the size of their Net Series Required Amounts (provided that, no Series will be allocated an amount greater than its Available Series Originator VFN Subordination) and the amount so allocated shall be credited to the Originator VFN Finance Charge Collections Ledger and applied in accordance with paragraph (g) of the Originator VFN Available Funds Priority for such Series and this paragraph (B) shall be repeated on such Transfer Date until such time as there are either no Required Retained Principal Collections remaining or no Net Series Required Amounts for Series in Group One with Available Series Originator VFN Subordination,

(such applied amounts being "**Reallocated Originator VFN Principal Collections**"); and

- (b) in respect of the Originator VFN Series, an amount equal to the lesser of (A) the Originator VFN Required Amount (being senior costs payable to third parties under the Originator VFN Available Funds Priority); and (B) the amount remaining after the application in paragraph (a) above, shall be transferred from the Principal Collections Ledger and credited to the Originator VFN Finance Charge Collections Ledger to be applied to pay such senior costs to the third parties,

the aggregate of the amounts transferred pursuant to paragraphs (a) and (b) shall constitute "Reallocated Principal Collections" (as defined in the Originator VFN Supplement) for the Originator VFN Series and, provided further that, where the Required Retained Principal Collections were also retained in previous Collection Periods, Required Retained Principal Collections will be utilised as Reallocated Principal Collections (as defined in the Originator VFN Supplement) first for the Required Retained Principal Collections retained during the more recent Collection Period.

"**Net Series Required Amount**" shall mean, in respect of a Collection Period and each Series in Group One with an Available Series Originator VFN Subordination of greater than zero, the lesser of (i) the Series Required Amount for such Series (as defined in the relevant Supplement and, in respect of Series 2018-1, being the Series 2018-1 Required Amount) and (ii) its Available Series Originator VFN Subordination.

On each Transfer Date: the Series Originator VFN Subordination for the relevant Group One Series will be reduced by the amount of Reallocated Originator VFN Principal Collections reallocated and identified for such Series. On each Transfer Date, the Originator VFN Excess Amount and Series Originator VFN Subordination for all Series will be reduced pro-rata by any other Reallocated Principal Collections (as defined in the Originator VFN Supplement) in respect of the Originator VFN Series.

Any Originator VFN Required Retained Principal Collections not utilised on a Transfer Date as Reallocated Principal Collections (as defined in the Originator VFN Supplement) will be retained up to the Maximum Required Retained Principal Amount in the Originator VFN Required Retained Principal Ledger (taking into account any amounts deposited therein from any supported Series) with the remainder being released as required retained principal collections for the Originator VFN.

#### **Reallocated Originator VFN Principal Collections**

On each Transfer Date, the Originator VFN Investor Interest shall be reduced by the amount of Reallocated Principal Collections for such Transfer Date as follows:

- (a) in respect of Reallocated Principal Collections applied pursuant to paragraph (a) above, such reduction shall be allocated to the Series Originator VFN Subordination for the relevant Group One Series; and
- (b) in respect of Reallocated Principal Collections applied pursuant to paragraph (b) above, such amount shall reduce the Available Originator VFN Excess Amount and each Available Series Originator VFN Subordination pro-rata,

(provided that, such reduction shall be for allocation and calculation purposes only and shall not reduce the Principal Amount Outstanding under the Originator VFN Investor Interest Note for any purpose including, among other things, calculating the amount of interest due on the Originator VFN Investor Interest Note).

In the event that the calculation of the amount of Reallocated Principal Collections to be applied would cause the Originator VFN Investor Amount (after giving effect to any Investor Charge-offs for such Transfer Date) to be a negative number on any Transfer Date, the amount of Required Retained Principal Collections to be applied on such Transfer Date shall be an aggregate amount not to exceed the amount which would cause the Originator VFN Investor Interest (after giving effect to any Investor Charge-offs for such Transfer Date) to be reduced to zero.

Any Required Retained Principal Collections not utilised, in accordance with the Originator VFN Supplement, on a Transfer Date will be utilised as follows:

- (a) an amount equal to the lesser of:
  - (i) the excess of the aggregate of the Maximum Required Retained Principal Amount (as defined in the relevant Supplement) for all Series in Group One with a Maximum Required Retained Principal Amount over the amount of Required Retained Principal Collections deposited in the Originator VFN Required Retained Principal Ledger identified for any Series Originator VFN Subordination;
  - (ii) such unutilised Required Retained Principal Collections,shall be deposited or retained in the Originator VFN Required Retained Principal Ledger and identified for the Originator VFN Subordination for each Series on the following basis:
  - (iii) in respect of any amounts held in the Originator VFN Required Retained Principal Ledger and identified for the Originator VFN Subordination of a particular Series on a previous Transfer Date, to the extent not applied as Reallocated Originator VFN Principal Collections for such Series, such amount deposited or retained in the Originator VFN Required Retained Principal Ledger shall continue to be identified for the Originator VFN Subordination for such Series;
  - (iv) in respect of any other amounts to be deposited or retained in the Originator VFN Required Retained Principal Ledger, in the event of any shortfall, such amounts shall be allocated between the Originator VFN Subordination of each Series pro-rata according to the need of each Series calculated as being the difference between the Maximum Required Retained Principal Amount for such Series and the Required Retained Principal Collections already identified for such Series in the Originator VFN Required Retained Principal Ledger; and
- (b) the balance of unutilised Required Retained Principal Collections remaining after the application in (a) above shall be applied as Available Retained Principal Collections, in accordance with the provisions of the Originator VFN Supplement, on such Transfer Date (provided that, where such Required Retained Principal Collections were also retained in previous Collection Periods, Required Retained Principal Collections will be released in reverse first for the Required Retained Principal Collections retained during the more recent Collection Period).

Following any reductions of an Available Series Originator VFN Subordination or the Available Originator VFN Excess Amount following that application of Reallocated Principal Collections, the Available Series Originator VFN Subordination and the Available Originator VFN Excess Amount (and the Originator VFN Investor Interest in respect of such parts) may be reinstated for the purposes of calculations if such reductions are pushed down to subordinate classes or covered from the application of Available Funds.

Any amounts of Required Retained Principal Collections (as defined in the relevant Supplement) of any Series in Group One made available to the Trustee under the terms of the relevant Supplement for the purpose of depositing such amount in the Originator VFN Required Retained Principal Ledger as Required Retained Principal Collections for the next Collection Period in respect of the Originator VFN Series shall be so deposited and identified for the Originator VFN Subordination for the Series from which those funds were made available.

## Qualifying Swap Agreements

If Series 2018-1 becomes part of a Qualifying Swap Group and the Trustee receives a net payment under any relevant Qualifying Swap Agreement (other than a Qualifying Swap Collateral amount), then an amount equal to the product of (a) the amount of such net payment, and (b) a fraction, the numerator of which is the Floating Investor Percentage for Series 2018-1 and the denominator of which is the aggregate of the Floating Investor Percentages for all the Series in the relevant Qualifying Swap Group, shall be credited to the Series 2018-1 Finance Charge Collections Ledger. For the purposes of this Clause, the Floating Investor Percentages (as defined in the Master Framework Deed) for all the Series in the relevant Qualifying Swap Group (including Series 2018-1) shall be: (i) in the case of any payment received in a Collection Period on or prior to the Payment Date falling in that Collection Period, the percentages applicable to the immediately preceding Collection Period; and (ii) in the case of any payment received in a Collection Period after the Payment Date falling in that Collection Period, the percentages applicable to the then current Collection Period. Any such payments shall, if received on a Transfer Date or the immediately following Payment Date, be applied as Available Funds on such Transfer Date or Payment Date (in the latter case, as if they had been received on the immediately preceding Transfer Date and taking into account amounts already paid on such Transfer Date so as to avoid any double payments). Any such payments received on any other date shall be held in the Series 2018-1 Finance Charge Collections Ledger until the following Transfer Date, whereupon they shall be applied as Available Funds on such Transfer Date.

If Series 2018-1 becomes part of a Qualifying Swap Group, a separate ledger the "**Qualifying Swap Collateral Ledger**" will be established for the purpose of receiving and paying amounts in respect of Qualifying Swap Collateral in respect of Series 2018-1 pursuant to a Qualifying Swap Agreement (the "**Series 2018-1 Qualifying Swap Collateral Ledger**"), **provided that** the Series 2018-1 Qualifying Swap Collateral Ledger may, at the election of the Trustee, instead be recorded on an "**Additional Trustee Bank Account**" and collateral posted that takes the form of securities will be held in a separate securities ledger on an Additional Trustee Bank Account.

"**Qualifying Swap Collateral**" shall mean the collateral transferred to the Loan Note Trustee by a Qualifying Swap Provider in accordance with the terms of a Qualifying Swap Agreement.

## Series 2018-1 Pay Out Events

If any one of the following events shall occur with respect to Series 2018-1:

- (a) failure on the part of the Transferor:
  - (i) to make any payment or deposit required to be made by it to the Trustee under the terms of the Origination and Sale Deed within five (5) Business Days after the date that the payment or deposit is required to be made, including the payment of Collections into the Trustee Collection Account; or
  - (ii) duly to observe or perform any covenants or agreements of the Transferor in the Origination and Sale Deed or this Series 2018-1 Supplement that has a material adverse effect on the interests of the holders of the Series 2018-1 Investor Interest Note and which continues unremedied for a period of sixty (60) days after the date on which written notice of the failure, requiring it to be remedied, is given to the Transferor by the Trust Manager (on behalf of the Trustee), or is given to the Transferor and the Trust Manager by the Security Trustee acting on the instructions of the holder of the Series 2018-1 Investor Interest Note (who itself will need to comply with any obligation to act on the instructions of the Noteholders provided in accordance with the terms of the Series 2018-1 Notes), and which continues during that sixty (60) day period to have a material adverse effect on the interests of the holders of the Series 2018-1 Investor Interest Note;
- (b) any representation or warranty made by the Transferor in the Origination and Sale Deed or this Series 2018-1 Supplement, or any information contained in any computer file required to be delivered by the Transferor under the Origination and Sale Deed, proves to have been incorrect in any material respect when made or when delivered and continues to be incorrect in any material respect for a period of sixty (60) days after the date on which written notice of the error, requiring it to be remedied, is given to the Transferor by the Trust Manager, or is given to the Transferor by

the Trust Manager (on behalf of the Trustee), or is given to the Transferor and the Trust Manager by the Security Trustee acting on the instructions of the holder of the Series 2018-1 Investor Interest Note (who itself will need to comply with any obligation to act on the instructions of the Noteholders provided in accordance with the terms of the Series 2018-1 Notes), and which continues during that sixty (60) day period to have a material adverse effect on the interests of the holder of the Series 2018-1 Investor Interest Note, **provided that**, notwithstanding the above, no Series Pay Out Event in relation to this paragraph (b) shall be deemed to have occurred if the Transferor has complied with its obligations relating to a breach of representation or warranty as set out in the Origination and Sale Deed;

- (c) the average Portfolio Yield for a period of three consecutive Collection Periods is less than the average Expense Rate for that period;
- (d) either:
  - (i) the aggregate of the Transferor Interest and the Available Originator VFN Excess Amount averaged over any period of thirty consecutive days is less than the Minimum Transferor Interest calculated as at the last day of such period and the Transferor Interest and/or the Originator VFN Investor Interest Note is not increased by way of further drawing on or before the tenth Business Day following that thirty day period to an amount such that the average of the aggregate of the Transferor Interest and the Available Originator VFN Excess Amount for such thirty day period as a percentage of the Average Principal Receivables (computed by assuming that the amount of the increase of the Transferor Interest and/or the Available Originator VFN Excess Amount by the last day of the ten Business Day period, as compared to the Transferor Interest and/or the Available Originator VFN Excess Amount on the last day of the thirty day period, existed in the Trust during each day of the thirty day period) is at least equal to the Minimum Transferor Interest; or
  - (ii) on the last day of any Collection Period the Eligible Receivables Balance is less than the Minimum Aggregate Principal Receivables and the Eligible Receivables Balance fails to increase to an amount equal to or greater than the Minimum Aggregate Principal Receivables on or before the tenth Business Day following that last day;
- (e) any Servicer Termination Event occurs that has a material adverse effect on the holder of the Series 2018-1 Investor Interest Note;
- (f) the Series 2018-1 Investor Interest Note is not repaid in an amount equal to the Scheduled Amortisation Amount on any Transfer Date falling within the Scheduled Amortisation Period;
- (g) the amount credited to the Series 2018-1 Step-Up Reserve Ledger is less than the Step-Up Required Amount on the Series 2018-1 Expected Redemption Date and the Series 2018-1 Investor Interest Note is not repaid in full on or before such date; or
- (h) the Series 2018-1 Investor Interest Note is not repaid in full on the Transfer Date relating to the Series 2018-1 Scheduled Redemption Date,

then, in the case of any event described in paragraphs (a), (b) or (e) above, after the applicable grace period set out in such paragraphs (if any), either the Trustee (acting on the instructions of the Trust Manager) or the Security Trustee (acting on the instructions of the holder of the Series 2018-1 Investor Interest Note) by notice given in writing to the Transferor, the Trustee and the Servicer (and to the Trust Manager if given by the holder of the Series 2018-1 Investor Interest Note) may declare that a Pay Out Event (a "**Series Pay Out Event**") has occurred in respect of Series 2018-1 (**provided that**, if the holder of the Series 2018-1 Investor Interest Note declares that a Series Pay Out Event has occurred in such circumstances, it must have acted on the instructions of the Noteholders under the terms of the Series 2018-1 Loan Note Supplement and the Series 2018-1 Notes) as of the date of such notice, and, in the case of any event described in paragraphs (c), (d), (f), (g) or (h) a Series Pay Out Event shall occur without any notice or other action on the part of the Trustee or the Loan Note Trust immediately upon the occurrence of such event.

**"Average Principal Receivables"** shall mean, for any period, an amount equal to (a) the Eligible Receivables Balance at the end of each day on which such calculation is required to be made during such period divided by (b) the number of days in such period.

**"Expense Rate"** shall mean, with respect to any Collection Period as calculated on the related Transfer Date, the annualised percentage equivalent of a fraction:

- (a) the numerator of which is the sum of (1) the Monthly Required Expense Amount payable on the related Transfer Date for such Collection Period, plus (2) an amount equal to the Investor Senior Servicing Amount actually payable for such Collection Period on the related Transfer Date, plus, (3) an amount equal to the Investor Trust Manager Payment Amount payable for such Collection Period on the related Transfer Date; and
- (b) the denominator of which is the Series 2018-1 Investor Interest as of the first Business Day for such Collection Period.

**"Minimum Transferor Interest"** shall mean, as of any date of determination falling during a Collection Period, in respect of any Series, an amount equal to the aggregate of 1 per cent. of the Average Principal Receivables over the previous 90 days (or if less the number of days from and including the Closing Date), the calculation of which for the purposes of this definition only shall be deemed to exclude any Cash Available for Investment, **provided, however, that** the Transferor (acting in accordance with the instructions of the Trust Manager) may reduce the Minimum Transferor Interest upon satisfaction of the following conditions:

- (a) the giving of 30 days' prior notice of such reduction to the Trustee, each Credit Rating Agency and any other person entitled to receive such notice pursuant to the relevant Supplement;
- (b) the receipt by the Transferor of a Rating Confirmation; and
- (c) the delivery to the Trustee and each Enhancement Provider stating that the Trust Manager reasonably believes that such reduction will not, based on the facts known to such officer at the time of such certification, then or thereafter cause a Pay Out Event to occur with respect to any Series.

**"Monthly Required Expense Amount"** shall mean the Class A1 Monthly Required Expense Amount, the Class A2 Monthly Required Expense Amount, the Class B Monthly Required Expense Amount, the Class C Monthly Required Expense Amount, the Class D Monthly Required Expense Amount and the Class E Monthly Required Expense Amount;

**"Portfolio Yield"** shall mean, with respect to any Collection Period, the annualised percentage equivalent of a fraction:

- (a) the numerator of which is an amount equal to the sum of:
  - (i) the amount of Finance Charge Collections allocated for calculation purposes (by credit to the Series 2018-1 Finance Charge Collections Ledger) to the Loan Note Trustee for such Collection Period, *plus*
  - (ii) the amount, if any, of Investor Acquired Interchange Amount allocated for calculation purposes (by credit to the Series 2018-1 Finance Charge Collections Ledger) to the Loan Note Trustee for such Collection Period; *plus*
  - (iii) any Accumulation Reserve Investment Proceeds that constitute Available Funds on the Transfer Date related to such Collection Period; *plus*
  - (iv) any Accumulation Reserve Draw Amount for such Collection Period and any Accumulation Reserve Ledger Surplus Amounts for such Collection Period, that constitute Available Funds on the Transfer Date related to such Collection Period; *plus*
  - (v) any Principal Funding Investment Proceeds and Excess Principal Funding Investment Proceeds that constitute Available Funds on the Transfer Date related to such Collection Period; *minus*

- (vi) the Investor Default Amount for such Collection Period; and
- (b) the denominator of which is the Series 2018-1 Investor Interest as of the close of business on the last day of such Collection Period.



## ALLOCATION OF LOAN NOTE TRUST CASHFLOWS

### Loan Note Trustee Accounts and Cashflows

The Loan Note Trustee has opened an account (the "**Loan Note Trustee Distribution Account**"), such account to be operated and maintained by the Loan Note Trust Manager in accordance with the provisions of the Security and Cashflow Allocation Deed and each Loan Note Supplement. In addition to the Loan Note Trustee Distribution Account, the Loan Note Trustee may from time to time open further bank and securities accounts (each an "**Additional Loan Note Trustee Account**") in its name, or to be designated as opened on trust for the Loan Note Trustee if opened for the benefit of the Loan Note Trustee by the Loan Note Security Trustee, at the Loan Note Trustee Account Bank or at any other Approved Bank as specified in any Loan Note Supplement, **provided that** the Loan Note Trustee shall enter into any and all agreements or deeds and do all acts and things as are necessary or desirable (in the reasonable opinion of the Loan Note Security Trustee) to create legal, valid, binding, enforceable and perfected security interests over each such Additional Loan Note Trustee Account in favour of the Loan Note Security Trustee on trust for itself and the other Loan Note Secured Creditors of the Series of Associated Debt to which such Additional Loan Note Trustee Account relates.

Amounts received under each Series Investor Interest Note will be applied by the Loan Note Trustee in accordance with the terms of the relevant Loan Note Supplement. The terms of the Series 2018-1 Loan Note Supplement and the priority of payment of the Loan Note Trustee in respect of Series 2018-1 are set out in the section entitled "*Series 2018-1 – Application of funds by Loan Note Trustee*" below. Any amounts remaining following the application of the priority of payment for the Loan Note Trustee, consisting of Loan Note Series Excess Spread shall, together with any similar amounts available from each other Series in Group One under the terms of the relevant Loan Note Supplement, be applied in accordance with the Loan Note Excess Spread Priority of Payments.

### Allocation of Costs

Costs, expenses, fees, remuneration and other financial obligations (whether arising under indemnities or otherwise) of the Loan Note Trustee shall apply separately to each Series in respect of the costs, expenses, fees, remuneration and financial obligations which arise in respect of such Series (and, for the avoidance of doubt, the Loan Note Collateral in respect thereof). No costs incurred in respect of any Series will, save as specifically provided herein, be deducted from any amount payable by the Loan Note Trustee to the Loan Note Secured Creditors or Loan Note Security Beneficiaries in respect of any other Series, nor will any such costs specifically referable to one Series be in any way charged to any Loan Note Secured Creditors or Loan Note Security Beneficiaries of another Series.

If the Loan Note Trust Manager determines in its sole discretion that any costs cannot be considered to be solely referable to a particular Series of Associated Debt, it shall be entitled in its sole discretion to allocate such costs between those Series of Associated Debt to which it considers those costs to be referable *pro rata* in the proportion which the aggregate Principal Amount Outstanding in respect of each such Series of Associated Debt bears to the aggregate Principal Amount Outstanding of all such Series of Associated Debt (as at the date such costs were incurred) in respect of which such costs were incurred.

### Application of Interest Payments under the Series 2018-1 Investor Interest Note

The Note Conditions of the Series 2018-1 Notes set out the terms and conditions relating to the payment of interest on the Series 2018-1 Notes and which are subject to the terms of the Series 2018-1 Loan Note Supplement, described below.

The Series 2018-1 Loan Note Supplement provides for the establishment a separate ledger of the Loan Note Trustee Distribution Account in respect of Series 2018-1 for the purpose of receiving and paying amounts payable in respect of Series 2018-1 (including, for the avoidance of doubt, receiving amounts under the Series 2018-1 Investor Interest Note (the "**Series 2018-1 Ledger**")). The Series 2018-1 Loan Note Supplement sets out how funds held in the Series 2018-1 Ledger are to be applied.

On each Transfer Date, the amount of Available Funds used by the Trustee to make payments of interest (including deferred interest and default interest) under the Series 2018-1 Investor Interest Note shall be applied as follows:

- (a) an amount equal to A\$1 for such Transfer Date to be paid to the Unitholders, such payment being at the discretion of the Loan Note Trust Manager;
- (b) an amount equal to the Series 2018-1 Senior Loan Note Trust Expenses (excluding the Investor Loan Note Trust Manager Payment Amount) for such Transfer Date and any Series 2018-1 Senior Loan Note Trust Expenses (excluding the Investor Loan Note Trust Manager Payment Amount) remaining unpaid in respect of any previous Transfer Date shall be paid in the order of priority specified in the definition thereof to the relevant parties;
- (c) an amount equal to the Investor Loan Note Trust Manager Payment Amount for such Transfer Date plus any Investor Loan Note Trust Manager Payment Amounts remaining unpaid in respect of any previous Transfer Date will be paid to the Loan Note Trust Manager;
- (d) an amount equal to the Class A1 Monthly Distribution Amount (less the Additional Coupon payable under the Class A1 Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class A1 Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class A1 Notes, together with any Deferred Interest and Additional Interest (as such terms are defined in the Series 2018-1 Notes) due and unpaid on the Class A1 Notes, which is due and payable on such Transfer Date;
- (e) an amount equal to the Class A2 Monthly Distribution Amount (less the Additional Coupon payable under the Class A2 Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class A2 Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class A2 Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class A2 Notes, which is due and payable on such Transfer Date;
- (f) an amount equal to the Class B Monthly Distribution Amount (less the Additional Coupon payable under the Class B Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class B Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class B Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class B Notes, which is due and payable on such Transfer Date;
- (g) an amount equal to the Class C Monthly Distribution Amount (less the Additional Coupon payable under the Class C Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class C Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class C Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class C Notes, which is due and payable on such Transfer Date;
- (h) an amount equal to the Class D Monthly Distribution Amount (less the Additional Coupon payable under the Class D Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class D Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class D Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class D Notes, which is due and payable on such Transfer Date;
- (i) an amount equal to the Class E Monthly Distribution Amount (less the Additional Coupon payable under the Class E Tranche of the Series 2018-1 Investor Interest Note, if any) shall be paid to the Class E Noteholders entitled to receive such amounts (in proportion to such entitlements) on the following Payment Date as payment of the Interest Amount in respect of the Class E Notes, together with any Deferred Interest and Additional Interest due and unpaid on the Class E Notes, which is due and payable on such Transfer Date; and
- (j) the remainder (being the "**Series 2018-1 Loan Note Series Excess Spread**" in respect of Series 2018-1 Notes) will, together with any other Series Excess Spread available on such date, be applied in accordance with the Loan Note Excess Spread Priority of Payments, as described below,

provided that, where the full amount of any payment described above cannot be made due to any insufficiency in the funds credited to the Loan Note Trustee Distribution Account which are available to make such payment, that payment shall not be payable to that extent, provided however, that such deficiency in payment shall be deferred to the immediately succeeding Transfer Date, if such deferral is expressly contemplated above or otherwise in the Transaction Documents.

#### **Loan Note Excess Spread Priority of Payments**

The Loan Note Series Excess Spread in respect of Series 2018-1 will be aggregated with Loan Note Series Excess Spread from other Series in Group One and applied in accordance with the Loan Note Excess Spread Priority of Payments. "**Loan Note Series Excess Spread**" means the amounts so identified under the Loan Note Supplement for each Series and in respect of Series 2018-1 means the Series 2018-1 Loan Note Excess Spread.

On or before each Transfer Date, the Loan Note Trustee shall, on the direction of the Loan Note Trust Manager, transfer or pay on such Transfer Date or provide for payment on the related Payment Date, to the extent of the aggregate of all amounts of Loan Note Series Excess Spread available after the application of the amounts held in each Series ledger of the Loan Note Trustee Distribution Account in accordance with the terms of each Loan Note Supplement and amounts of Ongoing Financing Fee received by the Loan Note Trustee from the Trustee in connection with the Series Investor Interest Notes as set out in the Investor Interest Note Funding Deed, the following amounts in the following order of priority (the "**Loan Note Excess Spread Priority of Payment**"):

- (a) *first*, an amount equal to all amounts of other fees, costs, charges, expenses, losses, damages, claims and liabilities payable by the Loan Note Trust to any third party on such Transfer Date and not otherwise covered in this payments priority shall be paid to such third parties pro-rata including, without limitation any "**Swap Subordinated Termination Payments**" (which shall for any Series have the meaning given to that term in the relevant Supplement) in respect of a Series in the order of priority specific in the relevant Supplement (and in the event of any shortfall, pro-rata between each Series on the basis of each Series' shortfall);
- (b) secondly, an amount equal to the Originator VFN Subordination Monthly Distribution Amount shall be paid to the holder of the Originator VFN Loan Note on the following Payment Date as payment of the Interest Amount in respect of the aggregate of each Series Subordination Tranche of the Originator VFN Loan Note together with any Deferred Interest and Additional Interest due and unpaid on the aggregate of each Series Subordination Tranche of the Originator VFN Loan Note, which is due and payable on the immediately following Payment Date, provided that each amount received under each Series Originator VFN Subordination portion of Originator VFN Investor Interest Note in respect of Interest Amounts, Deferred Interest and Additional Interest shall be applied to make the equivalent payment on the related Series Subordination Tranche of the Originator VFN Loan Note for that Series; and
- (c) thirdly, any remainder shall be deposited in the distribution ledger (the "**Loan Note Distribution Ledger**") of the Loan Note Trustee Distribution Account.

The amounts of Loan Note Series Excess Spread remaining after the application of the Loan Note Excess Spread Priority of Payments and deposited in the Loan Note Distribution Ledger shall be applied in the same way and subject to equivalent terms as those that apply to the Distribution Ledger of the Trustee Administration Account in respect of Excess Spread, Transferor Excess Amounts and Excess Tax Amounts, as described above. The same terms apply in respect of reserving for tax payable by the Loan Note Trustee or in connection with distributions to Unitholders.

#### **Principal Repayment of Series 2018-1 Notes**

The repayment of principal provisions of the Series 2018-1 Notes mirror those of the Series 2018-1 Investor Interest Note and a repayment under a Tranche of the Series 2018-1 Investor Interest Note received by the Loan Note Trustee on any Transfer Date will be used to make a repayment of principal on the equivalent Class of Series 2018-1 Notes on the related Payment Date, as further described in "*Terms and Conditions of the Series 2018-1 Notes*".

**Loan Note Trustee Undertakings**

The Loan Note Trustee in its capacity as trustee of the Loan Note Trust and holder of the Series 2018-1 Investor Interest Note covenants not to waive, modify or amend, or consent to any waiver, modification or amendment of, in any material respect, any of the provisions of the Series 2018-1 Transaction Documents, without the prior written consent of the Loan Note Trust Security Trustee (and, in the case of the calculation of interest and determination of any interest period for the purposes of the Series 2018-1 Notes, the Trust Manager and Transferor).

## INVESTOR INTEREST NOTES AND THE SERIES 2018-1 INVESTOR INTEREST NOTE

### General

Under the terms of an investor interest note funding deed dated on or about the Series 2018-1 Closing Date (the "**Investor Interest Note Funding Deed**") the Trustee and the Loan Note Trustee acknowledge that various notes representing Series of Related Debt (being "**Series Investor Interest Notes**") may be issued from time to time by the Trustee to the Loan Note Trustee subject to the terms of the Master Trust Deed. In consideration for the Loan Note Trustee agreeing to subscribe for Series Investor Interest Notes issued by the Trustee from time to time, the Trustee agrees to pay to the Loan Note Trustee a fee (the "**Financing Fee**") in Australian dollars in respect of each Collection Period.

The Financing Fee shall be an amount equal to the aggregate of: (i) in respect of the Series 2018-1 Closing Date and the issuance of any other Series after the Series 2018-1 Closing Date, the amount notified to the Trustee on or about such date as being equal to the amount of any costs and expenses of the Loan Note Trustee in respect of the arrangement and execution of the transaction or the issuance of such Series including (without limitation) any dealer fees or upfront fees and costs payable to third parties (such amounts being "**Upfront Financing Fees**") and (ii) on an ongoing basis, an amount calculated at the rate of 0.15% per cent of the aggregate Principal Amount Outstanding of each Series Investor Interest Note outstanding during such Collection Period, calculated as at the first day of the relevant Collection Period (the "**Ongoing Financing Fee**").

On each Transfer Date, the Trustee shall pay the accrued Financing Fee in respect of the previous Collection Period to the Loan Note Trustee in accordance with the Cashflow Allocation Deed and the relevant supplement thereto and provided that the Financing Fee shall only be payable to the extent funds are available to the Trustee for such purpose pursuant thereto.

The Series 2018-1 Investor Interest Note will be issued by the Trustee as trustee for the Trust on the Series 2018-1 Closing Date and will be constituted pursuant to the Series 2018-1 Investor Interest Note Deed Poll made by the Trustee dated the Series 2018-1 Closing Date (as amended from time to time) and inscription in the Trust Note Register on the Series 2018-1 Closing Date. The Loan Note Trustee will be registered as the initial holder of the Series 2018-1 Investor Interest Note, issued with an aggregate principal amount outstanding of A\$500,000,000, and which will be secured by a security trust deed dated on the Closing Date (as amended and restated from time to time).

### Form and Denomination

- (a) The Series 2018-1 Investor Interest Note will be issued by the Trustee in uncertificated registered form in an amount equal to A\$500,000,000, and will consist of the following tranches of debt:
  - (i) the A\$353,450,000 Class A1 Tranche;
  - (ii) the A\$52,325,000 Class A2 Tranche;
  - (iii) the A\$28,800,000 Class B Tranche;
  - (iv) the A\$26,175,000 Class C Tranche;
  - (v) the A\$20,930,000 Class D Tranche; and
  - (vi) the A\$18,320,000 Class E Tranche,each a Tranche.
- (b) On the Series 2018-1 Closing Date, the Loan Note Trustee will apply the funds raised by it by way of a drawing under the Series 2018-1 Notes to subscribe for the Series 2018-1 Investor Interest Note in a principal amount equal to A\$500,000,000.

### Transfers of Notes

The Series 2018-1 Investor Interest Note may be transferred to another person in whole (but not in part) with the prior written consent of the Trust Manager, the Loan Note Security Trustee and the Loan Note

Trust Manager (such consent not to be unreasonably withheld) provided such transfer will not have adverse tax consequences. Title to the Series 2018-1 Investor Interest Note passes when details of the transfer are entered in the Trust Note Register.

#### **Status of Tranches of the Series 2018-1 Investor Interest Note**

All Tranches of the Series 2018-1 Investor Interest Note are unsubordinated and will rank pari passu with all other debt obligations of the Trustee but (with the exception of the Class A1 Tranche) are subordinated to certain other Tranches.

#### **Interest and Accrual**

The interest amount payable on each Class of the Series 2018-1 Investor Interest Note will be the amount calculated by applying BBSW plus the relevant Series 2018-1 Margin to the Principal Amount Outstanding of such Tranche plus (in respect of the most senior Tranche outstanding only) an amount equal to the Additional Coupon. "**Additional Coupon**" means an amount equal to the Series 2018-1 Senior Loan Note Trust Expenses payable on the following Transfer Date. The Interest Period is the period from (and including) a Payment Date to (but excluding) the subsequent Payment Date, provided that, the first Interest Period shall be the period from the Series 2018-1 Closing Date to the first Payment Date.

"**Series 2018-1 Margin**" means:

- (a) in respect of the Class A1 Tranche, 1.10 per cent. per annum or, from (and including) the Series 2018-1 Expected Redemption Date, provided no Pay Out Event occurs on or before the Series 2018-1 Expected Redemption Date (including, for the avoidance of doubt, as a result of the amount credited to the Series 2018-1 Step-Up Reserve Ledger on the Series 2018-1 Expected Redemption Date, not being equal to the Step-Up Required Amount), the Step-Up Margin;
- (b) in respect of the Class A2 Tranche, 1.45 per cent. per annum;
- (c) in respect of the Class B Tranche, 1.95 per cent. per annum;
- (d) in respect of the Class C Tranche, 2.25 per cent. per annum;
- (e) in respect of the Class D Tranche, 3.10 per cent. per annum; and
- (f) in respect of the Class E Tranche, 4.25 per cent. per annum.

Any amounts of interest not paid on a Transfer Date will be deferred (such amounts being the Class A1 Deficiency Amounts, Class A2 Deficiency Amounts, Class B Deficiency Amounts, Class C Deficiency Amounts, Class D Deficiency Amounts and Class E Deficiency Amounts) and default interest will accrue thereon (such amounts being the Class A1 Additional Finance Amounts, Class A2 Additional Finance Amounts, Class B Additional Finance Amounts, Class C Additional Finance Amounts, Class D Additional Finance Amounts and Class E Additional Finance Amounts).

"**Deficiency Amounts**" means the Class A1 Deficiency Amounts, the Class A2 Deficiency Amounts, the Class B Deficiency Amounts, the Class C Deficiency Amounts, the Class D Deficiency Amounts and the Class E Deficiency Amounts.

"**Series 2018-1 Additional Finance Amounts**" means the Class A1 Additional Finance Amounts, Class A2 Additional Finance Amounts, Class B Additional Finance Amounts, Class C Additional Finance Amounts, Class D Additional Finance Amounts and Class E Additional Finance Amounts.

"**Step-Up Margin**" means 1.35 per cent. per annum.

#### **REDEMPTION**

##### **Scheduled Redemption during the Scheduled Amortisation Period**

Unless the Series 2018-1 Investor Interest Note has been repaid in full on or prior to such date or the Rapid Amortisation Period has commenced, the Scheduled Amortisation Period shall commence on the Series 2018-1 Expected Redemption Date.

On each Transfer Date that relates to a Collection Period occurring during the Scheduled Amortisation Period until and including the Transfer Date falling on the Series 2018-1 Scheduled Redemption Date, an amount equal to the Scheduled Amortisation Amount will be applied to redeem each Tranche of the Series 2018-1 Investor Interest Note in the following amounts on a *pro rata* and *pari passu* basis:

- (a) to repay the Principal Amount Outstanding under the Class A1 Tranche of the Series 2018-1 Investor Interest Note in an amount equal to the Class A1 Scheduled Amortisation Amount;
- (b) to repay the Principal Amount Outstanding under the Class A2 Tranche of the Series 2018-1 Investor Interest Note in an amount equal to the Class A2 Scheduled Amortisation Amount;
- (c) to repay the Principal Amount Outstanding under the Class B Tranche of the Series 2018-1 Investor Interest Note in an amount equal to the Class B Scheduled Amortisation Amount;
- (d) to repay the Principal Amount Outstanding under the Class C Tranche of the Series 2018-1 Investor Interest Note in an amount equal to the Class C Scheduled Amortisation Amount;
- (e) to repay the Principal Amount Outstanding under the Class D Tranche of the Series 2018-1 Investor Interest Note in an amount equal to the Class D Scheduled Amortisation Amount; and
- (f) to repay the Principal Amount Outstanding under the Class E Tranche of the Series 2018-1 Investor Interest Note in an amount equal to the Class E Scheduled Amortisation Amount,

and, in respect of any Tranche of the Series 2018-1 Investor Interest Note repaid in part but not in full on any Transfer Date such Tranche shall be repaid *pro rata*.

To the extent that the principal amount which is deposited in the Principal Collections Ledger of the Trustee Collection Account or any Additional Trustee Bank Account in respect of Series 2018-1 (plus any amounts held in the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off)) and available to the Trustee for the purposes of redeeming the Series 2018-1 Investor Interest Note on a Transfer Date during the Scheduled Amortisation Period is less than the Scheduled Amortisation Amount payable on such Transfer Date, such amount shall be applied *pro rata* and *pari passu* between the Class A1 Scheduled Amortisation Amount, the Class A2 Scheduled Amortisation Amount, the Class B Scheduled Amortisation Amount, the Class C Scheduled Amortisation Amount, the Class D Scheduled Amortisation Amount and the Class E Scheduled Amortisation Amount and the Rapid Amortisation Period will commence in relation to the unredeemed principal amount of each Tranche of the Series 2018-1 Investor Interest Note (subject to the terms of the Series 2018-1 Supplement). The Series 2018-1 Investor Interest Note may be redeemed on any Partial Amortisation Date that occurs during a Scheduled Amortisation Period (see below) in addition to any redemption made under this paragraph.

### **Rapid Amortisation Period**

If the Rapid Amortisation Period commences in respect of any Tranche of Series 2018-1 Investor Interest Note, then (subject to the terms of the Series 2018-1 Supplement), on each Transfer Date which occurs during the Rapid Amortisation Period up to (but excluding) the Series 2018-1 Final Redemption Date, the amount which is deposited in the Principal Collections Ledger of the Trustee Collection Account or any Additional Trustee Bank Account (plus any amounts held in the Series 2018-1 Finance Charge Collections Ledger identified as Principal Loss Make-Up (Default) and Principal Loss Make-Up (Charge-off) and any amounts held in the Series 2018-1 Principal Funding Ledger) and available to the Trustee for the purposes of redeeming the Series 2018-1 Investor Interest Note, will be applied to redeem each Tranche of the Series 2018-1 Investor Interest Note in the following amounts and in the following order:

- (a) towards the redemption of the Class A1 Tranche of the Series 2018-1 Investor Interest Note in an amount up to the Class A1 Monthly Principal Amount until such Tranche has been repaid in full;
- (b) towards the redemption of the Class A2 Tranche of the Series 2018-1 Investor Interest Note in an amount up to the Class A2 Monthly Principal Amount until such Tranche has been repaid in full;
- (c) towards the redemption of the Class B Tranche of the Series 2018-1 Investor Interest Note in an amount up to the Class B Monthly Principal Amount until such Tranche has been repaid in full;

- (d) towards the redemption of the Class C Tranche of the Series 2018-1 Investor Interest Note in an amount up to the Class C Monthly Principal Amount until such Tranche has been repaid in full;
- (e) towards the redemption of the Class D Tranche of the Series 2018-1 Investor Interest Note in an amount up to the Class D Monthly Principal Amount until such Tranche has been repaid in full; and
- (f) towards the redemption of the Class E Tranche of the Series 2018-1 Investor Interest Note in an amount up to the Class E Monthly Principal Amount,

and, in respect of any Tranche of the Series 2018-1 Investor Interest Note redeemed in part but not in full on any Transfer Date such Tranche shall be redeemed *pro rata* to the extent of such principal amount repaid.

**Redemption on the Series 2018-1 Expected Redemption Date from funds accumulated during the Controlled Accumulation Period**

If the Trustee has exercised its option to apply the Controlled Accumulation Period in respect of Series 2018-1, on the Series 2018-1 Expected Redemption Date, provided the Rapid Amortisation Period has not commenced, the Trustee shall apply the amounts credited to the Series 2018-1 Principal Funding Ledger during the Controlled Accumulation Period (other than from a Replacement Series) as follows:

- (a) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class A1 Investor Interest shall be applied to repay the Class A1 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (b) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class A2 Investor Interest shall be applied to repay the Class A2 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (c) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class B Investor Interest shall be applied to repay the Class B Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (d) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class C Investor Interest shall be applied to repay the Class C Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (e) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class D Investor Interest shall be applied to repay the Class D Tranche of the Series 2018-1 Investor Interest Note until repaid in full; and
- (f) the amount credited to the Series 2018-1 Principal Funding Ledger referable to the Class E Investor Interest shall be applied to repay the Class E Tranche of the Series 2018-1 Investor Interest Note until repaid in full,

and, in respect of any Tranche of the Series 2018-1 Investor Interest Note repaid in part but not in full on the Series 2018-1 Expected Redemption Date such Tranche shall be repaid *pro rata*.

**Call Option on the Series 2018-1 Expected Redemption Date and each Transfer Date relating to a Redemption Call Date**

In addition, on a Transfer Date relating to any Redemption Call Date under the Series 2018-1 Notes, provided the Rapid Amortisation Period has not commenced, the Trustee has the option to redeem the Series 2018-1 Investor Interest Note (such amounts to be applied by the Loan Note Trustee to make a principal repayment under Series 2018-1 Notes) in whole or (if less) in part in an amount equal to the Series 2018-1 Investor Interest from Cash Available for Investment and/or any funds generated by the proceeds of a Replacement Series wherever held and available to it for such purpose under the terms of the Cashflow Allocation Deed and Series 2018-1 Supplement. A principal repayment pursuant to this paragraph shall be applied to each Tranche of the Series 2018-1 Investor Interest Note in the following amounts and order of priority:



- (a) by way of a principal repayment under the Class A1 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (b) by way of a principal repayment under the Class A2 Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (c) by way of a principal repayment under the Class B Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (d) by way of a principal repayment under the Class C Tranche of the Series 2018-1 Investor Interest Note until repaid in full;
- (e) by way of a principal repayment under the Class D Tranche of the Series 2018-1 Investor Interest Note until repaid in full; and
- (f) by way of a principal repayment under the Class E Tranche of the Series 2018-1 Investor Interest Note until repaid in full,

provided that, if any Tranche of the Series 2018-1 Investor Interest Note is redeemed in part but not in full on any date of repayment, such Tranche shall be redeemed pro rata.

#### **Early Redemption on a Partial Amortisation Date**

If a Partial Amortisation Date occurs, each Tranche of the Series 2018-1 Investor Interest Note will be redeemed in whole or in part on the immediately following Transfer Date in an amount equal to the Partial Amortisation Amount as is allocated to such Tranche.

#### **Final Redemption**

If the Series 2018-1 Investor Interest Note has not previously been redeemed in full as set out above, and any Tranche remains outstanding, the Series 2018-1 Investor Interest Note and the relevant Tranche(s) will be redeemed, subject to any rights of limited recourse, at its then Principal Amount Outstanding on the Transfer Date relating to the Series 2018-1 Final Redemption Date together with all accrued and unpaid interest, Deficiency Amounts and Series 2018-1 Additional Finance Amounts.

The details of the above are set out in the section entitled "*Series 2018-1 – Calculation of Monthly Principal Amounts to be used to make payments under the Series 2018-1 Investor Interest Note*" and "*Series 2018-1 - Application of Principal Collections to repay the Series 2018-1 Investor Interest Note and the Series 2018-1 Notes*".

#### **Occurrence of Trust Events of Default**

On the occurrence of any Trust Event of Default, the security granted in favour of the holders of the Series 2018-1 Investor Interest Note and each other Series Investor Interest Note under the Security Trust Deed shall become enforceable in accordance with the terms of the Security Trust Deed.

#### **Undertakings**

Until the earlier of the Series 2018-1 Final Redemption Date or the repayment of the Series 2018-1 Investor Interest Note in full, the Trustee undertakes not, save to the extent permitted by the Transaction Documents, to make or consent to any material amendment, variation, waiver or termination of any of the provisions of any Transaction Documents to which it is party, without the prior written consent of the Security Trustee and, save where failure to do so would not have a Material Adverse Effect, in the opinion of the Trustee, will, with due diligence use best efforts to pursue the performance of any party with which it has contracted of the obligations of such party under any Transaction Document.

#### **Waiver, Authorisation and Determination and Modification**

The manner in which consents, sanctions, modifications or directions may be made or given by the Loan Note Security Trustee or the Loan Note Trustee on behalf of the holders of the Series 2018-1 Investor Interest Note is set out in the Security Trust Deed.

**Limited Recourse; Non-Petition**

Only the Security Trustee may enforce the security granted in favour of the holders of the Series 2018-1 Investor Interest Note, and the holders shall not take any steps for the purpose of recovering any of the amounts owing to them by the Trustee under the terms of the Series 2018-1 Investor Interest Note (including any Tranche thereof) or enforcing any rights arising under or in connection with the Series 2018-1 Investor Interest Note (including any Tranche thereof) or other Transaction Documents against the Trustee (as the case may be).

Notwithstanding any other provision to the contrary, the Trustee's liability to pay any amount in respect of the Series 2018-1 Investor Interest Note may only be discharged from, and recourse against the Trustee in respect of any such amount is limited to, the amounts available to the Trustee for the purpose of making payments on the Series 2018-1 Investor Interest Note or realisation of the secured property.

The holders of the Series 2018-1 Investor Interest Note will agree that they shall not be entitled to take any action or institute proceedings against the Trustee to recover any shortfall in the amounts owing or to recover any amounts payable by or obtain performance to be made by the Trustee under or in connection with the Series 2018-1 Investor Interest Note or to otherwise enforce any rights of the Investor Interest Noteholder under or arising from the Series 2018-1 Investor Interest Note, except to receive any amounts owing under the Series 2018-1 Investor Interest Note from the amounts available to the Trustee for the purpose of making payments on the Series 2018-1 Investor Interest Note or realisation of the secured property.

For avoidance of doubt, the limited recourse nature of the obligations of the Trustee is without prejudice to any liability of the Trustee for fraud, negligence or wilful default under the terms of any Transaction Document.

**Governing Law**

The Series 2018-1 Investor Interest Note will be governed by and construed in accordance with the laws of Victoria.

## THE SECURITY TRUST AND LOAN NOTE SECURITY TRUST TRANSACTION DOCUMENTS

### General

A security trust (the "**Security Trust**") has been constituted pursuant to a trust deed and notice of creation of trust dated on the Closing Date, (the "**Security Trust Deed**") between the Security Trustee, the Trustee, the Loan Note Trustee, the Trust Manager and the Loan Note Trust Manager and consists of a trust declared under Australian law over all of the Trustee's present and after-acquired trust assets ("**Trust Collateral**") for the purpose of the structure described in this Offering Circular.

Under the Security Trust Deed, the Security Trustee declares that it will hold the Trust Collateral on the terms of the Security Trust set out in the Security Trust Deed for the secured creditors of the Trust at that time ("**Trust Secured Creditors**"). The Trust Secured Creditors are the Security Trustee, any receiver appointed by it in respect of amounts owing to each of them under the Security Trust Deed, the Loan Note Trustee (as holder of each loan note issued from time to time by the Trustee to the Loan Note Trustee) as well as the Transferor (in its capacity as holder of the variable funding note issued by the Trust to the Transferor).

The terms of the Security Trust Deed set out the following:

- (a) appointment, general powers, rights and responsibilities of the Security Trustee;
- (b) covenants to pay by the Trustee;
- (c) granting of security by the Trustee;
- (d) enforcement of the security and powers of the receiver;
- (e) Security Trustee's relationship with the Trust Secured Creditors;
- (f) Security Trustee's power to delegate and right to rely on communications and opinions;
- (g) Security Trustee's limitation of liability, resignation and removal as Security Trustee, indemnities and remuneration;
- (h) covenants by the Trustee in favour of the Security Trustee;
- (i) Security Trustee's duties to the Trust Secured Creditors;
- (j) waivers, authorisations, determinations and modifications by the Security Trustee;
- (k) directions from the Investor Interest Noteholders; and
- (l) disenfranchisement.

Each of the above items is summarised briefly below.

### **Appointment, general powers, rights and responsibilities of the Security Trustee**

The Security Trustee agreed to act as trustee of the Security Trust until the Security Trust is terminated or until it has retired or been removed in accordance with the Security Trust Deed.

The Security Trustee has no obligations except those expressly set out in the Transaction Documents to which it is a party.

Each Trust Secured Creditor and each beneficiary of the Security Trust are bound by anything properly done or not done by the Security Trustee in accordance with the Transaction Documents, whether or not on instructions, and whether or not the Trust Secured Creditor or beneficiaries gave instructions or approved of the thing done or not done.

The Security Trust Deed sets out the duties of the Security Trustee. The Security Trustee only agrees to perform such duties as are specifically set forth in the Security Trust Deed to the extent required or permitted under and in compliance with applicable law and regulations.

The Security Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of any Trust Secured Creditor. The Security Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties.

#### **Covenants to pay by the Trustee**

The Trustee covenants with and undertakes to pay to the Security Trustee all amounts due to the Trust Secured Creditors of a Series of Related Debt in accordance with the Related Debt Conditions and the relevant Series Documents.

Only the Security Trustee may pursue the remedies available under the general law or under the Security Trust Deed to enforce the rights under the Security Trust Deed.

All money received by the Security Trustee pursuant to the Security Trust Deed shall be held by the Security Trustee upon trust to apply in the manner and order of priority set out in the Cashflow Allocation Deed. If the Security Trustee determines (acting on the instructions of the Trust Manager) that any such monies cannot be considered to be solely referable to a particular Series, it shall be entitled (acting on the instructions of the Trust Manager) to allocate such money between those Series to which it shall consider that money to be referable.

#### **Granting of security by the Trustee**

The Trustee grants a security interest in the Trust Collateral to secure the payment of all monies and liabilities owing by the Trustee under the Security Trust Deed, the Transaction Documents and the obligations secured thereunder.

The security interest is a transfer by way of security of the Trustee's rights, title and interest in and to the Loan Note Trust Management Deed and a charge over all other Trust Collateral.

#### **Enforcement of security and powers of the receiver**

The terms and conditions of the Security Trust Deed also set out the general procedures by which the Security Trustee may take steps to enforce the security granted under the Security Trust Deed so that the Security Trustee may protect the interests of each Trust Secured Creditor.

An event of default will occur under each Series Investor Interest Note or other Series of Related Debt and the Transferor Interest Note if an Insolvency Event occurs in respect of the Trustee (unless the Insolvency Event only affects assets or liabilities of the Trustee which do not relate to the Trust and the Trustee is replaced in accordance with the Master Trust Deed within 90 days of the occurrence of the Insolvency Event) (a "**Trust Event of Default**"). Upon the occurrence of a Trust Event of Default, the security created by the Security Trust Deed will become immediately enforceable and the Security Trustee may enforce repayment of each Series of Related Debt and all or part of the Security. The Security Trustee is not obliged to appoint a receiver or enforce the security granted under the Security Trust Deed unless it has been given a direction to do so following a Trust Event of Default from one or more Investor Interest Noteholders who alone or together hold more than 50 per cent. of the Principal Amount Outstanding aggregated for all Series of Related Debt.

#### **Security Trustee's relationship with the Trust Secured Creditors**

The Security Trustee is entitled to assume, until it has actual notice to the contrary, that no Note Event of Default has occurred and that the Trustee is complying with all its obligations in connection with the Transaction Documents.

### **Security Trustee's power to delegate and right to rely on communications and opinions**

The Security Trustee is given the ability to appoint a delegate or agent in the execution of any of its duties under the Security Trust Deed. In addition, the Security Trustee may rely on communications and opinions it receives.

### **Security Trustee's limitation of liability, resignation and removal as Security Trustee, indemnities and remuneration**

The Security Trust Deed contains provisions limiting or excluding liability of the Security Trustee in certain circumstances. The Security Trust Deed also sets out the circumstances in which the Security Trustee may resign or retire.

The Security Trustee is entitled to be indemnified for its costs and expenses, including, without restriction, in relation to acting on a direction to enforce security which it holds. The Security Trustee is also entitled to an annual fee as agreed with the Trustee.

### **Covenants by the Trustee in favour of the Security Trustee**

The Security Trust Deed contains positive and negative covenants made by the Trustee in favour of the Security Trustee. One of the covenants is that it will give notice to the Security Trustee upon becoming aware of the occurrence of a Note Event of Default in relation to any Series. Other covenants have been included to ensure, among other things, that the Trustee gives the Security Trustee access to all information and reports that it may need for the purpose of discharging its duties, powers, trusts, authorities and discretions vested in it by the Security Trust Deed.

### **Security Trustee's duties to the Trust Secured Creditors**

The Security Trustee shall have regard to the interests of the Investor Interest Noteholders in respect of any Series of Related Debt only as a class and not to their individual interests. The Security Trustee shall not have regard to the consequences (including any tax consequences) of any such exercise for individual Investor Interest Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of a particular territory.

The Security Trustee, when acting on the directions of the Investor Interest Noteholders in relation to a particular Series of Related Debt shall not consider the interests of any other Trust Secured Creditor or any other person and shall act and rely solely and without further investigation on any such direction provided to it and shall not be liable to any other Trust Secured Creditor or any other person for so acting or relying, irrespective of whether the consequence of any such direction is or may be materially prejudicial to the interest of any such person.

### **Waivers, authorisations, determinations and modifications by the Security Trustee**

The Security Trustee may, without prejudice to its rights in respect of any subsequent breach, condition, event or act, and without any consent or sanction of the Trust Secured Creditors or Trust Security Beneficiaries, at any time, but only insofar as in its opinion the interests of the Trust Secured Creditors will not be materially prejudiced thereby (unless such waiver, authorisation or determination would constitute a Programme Basic Terms Modification as defined in the Related Debt Conditions for any Series of Related Debt affected by the proposal, or otherwise requires the consent of the Investor Interest Noteholders pursuant to the terms of any applicable Related Debt Conditions), waive or authorise any breach or proposed breach by the Trustee or any other party of any of the covenants or provisions contained in the Security Trust Deed, or any other Transaction Document or determine that any Trust Event of Default in relation to any Series of Related Debt shall not be treated as such in relation to such Series, any Series Document or any other Transaction Document, **provided that** the Security Trustee shall not exercise any powers conferred on it by this provision in contravention of any express request given by the Investor Interest Noteholders in accordance with the terms of the Security Trust Deed, **provided that** no such request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions as may seem fit and proper to the Security Trustee, shall be binding on the Trust Secured Creditors and trust beneficiaries of such Series.

Similarly, the Security Trustee may, without the consent or sanction of the Trust Secured Creditors or any Trust Security Beneficiary of any Series, at any time and from time to time concur with the Trustee in making any modification or otherwise provide consent to any matter (unless such modification or consent would constitute a Programme Basic Terms Modification as defined in the Related Debt Conditions for any Series of Related Debt affected by such modification or consent, or otherwise requires the consent of the Investor Interest Noteholders pursuant to the terms of the Transaction Documents and any applicable Related Debt Conditions), in respect of the Security Trust Deed, any other Series Document or any other Transaction Document if the Security Trustee is of the opinion that such modification or consent (i) will not be materially prejudicial to the interests of the Trust Secured Creditors of any Series (in relation to which it is Security Trustee) or (ii) is of a formal, minor or technical nature or to correct a manifest error, **provided that** the Security Trustee shall not exercise any such powers of modification in contravention of any express request given by the Investor Interest Noteholders in accordance with the terms of the Security Trust Deed, **provided that** no such request shall affect any modification previously made.

The terms of the Series 2018-1 Investor Interest Note provide that, for so long as the Series 2018-1 Notes are outstanding, a waiver, authorisation, determination or modification shall not be considered to be materially prejudicial in respect of Series 2018-1 and the Series 2018-1 Investor Interest Note if it is not materially prejudicial to the Most Senior Class of Notes as such term is defined in the Associated Debt Conditions for the Series 2018-1 Notes.

**"Programme Basic Terms Modification"** in respect of a Series shall have the meaning given to it in the relevant Related Debt Conditions and, in respect of Series 2018-1, means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Series 2018-1 Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note;
- (b) to reduce, cancel or alter the amount of principal or interest payable on any date in respect of the Series 2018-1 Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note;
- (c) to alter the method of calculating the amount of any payment in respect of the Series 2018-1 Investor Interest Note or the date for any such payment;
- (d) to change the currency of any payment under the Series 2018-1 Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note;
- (e) to alter the priority of payment of interest or principal in respect of the Series 2018-1 Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note;
- (f) to effect the exchange, conversion or substitution of the Series 2018-1 Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note, or the conversion of the Series 2018-1 Investor Interest Note or any Tranche of the Series 2018-1 Investor Interest Note into, shares, bonds or other obligations or securities of the Loan Note Trustee or any other person or body corporate formed or to be formed; or
- (g) to amend, or which has the effect of amending, the definition of "Programme Basic Terms Modification".

**"Related Rights"** means, in relation to any asset:

- (a) the proceeds of sale or rental of any part of that asset;
  - (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
  - (c) all rights, powers, benefits, claims, causes of action, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of or derived from that asset; and
  - (d) any monies and proceeds paid or payable in respect of that asset,
- (in each case) from time to time.

**"Trust Security Beneficiary"** means each of the Servicer, the Trustee, the Trust Manager, the Loan Note Trustee, the Trustee Account Bank any Qualifying Swap Provider and any person who may benefit from the Trust Collateral other than the Trust Secured Creditors.

**"Trust Collateral"** means the property over which security is given pursuant to the Security Trust Deed for all Series of Related Debt, being all of the Trustee's present and after-acquired property. It includes:

- (a) anything in respect of which the Trustee has at any time a sufficient right, interest or power to grant a security interest including:
  - (i) all of the Trustee's right, title and interest in and to, the Transaction Documents to which it is a party and any other agreement or document to which the Trustee is a party or is or may at any time be expressed to have the benefit of;
  - (ii) all of the Trustee's right, title, interest and benefit present and future in and to all sums of money which may now or hereafter from time to time be credited to any bank account of the Trustee established by the Trustee in respect of the Transaction and to any bank or other accounts in which the Trustee may at any time have or acquire any right, title, interest or benefit together with all interest accruing from time to time thereon and the debts represented thereby and all its right, title, interest and benefit present and future therein;
  - (iii) all of the Trustee's right, title, interest and benefit present and future in and to the Receivables;
  - (iv) anything in respect of which the Trustee as trustee of the Trust has at any time a sufficient right, interest or power to grant a security interest; and
  - (v) the Trustee's right of indemnity under the Trust; and
- (b) proceeds arising from or received by the Trustee in connection with its present and after acquired property,

and, in each case, including all Related Rights, subject always to the qualification that a reference to the Trustee is a reference to the Trustee in its capacity as trustee of the Trust only, and a reference to the Trustee's present and after acquired property has the corresponding meaning.

#### **Directions from the Investor Interest Noteholders**

Where any determination is to be made, consent or vote given, action taken or not taken or any other right or power is capable of being exercised by the Security Trustee (a **"Relevant Power"**), the Security Trustee may (and must, in respect of a Programme Basic Terms Modification as defined in the Related Debt Conditions for any Series of Related Debt affected by the Relevant Power, taking any enforcement action and any other matter that otherwise requires the consent of one or more Investor Interest Noteholders pursuant to the terms of the Transaction Documents) procure that notice of the Relevant Power is given to the Investor Interest Noteholders that will be affected by the exercise of the Relevant Power and seek the consent or instructions from such Noteholders in accordance with the following provisions:

- (i) (*single Series of Related Debt matters*): where the exercise of the Relevant Power only affects one particular Series of Related Debt or the rights and/or obligations of the Investor Interest Noteholder of that Series of Related Debt, from that Investor Interest Noteholder; and
- (ii) (*multiple Series of Related Debt matters*): where the exercise of the Relevant Power affects multiple (but not all) Series of Related Debt or the rights and/or obligations of the Investor Interest Noteholders of those Series of Related Debt, the Security Trustee shall act in the manner favoured by the Investor Interest Noteholders who alone or together hold more than 50 per cent. of the Principal Amount Outstanding aggregated for such Series of Related Debt that are also Outstanding Series; and
- (iii) (*all Series of Related Debt matters*): where the exercise of the Relevant Power affects all Series of Related Debt or the rights and/or obligations of all Investor Interest Noteholders, including, the Security Trustee shall act in the manner favoured by the Investor Interest Noteholders who alone

or together hold more than 50 per cent. of the Principal Amount Outstanding aggregated for all Series of Related Debt.

### **Disenfranchisement**

In determining whether Investor Interest Noteholders of the required Principal Amount Outstanding of Related Debt have concurred in any vote, direction, waiver or consent including (without limitation) in respect of any waiver, modification or the taking of enforcement action by the Loan Note Security Trustee and how many and which Series of Related Debt are for the time being outstanding for such purpose and any direction, power of authority which the Loan Note Security Trustee or any other party is required to exercise in or by reference to the interests of the holders of the Related Debt:

- (i) Related Debt owned by the Transferor, or by any affiliate of the Transferor shall be disregarded; and
- (ii) any Related Debt the Series in respect of which has an Investor Interest of zero (including, without limitation, any Related Debt in respect of which the Final Redemption Date has occurred but which has remained outstanding thereafter) shall be disregarded other than in respect of decisions that affect that Series of Related Debt only.



## THE SECURITY AND CASHFLOW ALLOCATION DEED

### General

A security trust (the "**Loan Note Security Trust**") has been constituted pursuant to a trust set out in the Security and Cashflow Allocation Deed and notice of creation of trust relating thereto dated on the Closing Date, (the "**SCAD**" or "**Security and Cashflow Allocation Deed**") between the Loan Note Security Trustee, the Trustee, the Loan Note Trustee, the Trust Manager and the Loan Note Trust Manager and consists of a trust declared under Australian law over all of the Loan Note Trustee's present and after-acquired trust assets ("**Collateral**") for the purpose of the structure described in this Offering Circular. The SCAD will be varied and supplemented, from time to time, upon the issue of each series of notes by the Loan Note Trustee by a loan note supplement (each a "**Loan Note Supplement**"), which, in the case of Series 2018-1, shall be the Series 2018-1 Loan Note Supplement. The Loan Note Trustee will grant security over, among other things, all of its present and after-acquired rights in the Series 2018-1 Investor Interest Note (the "**Loan Note Supplement Collateral**") pursuant to each Loan Note Supplement.

Under the SCAD, the Loan Note Security Trustee declares that it will hold the secured property on the terms of the security trust set out in the SCAD (as varied and supplemented by any Loan Note Supplement) for the secured creditors in respect of each series of loan notes (each, a "**Loan Note Series**" and the corresponding loan notes, the "**Loan Notes**") (the "**Loan Note Secured Creditors**"), and for each other person which from time to time becomes an additional secured creditor, in accordance with the terms of the SCAD and the relevant Loan Note Supplement. Each Loan Note Supplement will create additional security in respect of the relevant Loan Note Series. Together, the terms of the SCAD and the terms of any Loan Note Supplement from a Loan Note Series, will set out the following:

- (a) appointment, general powers, rights and responsibilities of the Loan Note Security Trustee;
- (b) application to series;
- (c) covenants to pay by the Loan Note Trustee;
- (d) security for the Loan Notes;
- (e) enforcement of the security and powers of the receiver;
- (f) shortfall after application of proceeds;
- (g) Loan Note Security Trustee's relationship with the Loan Note Secured Creditors;
- (h) Loan Note Security Trustee's power to delegate and right to rely on communications and opinions;
- (i) Loan Note Security Trustee's limitation of liability, resignation and removal as Loan Note Security Trustee, indemnities and remuneration;
- (j) covenants by the Loan Note Trustee in favour of the Loan Note Security Trustee;
- (k) Loan Note Security Trustee's duties to the Loan Note Secured Creditors;
- (l) waivers, authorisations, determinations and modifications by the Loan Note Security Trustee;
- (m) Term Series Directions; and
- (n) disenfranchisement.

Each of the above items is summarised briefly below.

### **Appointment, general powers, rights and responsibilities of the Loan Note Security Trustee**

The Loan Note Security Trustee agrees to act as trustee of the Loan Note Security Trust until the Loan Note Security Trust is terminated or until it has retired or been removed in accordance with the SCAD.

The Loan Note Security Trustee has no obligations except those expressly set out in the Transaction Documents to which it is a party.

Each Loan Note Secured Creditor and each beneficiary of the Loan Note Security Trust are bound by anything properly done or not done by the Loan Note Security Trustee in accordance with the Transaction Documents, whether or not on instructions, and whether or not the Loan Note Secured Creditor or beneficiaries gave instructions or approved of the thing done or not done.

The SCAD, as supplemented by the relevant Loan Note Supplement, sets out the duties of the Loan Note Security Trustee. The Loan Note Security Trustee only agrees to perform such duties as are specifically set forth in the SCAD, as supplemented by the relevant Loan Note Supplement, to the extent required or permitted under and in compliance with applicable law and regulations.

The Loan Note Security Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of any Loan Note Secured Creditor. The Loan Note Security Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties.

### **Application to Series**

The provisions of the SCAD concerning costs, expenses, fees, remuneration and other financial obligations of the Loan Note Trustee, shall apply separately to each Series in respect of the costs, expenses, fees, remuneration and financial obligations which arise in respect of such Series.

In relation to each Series, the Loan Note Security Trustee may seek directions in respect of the relevant Series and shall be entitled to act or omit to act in accordance with such instructions.

### **Covenants to pay by the Loan Note Trustee**

The Loan Note Trustee covenants with and undertakes to pay to the Loan Note Security Trustee all amounts due to the Loan Note Secured Creditors of a Series.

Only the Loan Note Security Trustee may pursue the remedies available under the general law or under the SCAD or any Loan Note Supplement to enforce the rights under the SCAD or any Loan Note Supplement.

All money received by the Loan Note Security Trustee pursuant to the SCAD and the relevant Loan Note Supplement relating only to such series of debt shall be held by the Loan Note Security Trustee upon trust to apply in the manner and order of priority set out in such Loan Note Supplement. If the Loan Note Security Trustee determines (acting on the instructions of the Loan Note Trust Manager) that any such monies cannot be considered to be solely referable to a particular Series, it shall be entitled (acting on the instructions of the Loan Note Trust Manager) to allocate such money between those Series to which it shall consider that money to be referable.

### **Security for the Loan Notes**

As security for the payment of all monies payable by the Loan Note Trustee in respect of the Series 2018-1 Notes and otherwise under the SCAD and the Series 2018-1 Loan Note Supplement, the Loan Note Trustee will create the following security under the SCAD as supplemented by the Series 2018-1 Loan Note Supplement:

- (a) all of the Loan Note Trustee's right, title and interest in and to all of the Loan Note Trustee's present and after-acquired property but excluding property effectively encumbered by the security created by or pursuant to a Loan Note Supplement and the Loan Note Security Trustee is to hold the property so assigned or charged on trust for itself and the Loan Note Secured Creditors of all Series;
- (b) pursuant to the Series 2018-1 Loan Note Supplement for itself and on trust for the Loan Note Secured Creditors in respect of the Series 2018-1 Notes:
  - (i) all of the Loan Note Trustee's right, title, interest and benefit present and future in and to the relevant Investor Interest Note;
  - (ii) all of the Loan Note Trustee's right, title, interest and benefit present and future in and to any agreement or document relating to the relevant Investor Interest Note which the Loan Note Trustee is, or may at any time be, expressed to have the benefit of or to have any rights under or to have any other interest in unless otherwise charged or secured by way

of a security interest, (including, without limitation, all supplements and accretions thereto, all rights to receive payment of any amounts which may become payable thereunder and all payments received by the Loan Note Trustee thereunder and all items expressed to be held on trust for the Loan Note Trustee thereunder or comprised therein, all rights to serve notices or give consents and directions or make demands thereunder or take such steps as are required to cause payments to become due and payable thereunder and all rights of actions in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereof);

- (iii) all of the Loan Note Trustee's right, title, interest and benefit present and future in and to all sums of money which may now or hereafter from time to time be credited to the Series 2018-1 Ledger of the Note Trustee Bank Account referable to the Investor Interest Note or any other bank account of the Loan Note Trustee established by the Loan Note Trustee in respect of Series 2018-1, or in respect of any amounts referable to the Investor Interest Note and to any bank or other accounts in which the Loan Note Trustee may at any time in respect of Series 2018-1 have or acquire any right, title, interest or benefit together with all interest accruing from time to time thereon and the debts represented thereby and all its right, title, interest and benefit present and future therein; and
- (iv) all of the Loan Note Trustee's rights in and to any Permitted Investments in respect of Series 2018-1 and the relevant Investor Interest Note and any payment due in respect thereof and the debts represented thereby.

#### **Enforcement of security and powers of the receiver**

The terms and conditions of the Security and Cashflow Allocation Deed also set out the general procedures by which the Loan Note Security Trustee may take steps to enforce the security granted under the Security and Cashflow Allocation Deed so that the Loan Note Security Trustee may protect the interests of each Loan Note Secured Creditor.

The Loan Note Security Trustee may not appoint a receiver or enforce the security granted over the Collateral under the Security and Cashflow Allocation Deed unless (i) a Note Event of Default has occurred in respect of all Outstanding Series of Associated Debt and (ii) it receives an All Series Enforcement Direction.

"**All Series Enforcement Direction**" means a direction to the Security Trustee to enforce the Collateral by the Majority Noteholders. "**Majority Noteholders**" means the majority of the Noteholders of the Outstanding Series (determined by aggregating the directions of each Term Series Direction (in respect of a Term Series)) and each VFN Series Direction (in respect of a VFN Series), weighted for each Series' Principal Amount Outstanding, which shall be increased by the Series Originator VFN Subordination in respect of such Outstanding Series.

The Loan Note Security Trustee may not appoint a receiver or enforce the security granted under any Loan Note Supplement for any particular Series of Associated Debt unless (i) a Note Event of Default has occurred in respect of that Series of Associated Debt and (ii) it has been given a Term Series Direction or VFN Series Direction to do so. Accordingly, the Loan Note Security Trustee may not appoint a receiver or enforce the security granted under the Series 2018-1 Loan Note Supplement unless (i) a Note Event of Default has occurred in respect of Series 2018-1 and (ii) it has been given a Term Series Direction to do so by the Series 2018-1 Noteholders.

#### **Shortfall after application of proceeds**

Notwithstanding any other provision to the contrary, the Loan Note Trustee's liability to pay any amount in respect of the Transaction Documents to any Transaction Party may only be discharged from, and recourse against the Loan Note Trustee in respect of any such amount is limited to, the amounts available to the Loan Note Trustee under the terms of the Security and Cashflow Allocation Deed and each Loan Note Supplement for the purpose of making such payments.

Each Transaction Party agrees that it shall not be entitled to take any action or institute proceedings against the Loan Note Trustee to recover any shortfall in the amounts owing or to recover any amounts payable by or obtain performance to be made by the Loan Note Trustee under or in connection with payments under

any Transaction Document or to otherwise enforce any of its rights under or arising in respect of the Transaction Documents, except to receive any amounts owing to it under the Transaction Documents from the amounts available to the Loan Note Trustee under the terms of the Security and Cashflow Allocation Deed as supplemented by each Supplement for the purpose of making payments to such Transaction Party.

If, following the enforcement of the Security by the Loan Note Security Trustee, the net proceeds of the sale or redemption of the Loan Note Trust Secured Property in accordance with the Security and Cashflow Allocation Deed and each Loan Note Supplement are not sufficient to make all payments due under the Transaction Documents and for the Loan Note Trustee to meet its obligations, if any, in respect of the termination of any Related Agreements, any claim or right to claim of any Transaction Party (other than the holders of any Series of Associated Debt) in respect of any such shortfall remaining after the application of such net proceeds in accordance with the Security and Cashflow Allocation Deed and the relevant Loan Note Supplement shall be extinguished. Failure to make any payment in respect of any shortfall on any Series of Associated Debt or any other Transaction Document shall in no circumstances constitute a Note Event of Default (or, if a Note Event of Default has already occurred, a further Note Event of Default) under such Series of Associated Debt.

If, on the date of termination of the Loan Note Trust in accordance with the Loan Note Trust Deed, any Series of Associated Debt remains outstanding, to the extent any amounts remain available to the Loan Note Trustee for such purpose after the realisation and application of all the Loan Note Trust Secured Property by the Loan Note Security Trustee in accordance with the Security and Cashflow Allocation Deed and each Loan Note Supplement thereto, such amount may be applied to make repayments of interest and then principal outstanding on any such Series of Associated Debt pro-rata based on the aggregate of the principal and interest amounts outstanding per Series.

This is without prejudice to any liability of the Trustee for fraud, negligence or wilful default under the terms of any Transaction Document.

#### **Loan Note Security Trustee's relationship with the Loan Note Secured Creditors**

The Loan Note Security Trustee is entitled to assume, until it has actual notice to the contrary, that no Note Event of Default has occurred and that the Trustee is complying with all its obligations in connection with the Transaction Documents.

#### **Loan Note Security Trustee's power to delegate and right to rely on communications and opinions**

The Loan Note Security Trustee is given the ability to appoint a delegate or agent in the execution of any of its duties under the SCAD. In addition, the Loan Note Security Trustee may rely on communications and opinions it receives.

#### **Loan Note Security Trustee's limitation of liability, resignation and removal as Loan Note Security Trustee, indemnities and remuneration**

The SCAD contains provisions limiting or excluding liability of the Loan Note Security Trustee in certain circumstances. The SCAD also sets out the circumstances in which the Loan Note Security Trustee may resign or retire.

The Loan Note Trustee is entitled to be indemnified for its costs and expenses, including, without restriction, in relation to acting on a direction to enforce security which it holds. The Loan Note Security Trustee is also entitled to an annual fee as agreed with the Loan Note Trustee.

#### **Covenants by the Loan Note Trustee in favour of the Loan Note Security Trustee**

The SCAD contains positive and negative covenants made by the Loan Note Trustee in favour of the Loan Note Security Trustee. One of the covenants is that it will give notice to the Loan Note Security Trustee upon becoming aware of the occurrence of a Note Event of Default in relation to any Series. Other covenants have been included to ensure, among other things, that the Loan Note Trustee gives the Loan Note Security Trustee access to all information and reports that it may need for the purpose of discharging its duties, powers, trusts, authorities and discretions vested in it by the SCAD.

#### **Loan Note Security Trustee's duties to the Loan Note Secured Creditors**

The Loan Note Security Trustee shall have regard to the interests of the Loan Note Secured Creditors and its fiduciary obligations as trustee of the Loan Note Security Trust. The Loan Note Security Trustee shall have regard to the interests of the Noteholders only as a class and not to their individual interests (and unless specified otherwise in relation to such Series in the relevant Loan Note Supplement or associated debt conditions) shall have regard only to the interests of the class ranking most senior in such Series of associated debt and shall not be liable to other Noteholders in such Series for doing so. The Loan Note Security Trustee shall not have regard to the consequences (including any tax consequences) of any such exercise for individual Loan Note Secured Creditors resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of a particular territory.

The Loan Note Security Trustee, when acting on the directions of the Priority Loan Note Secured Creditor in relation to a particular Series of associated debt or any majority of Noteholders in relation to a particular Series of associated debt (save to the extent that the effect of the proposed direction would constitute a Basic Terms Modification), shall not consider the interests of any other Loan Note Secured Creditor or any other person and shall act and rely solely and without further investigation on any such direction provided to it and shall not be liable to any other Loan Note Secured Creditor or any other person for so acting or relying, irrespective of whether the consequence of any such direction is or may be materially prejudicial to the interest of any such person.

**"Priority Loan Note Secured Creditor"** in respect of each VFN Series shall have the meaning given to it in the relevant Loan Note Supplement or Funding Documentation.

#### **Waivers, authorisations, determinations and modifications by the Loan Note Security Trustee**

The Loan Note Security Trustee may, without prejudice to its rights in respect of any subsequent breach, condition, event or act, and without any consent or sanction of the Loan Note Secured Creditors or Loan Note Security Beneficiaries, at any time, but only insofar as in its opinion the interests of the Loan Note Secured Creditors will not be materially prejudiced thereby (unless such waiver, authorisation or determination would constitute a Basic Terms Modification, or otherwise requires the consent of the Noteholders pursuant to the terms of the relevant Loan Note Supplement or associated debt conditions), waive or authorise any breach or proposed breach by the Loan Note Trustee or any other party of any of the covenants or provisions contained in the SCAD, any Loan Note Supplement, or any other Transaction Document or determine that any Note Event of Default in relation to any Series of Associated Debt shall not be treated as such in relation to such Series or any other Transaction Document, **provided that** the Loan Note Security Trustee shall not exercise any powers conferred on it by this provision in contravention of any express request given by a Term Series Direction or VFN Series Direction, **provided that** no such request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions as may seem fit and proper to the Loan Note Security Trustee, shall be binding on the Loan Note Secured Creditors and trust beneficiaries of such Series.

Similarly, the Loan Note Security Trustee may, without the consent or sanction of the Loan Note Secured Creditors or the Loan Note Security Beneficiaries of any Series, at any time and from time to time concur with the Loan Note Trustee in making any modification or otherwise provide consent to any matter (unless such modification or consent would constitute a Basic Terms Modification as defined in the Associated Debt Conditions for any Series of Associated Debt affected by such modification or consent, or otherwise requires the consent of the Noteholders pursuant to the terms of the Transaction Documents, the relevant Loan Note Supplement and any applicable Associated Debt Conditions), in respect of the Security and Cashflow Allocation Deed, any other Series Document or any other Transaction Document if the Loan Note Security Trustee is of the opinion that such modification or consent (i) will not be materially prejudicial to the interests of the Loan Note Secured Creditors of any Series (in relation to which it is Loan Note Security Trustee) or (ii) is of a formal, minor or technical nature or to correct a manifest error, **provided that** the Loan Note Security Trustee shall not exercise any such powers of modification in contravention of any express request given by the Noteholders in accordance with the terms of the Security and Cashflow Allocation Deed, **provided that** no such request shall affect any modification previously made.

#### **Term series directions**

Where any determination is to be made, consent or vote given, action taken or not taken or any other right or power is capable of being exercised by the Loan Note Security Trustee (the **"Relevant Power"**), the

Loan Note Security Trustee may (and must in respect of a Basic Terms Modification or any other matter that requires the consent of the Noteholders under the Loan Note Supplement or relevant associated debt conditions) procure that notice of the relevant power or decision is given to the Noteholders of each relevant Series ("**Term Series**") of associated debt outstanding and seek consent or instructions Noteholders in accordance with the following provisions:

- (a) where the exercise of the Relevant Power requires the agreement or sanction of the Loan Note Security Trustee in respect of a particular Series of Associated Debt, including (without limitation) the taking of enforcement action by the Security Trustee in respect of the Loan Note Collateral for such Series, pursuant to a Term Series Direction from the Noteholders of the relevant Series of Associated Debt; and
- (b) where the exercise of the Relevant Power requires the agreement or sanction of the Loan Note Security Trustee in respect of multiple Series of Associated Debt, including the taking of enforcement action under the Security and Cashflow Allocation Deed in respect of the Collateral, the Loan Note Security Trustee shall act in the manner favoured by the majority of the Noteholders of the Outstanding Series (determined by aggregating the directions of each Term Series Direction (in respect of a Term Series) and each VFN Series direction given by the holders of any VFN Series of Associated Debt, weighted for each Series' Principal Amount Outstanding, which shall be increased by the Series Originator VFN Subordination in respect of such Outstanding Series).

Wherever the Loan Note Security Trustee or Loan Note Trustee, as applicable, has the power to make any waiver, authorisation or determination, take or refrain from taking any action or do any other thing in relation to: (i) a particular Term Series of associated debt outstanding, or (ii) a matter affecting or requiring the consent or sanction across all Outstanding Series, or (iii) to the taking of similar actions by the Loan Note Trustee in its capacity as holder of any Term Series of Related Debt, the Loan Note Security Trustee or the Loan Note Trustee (as applicable) shall exercise such power in accordance with any direction in writing by Noteholders or by way of a meeting of Noteholders, held in accordance with the relevant Loan Note Supplement or Associated Debt Conditions which (for the avoidance of doubt) may specify that the Loan Note Security Trustee is to act on the instructions of the most senior ranking class or another priority secured noteholder without reference to the interests of any other class or type of noteholder or secured creditor (a "**Term Series Direction**"). Similar provisions apply in respect of any direction given by a VFN Series (a "**VFN Series Direction**").

Any request, demand, authorisation, direction, notice, consent, waiver or other act taken pursuant to a Term Series Direction shall bind each and every successor of that Noteholder or Noteholders which gave such direction and every other Noteholder of the same Series of Associated Debt. This imposes no limitation on the powers of the Noteholders giving such Term Series Direction, the exercise of which will be binding on each other Loan Note Secured Creditor in respect of such Series irrespective of the effect on their interests.

### **Disenfranchisement**

In determining whether Noteholders of the required Principal Amount Outstanding of Associated Debt have concurred in any vote, direction, waiver or consent including (without limitation) in respect of any waiver, modification or the taking of enforcement action by the Loan Note Security Trustee and how many and which Series of Associated Debt are for the time being outstanding for such purpose and any direction, power of authority which the Loan Note Security Trustee or any other party is required to exercise in or by reference to the interests of the holders of the Associated Debt:

- (i) Associated Debt owned by the Transferor, or by any affiliate of the Transferor shall be disregarded; and
- (ii) any Associated Debt the Series in respect of which has an Investor Interest of zero (including, without limitation, any Associated Debt in respect of which the Final Redemption Date has occurred but which has remained outstanding thereafter) shall be disregarded other than in respect of decisions that affect that Series of Associated Debt only.

### **Transfer of Loan Note Trustee Bank Accounts upon Rating Downgrade**

If, at any time, the bank or financial institution with which any Loan Note Trustee Bank Account is held ceases to be an Approved Bank then the Loan Note Trust Manager shall direct the Loan Note Trustee to

within thirty (30) calendar days (or such longer period as may be agreed with the relevant Credit Rating Agencies as not leading to an Adverse Rating Event), transfer each Loan Note Trustee Bank Account which is held with such bank or financial institution to another bank or financial institution which is an Approved Bank. If the Loan Note Trustee shall fail to establish the new Loan Note Trustee Bank Accounts, the Loan Note Trust Manager shall be authorised to establish the new Loan Note Trustee Bank Accounts itself.

**"Loan Note Trustee Bank Account"** means each bank account established by the Loan Note Trustee under the terms of the Security and Cashflow Allocation Deed and, in respect of each Series, the relevant Loan Note Supplement thereto.

## DESCRIPTION OF THE SERIES 2018-1 NOTES FOR AUSTRACLEAR

The Series 2018-1 Notes are debt obligations of the Loan Note Trustee constituted by, and owing under, the Loan Note Trust Deed and the register (including any branch register) of Series 2018-1 Notes established and maintained by the Loan Note Trustee in accordance with the Loan Note Trust Deed (the "**Loan Note Trust Note Register**"), and issued pursuant to the Series 2018-1 Note Deed Poll.

The Series 2018-1 Notes will be issued in minimum denominations of A\$500,000 in registered form by entry in the Trust Note Register and integral multiples thereafter of A\$1,000.

No certificates will be issued in respect of any Series 2018-1 Notes. Entries in the Loan Note Trust Note Register in relation to a Series 2018-1 Note are conclusive evidence of the things to which they relate (including that the person entered as the Noteholder is the owner of that Series 2018-1 Note or, if two or more persons are entered as joint Noteholders, they are the joint owners of the Series 2018-1 Note) subject to correction for fraud, error or omission.

It is expected that the Series 2018-1 Notes will be eligible to be lodged into Austraclear as the holder of record, for custody in accordance with the Austraclear rules. In respect of each of the Series 2018-1 Notes lodged into Austraclear, Austraclear will become the legal owner and sole registered holder of those Series 2018-1 Notes in the Loan Note Trust Note Register. Subject to the rules and regulations known as the "**Austraclear System Regulations**" established by Austraclear (as amended or replaced from time to time) to govern the use of Austraclear, participants of Austraclear ("**Accountholders**") may acquire rights against Austraclear in relation to those Series 2018-1 Notes as beneficial owners and Austraclear is required to deal with the Series 2018-1 Notes in accordance with the directions and instructions of the Accountholders. Any potential investors who are not Accountholders would need to hold their interest in the relevant Series 2018-1 Notes through a nominee who is an Accountholder.

While those Series 2018-1 Notes remain in Austraclear:

- (a) all payments and notices required of the Loan Note Trustee and the Loan Note Trust Manager in relation to those Series 2018-1 Notes will be made directly to an account agreed with Austraclear or as it directs in accordance with the Austraclear System Regulations; and
- (b) the rights of each Noteholder of Series 2018-1 Notes and any other person holding an interest in those Series 2018-1 Notes are subject to the Austraclear System Regulations.

Interests in Series 2018-1 Notes lodged into Austraclear may be held in Euroclear and/or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in such Series 2018-1 Notes in Euroclear would be held in Austraclear by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited), while entitlements in respect of holdings of interests in such Series 2018-1 Notes in Clearstream, Luxembourg would be held in Austraclear by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Series 2018-1 Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations of Euroclear and Clearstream, Luxembourg, the arrangements between Euroclear and Clearstream, Luxembourg and their respective nominees and the Austraclear System Regulations.

Accountholders who acquire an interest in Series 2018-1 Notes held in Austraclear must look solely to Austraclear Limited for their rights in relation to such Series 2018-1 Notes and will have no claim directly against the Loan Note Trustee in respect of such Series 2018-1 Notes although, under the Austraclear System Regulations, Austraclear Limited may direct the Loan Note Trustee to make payments direct to the relevant Accountholder.

Where Austraclear Limited is registered as the holder of any Series 2018-1 Notes that are lodged in Austraclear, Austraclear Limited may, where specified in the Austraclear System Regulations, transfer the Series 2018-1 Notes to the person in whose "**Security Record**" (as defined in the Austraclear System Regulations) those Series 2018-1 Notes are recorded and, as a consequence, remove those Series 2018-1 Notes from Austraclear.



Potential investors in Series 2018-1 Notes should inform themselves of, and satisfy themselves with, the Austraclear System and (where applicable) the rules of Euroclear and Clearstream, Luxembourg and the arrangements between them and their nominees in Austraclear.

The Loan Note Trustee is not responsible for anything Austraclear Limited or Euroclear and Clearstream, Luxembourg does or omits to do.

"**Austraclear**" means Austraclear Limited ABN 28 003 284 419 or Austraclear Services Limited ABN 28 003 284 419 (including, where applicable, the computer based system for holding notes and recording and settling transactions in those notes between members of that system maintained by Austraclear) or any other Australian clearing system recognised by the Reserve Bank of Australia and the Australian Bankers' Association or any successor entity from time to time.

## TERMS AND CONDITIONS OF THE SERIES 2018-1 NOTES

The Series 2018-1 Notes issued by the Loan Note Trustee as trustee for the Loan Note Trust will be constituted by the Loan Note Trust Deed and registration in the Loan Note Trust Note Register and will be issued pursuant to the deed poll dated on or about the Series 2018-1 Closing Date, as amended from time to time, being the "**Series 2018-1 Note Deed Poll**".

### Terms and Conditions of the Series 2018-1 Notes

The following is the text of the terms and conditions of the Series 2018-1 Notes (the "**Note Conditions**") attached to the Series 2018-1 Note Deed Poll.

The A\$353,450,000 Class A1 Asset Backed Floating Rate Notes due 2024 (the "**Class A1 Notes**"), the A\$52,325,000 Class A2 Asset Backed Floating Rate Notes due 2024 (the "**Class A2 Notes**"), the A\$28,800,000 Class B Asset Backed Floating Rate Notes due 2024 (the "**Class B Notes**"), the A\$26,175,000 Class C Asset Backed Floating Rate Notes due 2024 (the "**Class C Notes**"), the A\$20,930,000 Class D Asset Backed Floating Rate Notes due 2024 (the "**Class D Notes**") and the A\$18,320,000 Class E Asset Backed Floating Rate Notes due 2024 (the "**Class E Notes**"), (together, the "**Notes**" or the "**Series 2018-1 Notes**") of Perpetual Corporate Trust Limited (the "**Loan Note Trustee**") were issued on or about 27 March 2018 (the "**Series 2018-1 Closing Date**") and are the subject of (a) a Note Deed Poll dated on or about the Series 2018-1 Closing Date as from time to time amended or supplemented (the "**Note Deed Poll**") between the Loan Note Trustee and P.T. Limited (ABN 67 004 454 666) as security trustee (the "**Security Trustee**", which expression includes any successor trustee appointed from time to time in connection with the Series 2018-1 Notes) and (b) a loan note trust deed dated 13 February 2017 as from time to time amended or supplemented (the "**Loan Note Trust Deed**") between, amongst others, the Loan Note Trustee and KVD TM Pty Ltd as trust manager (the "**Loan Note Trust Manager**"), which expression include any successor trust manager appointed from time to time in connection with the Series 2018-1 Notes under the Loan Note Trust Management Deed. The security for the Series 2018-1 Notes is created pursuant to, and on the terms and conditions set out in, the Security and Cashflow Allocation Deed and the Series 2018-1 Loan Note Supplement. Terms not defined in these Note Conditions have the meanings given in the master framework deed dated 6 April 2017 (the "**Closing Date**") as from time to time amended or supplemented (the "**Master Framework Deed**") between, *inter alias*, the Loan Note Trustee, the Security Trustee, the Trustee and the Trust Manager and the rules of interpretation contained therein apply also to these Note Conditions. Certain provisions of these Note Conditions are summaries of the Note Deed Poll, Security and Cashflow Allocation Deed and the Series 2018-1 Loan Note Supplement and are subject to the detailed provisions of those documents. The holders of the Series 2018-1 Notes are bound by, and are deemed to have notice of, all the provisions of the Master Framework Deed, the Note Deed Poll, Security and Cashflow Allocation Deed and the Series 2018-1 Loan Note Supplement applicable to them. Copies of the Master Framework Deed are available for inspection at the principal place of business for the time being of the Loan Note Trustee and of the Loan Note Trust Manager. "**Series 2018-1 Investor Interest Note**" means the loan note issued by the Trustee to the Loan Note Trustee in respect of Series 2018-1 consisting of the Class A1 Tranche, the Class A2 Tranche, the Class B Tranche, the Class C Tranche, the Class D Tranche and the Class E Tranche.

The "**Final Redemption Date**" in respect of the Series 2018-1 Notes, shall be the Series 2018-1 Final Redemption Date.

#### 1. Form and Denomination

- (a) The Series 2018-1 Notes are issued in registered uncertificated form by entry in the Loan Note Trust Note Register in the minimum denomination of A\$500,000 and integral multiples of A\$1,000 in excess thereof. No certificates in respect of any Series 2018-1 Notes will be issued to Noteholders unless the Loan Note Trustee determines that certificates should be available or are required by any applicable law or directive. The expression "**Notes**" and "**Series 2018-1 Notes**" includes beneficial interests in Notes registered in the name of a nominee for one or more Clearing Systems and the expression "**Noteholder**" shall, except where the context otherwise requires, mean and include any person entitled to any such beneficial interest.

- (b) The Series 2018-1 Notes are debt obligations of the Loan Note Trustee constituted by, and owing under, the Note Deed Poll and the details of which are recorded in, and evidence by entry in, the Loan Note Trust Note Register.
- (c) Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Note Deed Poll.
- (d) Series 2018-1 Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Series 2018-1 Notes, if:
  - (i) where the offer or invitation is made in, or into, Australia:
    - (A) the aggregate consideration payable to the Loan Note Trustee by the relevant subscriber is at least A\$500,000 (or its equivalent in an alternative currency) or the offer or invitation (including any resulting issue) does not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act; and
    - (B) the offer or invitation (including any resulting issue) does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act; and
  - (ii) at all times, the offer or invitation (including any resulting issue) complies with all applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.
- (e) The Principal Amount Outstanding (as defined in Note Condition 7 (*Redemption*)) of the Notes of each class, which are initially offered and sold outside the United States to non U.S. Persons pursuant to Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") will be recorded.
- (f) For the purposes of these Note Conditions, "**outstanding**" means, in relation to the Series 2018-1 Notes, all the Series 2018-1 Notes other than:
  - (i) those which have been redeemed in full in accordance with these Note Conditions;
  - (ii) those in respect of which the date for redemption, in accordance with the provisions of these Note Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Noteholders;
  - (iii) those which have been redeemed and surrendered for cancellation as provided for in Note Condition 7 (*Redemption*) and notice of the cancellation of which has been given to the Loan Note Trustee and the Loan Note Security Trustee; and
  - (iv) those which have become void under the Note Conditions,

**provided that**, for each of the following purposes, namely:

- (A) the right to attend and vote at any meeting of Noteholders or deliver any Term Series Direction including in respect of giving any determination, consent, vote or other direction to the Loan Note Security Trustee under the Security and Cashflow Allocation Deed and the Series 2018-1 Loan Note Supplement;
- (B) the determination of how many and which Series 2018-1 Notes are for the time being outstanding for the purposes of clauses 10.3 (*Loan Note Enforcement Action*), 11.1(b) (*Appointment and Removal of Receiver*), 14 (*Proceedings and claims*), 22 (*Waiver, Authorisation and Determination*), 23 (*Modification*) and 17.5 (*Appointment of Successor Loan Note Security Trustee*) of the Security and Cashflow Allocation Deed and Note Condition 11 (*Events of Default*), Note Condition 14(a)

(*Meetings of Noteholders*) and Note Condition 15 (*Enforcement*) and schedule 4 (*Provisions for Meetings of Noteholders*) to the Note Deed Poll; and

- (C) any discretion, power or authority, whether contained in the Note Deed Poll, the Security and Cashflow Allocation Deed or the Series 2018-1 Loan Note Supplement or provided by law, which the Security Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Series 2018-1 Notes (if any) which are for the time being held by the Loan Note Trustee, Latitude Finance Australia or any other member of the Latitude Group or for the benefit of such persons shall (unless and until ceasing to be so held) be deemed not to remain outstanding and, in addition, any Series 2018-1 Notes that remain outstanding after the Series 2018-1 Final Redemption Date shall be deemed not to remain outstanding.

## 2. **Status**

The Series 2018-1 Notes constitute direct, secured and unconditional obligations of the Loan Note Trustee and Series 2018-1 Notes of each class will at all times rank *pari passu* without preference and, except to the extent described in the following paragraph, priority, among themselves.

The Class A1 Notes will rank in priority to the Class A2 Notes, which will rank in priority to the Class B Notes, which will rank in priority to the Class C Notes, which will rank in priority to the Class D Notes and which will rank in priority to the Class E Notes.

## 3. **Title and Transfers**

- (a) The person registered in the Loan Note Trust Note Register as the holder of any Series 2018-1 Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Series 2018-1 Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or, if more than one person, the first named of such persons will be treated as the absolute owner of such Series 2018-1 Note.
- (b) Each entry in the Loan Note Trust Note Register in respect of a Series 2018-1 Note constitutes:
  - (i) an irrevocable undertaking by the Loan Note Trustee to the Noteholder to:
    - (A) pay principal, any interest and any other amounts in accordance with these Note Conditions and the Issuer Documents; and
    - (B) otherwise to comply with the Note Conditions and the Issuer Documents; and
  - (ii) an entitlement to the other benefits given to Noteholders under these Note Conditions and the Issuer Documents in respect of the Series 2018-1 Notes.
- (c) The Loan Note Trustee shall cause to be kept, in Sydney (or any other place the Loan Note Trustee and the Loan Note Trust Manager agree and notified to Noteholders in accordance with Note Condition 17 (*Notices*)) which, at the Series 2018-1 Closing Date, will be at the Specified Office of the Loan Note Trustee on which shall be entered the names and addresses of the holders of the Series 2018-1 Notes and the particulars of the Series 2018-1 Notes held by them and of all transfers and redemptions of the Series 2018-1 Notes.
- (d) No transfer of a Series 2018-1 Note will be valid unless and until entered on the Loan Note Trust Note Register.
- (e) Series 2018-1 Notes may be transferred in whole but not in part.

- (f) Transfers of the Series 2018-1 Notes and any entries on the Loan Note Trust Note Register relating thereto will be made subject to any restrictions on transfers set forth in these Note Conditions, the detailed regulations concerning transfers of such Series 2018-1 Notes contained in the Note Deed Poll. In no event will the transfer of a Series 2018-1 Note be made absent compliance with these Note Conditions and the regulations referred to above, and any purported transfer in violation of these Note Conditions or such regulations and other provisions shall be void *ab initio* and will not be honoured by the Loan Note Trustee or Loan Note Security Trustee. The regulations referred to above may be changed by the Loan Note Trustee with the prior written approval of the Loan Note Security Trustee. A copy of the current regulations will be sent by the Loan Note Trustee to any holder of a Series 2018-1 Note who so requests and will be available upon request at the Specified Office of the Loan Note Trustee.
- (g) Series 2018-1 Notes may only be transferred if:
  - (i) in the case of Series 2018-1 Notes to be transferred in, or into, Australia, the offer or invitation giving rise to the transfer:
    - (A) is for an aggregate consideration payable to the transferor by the relevant purchaser of at least A\$500,000 (or its equivalent in an alternative currency) or the offer or invitation does not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act; and
    - (B) does not constitute an offer or invitation to a "retail client" as defined for the purposes of section 761G of the Corporations Act; and
  - (ii) at all times, the transfer complies with all applicable laws and directive of the jurisdiction where the transfer takes place.
- (h) Each Noteholder hereby represents that it is not an Offshore Associate of the Loan Note Trustee and acknowledges that Series 2018-1 Notes may only be transferred subject to such representation.
- (i) Registration of any transfer of the Series 2018-1 Notes will be effected without charge by or on behalf of the Loan Note Trustee, but upon payment of (or the giving of such indemnity as the Loan Note Trustee may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- (j) No holder of a Series 2018-1 Note may require the transfer of such Series 2018-1 Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Series 2018-1 Note.
- (k) Upon registration and entry of the transferee in the Loan Note Trust Note Register the transferor ceases to be entitled to future benefits under these Note Conditions in respect of the transferred Series 2018-1 Note and the transferee becomes so entitled in accordance with Condition 3(b).
- (l) Series 2018-1 Notes will hold their Series 2018-1 Notes through Austraclear in Australia or Clearstream, Luxembourg or Euroclear outside of Australia. Transfer of beneficial ownership within Austraclear, Clearstream, Luxembourg or Euroclear (as applicable) will be in accordance with the usual rules and operating procedures of the relevant system. If a Series 2018-1 Note is lodged in the Austraclear System, the Loan Note Trustee will not recognise any such interest other than the interest of Austraclear as the Noteholder while that Series 2018-1 Note is lodged in the Austraclear System. Cross-market transfers of beneficial ownership between person holding directly or indirectly through Austraclear, on the one hand, and persons holding directly or indirectly through Clearstream, Luxembourg or Euroclear, on the other hand, will take place in Austraclear through the relevant depositories of Clearstream, Luxembourg or Euroclear.
- (m) Series 2018-1 Notes which are listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) will not be transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited

(ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

- (n) **"Specified Office"** has the meaning given in the Master Framework Deed.
- (o) **"Offshore Associate"** means an Associate of the Loan Note Trustee:
  - (i) which is a non-resident of Australia and does not become a Noteholder or receive a payment in carrying on a business in Australia at or through a permanent establishment of the Associate in Australia; or
  - (ii) which is a resident of Australia and which becomes a Noteholder or receives a payment in carrying on a business in a country outside Australia at or through a permanent establishment of the Associate in that country; andwhich does not become a Noteholder and receive payment in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.
- (p) **"Associate"** means an associate as defined in section 128F(9) of the Tax Act.
- (q) **"Tax Act"** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) (as applicable).

#### 4. **Security and Priority of Payments**

##### (a) *Security*

As security for the payment of all monies payable by the Loan Note Trustee in respect of the Series 2018-1 Notes and otherwise under the Security and Cashflow Allocation Deed and the Series 2018-1 Loan Note Supplement (the **"Issuer Documents"**) (as defined in Note Condition 5 (*Negative Covenants of the Loan Note Trustee*)) (including the remuneration, expenses and any other claims of the Loan Note Security Trustee and any receiver appointed under the Security and Cashflow Allocation Deed as supplemented by the Series 2018-1 Loan Note Supplement), the Loan Note Trustee has created or will create the following security (the **"Security"**) under the Security and Cashflow Allocation Deed as supplemented by the Series 2018-1 Loan Note Supplement:

- (i) an assignment by way of security to the Loan Note Security Trustee as trustee for itself and for the other Loan Note Secured Creditors of all of the Loan Note Trustee's right, title, interest and entire benefit in and to the Loan Note Trust Management Deed (and sums received or recoverable thereunder);
- (ii) an assignment by way of security to the Loan Note Security Trustee as trustee for itself and the other Loan Note Secured Creditors of all of the Loan Note Trustee's rights, title and interest in the Series 2018-1 Investor Interest Note and any agreement or document relating solely to Series 2018-1 (and sums received or recoverable thereunder);
- (iii) a security interest to the Loan Note Security Trustee as trustee for itself and the other Loan Note Secured Creditors in all of the Loan Note Trustee's rights, title and interest in any Permitted Investments and any payment due in respect thereof;
- (iv) a security interest to the Loan Note Security Trustee as trustee for itself and the other Loan Note Secured Creditors in the Loan Note Trustee's rights, title, interest and benefit in and to all monies credited to the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account, Additional Loan Note Trustee Account or to any other bank or other account in which the Loan Note Trustee may at any time have any right, title, interest or benefit; and
- (v) a security interest to the Loan Note Security Trustee as trustee for itself and for the other Loan Note Secured Creditors in all of the Loan Note Trustee's present and after acquired property,

all as more particularly described in the Security and Cashflow Allocation Deed.

(b) *Priority of Payments*

The Security and Cashflow Allocation Deed as Supplemented by the Series 2018-1 Loan Note Supplement contains provisions regulating the priority of application of amounts both prior to and following the enforcement of Security being in relation to monies received by the Security Trustee.

5. **Negative Covenants of the Loan Note Trustee**

- (a) Until the earlier of the Series 2018-1 Final Redemption Date or the repayment in full of the Series 2018-1 Notes, the Loan Note Trustee has agreed to the following covenants under the terms of the Loan Note Trust Deed and Master Framework Deed, save to the extent provided for or as contemplated in the Loan Note Trust Deed or with the prior written consent of the Loan Note Security Trustee that it shall not:
- (i) carry on any business or engage any other activity on behalf of the Loan Note Trust other than as contemplated in the Offering Circular and Transaction Documents and acts incidental or otherwise necessary in connection therewith;
  - (ii) use, invest or dispose of any of the property or assets of the Loan Note Trust other than in the manner provided in or contemplated by the Transaction Documents;
  - (iii) incur any indebtedness whatsoever or give any guarantee or indemnity in respect of any indebtedness, on behalf of the Loan Note Trust, other than as expressly contemplated in the Transaction Documents;
  - (iv) create any security interest over, or use, invest, sell or dispose of, the Loan Note Trust Assets, other than as expressly contemplated by the Transaction Documents;
  - (v) permit the validity or effectiveness of the Loan Note Trust to be supplemented, amended, varied, terminated, postponed or discharged, other than as expressly contemplated in the Loan Note Trust Deed, any Funding Documentation, the Security and Cashflow Allocation Deed or any Loan Note Supplement; and
  - (vi) allow the Loan Note Trust to have an interest in any bank account other than a Loan Note Trustee Distribution Account.
- (b) The Loan Note Trustee undertakes that it shall maintain all necessary licences, authorisations, consents and permits and do all other such things necessary to ensure its continued corporate existence and to enable it to carry out its obligations under the Transaction Documents to which it is party.

6. **Interest**

(a) *Accrual of Interest*

Each Class of Series 2018-1 Notes bears interest on its Principal Amount Outstanding (as defined in Note Condition 7 (*Redemption*)) from (and including) the Series 2018-1 Closing Date. Interest in respect of the Series 2018-1 Notes is payable in arrear in AUD on each Payment Date.

To the extent that the monies recovered by the Loan Note Trustee under the Series 2018-1 Investor Interest Note and held in the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account by the Trustee on or immediately prior to an Payment Date in accordance with the provisions of the Series 2018-1 Investor Interest Note and the Series 2018-1 Loan Note Supplement are insufficient to pay the full amount of interest on any class of the Series 2018-1 Notes on such Payment Date, payment of the shortfall ("**Deferred Interest**"), which will be borne by each Series 2018-1 Note of the relevant class in a proportion equal to the proportion that the Principal Amount Outstanding of the relevant Series 2018-1 Note (as applicable) bears to the aggregate Principal Amount

Outstanding of all Series 2018-1 Notes of the relevant class (in each case as determined on the Payment Date on which such Deferred Interest arises), will continue to be payable but will not be paid until the first Payment Date thereafter on which funds are available to the Loan Note Trustee (in accordance with the provisions of the Series 2018-1 Investor Interest Note and Series 2018-1 Loan Note Supplement) to pay such Deferred Interest to the extent of such available funds. Such Deferred Interest will accrue interest ("**Additional Interest**") at the applicable Rate of Interest (as defined in Note Condition 6(b) (*Rate of Interest*)) plus a margin of one per cent. per annum, and payment of any Additional Interest will also not be paid until the first Payment Date thereafter on which funds are available to the Loan Note Trustee (in accordance with the provisions of the Series 2018-1 Investor Interest Note and Series 2018-1 Loan Note Supplement) to pay such Additional Interest to the extent of such available funds.

Each period beginning on (and including), in the case of the first Interest Period, the Series 2018-1 Closing Date or, thereafter, any Payment Date and ending on (but excluding) the next Payment Date is herein called an "**Interest Period**". The first interest payment will be made on the first Payment Date in respect of the Interest Period from (and including) the Series 2018-1 Closing Date to (but excluding) the first Payment Date.

Interest will cease to accrue on any part of the Principal Amount Outstanding of a Series 2018-1 Note from the due date for redemption unless payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Note Condition (after as well as before judgment) until the day on which all sums due in respect of such Series 2018-1 Note up to that day are received by or on behalf of the relevant Noteholder. All interest will cease to accrue on the Series 2018-1 Notes from the Series 2018-1 Final Redemption Date notwithstanding whether any Series 2018-1 Notes remain outstanding.

(b) ***Rate of Interest***

The rate of interest applicable to the Class A1 Notes (the "**Rate of Interest**") for each Interest Period will be the BBSW Rate plus the Margin.

The rate of interest applicable to the Class A2 Notes (the "**Rate of Interest**") for each Interest Period will be the BBSW Rate plus the Margin.

The rate of interest applicable to the Class B Notes (the "**Rate of Interest**") for each Interest Period will be the BBSW Rate plus the Margin.

The rate of interest applicable to the Class C Notes (the "**Rate of Interest**") for each Interest Period will be the BBSW Rate plus the Margin.

The rate of interest applicable to the Class D Notes (the "**Rate of Interest**") for each Interest Period will be the BBSW Rate plus the Margin.

The rate of interest applicable to the Class E Notes (the "**Rate of Interest**") for each Interest Period will be the BBSW Rate plus the Margin.

(c) ***Calculation of Interest in respect of the Notes***

The Loan Note Trust Manager will, in relation to each Interest Period, as soon as practicable after the Series 2018-1 Closing Date in respect of the first Interest Period and thereafter the first day of the relevant Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the Principal Amount Outstanding of each Series 2018-1 Note for such Interest Period. The Interest Amount in respect of each class of Series 2018-1 Notes will be calculated by applying the applicable Rate of Interest to the Principal Amount Outstanding of such class of Series 2018-1 Notes at the commencement of such Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 365 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). On each Payment Date, the Loan Note Trust Manager shall determine the actual amount of interest which will be paid on each class of Series 2018-1 Notes on that Payment Date and the amount of Deferred Interest (if any) on



each class of Series 2018-1 Notes in respect of the related Interest Period and the amount of Additional Interest (if any) which will be paid on such Payment Date. The amount of Additional Interest shall be calculated by applying the Rate of Interest for the relevant class of Series 2018-1 Notes (plus a margin of 1 per cent. per annum) to the Deferred Interest from prior Interest Periods which remains unpaid, multiplying by the actual number of days in the relevant Interest Period and dividing by 365 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards). In the event that, on any Payment Date, the amount of monies which are deposited in the Series 2018-1 Ledger of the Loan Note Trustee Distribution Account Bank by the Trustee on such day in accordance with the provisions of the Series 2018-1 Investor Interest Note and the Series 2018-1 Loan Note Supplement is insufficient to pay in full the Interest Amount for any class of Notes, any outstanding Deferred Interest and any Additional Interest due on such Payment Date in respect of the relevant class of Notes, such monies will be applied first to the payment of any Interest Amount, secondly to the payment of any outstanding Deferred Interest in respect of the relevant class and thereafter to the payment of any Additional Interest in respect of the relevant class.

(d) ***Failure of Trust Manager***

If the Loan Note Trust Manager fails at any time to calculate an Interest Amount or amount of Deferred Interest (if any) or amount of Additional Interest (if any), the Loan Note Security Trustee, or its appointed agent without accepting any liability therefore, will calculate such Interest Amount or amount of Deferred Interest (if any) or amount of Additional Interest (if any), in accordance with paragraph (a) or (c) above (as applicable), and each such determination or calculation shall be deemed to have been made by the Loan Note Trust Manager.

(e) ***Publication***

The Loan Note Trust Manager will cause each Interest Amount, amount of Deferred Interest (if any) and amount of Additional Interest (if any) determined by it, together with the relevant Payment Date, to be notified to the Loan Note Trustee and the Loan Note Security Trustee and, for so long as the Series 2018-1 Notes are admitted to trading on the Regulated Market of the Australian Securities Exchange (the "**Australian Securities Exchange**"), of the Australian Securities Exchange as soon as practicable after such determination but in any event not later than the seventh day thereafter or such earlier day as the Australian Securities Exchange may require and will cause the same to be published in accordance with Note Condition 17 (*Notices*) as soon as possible thereafter.

(f) ***Recalculation***

The Loan Note Trust Manager will be entitled to recalculate any Interest Amount, amount of Additional Interest and Deferred Interest (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(g) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of these Note Conditions, whether by the Loan Note Trust Manager or the Loan Note Security Trustee, will be binding on the Loan Note Trustee, the Loan Note Trust Manager, the Loan Note Security Trustee and the Noteholders and (subject to as otherwise provided in these Note Conditions or the Issuer Documents) no liability to any such person will attach to the Loan Note Trust Manager or the Loan Note Security Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions for such purposes.

(h) ***Interpretation***

In this Note Condition 6:

**"BBSW Rate"** for an Interest Period, means the higher of zero and the following rate determined for a period of 30 days (or otherwise equivalent to the relevant Interest Period):

- (i) the applicable Screen Rate as of 10:30am (Sydney time) on the Quotation Day; or
- (ii) if no Screen Rate is available for that Interest Period and the Interest Period is longer than the minimum period for which a Screen Rate is available, the Interpolated Screen Rate for that Interest Period as of 10:30am (Sydney time) on the Quotation Day; or
- (iii) if no Screen Rate is available for that Interest Period and it is not possible to calculate the Interpolated Screen Rate for that Interest Period, BBSW Rate will be the rate determined by 3 BBSW Reference Banks at or about 10:30am (Sydney time) on the first day of that Interest Period. The buying rates must be for bills of exchange accepted by leading Australian banks and which have a term of 30 days (or other equivalent to the relevant Interest Period). If BBSW Rate is to be determined by reference to the BBSW Reference Banks but a BBSW Reference Bank does not supply a quotation by noon on the relevant Quotation Day, BBSW Rate shall be determined on the basis of the quotations of the remaining BBSW Reference Banks.

BBSW Rates will be expressed as a yield per cent. per annum to maturity, and if necessary, will be rounded up to the nearest fourth decimal place.

**"BBSW Reference Banks"** means Australia and New Zealand Banking Group Limited, National Australia Bank Limited, Westpac Banking Corporation and Commonwealth Bank of Australia or such other banks as may be appointed by the ruling secured creditors in consultation with the Trustee.

**"Business Day"** means:

- (i) a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for general business in Sydney and Melbourne and any additional city specified in any Supplement; and
- (ii) if a Series 2018-1 Note to be held in a Clearing System is to be issued or a payment is to be made in respect of a Series 2018-1 Note held in any Clearing System on that day, a day on which each applicable Clearing System in which the relevant Series 2018-1 Note is lodged is operating.

**"Clearing System"** means Austraclear and any other clearing system outside Australia specified in a Supplement or Loan Note Supplement in respect of a Series.

**"Controlled Accumulation Period"** means, unless a Pay Out Event shall have occurred prior thereto, the period commencing at the close of business on (i) the Series 2018-1 Controlled Accumulation Commencement Date or (ii) such later date as is determined in accordance with the terms of the Master Trust Deed and Servicing Deed (as supplemented by the Series 2018-1 Supplement and as described above in Series 2018-1), and ending on the first to occur of:

- (i) the commencement of the Rapid Amortisation Period; and
- (ii) the last day of the Collection Period falling immediately prior to the Series 2018-1 Expected Redemption Date.

**"Interest Determination Date"** means each Payment Date or, in the case of the first Interest Period, the Series 2018-1 Closing Date and an Interest Determination Date shall relate to an Interest Period (and be the **"Related Interest Determination Date"** in respect of such Interest Period) where the Interest Period commences on such Interest Determination Date.

**"Interpolated Screen Rate"** means in relation to the BBSW Rate, the rate which results from basis between:

- (i) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the relevant Interest Period; and
- (ii) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the relevant Interest Period.

**"Margin"** means:

- (i) in respect of the Class A1 Notes, 1.10 per cent. per annum or, from (and including) the Series 2018-1 Expected Redemption Date, provided no Pay Out Event occurs on or before the Series 2018-1 Expected Redemption Date (including, for the avoidance of doubt, as a result of the amount credited to the Series 2018-1 Step-Up Reserve Ledger on the Series 2018-1 Expected Redemption Date, not being equal to the Step-Up Required Amount), the Step-Up Margin;
- (ii) in respect of the Class A2 Notes, 1.45 per cent. per annum;
- (iii) in respect of the Class B Notes, 1.95 per cent. per annum;
- (iv) in respect of the Class C Notes, 2.25 per cent. per annum;
- (v) in respect of the Class D Notes, 3.10 per cent. per annum; and
- (vi) in respect of the Class E Notes, 4.25 per cent. per annum.

**"Payment Date"** means 22 May 2018 and the 22nd day of each calendar month thereafter or (if such date is not a Business Day) the immediately following Business Day.

**"Quotation Day"** means, in relation to any period for which an interest rate is to be determined, the first day of that period.

**"Rapid Amortisation Period"** means in respect of Series 2018-1, the period commencing on the Business Day succeeding the day, if any, on which a Pay Out Event occurs and will continue until the earlier of (i) the Transfer Date relating to the Series 2018-1 Final Redemption Date, or (ii) the dissolution of the Trust pursuant to the terms of the Master Trust Deed and Servicing Deed.

**"Relevant Period"** means, in relation to an Interest Determination Date, the length in months of the related Interest Period.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market at the relevant time.

**"Revolving Period"** means the period from and including the Series 2018-1 Closing Date to, but not including, the earlier of (a) the day that the Controlled Accumulation Period commences, (b) the commencement of the Scheduled Amortisation Period or (c) the day the Rapid Amortisation Period commences.

**"Rounded Arithmetic Mean"** means the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., with 0.00005 being rounded upwards).

**"Screen Rate"** means the ASX Bank Bill Swap Benchmark Rate administered by ASX Benchmarks Pty Limited (or any other person which takes over the administration of that rate) for the relevant period and displayed (before any correction, recalculation or republication by the administrator) on page BBSW of the Thomson Reuters Screen (or any replacement Thomson Reuters page which displays that rate).

**"Series 2018-1 Controlled Accumulation Commencement Date"** shall mean 1 March 2022.

**"Series 2018-1 Investor Interest Note"** means the Loan Note so entitled and issued by the Trustee to the Loan Note Trustee at the Series 2018-1 Closing Date in respect of the Series 2018-1.

**"Step-Up Margin"** means 1.35 per cent. per annum.

7. **Redemption**

(a) ***Scheduled Redemption on Payment Dates relating to the Scheduled Amortisation Period***

Unless the Rapid Amortisation Period has earlier commenced, on each Payment Date relating to the Scheduled Amortisation Period commencing on (and including) the Payment Date that falls on the Series 2018-1 Expected Redemption Date and ending on (and including) the Series 2018-1 Scheduled Redemption Date, an amount equal to the Scheduled Amortisation Amount will be applied to redeem the Series 2018-1 Notes in the following amounts and on a *pro rata* and *pari passu* basis:

- (i) to repay the Principal Amount Outstanding under the Class A1 Notes in an amount equal to the Class A1 Scheduled Amortisation Amount;
- (ii) to repay the Principal Amount Outstanding under the Class A2 Notes in an amount equal to the Class A2 Scheduled Amortisation Amount;
- (iii) to repay the Principal Amount Outstanding under the Class B Notes in an amount equal to the Class B Scheduled Amortisation Amount;
- (iv) to repay the Principal Amount Outstanding under the Class C Notes in an amount equal to the Class C Scheduled Amortisation Amount;
- (v) to repay the Principal Amount Outstanding under the Class D Notes in an amount equal to the Class D Scheduled Amortisation Amount; and
- (vi) to repay the Principal Amount Outstanding under the Class E Notes in an amount equal to the Class E Scheduled Amortisation Amount.

**"Series 2018-1 Expected Redemption Date"** shall mean the Payment Date falling on 22 March 2023.

**"Series 2018-1 Scheduled Redemption Date"** shall mean the Payment Date falling 1 year after the Series 2018-1 Expected Redemption Date.

(b) ***Redemption During the Rapid Amortisation Period***

If the Rapid Amortisation Period occurs, including (without limitation) as a result of the Series 2018-1 Investor Interest Note not being repaid in an amount equal to the Scheduled Amortisation Amount on any Payment Date relating to the Scheduled Amortisation Period or not being repaid in full on or before the Series 2018-1 Scheduled Redemption Date, on each Payment Date relating to the Rapid Amortisation Period up to (but excluding) the Series 2018-1 Final Redemption Date, the Series 2018-1 Notes will be redeemed in whole or, as the case may be, pro rata in part to the extent of the amount of principal repayment under the Series 2018-1 Investor Interest Note on the related Transfer Date until such time as each class of Notes have been redeemed in full.

(c) ***Redemption on the Series 2018-1 Expected Redemption Date from amounts accumulated during the Controlled Accumulation Period***

If the Trustee has exercised its option to apply the Controlled Accumulation Period in respect of Series 2018-1, on the Series 2018-1 Expected Redemption Date, the Loan Note Trustee shall make a principal repayment under each Class of the Series 2018-1 Notes in an amount equal to the amount received by the Loan Note Trustee by way of a principal repayment under the equivalent Tranche of the Series 2018-1 Investor Interest Note and

funded by the Trustee using amounts accumulated by it in the Series 2018-1 Principal Funding Ledger during the Controlled Accumulation Period.

(d) ***Call Option on the Series 2018-1 Expected Redemption Date and each Redemption Call Date***

On any of the following Payment Dates (each a "**Redemption Call Date**"):

- (i) the Series 2018-1 Expected Redemption Date;
- (ii) each Payment Date that occurs during the Scheduled Amortisation Period, subject to providing at least 5 days notice to the Noteholders;
- (iii) any Payment Date following a determination by the Trust Manager or Loan Note Trust Manager that, as a result of a change in law or its interpretation or administration, the Trustee or the Loan Note Trustee is required to withhold or deduct any amounts for or on account of tax on the payment of any principal or interest in respect of the Series 2018-1 Investor Interest Note or Series 2018-1 Notes, or the Trustee, Loan Note Trustee or Transferor otherwise becomes liable to make a payment on account of tax in relation to the transaction which is more than trivial,

the Loan Note Trustee has the option to make a principal repayment of the Series 2018-1 Notes in an amount equal to any principal repaid by the Trustee under the Series 2018-1 Investor Interest Note on the related Transfer Date (in addition to any amounts repaid by the Trustee as referred to in paragraph (c) above but including from the proceeds of any Replacement Series wherever held and from Cash Available for Investment). The Loan Note Trustee may only exercise its option to redeem the Series 2018-1 Investor Interest Notes under paragraphs (i) to (iii) above in whole or (if less) in part in an amount equal to the Series 2018-1 Investor Interest (having taken into account any repayment under paragraph (c) above).

(e) ***Order of Priority***

A principal repayment under paragraphs (b) and (d) above shall be applied to each Class of Series 2018-1 Notes in the following amounts and order of priority:

- (i) first, to repay the Principal Amount Outstanding under the Class A1 Notes until repaid in full;
- (ii) second, to repay the Principal Amount Outstanding under the Class A2 Notes until repaid in full;
- (iii) third, to repay the Principal Amount Outstanding under the Class B Notes until repaid in full;
- (iv) fourth, to repay the Principal Amount Outstanding under the Class C Notes until repaid in full;
- (v) fifth, to repay the Principal Amount Outstanding under the Class D Notes until repaid in full; and
- (vi) sixth, to repay the Principal Amount Outstanding under the Class E Notes until repaid in full,

**provided that**, if on any Payment Date a Class of Series 2018-1 Notes is repaid in part only, such repayment shall be applied to that Class of Series 2018-1 Notes pro-rata.

(f) ***Mandatory Redemption on a Partial Amortisation Date***

On the Payment Date relating to each Partial Amortisation Date, the Loan Note Trustee shall apply:

- (i) the Partial Amortisation Amount (if any) received by it under the Class A1 Tranche of the Series 2018-1 Investor Interest Note (as specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class A1 Tranche) to make a principal repayment under the Principal Amount Outstanding of the Class A1 Notes;
- (ii) the Partial Amortisation Amount (if any) received by it under the Class A2 Tranche of the Series 2018-1 Investor Interest Note (as specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class A2 Tranche) to make a principal repayment under the Principal Amount Outstanding of the Class A2 Notes;
- (iii) the Partial Amortisation Amount (if any) received by it under the Class B Tranche of the Series 2018-1 Investor Interest Note (as specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class B Tranche) to make a principal repayment under the Principal Amount Outstanding of the Class B Notes;
- (iv) the Partial Amortisation Amount (if any) received by it under the Class C Tranche of the Series 2018-1 Investor Interest Note (as specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class C Tranche) to make a principal repayment under the Principal Amount Outstanding of the Class C Notes;
- (v) the Partial Amortisation Amount (if any) received by it under the Class D Tranche of the Series 2018-1 Investor Interest Note (as specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class D Tranche) to make a principal repayment under the Principal Amount Outstanding of the Class D Notes; and
- (vi) the Partial Amortisation Amount (if any) received by it under the Class E Tranche of the Series 2018-1 Investor Interest Note (as specified by the Trust Manager in the applicable Partial Amortisation Notice as being allocable to the Class E Tranche) to make a principal repayment under the Principal Amount Outstanding of the Class E Notes,

**provided that**, if on any Payment Date a Class of Series 2018-1 Notes is repaid in part only, such repayment shall be applied to that Class of Series 2018-1 Notes pro-rata.

Any Partial Amortisation Amount allocated to Series 2018-1 shall be allocated between the various Tranches of the Series 2018-1 Investor Interest Note pro rata (and applied to repay the various Classes of the Series 2018-1 Notes pro-rata), unless the Trust Manager certifies that, in its opinion, a different allocation is necessary in order to (i) avoid a Pay Out Event or (ii) avoid any Credit Rating Agency reducing or withdrawing its rating of any Class of the Associated Debt, in which case such Partial Amortisation Amount shall be allocated between the various Tranches of the Series 2018-1 Investor Interest Note (and applied to repay the various Classes of the Series 2018-1 Notes accordingly) as the Trust Manager shall determine is necessary to avoid the relevant event.

(g) ***Final Redemption***

If any class of the Series 2018-1 Notes have not previously been redeemed in full pursuant to this Note Condition 7 (including any case where any interest (including Deferred Interest and Additional Interest) thereon has not earlier been paid), the Series 2018-1 Notes of that class will be finally redeemed at their then Principal Amount Outstanding together with accrued interest (including Deferred Interest and Additional Interest) thereon on the Payment Date falling on 22 March 2032 (the "**Series 2018-1 Final Redemption Date**").

(h) ***General Repayment Provisions***

The Loan Note Trust Manager will cause each principal payment and Principal Amount Outstanding to be notified to the Loan Note Trustee and the Loan Note Security Trustee

and will cause notice to be published in accordance with Note Condition 17 (*Notices*) as soon as possible thereafter.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Note Condition by the Loan Note Trust Manager will be binding on the Loan Note Trustee and the Loan Note Security Trustee and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Loan Note Trust Manager in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

If the Loan Note Trust Manager fails at any time to determine a principal payment or Principal Amount Outstanding as aforesaid, the Loan Note Security Trustee (or a person appointed by the Loan Note Security Trustee) shall calculate such principal payment or Principal Amount Outstanding in accordance with the above provisions of this Note Condition, and each such determination or calculation shall be deemed to have been made by the Loan Note Trust Manager. Any such determination or calculation will be binding on the Loan Note Trustee, the Loan Note Security Trustee and the Noteholders.

**"Principal Amount Outstanding"** means, in relation to a Series 2018-1 Note on any date, the principal amount outstanding of that Series 2018-1 Note on the Series 2018-1 Closing Date, less the aggregate amount of all repayments of principal in respect of that Series 2018-1 Note that have become due and payable by the Loan Note Trustee to the Noteholder concerned by virtue of the Loan Note Trustee having received funds in respect thereof from the Trustee as described in this Note Condition 7 (*Redemption*) prior to such date in accordance with the conditions of the Series 2018-1 Investor Interest Note, **provided that**, solely for the purpose of calculating the Principal Amount Outstanding under Note Conditions 6 (*Interest*), 7 (*Redemption*), 11 (*Events of Default*) and 15 (*Meetings of Noteholders, Modification, Waiver and Addition*), all such repayments of principal due and unpaid on or prior to such date shall also be taken into account as forming part of such Principal Amount Outstanding.

(i) ***Other Redemption***

The Loan Note Trustee shall not be entitled to redeem the Series 2018-1 Notes otherwise than as provided in this Note Condition 7.

(j) ***Cancellation***

All Series 2018-1 Notes redeemed pursuant to the foregoing provisions shall be cancelled forthwith and may not be reissued or resold.

(k) ***Purchase***

The Loan Note Trustee may not, at any time, purchase Series 2018-1 Notes in the open market or otherwise.

8. **Limited Recourse**

- (a) Each of the Noteholders agrees that it shall not be entitled to take any action or institute proceedings against the Loan Note Trustee to recover any shortfall in the amounts owing or to recover any amounts payable by or obtain performance to be made by the Loan Note Trustee under or in connection with the Series 2018-1 Notes or to otherwise enforce any rights of the Noteholders under or arising from the Series 2018-1 Notes, except to receive any amounts owing under the Series 2018-1 Notes from the amounts available to the Loan Note Trustee under the terms of the Security and Cashflow Allocation Deed as supplemented by the Series 2018-1 Loan Note Supplement for the purpose of making payments on the Series 2018-1 Notes or Realisation of the Loan Note Trust Secured Property.
- (b) This Note Condition 8 (*Limited Recourse*) shall not prevent the Noteholders from proving in any winding up or bankruptcy of the Loan Note Trustee if, without breach by the holder

of this Note Condition 8 (*Limited Recourse*), the Loan Note Trustee goes into liquidation or becomes subject to bankruptcy proceedings.

- (c) For the purposes of this Note Condition 8 (*Limited Recourse*), "**Realisation**" means, in relation to any Loan Note Trust Secured Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Loan Note Trust Secured Property.
- (d) The Loan Note Trustee acting on the instructions of the Loan Note Trust Manager will delist any Series 2018-1 Notes listed on the Australian Stock Exchange that remain outstanding after the Series 2018-1 Final Redemption Date.
- (e) If, on the date of termination of the Loan Note Trust in accordance with clause 2.3 (*Duration of the Trust*) of the Loan Note Trust Deed, any Series of Associated Debt remains outstanding, to the extent any amounts remain available to the Loan Note Trustee for such purpose after the realisation and application of all the Loan Note Trust Secured Property by the Loan Note Security Trustee in accordance with the Security and Cashflow Allocation Deed and each Loan Note Supplement thereto, such amount may be applied to make repayments of interest and then principal outstanding on any such Series of Associated Debt pro-rata based on the aggregate of the principal and interest amounts outstanding per Series.

## 9. **Payments**

### (a) ***Payment of Principal***

Payments of principal in respect of a Series 2018-1 Note will be made to each person registered at 10.00 am on the payment date as the holder of the Series 2018-1 Note (or the first person to be registered in the case of joint holders).

### (b) ***Payment of Interest***

Payments of interest in respect of a Series 2018-1 Note will be made to each person registered at the close of business on the Record Date as the holder of the Series 2018-1 Note (or the first person to be registered in the case of joint holders).

### (c) ***Payments to accounts***

Payments in respect of the Series 2018-1 Note will be made in Australia, unless prohibited by law, and:

- (i) if the Series 2018-1 Note is held in the Austraclear System, by crediting on the payment date, the amount due to:
  - (A) the account of Austraclear (as the Noteholder) in Australia previously notified to the Loan Note Trustee or Loan Note Trust Manager; or
  - (B) if requested by Austraclear, the accounts in Australia of the persons in whose Series 2018-1 Note is recorded as previously notified by Austraclear to the Loan Note Trustee and the Loan Note Trust Manager in accordance with Austraclear System Regulations established by Austraclear to govern the use of the Austraclear System; and
- (ii) if the Series 2018-1 Note is not held in the Austraclear System, by crediting on the payment date, the amount then due under each Series 2018-1 Note to an account in Australia previously notified by the Noteholder to the Loan Note Trustee and the Loan Note Trust Manager.

If a payment in respect of the Series 2018-1 Note is prohibited by law from being made in Australia, such payment will be made in an international financial centre for the account of the relevant payee, and on the basis that the relevant amounts are paid in immediately available funds, freely transferable at the order of the Loan Note Trust Manager.



(d) ***Payments by cheque***

If the Noteholder has not been notified the Loan Note Trust Manager of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Series 2018-1 Note will be made in Australia by cheque drawn on a bank in Australia sent by prepaid post on, or on the Business Day immediately before, the payment date, at the risk of the Noteholder, to the Noteholder (or to the first named joint holder of the Series 2018-1 Note) at its address appearing in the Loan Note Trust Note Register at the close of business on the Record Date. Cheques sent to the nominated address of a Noteholder are taken to have been received by the Noteholder on the payment date and, no further amount is payable by the Loan Note Trust Manager in respect of the Series 2018-1 Notes as a result of the Noteholder not receiving payment on the due date.

(e) ***Payments on Business Days***

If a payment is due on a day which is not a Business Day then the due date for payment is adjusted in accordance with the applicable Business Day convention. The Noteholder is not entitled to any additional payment in respect of such delay.

**"Record Date"** means, for a payment due in respect of a Series 2018-1 Note, the fourth calendar day immediately preceding the relevant Payment Date.

10. **Taxation**

All payments of principal and interest in respect of the Series 2018-1 Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any jurisdiction or political subdivision or any authority in or of any jurisdiction having power to tax, unless such withholding or deduction is required by the law of any relevant jurisdiction. In that event, the Loan Note Trust Manager, Security Trust Manager or the Loan Note Trust Manager shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted.

Notwithstanding any other provision in these Note Conditions, the Loan Note Trust Manager or the Loan Note Security Trust Manager shall be permitted to withhold or deduct any amounts 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 (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA withholding**").

None of the Loan Note Security Trust Manager or the Loan Note Trust Manager will be required to make any additional payments to holders of the Series 2018-1 Notes in respect of any withholding or deduction applicable to any payment of principal or interest. None of the Loan Note Trust Manager, the Loan Note Security Trust Manager or the Loan Note Trust Manager shall have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Loan Note Trust Manager, the Loan Note Security Trust Manager, the Loan Note Trust Manager or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.

11. **Events of Default**

If any of the following events (each a "**Note Event of Default**") occurs and is continuing:

- (a) ***Non-payment:*** the Loan Note Trust Manager fails to pay any amount of principal in respect of the Series 2018-1 Notes within seven (7) days of the due date for payment thereof or fails to pay any amount of interest in respect of the Series 2018-1 Notes within 15 days of the due date for payment thereof, in each case, save where, in accordance with the terms of the Security and Cashflow Allocation Deed and Series 2018-1 Loan Note Supplement, the Loan Note Trust Manager has insufficient funds to pay such amounts; or
- (b) ***Breach of other obligations:*** the Loan Note Trust Manager defaults in the performance or observance of any of its other obligations under or in respect of the Transaction

Documents (other than, in any such case, any obligation for the payment of any principal or interest on the Series 2018-1 Notes) which has or will have a material adverse effect on the timing or amount of payments of principal or interest on the Most Senior Class of Notes and (except where such default is incapable of remedy) such default remains unremedied for thirty (30) days after such notice; or

- (c) **Security enforced:** other than in relation to another Series of Associated Debt distress is levied or a judgment, order or security interest is enforced or becomes enforceable against any property of the Loan Note Trustee as trustee of the Loan Note Trust and such circumstance is likely to have a Material Adverse Effect and is not frivolous or vexatious and, in each case, is not discharged within 5 Business Days; or
- (d) **Insolvency Event:** an Insolvency Event occurs in relation to the Loan Note Trustee (unless the Insolvency Event only affects assets or liabilities of the Loan Note Trustee which do not relate to the Loan Note Trust and the Loan Note Trustee is replaced in accordance with the Loan Note Trust Deed within 90 days of the occurrence of the Insolvency Event); or
- (e) **Obligations legal, valid and binding:** any action, condition or thing at any time required to be taken, fulfilled or done in order:
  - (i) to enable the Loan Note Trustee lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Series 2018-1 Notes and the documents relating to them; or
  - (ii) to ensure that those obligations are legal, valid, binding and enforceable, except as that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganisation or other similar laws affecting the enforcement of the rights of creditors generally and general principles of equity,

is not taken, fulfilled or done and the failure to do so is materially prejudicial to the interests of the Noteholders; or

- (f) **Unlawfulness:** it is or becomes unlawful for the Loan Note Trustee to comply with any of its material obligations under or in respect of the Series 2018-1 Notes or any of the other Issuer Documents; or
- (g) **Government intervention:** (i) all or substantially all of the business, assets and revenues of the Loan Note Trustee is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government, or (ii) the Loan Note Trustee is prevented by any person acting under the authority of any national, regional or local government from exercising normal control over all or substantially all of its business, assets and revenues,

then the Loan Note Security Trustee may at its sole discretion and, if so required by holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution (as defined in the Note Deed Poll) of the Most Senior Class of Notes, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) be bound to give a written notice (an "**Enforcement Notice**") to the Loan Note Trustee declaring all of the Series 2018-1 Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Principal Amount Outstanding together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders by the Loan Note Trustee.

"**Insolvency Event**" means, in respect of a corporation (including, where applicable, in its capacity as trustee of a trust), any of the following events:

- (a) the corporation or trust is dissolved (whether pursuant to Chapter 5A of the Corporations Act or otherwise);
- (b) a Controller, liquidator, provisional liquidator or administrator is appointed in respect of the corporation or any of its assets, or the assets of the trust (as applicable), where, in the

case of the appointment of a Controller to the assets of the corporation or trust, the amount sought to be covered exceeds A\$10,000,000;

- (c) an application is made to a court, a meeting is convened or a resolution is passed for the corporation or trust to be wound up or dissolved or for the appointment of a Controller, liquidator, provisional liquidator or administrator to the corporation or any of its assets, or to the assets of the trust (and where, in the case of the appointment of a Controller to the assets of the corporation or trust (as the case may be) sought to be covered exceeds A\$10,000,000) and such application, convention or resolution is not withdrawn or dismissed within 15 Business Days;
- (d) the corporation:
  - (i) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement or composition with its creditors or an assignment for their benefit;
  - (ii) proposes or is subject to a moratorium of its debts; or
  - (iii) takes proceedings or actions similar to those mentioned in this paragraph (c) as result of which the corporations assets or the assets of the trust (as applicable) are, or are proposed to be, submitted to the control of its creditors,
- (e) the corporation seeks or obtains protection from its creditors under any statute or any other law;
- (f) the corporation is unable to pay all of its debts as and when they become due and payable, is insolvent within the meaning of section 95A of the Corporations Act or any analogous circumstances which arise under any other law or statute;
- (g) any attachment, distress, execution or other process is made or levied against any asset of the corporation or any asset of the trust (as applicable) in an amount exceeding A\$10,000,000 and is not withdrawn, stayed or dismissed within 15 Business Days; or
- (h) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous or substantially similar effect to any of the events specified in paragraphs (a) to (g) above.

**"Most Senior Class of Notes"** means the Class A1 Notes so long as any of the Class A1 Notes remain outstanding, and thereafter the Class A2 Notes so long as any of the Class A2 Notes remain outstanding, and thereafter the Class B Notes so long as any of the Class B Notes remain outstanding, and thereafter the Class C Notes so long as any of the Class C Notes remain outstanding, and thereafter the Class D Notes so long as any of the Class D Notes remain outstanding, and thereafter the Class E Notes.

## 12. **Prescription**

Claims for principal shall become void unless claimed within ten years of the appropriate Relevant Date (as defined below). Claims for interest shall become void unless claimed within five years of the appropriate Relevant Date.

In these Note Conditions, **"Relevant Date"** means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Noteholder on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Note Condition 17 (*Notices*).

## 13. **Loan Note Security Trustee and Loan Note Trust Manager**

The Loan Note Security Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders.

In the exercise of its powers and discretions under these Note Conditions and the Note Deed Poll, the Loan Note Security Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence (in particular any tax consequence) for individual holders of Notes as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under Loan Note Trust Management Deed, and in connection with the Series 2018-1 Notes, the Loan Note Trust Manager acts solely as agent of the Loan Note Trustee and (to the extent provided therein) the Loan Note Security Trustee and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Loan Note Security Trustee is relieved of liability for making searches or other enquiries in relation to the assets comprising the security. The Loan Note Security Trustee has no responsibility in relation to the legality and the enforceability, validity or priority of the trust arrangements and the connected security. The Loan Note Security Trustee will not be obliged to take any action which might result in its incurring liabilities other than in its capacity as Loan Note Security Trustee. The Loan Note Security Trustee is not obliged to monitor or investigate the performance of any other person under the documents relating to the Loan Note Trustee or the documents relating to the Loan Note Trust and shall be entitled to assume, that all such persons are properly performing their duties and that no Trust Pay Out Event or Series Pay Out Event has occurred, unless it receives express notice to the contrary.

The Loan Note Security Trustee is not responsible for any deficiency which may arise because it is liable to tax in respect of the proceeds of security.

The Loan Note Security Trustee is not responsible for checking the calculations contained in or otherwise verifying any information coming into its possession in relation to the Loan Note Trust.

The Loan Note Security Trustee and its related companies are entitled to enter into business transactions with the Loan Note Trustee, the Trust Manager, the Loan Note Trust Manager, the Trustee, Latitude Finance Australia and/or related companies of any of them without accounting for any profit resulting therefrom.

#### 14. **Meetings of Noteholders, Modification, Waiver and Addition**

##### (a) ***Meetings of Noteholders***

The Note Deed Poll (including the Note Conditions and Schedule 2 (*Meeting Procedures*)) contains provisions for convening meetings of Class A1 Noteholders, Class A2 Noteholders, Class B Noteholders, Class C Noteholders, Class D Noteholders and Class E Noteholders to consider matters relating to the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, and the Class E Notes respectively, including the modification of any provision of these Note Conditions or the Note Deed Poll. Any such modification may be made if sanctioned by an Extraordinary Resolution.

The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more voters holding or representing a clear majority of the aggregate Principal Amount Outstanding of the relevant class of Series 2018-1 Notes for the time being outstanding or, at any adjourned meeting, two or more voters holding or representing the relevant class of Series 2018-1 Notes whatever the Principal Amount Outstanding of the relevant class of Series 2018-1 Notes so held or represented for the time being outstanding, **provided, however, that** no proposal; (a) to change any date fixed for payment of principal or interest in respect of the Series 2018-1 Notes or any class of Series 2018-1 Notes; (b) to reduce, cancel or alter the amount of principal or interest payable on any date in respect of the Series 2018-1 Notes or any class of Series 2018-1 Notes; (c) to alter the method of calculating the amount of any payment in respect of the Series 2018-1 Notes or the date for any such payment; (d) to change the currency of any payment under the Series 2018-1 Notes or any class of Series 2018-1 Notes; (e) to alter the priority of payment of interest or principal in respect of Series 2018-1 Notes or any class of Series 2018-1 Notes; (f) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or (g) to amend (a) to (f) above (any such proposed modification

or resolution being referred to below as a "**Basic Terms Modification**") shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Series 2018-1 Notes (to the extent that there are Series 2018-1 Notes outstanding in such other classes) which, in the opinion of the Loan Note Security Trustee, are or may be materially prejudiced by such Extraordinary Resolution. The necessary quorum for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be two or more voters holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant class of Series 2018-1 Notes for the time being outstanding, or, at any adjourned meeting, two or more voters holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding so held or represented for the time being outstanding of the relevant class of Series 2018-1 Notes.

When consulted by the Loan Note Trustee in relation to its giving a Term Series Direction (as defined in the Security and Cashflow Allocation Deed), the Loan Note Security Trustee may, in accordance with the terms of the Note Deed Poll, obtain directions from the Noteholders before concurring with the giving of any directions to the Loan Note Security Trustee by way of Extraordinary Resolution.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant class (whether or not they are present at the meeting at which such resolution was passed). The majority required for an Extraordinary Resolution shall be 75 per cent. of the votes cast on that Extraordinary Resolution. The Note Deed Poll contains provisions regulating the effect of Extraordinary Resolutions of the Noteholders.

Any resolution passed at a Meeting of Noteholders duly convened and held shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and: (i) any resolution passed at a meeting of the Class A1 Noteholders shall also be binding upon all the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders; (ii) any resolution passed at a meeting of the Class A2 Noteholders shall also be binding upon all the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders; (iii) any resolution passed at a meeting of the Class B Noteholders shall also be binding upon all the Class C Noteholders, the Class D Noteholders and the Class E Noteholders; (iv) any resolution passed at a meeting of the Class C Noteholders shall also be binding upon all the Class D Noteholders and the Class E Noteholders; and (v) any resolution passed at a meeting of the Class D Noteholders shall also be binding upon all the Class E Noteholders.

No Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any Class of Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each other Class of Notes then outstanding ranking senior to such Class(es) (to the extent that such Class(es) of Notes ranking senior to such class are then outstanding) unless the Loan Note Security Trustee considers that the holders of each such Class of Notes ranking senior to such Class would not be materially prejudiced by such Extraordinary Resolution.

"**Class A1 Noteholder**" means a Person in whose name a Class A1 Note is registered in the Loan Note Trust Note Register (or, in the case of joint holders, the first named thereof) and "**Class A1 Noteholders**" means all of them.

"**Class A2 Noteholder**" means a Person in whose name a Class A2 Note is registered in the Loan Note Trust Note Register (or, in the case of joint holders, the first named thereof) and "**Class A2 Noteholders**" means all of them.

"**Class B Noteholder**" means a Person in whose name a Class B Note is registered in the Loan Note Trust Note Register (or, in the case of joint holders, the first named thereof) and "**Class B Noteholders**" means all of them.

"**Class C Noteholder**" means a Person in whose name a Class C Note is registered in the Loan Note Trust Note Register (or, in the case of joint holders, the first named thereof) and "**Class C Noteholders**" means all of them.

"**Class D Noteholder**" means a Person in whose name a Class D Note is registered in the Loan Note Trust Note Register (or, in the case of joint holders, the first named thereof) and "**Class D Noteholders**" means all of them.

"**Class E Noteholder**" means a Person in whose name a Class E Note is registered in the Loan Note Trust Note Register (or, in the case of joint holders, the first named thereof) and "**Class E Noteholders**" means all of them.

A "**Person**" or "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.

A "**Term Series Direction**" in respect of the Series 2018-1 Notes means any express direction, authorisation, approval or consent provided by the Noteholders in accordance with Condition 14 (*Meetings of Noteholders, Modification, Waiver and Addition*) or, in respect of enforcement, Condition 15 (*Enforcement*).

Without prejudice to the other terms of this Note Condition, for the purposes of clause 22 (*Waiver, Authorisation and Determination*) and clause 23 (*Modification*) of the Security and Cashflow Allocation Deed and these Note Conditions, a waiver, authorisation, determination or modification shall not be considered to be materially prejudicial to the Noteholders if it is not materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes.

(b) **Waiver**

The Noteholders acknowledge that the terms of clause 22 (*Waiver, Authorisation and Determination*) of the Security Trust Deed apply to the Series 2018-1 Notes and these Note Conditions and pursuant to which the Loan Note Security Trustee may, without any consent or sanction of the Noteholders or any other Loan Note Secured Creditors or Loan Note Security Beneficiaries and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Noteholders of the Most Senior Class of Notes shall not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as it may decide, any breach or proposed breach of any of the covenants or other provisions contained in the Note Deed Poll, the Series 2018-1 Notes or any other Series Document or Transaction Document or (ii) determine that any Note Event of Default in relation to the Series 2018-1 Notes shall not, or shall not subject to specified conditions, be treated as such for the purposes of the Note Deed Poll, the Series 2018-1 Notes or any other Series Document or Transaction Document and any such authorisation, waiver or determination shall be binding on the Noteholders, the other Loan Note Secured Creditors and the Loan Note Security Beneficiaries and, unless the Loan Note Security Trustee agrees otherwise, the Loan Note Trustee shall cause such authorisation, waiver or determination to be notified to the Noteholders, the other Loan Note Secured Creditors and the Loan Note Security Beneficiaries as soon as practicable thereafter in accordance with these Note Conditions; **provided that** the Loan Note Security Trustee shall not exercise any powers conferred upon it by clause 22 (*Waiver, Authorisation and Determination*) of the Security Trust Deed in respect of Series 2018-1 in contravention of any express direction by an Extraordinary Resolution of the Most Senior Class of Notes or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any such breach or proposed breach relating to a Basic Terms Modification unless the holders of each affected class of outstanding Notes have, by Extraordinary Resolution, so authorised its exercise.

**"Loan Note Security Beneficiaries"** means any person who may benefit from the Loan Note Collateral and shall include the Loan Note Security Trustee, the Loan Note Trust Manager and the Loan Note Trustee Account Bank.

(c) ***Modification, Consent or Direction***

The Loan Note Security Trustee may, without any consent or sanction of the Noteholders or any other Loan Note Secured Creditor or Loan Note Security Beneficiary, at any time and from time to time concur with the Loan Note Trustee in making any modification or otherwise provide consent to any matter, in respect of the Note Deed Poll, the Note Conditions or any other Series Document or Transaction Document (other than any Basic Terms Modification), **provided that** the Loan Note Security Trustee is of the opinion that such modification, consent or direction (i) will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes or (ii) is of a formal, minor or technical nature or to correct a manifest error.

Any such modification, consent or direction shall be binding upon the Noteholders and the other Loan Note Secured Creditors and Loan Note Security Beneficiaries and, unless the Loan Note Security Trustee agrees otherwise, shall be notified by the Loan Note Trustee to the Noteholders and the other Loan Note Secured Creditors in accordance with the Note Conditions. In addition, so long as any of the Series 2018-1 Notes are rated by the Credit Rating Agencies, any such modification shall be notified in writing by the Loan Note Trustee to the Credit Rating Agencies as soon as reasonably practicable thereafter.

15. **Enforcement**

At any time after the Series 2018-1 Notes become due and repayable and, without prejudice to its rights of enforcement in relation to the Security, the Loan Note Security Trustee may, at its sole discretion and without notice, deliver an Enforcement Notice, or take any steps or actions or institute such proceedings as it thinks fit to enforce payment of the Series 2018-1 Notes (including the right to repayment of the Series 2018-1 Notes together with accrued interest thereon) and shall be bound to do so if (and only if):

- (a) it shall have been so directed by holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes or by an Extraordinary Resolution of holders of the Most Senior Class of Notes; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages, liabilities and expenses which it may incur by doing so,

and **provided that** the Loan Note Security Trustee shall not be held liable for the consequence of the taking or not taking of any such action and may take such action without having regard to the effect of such action on individual Noteholders or any other beneficiary of the Security and Cashflow Allocation Deed.

No Noteholder may institute any proceedings against the Loan Note Trustee to enforce its rights under or in respect of the Series 2018-1 Notes or the Note Deed Poll unless (i) the Loan Note Security Trustee has become bound to institute proceedings and has failed to do so within a reasonable time and (ii) such failure is continuing.

16. **No Action by Noteholders or any other Secured Creditor**

Only the Loan Note Security Trustee may pursue the remedies available under the general law or under the Transaction Documents to enforce the Security and no Noteholder or other Loan Note Secured Creditor shall be entitled to proceed directly against the Loan Note Trustee to enforce the Security. In particular, none of the Noteholders or any other Loan Note Secured Creditor (nor any person on its or their behalf, other than the Loan Note Security Trustee where appropriate) are entitled:

- (a) otherwise than as permitted by these Note Conditions, to direct the Loan Note Security Trustee to enforce the Security or take any proceedings against the Loan Note Trustee to enforce the Security;
- (b) to take or join any person in taking any steps against the Loan Note Trustee for the purpose of obtaining payment of any amount due from the Loan Note Trustee to such Noteholders or any other Loan Note Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Loan Note Trustee; or
- (d) to take or join in the taking of any steps or proceedings which would result in the priority of payments set out in Note Condition 4(b) (*Priority of Payments*) not being observed.

**"Final Discharge Date"** means the date on which the Loan Note Security Trustee is satisfied that all of the secured obligations and/or all other moneys and other liabilities due or owing by the Loan Note Trustee have been paid or discharged in full.

#### 17. **Notices**

- (a) Any such notice shall be deemed to have been given on the date of first publication by way of delivery of the relevant notice to Austraclear, Euroclear and Clearstream, Luxembourg for communication by them to the holders of beneficial interests in the Series 2018-1 Notes. Any such notice shall be deemed to have been given to the holders of the relevant beneficial interests in the Notes on the seventh day after the day on which such notice was given to Austraclear, Euroclear and Clearstream, Luxembourg.
- (b) Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen or electronic system. If it is impossible or impracticable to give notice in accordance with this paragraph, then notice of the matters referred to in this paragraph (b) shall be given in accordance with paragraph (a) above.
- (c) Copies of all notices given in accordance with these provisions, for so long as the Series 2018-1 Notes are listed thereon, shall be sent to the Australian Securities Exchange and, for so long as the Series 2018-1 Notes are held through the Clearing Systems, shall be sent to Austraclear, Euroclear and Clearstream, Luxembourg.

#### 18. **Governing Law and Jurisdiction**

The Series 2018-1 Notes and all non-contractual matters arising out of or connected with the Series 2018-1 Notes are governed by, and shall be construed in accordance with the laws of Victoria, Australia. The courts of Victoria have non-exclusive jurisdiction to settle any dispute (a **"Dispute"**) arising from or connected with the Series 2018-1 Notes. The Loan Note Trustee agrees that the courts of Victoria are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.



## OTHER SERIES ISSUED

### Series 2017-1

"**Series 2017-1**" was created and the Trustee issued an A\$1,000,000,000 loan note (the "**Series 2017-1 Investor Interest Note**") pursuant to the deed poll entitled "Series 2017-1 Deed Poll" to the Loan Note Trustee on the Closing Date consisting of separate tranches designated Class A1, Class A2, Class B, Class C, Class D and Class E.

The aggregate proceeds of the Series 2017-1 Investor Interest Note were A\$1,000,000,000. Such proceeds were paid by the Loan Note Trustee to the Trustee.

The Loan Note Trustee issued the following Series 2017-1 notes to investors on the Closing Date:

- (a) Class A1, A\$685,900,000 Series 2017-1 Notes;
- (b) Class A2, A\$125,650,000 Series 2017-1 Notes;
- (c) Class B, A\$57,600,000 Series 2017-1 Notes;
- (d) Class C, A\$52,350,000 Series 2017-1 Notes;
- (e) Class D, A\$41,860,000 Series 2017-1 Notes; and
- (f) Class E, A\$36,640,000 Series 2017-1 Notes (together, the "**Series 2017-1 Notes**").

The aggregate proceeds of the Series 2017-1 Notes were A\$1,000,000,000. Such proceeds were paid by the Loan Note Trustee to the Trustee as consideration for the subscription by the Loan Note Trustee to the Series 2017-1 Investor Interest Note.

The Series 2017-1 Notes are term notes with a final redemption date falling on the Interest Payment Date falling on 22 March 2029.

Series 2017-1 is a member of Group One and is a relevant Series (for the purposes of certain cash settlement arrangements between, among others, the Transferor and the Trustee) and is not subordinated to any other Series.

### Series 2017-2

"**Series 2017-2**" was created and the Trustee issued an A\$500,000,000 loan note (the "**Series 2017-2 Investor Interest Note**") pursuant to the deed poll entitled "Series 2017-2 Deed Poll" to the Loan Note Trustee on the Series 2017-2 Closing Date consisting of separate tranches designated Class A1, Class A2, Class B, Class C, Class D and Class E.

The aggregate proceeds of the Series 2017-2 Investor Interest Note were A\$500,000,000. Such proceeds were paid by the Loan Note Trustee to the Trustee.

The Loan Note Trustee issued the following Series 2017-2 notes to investors on the Series 2017-2 Closing Date:

- (a) Class A1, A\$342,950,000 Series 2017-2 Notes;
- (b) Class A2, A\$62,825,000 Series 2017-2 Notes;
- (c) Class B, A\$28,800,000 Series 2017-2 Notes;
- (d) Class C, A\$26,175,000 Series 2017-2 Notes;
- (e) Class D, A\$20,930,000 Series 2017-2 Notes; and
- (f) Class E, A\$18,320,000 Series 2017-2 Notes (together, the "**Series 2017-2 Notes**").

The aggregate proceeds of the Series 2017-2 Notes were A\$500,000,000. Such proceeds were paid by the Loan Note Trustee to the Trustee as consideration for the subscription by the Loan Note Trustee to the Series 2017-2 Investor Interest Note.

The Series 2017-2 Notes are term notes with a final redemption date falling on the Interest Payment Date falling on 22 August 2031.

Series 2017-2 is a member of Group One and is a relevant Series (for the purposes of certain cash settlement arrangements between, among others, the Transferor and the Trustee) and is not subordinated to any other Series.

#### **Series 2017-VFN**

"**Series 2017-VFN**" was created and the Trustee issued the "**Series 2017-VFN Investor Interest Note**" on the Closing Date. The Loan Note Trustee issued a loan note (the "**Series 2017-VFN Loan Note**") and used the funds raised to subscribe for the Series 2017-VFN Investor Interest Note. The Series 2017-VFN Investor Interest Note and the Series 2017-VFN Loan Note are variable funding notes with a final redemption date falling on the Payment Date falling in March 2031. Series 2017-VFN is a member of Group One, and is a relevant Series (for the purposes of certain cash settlement arrangements between, among others, the Transferor and the Trustee) and is not subordinated to any other Series. The Trustee (acting on the instructions of the Trust Manager) may, subject to the conditions specified in the Supplement or the Series 2017-VFN Investor Interest Note, make a further drawing under the Series 2017-VFN Investor Interest Note which will be funded by the Loan Note Trustee making a further drawing, subject to the conditions specified in the Series 2017-VFN Loan Note Supplement of the Series 2017-VFN Loan Note Funding Deed, under the Series 2017-VFN Loan Note. Such further drawings will result in the Principal Amount Outstanding under the Series 2017-VFN Investor Interest Note and the Series 2017-VFN Loan Note increasing, by a corresponding amount. The Trustee may, on each Payment Date, be required to repay all or part of the Series 2017-VFN Investor Interest Note in which case the Loan Note Trustee will make an equivalent repayment under the Series 2017-VFN Loan Note.

#### **Originator VFN Series**

The "**Originator VFN Series**" was created and the Trustee issued the Originator VFN Investor Interest Note on the Closing Date. The Loan Note Trustee issued the Originator VFN Loan Note to Latitude Finance Australia and used the funds raised to subscribe for the Originator VFN Investor Interest Note. The Originator VFN Investor Interest Note and the Originator VFN Loan Note are variable funding notes with a scheduled redemption date falling on the Payment Date falling in March 2033 which, pursuant to the Series 2018-1 Supplement, has been extended to the Payment Date falling in March 2034 and which may, thereafter, be extended so that the scheduled redemption date of the Originator VFN Loan Note and the Originator VFN Investor Interest Note continues to be two years later than the termination date of any other Series in Group One. The Originator VFN Series is a member of Group One and is a relevant Series (for the purposes of certain cash settlement arrangements between, among others, the Transferor and the Trustee). The Originator VFN Series operates to provide credit enhancement and support for shortfalls in available funds in respect of each Series in Group One with a Series Originator VFN Subordination of greater than zero.

Details of the Series 2018-1 Originator VFN Subordination are set out at "*Series 2018-1 – the Originator VFN and the Series Originator VFN Subordination*" above. The total amount of credit enhancement provided by the Originator VFN Series will be the aggregate of each Series Originator VFN Subordination (the "**Originator VFN Subordination**"). Each Series only has access to the Originator VFN Series for the purposes of additional credit enhancement in an amount equal to the Series Originator VFN Subordination for such Series as reduced by the Investor Default Amounts and Investor Dilution Amounts allocated thereto, to the extent not reinstated from available funds for the Originator VFN Series (see below).

The amount available to provide credit enhancement at any time shall be the Available Series Originator VFN Subordination for that Series or, in aggregate for all Series, the Available Originator VFN Subordination. The Originator VFN Investor Interest less the Available Originator VFN Subordination is the Available Originator VFN Excess Amount. The Available Originator VFN Excess Amount and the Transferor Interest, taken together, must at all times be at least equal to the Minimum Transferor Interest. Finance Charge Collections, Principal Collections and Investor Default Amounts are allocated to the Originator VFN Series *pari passu* with the allocation to other Series in Group One. The Originator VFN

Series cannot enter a rapid amortisation period until such time as all other Series in Group One have either been repaid in full or passed their Series termination date. The Trustee (acting on the instructions of the Trust Manager) may, subject to the conditions specified in the Supplement or the Originator VFN Investor Interest Note, make a further drawing under the Originator VFN Investor Interest Note which will be funded by the Loan Note Trustee making a further drawing, subject to the conditions specified in the Originator VFN Loan Note Supplement or the Originator VFN Loan Note Funding Deed, under the Originator VFN Loan Note. Such further drawings will result in the Principal Amount Outstanding under the Originator VFN Investor Interest Note and the Originator VFN Loan Note increasing, by a corresponding amount. The Trustee may, on each Payment Date, repay all or part of the Originator VFN Investor Interest Note (subject to this not causing the Transferor Interest to fall below the Minimum Aggregate Principal Receivables, not causing a breach of the Transferor's undertaking in respect of Article 405 of the CRR and Article 51 of the AIFMR and not resulting in any repayment of any Series Originator VFN Subordination whilst the corresponding Series is still outstanding) in which case the Loan Note Trustee will make an equivalent repayment under the Originator VFN Loan Note.

The drawings made under the Originator VFN Loan Note and equivalent portion of the Originator Investor Interest Note on the Series 2018-1 Closing Date will consist of, among other things:

- (i) the Excess Amount Tranche; and
- (ii) the Series 2018-1 Subordination Tranche, a portion of the drawing under which will be credited to the Originator VFN Required Retained Principal Ledger up to the Maximum Required Retained Principal Amount, identified for Series 2018-1.

The initial scheduled redemption date of the Originator VFN Loan Note and Originator VFN Investor Interest Note is 22 March 2033 but such date was extended under the Series 2018-1 Supplement to the Payment Date falling in March 2034 and may be delayed by agreement between the Trustee and Loan Note Trustee in any Supplement up to a date falling 30 years after the Closing Date. The final redemption date of the Originator VFN Series will be 31 years after the Closing Date or (if earlier) 12 months after the scheduled redemption date as amended from time to time.

The interest payable on the Originator VFN Investor Interest Note and Originator VFN Loan Note will be calculated on the basis of the Originator VFN Interest Rate plus (in respect of the Originator VFN Investor Interest Note) an additional coupon. "**Originator VFN Interest Rate**" shall be the percentage rate per annum calculated on the first day of the relevant Interest Period as being the weighted average, according to the Principal Amounts Outstanding thereof, (i) in respect of the Originator VFN Excess Amount, the weighted average of the rates of interest or coupons most recently calculated as being payable on each Series Investor Interest Note (excluding the Originator VFN Excess Amount); and (ii) 12% in respect of each Series Originator VFN Subordination.

The terms of the Originator VFN Loan Note provide that the holder may not transfer, assign or novate any right, title or interest in the Originator VFN Loan Note, other than for the purposes of granting a Permitted Security Interest and provided that the grant of such security is not in a manner which would breach any undertakings given by the holder of the Originator VFN Loan Note in relation to Article 405 of the CRR and Article 51 of the AIFMR.

## AUSTRALIA TAXATION TREATMENT OF THE SERIES 2018-1 NOTES

The following is a summary of the Australian taxation consequences of an investment in the Series 2018-1 Notes by certain Noteholders under the *Income Tax Assessment Act 1936* and *Income Tax Assessment Act 1997* of Australia (together, the "**Australian Tax Act**"), and relevant regulations, rulings and judicial interpretations at the date of this Offering Circular.

This summary only considers the Australian tax implications for:

- (a) a non-resident (as defined in the Australian Tax Act) holder of the Series 2018-1 Notes who acquires the Series 2018-1 Notes on issue from the Loan Note Trustee and who acquires and holds the Series 2018-1 Notes in carrying on business at or through a permanent establishment outside Australia (a "**Non-Resident Offshore Noteholder**"); and
- (b) Australian resident Noteholders or non-residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia ("**Australian Noteholders**").

This summary does not deal with the position of certain classes of Noteholders, such as dealers in the Series 2018-1 Notes, custodians or third parties who hold the Series 2018-1 Notes on behalf of others.

The summary set out below is a general guide only and should not be relied upon or construed as advice. Prospective Noteholders should consult their own professional advisers in relation to the tax implications of an investment in the Series 2018-1 Notes having regard to their own particular circumstances.

### Interest Withholding Tax

References to "interest" include amounts in the nature of, or in substitution for, interest (as defined in section 128A(1AB) of the Australian Tax Act).

A payment of interest in respect of a Note to a Non-Resident Offshore Noteholders will be subject to Australian interest withholding tax ("**IWT**") (at the rate of 10%) unless either the exemption in section 128F of the Australian Tax Act applies or relief from Australian IWT is available on some other basis (for instance, under a tax treaty).

### *Exemption available for certain publicly offered debentures*

An exemption from IWT will be available under section 128F of the Australian Tax Act in respect of interest paid on the Series 2018-1 Notes if the following conditions are met:

- (a) the Loan Note Trustee is a resident of Australia when it issues the Series 2018-1 Notes and when interest is paid;
- (b) the only beneficiary or beneficiaries of the Loan Note Trustee are one or more companies; and
- (c) the Series 2018-1 Notes are issued in a manner which satisfy the "public offer test". In summary, there are five principal methods of satisfying the public offer test, being:
  - (i) offers to 10 or more persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets: who are not known or suspected by the Loan Note Trustee to be "**associates**" of each other;
  - (ii) offers to 100 or more investors who it was reasonable for the Loan Note Trustee to have regarded as either having acquired debentures in the past or being likely to be interested in acquiring debentures;
  - (iii) offers as a result of the Series 2018-1 Notes being accepted for listing on a stock exchange, where the Loan Note Trustee has previously entered into an agreement with a dealer, manager or underwriter in relation to the placement of the Series 2018-1 Notes, requiring the Loan Note Trustee to seek such listing;
  - (iv) offers, as a result of negotiations being initiated publicly in electronic form, or any other form used by financial markets for dealing in debentures; or

- (v) offers to a dealer, manager or underwriter who, under an agreement with the Loan Note Trustee, offers the Series 2018-1 Notes for sale within 30 days in a way covered by one of the preceding methods.

#### ***Associates of the Loan Note Trustee***

The public offer test will not be satisfied if, at the time of issue, the Loan Note Trustee has reasonable grounds to suspect, that the Series 2018-1 Notes or interests in the Series 2018-1 Notes were being, or would later be, acquired, directly or indirectly, by an "associate" of the Loan Note Trustee (as defined in section 128F of the Australian Tax Act), other than an associate that is:

- (a) an Australian resident associate who does not hold the Series 2018-1 Notes in the course of carrying on business at or through a permanent establishment outside Australia or a non-resident associate who holds the Series 2018-1 Notes in the course of carrying on business at or through a permanent establishment in Australia ("**Onshore Associate**");
- (b) acquiring the Series 2018-1 Notes in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme ("**Permitted Capacity**"); or
- (c) acquiring the Series 2018-1 Notes in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Series 2018-1 Notes.

The section 128F exemption will also not be available if, at the time of the payment of interest, the Loan Note Trustee knows, or has reasonable grounds to suspect, that the Noteholder is an associate of the Loan Note Trustee, other than an Onshore Associate, an associate acting in a Permitted Capacity or in the capacity of a paying agent.

#### ***Compliance with section 128F of the Australian Tax Act***

The Loan Note Trustee intends to issue the Series 2018-1 Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

#### **Other Australian tax matters**

We have set out below a summary of certain other Australian tax issues that may be relevant to Noteholders:

- (a) ***interest income on the Series 2018-1 Notes – offshore Noteholders*** – assuming the requirements of section 128F of the Australian Tax Act are satisfied in respect of the Series 2018-1 Notes, amounts of interest derived by a Non-Resident Offshore Noteholder on the Series 2018-1 Notes should not be subject to Australian income tax;
- (b) ***interest income on the Series 2018-1 Notes – Australian Noteholders*** – Australian Noteholders will be assessable, for Australian tax purposes, in relation to the interest income they derive from the Series 2018-1 Notes. The precise manner in which Australian Noteholders will recognise interest income (whether on a receipts or accruals basis) will depend upon the status of the particular Noteholder and whether the rules on the taxation of financial arrangements in Division 230 of the Australian Tax Act apply to the Noteholders (see paragraph (k) below);
- (c) ***gains on disposal of the Series 2018-1 Notes – offshore Noteholders*** – a Non-Resident Offshore Noteholder should not be subject to Australian income tax or capital gains tax on gains realised on disposal of the Series 2018-1 Notes, provided such gains do not have an Australian source. Whether or not any such profit or gain will not have an Australian source will depend on a variety of factors including whether the Series 2018-1 Notes are disposed to another Non-Resident Offshore Noteholder, whether the disposal of listed Series 2018-1 Notes occurs on the ASX, where negotiations are conducted and where the relevant documentation is executed. If a Non-Resident Offshore Noteholder is resident in a jurisdiction which has entered into a double tax treaty with Australia then generally any such profit or gain should not be assessable in Australia even if the profit or gain has an Australian source;
- (d) ***gains on disposal of the Series 2018-1 Notes – Australian Noteholders*** – Australian Noteholders will generally be required to include any gain realised on disposal of the Series 2018-1 Notes in their assessable income;

- (e) ***ABN and TFN withholding*** – section 12-140 of the Taxation Administration Act 1953 of Australia (the "**Tax Administration Act**") imposes a type of withholding tax (currently, at the rate of 47 per cent) on the payment of interest on certain registered securities unless the recipient has quoted an Australian tax file number (TFN), (in certain circumstances) an Australian Business Number (ABN) or proof of some other exception (as appropriate). Assuming the requirements of section 128F of the Australian Tax Act are satisfied in relation to the Series 2018-1 Notes, the requirements of section 12-140 should not apply to payments to Non-Resident Offshore Noteholders. Payments to other classes of Noteholders may be subject to withholding where the Noteholder does not quote a TFN, ABN or provide proof of an appropriate exception (as appropriate);
- (f) ***goods and services tax (GST)*** – neither the issue or acquisition of the Series 2018-1 Notes should give rise to a liability for GST in Australia. Furthermore, neither the payment of principal or interest by the Loan Note Trustee, nor the disposal of the Series 2018-1 Notes, should give rise to any GST liability in Australia;
- (g) ***stamp duty*** – no Australian stamp duty should arise on the issue, transfer or redemption of the Series 2018-1 Notes;
- (h) ***garnishee notices*** – the Commissioner of Taxation may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 of the Tax Administration Act requiring the Loan Note Trustee to deduct from any payment to a Noteholder an amount in respect of Australian tax payable by the Noteholder. If the Loan Note Trustee is served with such a direction, the Loan Note Trustee will comply with that direction and make any deduction required;
- (i) ***supply withholding tax*** – payments in respect of the Series 2018-1 Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of the Tax Administration Act;
- (j) ***additional withholdings from certain payments to non-residents*** – section 12-315 of Schedule 1 to the Tax Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents where the Minister is satisfied that each payment set out in the regulation is a payment of a kind that could reasonably be related to assessable income of foreign residents. Currently, no regulations have been issued which would apply to the Series 2018-1 Notes; and
- (k) ***taxation of financial arrangements*** – the TOFA rules in Division 230 of the Australian Tax Act contain a number of different methods for bringing to account for tax purposes gains and losses in relation to "financial arrangements" (the Series 2018-1 Notes should be financial arrangements). The TOFA rules only apply on a mandatory basis to certain taxpayers, having regard to turnover and asset thresholds, although other taxpayers may elect-in to the regime. Generally, individuals will not be subject to the TOFA rules unless they elect-in to the regime. The TOFA rules do not impact the exemption from IWT that is available under section 128F of the Australian Tax Act.

## FOREIGN ACCOUNT TAX COMPLIANCE ACT

### Implications for the Loan Note Trustee

The Loan Note Trustee is a Reporting Australian Financial Institution under the intergovernmental agreement ("IGA") entered into between the Australian and United States governments in relation to FATCA on 28 April 2014.

As a Reporting Australian Financial Institution, the Loan Note Trustee is required to:

- conduct due diligence on prospective Noteholders. Prospective Noteholders will need to provide the Loan Note Trustee with certain information, or documentation, or both when applying for Series 2018-1 Notes.
- report information in respect of certain Noteholders and their holdings of Series 2018-1 Notes. Broadly, the Loan Note Trustee will report to the ATO information in respect of investors who are:
  - United States citizens or residents;
  - certain types of United States entities; or
  - certain types of non-United States entities that are controlled by one or more United States citizens or residents.

### Implications for investors in the Series 2018-1 Notes

If a Noteholder does not provide the Loan Note Trustee with the information and/ or documentation required by the Loan Note Trustee in relation to FATCA, the Loan Note Trustee may refuse to issue Series 2018-1 Notes to the prospective Noteholder.

The Loan Note Trustee is not currently required to withhold any amounts in relation to FATCA from payments to a Noteholder.

FATCA withholding may be required in limited potential future circumstances in respect of payments made to a Noteholder who has failed to comply with its own FATCA obligations.

If a payment to a Noteholder is subject to withholding as a result of FATCA, there will be no "gross up" (or any additional amount) payable by way of compensation to the Noteholders for the deducted amount.

Finally, the U.S. regulations provide for FATCA withholding on "foreign passthru payments" in certain circumstances. As the term "foreign passthru payment" is not yet defined, it is not clear what the impact will be on payments made on or with respect to the Series 2018-1 Notes.

However, the U.S. Internal Revenue Service (IRS) has indicated that no withholding on foreign passthru payments will be required until at least 1 January 2019. In addition, there should be no withholding on payments on Series 2018-1 Notes that are issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published unless the Series 2018-1 Notes are "materially modified" after that date or are characterised as equity for U.S. federal income tax purposes.

**FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Loan Note Trustee and to payments they may receive in connection with the Series 2018-1 Notes.**

## COMMON REPORTING STANDARD

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS") will require certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures.

On 3 June 2015, Australia signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information ("**MCAA**"), which facilitates the implementation of the CRS on a multilateral basis.

From 1 July 2017, financial institutions are required to apply due diligence procedures relevant to the CRS.

Noteholders may be requested to provide to the Loan Note Trustee certain information and certifications to ensure compliance with the CRS. If a Noteholder does not provide the Loan Note Trustee with the information and/ or documentation required by the Loan Note Trustee in relation to CRS, the Loan Note Trustee may refuse to issue Series 2018-1 Notes to the prospective Noteholder.

The Loan Note Trustee may provide information regarding certain Noteholders to the ATO. The ATO may provide information reported to it by the Loan Note Trustee to other jurisdictions that have signed the MCAA.

Unlike FATCA, there is no requirement for the Loan Note Trustee to withhold any amounts under CRS.



## **SUBSCRIPTION AND SALE**

The Joint Lead Managers have, pursuant to a dealer agreement dated 8 March 2018 between the Joint Lead Managers, the Arranger, the Trustee, the Loan Note Trustee, the Trust Manager, the Transferor and the Loan Note Trust Manager (the "**Dealer Agreement**"), agreed (subject to certain conditions) to subscribe and pay for 100% of the Class A1 Notes and Class A2 Notes, and in respect of Bank of America Merrill Lynch and Deutsche Bank AG, only, 100% of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes at the issue price of 100% of the aggregate principal amount of the Series 2018-1 Notes as at the Series 2018-1 Closing Date.

The Trustee, Loan Note Trustee, Transferor, Trust Manager and Loan Note Trust Manager have agreed to indemnify the Joint Lead Managers against certain liabilities and the Loan Note Trustee has agreed to pay certain costs and expenses in connection with the issue of the Notes.

This Offering Circular does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Series 2018-1 Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

The selling restrictions set out below which are applicable only in the context of an entity which has actually underwritten, marketed or sold any Series 2018-1 Notes shall not apply to any Joint Lead Manager which has not underwritten, marketed or sold any Series 2018-1 Notes pursuant to the Dealer Agreement.

### **General**

#### ***No action to permit public offering***

Each Joint Lead Manager has acknowledged that, other than with respect to the admission of the Series 2018-1 Notes to listing, trading and/or quotation by the Australian Stock Exchange, no action has been taken in any jurisdiction by the Loan Note Trustee that would permit a public offering of the Series 2018-1 Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.

#### ***Joint Lead Managers' compliance with applicable laws***

Each Joint Lead Manager has undertaken to the Loan Note Trustee and the Transferor that it and its agents have complied with all applicable laws and regulations in each country or jurisdiction in which it purchased, offered, sold or delivered Series 2018-1 Notes or has in its possession or distributed the Offering Circular or any related offering material, in all cases at its own expense.

#### ***Responsibility for Transaction Documents***

Each of the Arranger and Joint Lead Managers have no responsibility to or liability for and do not owe any duty to any party or other person in respect of the preparation and due execution of the Transaction Documents or the enforceability of any of the obligations set out in the Transaction Documents (other than their own individual obligations under the Dealer Agreement).

### **United States**

#### ***No registration under Securities Act***

The Series 2018-1 Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold to, or for the benefit of, (i) U.S. persons within the meaning of Regulation S under the Securities Act; or (ii) U.S. persons within the meaning of the U.S. Risk Retention Rules (except, pursuant to an exemption from the U.S. Risk Retention Rules).

In addition, until 40 days after the later of the commencement of the offering and the Series 2018-1 Closing Date, an offer or sale of Series 2018-1 Notes to a U.S. person (within the meaning of Regulation S of the Securities Act) by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act and other applicable laws of the United States.

***Joint Lead Managers' compliance with United States securities laws***

Each Joint Lead Manager:

- (a) *Offers/sales in accordance with Regulation S:* has represented, warranted and undertaken to the Loan Note Trustee that it has offered and sold the Series 2018-1 Notes, and will offer and sell the Series 2018-1 Notes, only in "offshore transactions" (as defined in Regulation S under the Securities Act) to persons that are not U.S. persons (within the meaning of Regulation S) in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that:
  - (i) *No directed selling efforts:* neither it nor any of its Affiliates (including any person acting on behalf of such Joint Lead Manager or any of its Affiliates) has engaged or will engage in any directed selling efforts with respect to the Series 2018-1 Notes; and
  - (ii) *Offering restrictions:* it and its Affiliates (including any person acting on behalf of the Joint Lead Manager or any of its Affiliates) have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act; and
- (b) *Prescribed form of confirmation:* has undertaken to the Loan Note Trustee that, at or prior to confirmation of sale of the Series 2018-1 Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration which purchases the Series 2018-1 Notes from it a confirmation or notice in substantially the following form:

"The Securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), (a) as part of their original distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Series 2018-1 Closing Date (the "**Distribution Compliance Period**"). Following the expiry of the Distribution Compliance Period, the Series 2018-1 Notes may be transferred to a purchaser that is a U.S. person for the purposes of Regulation S, provided an exemption from the registration requirements of the Securities Act is available and, provided further that, such person is a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act) and a qualified purchaser (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended) and all other applicable securities laws of the United States are complied with."

**Australia**

No Offering Circular or other disclosure document (as defined in the Corporations Act) in relation to the Series 2018-1 Notes has been lodged with ASIC or any other regulatory authority in Australia.

Accordingly, each Joint Lead Manager has represented and agreed that it:

- (a) has not made or invited, and will not make or invite, directly or indirectly, an offer of the Series 2018-1 Notes (or an interest in them) for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive Offering Circular or any other offering material, advertisement or other document relating to any Series 2018-1 Notes (or an interest in them) in Australia,

unless:

- (c) either (x) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency, and, in either case, disregarding moneys lent by the offeror or its associates), (y) the offer is to a professional investor for the purposes of section 708 of the Corporations Act, or (z) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- (d) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act;

- (e) such action complies with applicable laws and directives in Australia (including, without limitation the financial services licensing requirements of the Corporations Act); and
- (f) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for Series 2018-1 Notes under the Offering Circular, each person to whom Series 2018-1 Notes are issued (an "**Investor**"):

- (g) will be deemed by the Loan Note Trustee and each of the Joint Lead Managers to have acknowledged that if any Investor on-sells Series 2018-1 Notes within twelve (12) months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
  - (i) that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer Series 2018-1 Notes in Australia without a prospectus or other disclosure document lodged with ASIC; or
  - (ii) the sale offer is received outside Australia; and
- (h) will be deemed by the Loan Note Trustee and each of the Joint Lead Managers to have undertaken not to sell those Series 2018-1 Notes in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Series 2018-1 Notes.

### **United Kingdom**

Each Joint Lead Manager has represented, warranted and undertaken to the Loan Note Trustee and each other Joint Lead Manager that:

- (a) Financial *promotion*: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Series 2018-1 Notes in circumstances in which section 21(1) of the FSMA does not apply to the Loan Note Trustee; and
- (b) General *compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Series 2018-1 Notes in, from or otherwise involving the United Kingdom.

### **EEA and the Public Offer Selling Restriction under the Prospectus Directive**

Each Joint Lead Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Series 2018-1 Notes which are the subject of the offering contemplated by the Offering Circular in relation thereto to any retail investor in the European Economic Area ("**EEA**"). For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Series 2018-1 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Series 2018-1 Notes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Lead Manager has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Series 2018-1 Notes to the public in that Relevant Member State other than:

- (a) *Qualified investors*: to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 150 offerees*: to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Loan Note Trustee for any such offer; or
- (c) *Other exempt offers*: in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Series 2018-1 Notes shall require the Loan Note Trustee or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Series 2018-1 Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Series 2018-1 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Series 2018-1 Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

In this Offering Circular all references to "**Member State**" are references to a Member State of the European Union.

## **Japan**

The Series 2018-1 Notes have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**") in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the Financial Instruments and Exchange Act.

A transferor of the Series 2018-1 Notes shall not transfer or resell the Series 2018-1 Notes except where the transferor transfers or resells all the Series 2018-1 Notes en bloc to one transferee.

## **Hong Kong**

Each Joint Lead Manager has represented, warranted and undertaken that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Series 2018-1 Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Series 2018-1 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Series 2018-1 Notes which

are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## **Singapore**

Each Joint Lead Manager acknowledges that the Offering Circular has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Series 2018-1 Notes or caused the Series 2018-1 Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Series 2018-1 Notes or cause the Series 2018-1 Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Series 2018-1 Notes, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA")) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Series 2018-1 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (d) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (e) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Series 2018-1 Notes under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **South Korea**

The Series 2018-1 Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea and the decrees and regulations thereunder. The Series 2018-1 Notes may not be offered or sold, directly or indirectly, or offered or sold for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and its Presidential Decree), except as otherwise permitted by the applicable Korean laws and regulations.

## **GENERAL**

These selling restrictions may be modified by the agreement of the Loan Note Trustee and the Joint Lead Managers following a change in or clarification of a relevant law, regulation, directive, request or guideline having the force of law or compliance with which is in accordance with the practice of responsible financial institutions in the country concerned or any change in or introduction of any of them or in their interpretation or administration.

(a) **No action to permit public offering**

Each Joint Lead Manager has acknowledged that:

- (i) other than with respect to the admission of the Series 2018-1 Notes to listing, trading and/or quotation by the Australian Stock Exchange, no action has been or will be taken in any jurisdiction by the Loan Note Trustee that would permit a public offering of the Series 2018-1 Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required; and
- (ii) it will not cause any advertisement of the Series 2018-1 Notes to be published in any newspaper or periodical or posted in any public place and will not issue any circular relating to the Series 2018-1 Notes, except in any case in accordance with the terms of the Dealer Agreement and with the express written consent of the Loan Note Trust Manager and then only at its own risk and expense.

(b) **Joint Lead Managers' compliance with applicable laws**

Each Joint Lead Manager has undertaken to the Loan Note Trustee, the Trustee, the Loan Note Trust Manager and the Trust Manager that it and its agents will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Series 2018-1 Notes or has in its possession or distributes the Offering Circular or any related offering material, in all cases at its own expense.

## TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

### Investor Representations and Restrictions on Resale

By its purchase of the Series 2018-1 Notes, each purchaser of the Series 2018-1 Notes (each initial purchaser, together with each subsequent transferee, are referred to herein as the "**Purchaser**", which term for the purposes of this section will be deemed to include any interests in the Series 2018-1 Notes, including Book-Entry Interests) will be deemed to have represented and agreed to the following (undefined terms used in this section that are defined in Regulation S are used herein as defined therein):

- (a) the Series 2018-1 Notes have not been and will not be registered under the Securities Act and such Series 2018-1 Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such Purchaser decides to resell or otherwise transfer such Series 2018-1 Notes, then it agrees that it will offer, resell, pledge or transfer such Series 2018-1 Notes only: (i) prior to the expiration of 40 days following the later of the commencement of the offering of the Series 2018-1 Notes and the Series 2018-1 Closing Date (the "**Distribution Compliance Period**"), to a Purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Loan Note Trustee or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person (as defined in Regulation S) and who is acquiring the Series 2018-1 Notes in an offshore transaction pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S; and (ii) after the Distribution Compliance Period, if the relevant Purchaser is a U.S. person (as defined in Regulation S) or is acting for the account or benefit of a U.S. person, pursuant to an effective registration statement under the Securities Act or pursuant to a transaction in respect of which an exemption from the registration requirements of the Securities Act is available, provided that such person is a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act) and a qualified purchaser (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended) and, provided further that, in each case, (x) such transfer is in accordance with all other applicable securities laws of the United States; and (y) the agreement of such Purchaser is subject to any requirement of law that the disposition of the Purchaser's property shall at all times be and remain within its control;
- (b) such Purchaser shall notify each transferee of Series 2018-1 Notes (as applicable) from it that: (i) such Series 2018-1 Notes have not been registered under the Securities Act; (ii) the holder of such Series 2018-1 Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above; (iii) in respect of any transfer during the Distribution Compliance Period, the transferee shall be deemed to have represented that it is acquiring the Series 2018-1 Notes in an offshore transaction pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S; (iv) in respect of any transfer after the Distribution Compliance Period, if the transferee is a U.S. person (as defined in Regulation S), the transferee shall be deemed to have represented that it is a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act) and a qualified purchaser (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended); and (v) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;
- (c) the Trustee, Loan Note Trustee, the Arranger, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements;
- (d) the Series 2018-1 Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Series 2018-1 Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or other transfer of restricted securities such as the Series 2018-1 Notes generally, and that it will be deemed, by its acceptance or purchase of such Series 2018-1 Notes, to have agreed to any such amendment or supplement (each of which shall be conclusive and binding on the holder hereof and all future holders of this security and any securities issued in exchange or substitution thereof);
- (e) the Loan Note Trustee may receive a list of participants holding positions in its securities from one or more book entry depositaries, and that those participants may further disclose to the Loan Note Trustee the names and positions of holders of its securities;

- (f) it will promptly: (i) inform the Loan Note Trustee if, during any time it holds a Series 2018-1 Note, there shall be any change in its ability to give the acknowledgements, representations and agreements contained above or if they shall become false for any reason; and (ii) deliver to the Loan Note Trustee such other representations and agreements as to such matters as the Loan Note Trustee may, in the future, request in order to comply with applicable law and the availability of any exemption therefrom; and
- (g) if acquiring the Series 2018-1 Notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each Purchaser understands that: (i) the sale of the Series 2018-1 Notes (including interests therein represented by a Book-Entry Interest) to it is being made in reliance on Regulation S; and (ii) the Series 2018-1 Notes (including interests therein represented by a Book-Entry Interest) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below:

THE SERIES 2018-1 NOTES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE LOAN NOTE TRUSTEE (AS DEFINED IN THE NOTE DEED POLL) HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND, AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING OF THE OFFERING THE SERIES 2018-1 NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT. THEREAFTER, THE SERIES 2018-1 NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO A PURCHASER THAT IS A U.S. PERSON FOR THE PURPOSES OF REGULATION S, PROVIDED AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND, PROVIDED FURTHER THAT, SUCH PERSON IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND A QUALIFIED PURCHASER (WITHIN THE MEANING OF SECTION 2(A)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED) AND ALL OTHER APPLICABLE SECURITIES LAWS OF THE UNITED STATES ARE COMPLIED WITH.

THE SERIES 2018-1 NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE U.S. RISK RETENTION RULES REGARDING NON-U.S. TRANSACTIONS OTHER THAN THE EXEMPTION UNDER SECTION 20 OF THE U.S. RISK RETENTION RULES, AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE TRANSFEROR, THE ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH U.S. RISK RETENTION CONSENT AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY THE SECTION 20 OF THE U.S. RISK RETENTION RULES, ANY SERIES 2018-1 NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RISK RETENTION U.S. PERSONS. PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. ANY PURCHASER OF THE SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE SERIES 2018-1 NOTES, BY ITS ACQUISITION OF THE SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE REQUIRED TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (I) IS NOT A RISK RETENTION U.S. PERSON OR (II) IT HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE TRANSFEROR, (2) WHETHER IT IS ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH SERIES 2018-1 NOTES, AND (3) WHERE SUCH PURCHASER HAS CONFIRMED THAT IT IS NOT A RISK RETENTION U.S. PERSON, IS NOT ACQUIRING SUCH



SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH SERIES 2018-1 NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE PURCHASER OF THE SERIES 2018-1 NOTES OR ANY INTEREST IN SUCH SERIES 2018-1 NOTES SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT: (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS SERIES 2018-1 NOTES OR ANY INTEREST IN SERIES 2018-1 NOTES WILL NOT BE, A BENEFIT PLAN INVESTOR AS DEFINED IN SECTION 3(42) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") ; AND (II) IF IT IS OR MAY BECOME A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS NOT SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, (THE "**CODE**"), ITS PURCHASE AND HOLDING OF SUCH SERIES 2018-1 NOTES OR ANY INTEREST IN SUCH SERIES 2018-1 NOTES WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE. "**BENEFIT PLAN INVESTOR**," AS DEFINED IN SECTION 3(42) OF ERISA, INCLUDES (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

THE SERIES 2018-1 NOTES ARE NOT INTENDED, FROM 1 JANUARY 2018, TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND, WITH EFFECT FROM SUCH DATE, SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE 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 MIFID II; (II) A CUSTOMER WITHIN THE MEANING OF THE IMD, 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 THE PRIIPS REGULATION FOR OFFERING OR SELLING THE SERIES 2018-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2018-1 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE PURCHASER IS HEREBY NOTIFIED THAT THE LOAN NOTE TRUSTEE MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES, AND THAT THOSE PARTICIPANTS MAY FURTHER DISCLOSE TO THE LOAN NOTE TRUSTEE THE NAMES AND POSITIONS OF HOLDERS OF ITS SECURITIES.

PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, AN INTEREST IN THE SERIES 2018-1 NOTES MAY BE HELD ONLY THROUGH AUSTRACLEAR, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG.

*Because of the foregoing restrictions, purchasers of Series 2018-1 Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Series 2018-1 Notes.*

## LISTING AND GENERAL INFORMATION

- (a) It is expected that the admission of the Class A1 Notes and Class A2 Notes to the official list of the Australian Stock Exchange will be granted after the Series 2018-1 Closing Date.
- (b) There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Loan Note Trustee is aware) in the last 12 months which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Loan Note Trustee.
- (c) The audited financial statements of the Loan Note Trustee will, upon the Class A1 Notes and Class A2 Notes being listed on the ASX, be filed with the ASX in accordance with the timings required under the Transaction Documents.
- (d) The credit ratings included or referred to in this Offering Circular have been issued by the Credit Rating Agencies. Each of S&P and Fitch Ratings is not established in the European Union but rather is incorporated in the Commonwealth of Australia. Consequently, each of S&P and Fitch Ratings is not required to be registered under the CRA Regulation. However, it is anticipated that the credit ratings assigned to the Series 2018-1 Notes by S&P and Fitch Ratings will be endorsed by Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd respectively, each of which is a credit rating agency established and operating in the European Union and registered under the CRA Regulation. DBRS is a credit rating agency established and operating in the European Union and registered under the CRA Regulation.
- (e) In the last 12 months, there has been: (a) no material adverse change in the financial position or prospects of the Loan Note Trustee; and (b) no significant change in the financial or trading position of the Loan Note Trustee.
- (f) The following Series 2018-1 Notes have been accepted for clearance through Austraclear, Euroclear and Clearstream, Luxembourg under the following ISIN and Common Code:

<b>Class of Series 2018-1 Notes</b>	<b>ISIN</b>	<b>Common Code</b>
Class A1 Notes .....	AU3FN0041513	179541572
Class A2 Notes .....	AU3FN0041521	179544105
Class B Notes .....	AU3FN0041539	179547252
Class C Notes .....	AU3FN0041547	179548267
Class D Notes .....	AU3FN0041554	179551730
Class E Notes.....	AU3FN0041562	179552612

- (g) The Loan Note Trust Manager will make available to investors via the Bloomberg service, any other replacement service designated by the Loan Note Trust Manager (on behalf of the Loan Note Trustee) and notified to Noteholders or on the website [www.latitudefinancial.com](http://www.latitudefinancial.com): (i) post issuance information in relation to the securitised portfolio; and (ii) post issuance transaction information in the form of monthly investor reports containing material information relevant to Noteholders. The website and the contents thereof do not form part of this Offering Circular.
- (h) The monthly Trust Manager reports produced on behalf of the Trustee will contain information as required by the Cashflow Allocation Deed, including, but not limited to, information in respect of the Receivables, risk retention requirements and details with respect to the rates of interest, Series 2018-1 Note principal and interest payments and other payments by the Loan Note Trustee.
- (i) Other than as outlined in paragraphs (g) and (h) above, the Loan Note Trustee does not intend to provide post-issuance transaction information regarding the Series 2018-1 Notes or the securitised portfolio.
- (j) The Loan Note Trustee confirms that the Receivables comprised in the securitised portfolio ultimately backing the issue of the Series 2018-1 Notes will have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Series 2018-1 Notes. Investors are advised to review carefully any disclosure in this Offering Circular together with any amendments or supplements thereto.

### **Documents Available for Inspection**

Until the earlier of the Series 2018-1 Final Redemption Date or the date on which the Series 2018-1 Notes are repaid in full, copies of the following documents may be inspected by a Noteholder (upon evidence of proof of holding) at the Specified Office of the Trust Manager during usual business hours on any weekday, apart from public holidays, by electronic means:

- (i) Master Framework Deed;
- (ii) Origination and Sale Deed;
- (iii) Master Cash Settlement Agreement;
- (iv) Master Trust Deed;
- (v) the Trust Management Deed;
- (vi) Servicing Deed;
- (vii) Cashflow Allocation Deed;
- (viii) the Series 2018-1 Supplement;
- (ix) the Originator VFN Supplement;
- (x) the Series 2018-1 Investor Interest Note;
- (xi) the Originator VFN Investor Interest Note;
- (xii) Security Trust Deed and related Notice of Creation of Security Trust;
- (xiii) Loan Note Trust Deed;
- (xiv) the Loan Note Trust Management Deed;
- (xv) Security and Cashflow Allocation Deed and the related Notice of Creation of Loan Note Security Trust;
- (xvi) the Series 2018-1 Loan Note Supplement;
- (xvii) the Originator VFN Loan Note Supplement;
- (xviii) the Series 2018-1 Note Deed Poll;
- (xix) the Originator VFN Loan Note Funding Deed;
- (xx) Investor Interest Note Funding Deed; and
- (xxi) any Qualifying Swap Agreement.

## **INDEX OF APPENDICES**

The appendices are an integral part of this Offering Circular.

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## **APPENDIX A**

### **PORTFOLIO INFORMATION**

The following tables show information relating to the historical performance of Accounts originated using the Latitude Operating Group's underwriting criteria, as at 31 December 2017. Latitude Operating Group's delinquency and loss experience is comprised of segments which may, when taken individually, have delinquency and loss characteristics different from those of the overall portfolio of sales finance credit cards and credit card accounts. Because the securitised portfolio is only a portion of the Latitude Operating Group's overall portfolio, actual delinquency and loss experience with respect to Receivables comprised therein may be different from that set forth in Appendix A. Furthermore, the securitised portfolio may in the future include Receivables arising on accounts originated through additional retailers or through other channels. Each table has been provided by the Transferor and has not been audited. Historical experience may not be indicative of the future performance of Latitude Operating Group's Australian sales finance credit cards and credit cards or the securitised portfolio.

#### **Receivables Yield Considerations**

The following table sets forth the gross revenues from finance charges and fees debited and accrued to accounts for each of the years ended 31 December 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017. These revenues vary for each account based on the type and volume of activity for each Account. The historical yield figures in these tables are calculated on a debited and accrued basis. Collections of Receivables included in the Trust will be on a cash basis and may not reflect the historical yield experience in the table.

**Total Portfolio Yield**  
(non percentage amounts are expressed in Australian Dollars)

	YEAR										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Average Receivables Outstanding <sup>(1)</sup>	3,816,102,490	3,540,423,840	3,259,271,972	3,153,809,600	3,125,594,789	3,193,956,255	3,313,200,394	3,355,297,781	3,388,927,210	3,483,534,404	3,226,267,523
Finance Charges <sup>(2)</sup>	366,382,835	336,858,023	319,052,763	333,529,367	355,360,028	378,321,205	380,123,731	372,782,287	362,316,132	391,366,707	365,165,326
Fees <sup>(2)</sup>	163,107,090	147,637,463	136,388,649	133,652,294	132,946,967	136,140,429	132,650,573	141,165,977	145,577,820	157,530,167	127,359,902
Recoveries	45,024,665	40,122,825	37,286,273	38,491,854	35,253,407	58,398,174	35,937,860	27,292,575	21,434,264	29,272,200	34,575,733
Interchange	27,072,076	24,831,359	23,715,947	18,992,093	13,806,383	11,308,089	8,841,508	6,423,963	5,565,363	3,953,772	2,160,700
MSF <sup>(3)</sup>	125,931,408	121,154,110	114,555,101	114,143,550	112,352,084	115,746,620	133,105,289	138,213,436	143,715,073	139,254,417	119,924,834
Average Account Balance <sup>(4)(5)</sup>	2,646	2,534	2,396	2,338	2,332	2,361	2,387	2,478	2,510	2,555	2,412
Yield From Finance Charges <sup>(6)</sup>	9.60%	9.51%	9.79%	10.58%	11.37%	11.84%	11.47%	11.11%	10.69%	11.23%	11.32%
Yield From Fees <sup>(6)</sup>	4.27%	4.17%	4.18%	4.24%	4.25%	4.26%	4.00%	4.21%	4.30%	4.52%	3.95%
Yield From Recoveries <sup>(6)</sup>	1.18%	1.13%	1.14%	1.22%	1.13%	1.83%	1.08%	0.81%	0.63%	0.84%	1.07%
Yield from Interchange <sup>(6)</sup>	0.71%	0.70%	0.73%	0.60%	0.44%	0.35%	0.27%	0.19%	0.16%	0.11%	0.07%
<b>Total Portfolio (ex MSF)<sup>(6)</sup></b>	<b>15.76%</b>	<b>15.52%</b>	<b>15.85%</b>	<b>16.64%</b>	<b>17.19%</b>	<b>18.29%</b>	<b>16.83%</b>	<b>16.32%</b>	<b>15.78%</b>	<b>16.71%</b>	<b>16.40%</b>
MSF <sup>(6)</sup>	3.30%	3.42%	3.51%	3.62%	3.59%	3.62%	4.02%	4.12%	4.24%	4.00%	3.72%
<b>Total Portfolio<sup>(6)</sup></b>	<b>19.06%</b>	<b>18.94%</b>	<b>19.36%</b>	<b>20.26%</b>	<b>20.79%</b>	<b>21.91%</b>	<b>20.85%</b>	<b>20.44%</b>	<b>20.02%</b>	<b>20.71%</b>	<b>20.12%</b>

(1) Average Receivables Outstanding refers to the average of the month end balances for the period indicated.

(2) Finance Charges and Fees are the sum of debited and accrued monthly finance charges and fees for the period indicated.

(3) MSF is the amount of Merchant Service Fees recognised as income for the period indicated.

(4) Average Account Balance is calculated as the Average Receivables Outstanding divided by the average number of active accounts for the period indicated.

(5) An active account is an account that either: a) has a positive balance in that statement period; b) has had activity in the previous statement period (i.e. the number of debits and/or credits is greater than zero); or c) has interest to be paid in that statement period.

(6) All yield percentages are a result of dividing the amount for the period indicated by Average Receivables Outstanding for the same period. All data is presented on an annualised basis.

## Loss and Delinquency Experience

The delinquency statistics are obtained from both billing cycle information and month end positions.

The following tables set forth the delinquency and loss experience of the Latitude Operating Group's sales finance credit cards and credit card accounts for each of the periods shown. Because the economic environment may change, no assurance can be made that the delinquency and loss experience of the securitised portfolio will be the same as the historical experience set forth below.

### Loss Experience

	Year Ended										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Average Receivables Outstanding <sup>(1)</sup>	3,816,102,490	3,540,423,840	3,259,271,972	3,153,809,600	3,125,594,789	3,193,956,255	3,313,200,394	3,355,297,781	3,388,927,210	3,483,534,404	3,226,267,523
Total Gross Charge offs <sup>(2)</sup>	168,396,292	144,508,806	142,463,978	138,192,898	159,794,604	172,448,245	174,714,847	186,219,755	216,873,436	216,101,235	185,937,987
Total Gross Charge offs (as % of average receivables outstanding) <sup>(3)</sup>	4.4%	4.1%	4.4%	4.4%	5.1%	5.4%	5.3%	5.6%	6.4%	6.2%	5.8%
Recoveries	45,024,665	40,122,825	37,286,273	38,491,854	35,253,407	58,398,174	35,937,860	27,292,575	21,434,264	29,272,200	34,575,733
Total Net Charge offs	123,371,627	104,385,981	105,177,705	99,701,044	124,541,196	114,050,071	138,776,987	158,927,180	195,439,172	186,829,035	151,362,253
Total Net Charge offs (as a % of average receivable outstanding) <sup>(3)</sup>	3.2%	2.9%	3.2%	3.2%	4.0%	3.6%	4.2%	4.7%	5.8%	5.4%	4.7%

(1) Average Receivables Outstanding refers to the average of the month end balances for the period indicated.

(2) Total Gross Charge offs are total principal and interest charge offs and do not include the amount of any reductions in the receivables balance outstanding due to transactional fraud and returned goods.

(3) All percentages are a result of dividing the amount for the period indicated by Average Receivables Outstanding for the same period. All data is presented on an annualised basis.

## Delinquency Experience

	31 December 2017		31 December 2016		31 December 2015		31 December 2014	
	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables
End of Year Receivable Balance Outstanding <sup>(1)</sup>	3,805,642,031		3,599,442,493		3,281,286,644		3,141,051,432	
30 to 59 Days	80,983,987	2.13%	75,847,017	2.11%	68,891,568	2.10%	71,133,929	2.26%
60 to 89 Days	34,140,943	0.90%	28,643,585	0.80%	30,081,119	0.92%	30,273,086	0.96%
90 to 119 Days	23,342,549	0.61%	18,829,244	0.52%	19,884,934	0.61%	20,200,757	0.64%
120 to 149 Days	17,007,247	0.45%	14,347,785	0.40%	14,795,058	0.45%	15,633,349	0.50%
150 to 179 Days <sup>(2)</sup>	13,197,229	0.35%	11,612,240	0.32%	10,847,403	0.33%	12,349,576	0.39%
<b>Total 30 days or more Delinquent</b>	<b>168,671,955</b>	<b>4.43%</b>	<b>149,279,871</b>	<b>4.15%</b>	<b>144,500,081</b>	<b>4.40%</b>	<b>149,590,697</b>	<b>4.76%</b>
	31 December 2013		31 December 2012		31 December 2011		31 December 2010	
	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables
End of Year Receivable Balance Outstanding <sup>(1)</sup>	3,061,153,527		3,086,020,738		3,243,433,228		3,323,908,410	
30 to 59 Days	71,621,658	2.34%	80,289,072	2.60%	81,016,956	2.50%	82,563,636	2.48%
60 to 89 Days	31,537,802	1.03%	33,570,724	1.09%	34,400,336	1.06%	36,477,350	1.10%
90 to 119 Days	19,797,952	0.65%	21,522,025	0.70%	21,146,112	0.65%	23,596,087	0.71%
120 to 149 Days	15,304,816	0.50%	15,976,138	0.52%	16,272,091	0.50%	17,313,335	0.52%
150 to 179 Days <sup>(2)</sup>	11,929,904	0.39%	12,707,558	0.41%	13,350,757	0.41%	14,972,416	0.45%
<b>Total 30 days or more Delinquent</b>	<b>150,192,132</b>	<b>4.91%</b>	<b>164,065,518</b>	<b>5.32%</b>	<b>166,186,251</b>	<b>5.12%</b>	<b>174,922,824</b>	<b>5.26%</b>



	31 December 2009		31 December 2008		31 December 2007	
	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables	Receivables (A\$)	Percentage of Total Receivables
End of Year Receivable Balance Outstanding <sup>(1)</sup>	3,371,445,679		3,479,710,993		3,331,619,654	
30 to 59 Days	82,530,477	2.45%	86,219,810	2.48%	87,191,157	2.62%
60 to 89 Days	38,549,575	1.14%	41,864,209	1.20%	37,119,031	1.11%
90 to 119 Days	26,014,665	0.77%	28,764,603	0.83%	23,856,445	0.72%
120 to 149 Days	19,597,439	0.58%	20,065,232	0.58%	17,554,448	0.53%
150 to 179 Days <sup>(2)</sup>	16,375,176	0.49%	17,247,165	0.50%	15,078,669	0.45%
<b>Total 30 days or more Delinquent</b>	<b>183,067,333</b>	<b>5.43%</b>	<b>194,161,018</b>	<b>5.58%</b>	<b>180,799,750</b>	<b>5.43%</b>

(1) The End of Year Receivable Balance Outstanding on the accounts consists of the sum of current and delinquent amounts due from customers as posted to the accounts as of the end of their cycle.

(2) An account is charged off by the Servicer as uncollectable in line with its usual servicing procedures, generally once an account becomes 180 days past due, although this could be earlier in special circumstances

## Maturity Assumptions

The following table sets forth the highest and lowest customer monthly payment rates for the Latitude Operating Group's Australian sales finance credit card and credit card portfolio during any month in the periods shown and the average of the customer monthly payment rates for all months during the periods shown, in each case calculated as a percentage of total opening monthly Receivables outstanding during the periods shown. Payment rates shown in the table are based on amounts which consist of Principal Receivables and Finance Charge Receivables with respect to the related credit card accounts.

	<b>Year Ended</b>										
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Monthly Average <sup>(1)</sup>	13.6%	13.7%	14.0%	13.9%	13.8%	12.4%	11.1%	10.4%	9.8%	9.3%	9.3%
Highest Month <sup>(1)(2)</sup>	14.9%	15.2%	15.7%	15.3%	15.7%	14.5%	13.2%	11.5%	10.6%	9.9%	10.4%
Lowest Month <sup>(1)(3)</sup>	11.9%	13.0%	12.6%	12.5%	11.9%	10.9%	9.8%	9.8%	8.8%	8.3%	8.3%

(1) Monthly payment rates expressed are sums of all cyclical payments received in the month over the outstanding balance at the start of the month.

(2) Highest Month is the highest monthly payment rate within the period indicated.

(3) Lowest Month is the smallest monthly payment rate within the period indicated.

The following tables summarise the Latitude Operating Group's Australian sales finance credit card and credit card portfolio as at 31 December 2017. A representative cross-section of the portfolio will comprise the securitised portfolio on the Series 2018-1 Closing Date. Each table has been provided by the Transferor and has not been audited. Since the composition of the securitised portfolio will change over time, these tables are not necessarily indicative of the composition of the securitised portfolio at any time subsequent to 31 December 2017.

For an indication of the credit quality of the customers whose Receivables are, as at the date of this Offering Circular and during the periods covered by such information, included in the securitised portfolio, investors should refer to the discussion under "The Securitised Portfolio" and to the historical performance of Latitude Operating Group's Australian sales finance credit cards and credit card portfolio included in this Appendix A.

The table below does not include any Accounts which had a credit balance as at 31 December 2017.

**Latitude Operating Group's Australian Sales Finance Credit Card and Credit Card Portfolio**

<b>Account Balance Range</b>	<b>Total Number of Accounts</b>	<b>Percentage of Total Number of Accounts</b>	<b>Total Receivables (A\$)</b>	<b>Percentage of Total Receivables</b>
No Balance	528,891	28.55%	0.00	0.00%
\$0.01 - \$5,000	1,087,188	58.68%	2,010,948,352.49	51.49%
\$5,000.01 - \$10,000	193,924	10.47%	1,332,987,783.22	34.13%
\$10,000 - \$15,000	33,562	1.81%	396,970,145.12	10.16%
\$15,000.01 or more	9,019	0.49%	164,492,935.79	4.21%
<b>Total</b>	<b>1,852,584</b>	<b>100.00%</b>	<b>3,905,399,216.62</b>	<b>100.00%</b>

<b>Credit Limit Range</b>	<b>Total Number of Accounts</b>	<b>Percentage of Total Number of Accounts</b>	<b>Total Receivables (A\$)</b>	<b>Percentage of Total Receivables</b>
Zero	66	0.00%	193,158.55	0.00%
\$0.01 - \$5,000	913,141	49.29%	1,167,082,933.58	29.88%
\$5,000.01 - \$10,000	721,798	38.96%	1,708,884,883.45	43.76%
\$10,000.01 - \$15,000	158,022	8.53%	670,264,269.68	17.16%
\$15,000.01 or more	59,557	3.21%	358,973,971.36	9.19%
<b>Total</b>	<b>1,852,584</b>	<b>100.00%</b>	<b>3,905,399,216.62</b>	<b>100.00%</b>

<b>APR<sup>(1)</sup></b>	<b>Total Number of Accounts</b>	<b>Percentage of Total Number of Accounts</b>	<b>Total Receivables (A\$)</b>	<b>Percentage of Total Receivables</b>
Less than or equal to 22.5%	342,348	18.48%	384,656,822.88	9.85%
22.51% - 28%	389,288	21.01%	1,059,178,434.99	27.12%
28.01% - 29.5%	815,577	44.02%	1,878,857,074.28	48.11%
29.51% or more	305,371	16.48%	582,706,884.47	14.92%
<b>Total</b>	<b>1,852,584</b>	<b>100.00%</b>	<b>3,905,399,216.62</b>	<b>100.00%</b>

(1) For sales finance credit cards the APR shown in the table is the rate that applies to purchases initially made on an interest free basis at the expiry of that interest free period, non-interest free scheme purchases currently attract a rate between 22.51% and 28%

<b>Account Age</b>	<b>Total Number of Accounts</b>	<b>Percentage of Total Number of Accounts</b>	<b>Total Receivables (A\$)</b>	<b>Percentage of Total Receivables</b>
No more than 1 year	251,554	13.58%	642,547,589.39	16.45%
Over 1 year to 2 years	215,415	11.63%	587,805,532.06	15.05%
Over 2 years to 3 years	161,780	8.73%	396,686,174.91	10.16%
Over 3 years to 4 years	138,996	7.50%	323,621,100.64	8.29%
Over 4 years to 5 years	137,469	7.42%	268,920,939.56	6.89%
Over 5 years to 6 years	117,315	6.33%	207,289,162.36	5.31%
Over 6 years to 7 years	110,282	5.95%	189,751,160.45	4.86%
Over 7 years to 8 years	110,831	5.98%	180,381,788.79	4.62%
Over 8 years to 9 years	94,769	5.12%	161,447,291.77	4.13%
Over 9 years to 10 years	86,266	4.66%	146,667,004.73	3.76%
Over 10 years	427,907	23.10%	800,281,471.96	20.49%
<b>Total</b>	<b>1,852,584</b>	<b>100.00%</b>	<b>3,905,399,216.62</b>	<b>100.00%</b>

<b>State</b>	<b>Total Number of Accounts</b>	<b>Percentage of Total Number of Accounts</b>	<b>Total Receivables (A\$)</b>	<b>Percentage of Total Receivables</b>
NSW	562,605	30.37%	1,133,633,203.68	29.03%
VIC	434,595	23.46%	886,710,736.65	22.70%
QLD	416,900	22.50%	977,852,843.53	25.04%
SA	120,036	6.48%	252,786,402.47	6.47%
WA	184,431	9.96%	402,180,564.78	10.30%
TAS	44,198	2.39%	95,562,620.76	2.45%
NT	17,748	0.96%	44,523,888.24	1.14%
ACT	38,814	2.10%	73,298,177.25	1.88%
Other	33,257	1.80%	38,850,779.26	0.99%
<b>Total</b>	<b>1,852,584</b>	<b>100.00%</b>	<b>3,905,399,216.62</b>	<b>100.00%</b>

<b>Product Type</b>	<b>Total Number of Accounts</b>	<b>Percentage of Total Number of Accounts</b>	<b>Total Receivables (A\$)</b>	<b>Percentage of Total Receivables</b>
28 Degrees	245,628	13.26%	229,435,677.47	5.87%
Buyers Edge	51,846	2.80%	76,309,340.97	1.95%
CreditLine	329,047	17.76%	611,843,515.81	15.67%
ECO	3,711	0.20%	5,541,153.27	0.14%
GEM Visa	278,706	15.04%	898,411,203.76	23.00%
Latitude MasterCard	33,458	1.81%	53,601,522.50	1.37%
GO	816,946	44.10%	1,883,475,714.19	48.23%
Latitude Low Rate	10,461	0.56%	31,827,540.76	0.81%
Latitude PLCC	3,341	0.18%	2,913,388.33	0.07%
Latitude Infinity	79,440	4.29%	112,040,159.56	2.87%
<b>Total</b>	<b>1,852,584</b>	<b>100.00%</b>	<b>3,905,399,216.62</b>	<b>100.00%</b>

## APPENDIX B

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