

Pepper Residential Securities Trust No. 39 - Series Notice

Dated 23 February 2024

Pepper Money Limited (ABN 55 094 317 665) ("**Trust Manager**", "**Servicer**" and "**Loss Reserve Loan Provider**")
Permanent Custodians Limited (ABN 55 001 426 384) ("**Trustee**")
BNY Trust Company of Australia Limited (ABN 49 050 294 052)
("**Backup Servicer**" and "**Custodian**")
BTA Institutional Services Australia Limited (ABN 48 002 916 396)
("**Security Trustee**")

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Pepper Residential Securities Trust No. 39 - Series Notice Contents

Details	5
General terms	7
1 Interpretation	7
1.1 Incorporated definitions	7
1.2 Definitions	7
1.3 General	40
1.4 References to time	40
1.5 Additional Transaction Documents	40
2 Trust characteristics	41
2.1 Conditions	41
2.2 Rating	41
2.3 Series Notice	41
2.4 Support Facility	41
2.5 General Security Agreement	41
2.6 Appointment of Backup Servicer	41
2.7 Appointment of Custodian	41
2.8 2012 Master Custody Deed and Master Origination Deed	41
3 Issue of Notes	42
3.1 Procedures for issue on the Closing Date	42
3.2 Conditions precedent	42
3.3 Excluded Issue	43
3.4 Further Notes	43
3.5 Noteholder's obligations	43
3.6 Use of Note proceeds	43
4 Acquisition of Mortgage Loans	44
4.1 Criteria for acquisition of Mortgage Loans	44
4.2 Trust Manager representations and warranties	44
4.3 Title Perfection Event	45
5 Eligibility Criteria	45
5.1 Requirement to satisfy	45
5.2 Eligibility Criteria	46
5.3 Breach of representation	47
6 Further Advances and Fixed Interest Rates	48
7 Redraws	48
7.1 Servicer Advance	48
7.2 Direction to fund Redraws	49
8 Sale of Mortgage Loans	49
8.1 Sale price	49

8.2	Conditions to sale of Mortgage Loans	49
8.3	Reliance	50
9	Threshold Rate	50
9.1	Calculation of Threshold Rate	50
9.2	Setting Interest Rate on Mortgage Loans	50
9.3	Threshold Rate Subsidy	50
10	Cashflow Allocation Methodology	51
10.1	Distributions made during a Collection Period	51
10.2	Available Principal	51
10.3	Available Income	52
10.4	Extraordinary Expense Reserve Draw	53
10.5	Principal Draw	53
10.6	Liquidity Draw	53
10.7	Determination of Preliminary Total Available Income	54
10.8	Yield Enhancement Reserve Draw	54
10.9	Determination of Total Available Income	54
10.10	Application of Total Available Income (prior to an Event of Default)	54
10.11	Determination of Total Available Principal	57
10.12	Application of Total Available Principal (prior to an Event of Default)	58
10.13	Allocation of Charge-Offs and Principal Draws	60
10.14	Re-instatement of Carryover Charge-Offs and Principal Draws	61
10.15	Stepdown Criteria	62
10.16	Distribution of Turbo Principal Allocation	63
10.17	Distribution of Yield Enhancement Reserve	64
10.18	Application of proceeds following an Event of Default	64
10.19	Cash Collateral	66
10.20	Amortisation Ledger	66
10.21	Retention Amount Ledger	66
10.22	Extraordinary Expense Reserve Account	67
10.23	Yield Enhancement Reserve	67
10.24	Yield Enhancement Ledger	68
10.25	Accrued Interest Adjustment	68
10.26	Loss Reserve Account	68
11	Events of Default	69
11.1	Events of Default	69
11.2	Interpretation	70
12	Determinations by Trust Manager	70
12.1	Determinations to be made	70
12.2	Notifications and instructions to Trustee	72
12.3	Reliance on Trust Manager's calculations and instructions	72
13	Fees	72
13.1	Trust Manager's fee	72
13.2	Servicer's fee	72
13.3	Trustee's fee	72
13.4	Security Trustee's fee	72
13.5	Custodian's Fee	72
13.6	Backup Servicer's Fee	73

14	Tax Consolidation	73
14.1	Acknowledgement	73
14.2	Tax Sharing Agreement	73
14.3	No further obligations	76
15	Right of indemnity - Consumer Credit Legislation	76
16	Right of Indemnity – Land Title Act 1994 (Qld) and Real Property Act 1900 (NSW)	77
17	Miscellaneous	78
17.1	Limitation of Liability, Notices and Governing law	78
17.2	Waivers, remedies cumulative	78
17.3	Survival of representations	78
17.4	Business Day Convention	78
17.5	Banking Code of Practice	78
17.6	GST	79
17.7	Electronic Means	79
18	Collection Account	79
18.1	Restricted use of Collection Account	79
18.2	Operation of Account	79
18.3	Trust Manager and Servicer not to deal with Accounts	79
18.4	Transfer of Collection Account	79
19	Trustee to act in interests of Noteholders	80
20	Amendments to the Master Trust Deed	80
20.1	Definitions	80
20.2	Closure	80
20.3	Power to delegate	80
20.4	Illegality	81
20.5	Mandatory retirement	81
20.6	Costs of retirement	81
20.7	Discharge of further obligations	81
20.8	Net Trust Income	82
21	Amendments to Master Security Trust Deed	83
21.1	Limit on rights	83
21.2	Definitions	84
21.3	Assuming compliance	84
21.4	Power to delegate	85
21.5	Liability must be limited and must be indemnified	85
21.6	Exoneration	86
21.7	No supervision and illegality	86
21.8	Costs of retirement	86
21.9	Discharge of further obligations	86
21.10	Events of Default	86
21.11	Undertakings of the Trust Manager	87
21.12	Payments	87
21.13	Privacy	87
21.14	Confidentiality	87
21.15	Meeting Provisions	88

22	Amendments to the Master Servicer Deed	88
22.1	Separate Deed	88
22.2	Definitions	88
22.3	Duties	89
22.4	Consumer Credit Laws	89
22.5	Dealing with interests	89
23	Amendments to the Master Management Deed	89
23.1	Trust Manager's duties	89
23.2	Indemnity	89
23.3	Trust Manager Default	90
23.4	Dealing with interests	90
23.5	Appointment of successor manager	91
24	Note Deed Poll	91
24.1	Obligations in Conditions	91
24.2	Interest Rate on the Notes	91
24.3	Decisions and determinations are final and conclusive	91
24.4	Temporary Disruption Fallback	92
24.5	Permanent Discontinuation Fallback	92
24.6	Definitions	92
25	Personal Property Securities Act	92
25.1	Trust Manager undertaking	92
25.2	PPSA further steps	93
25.3	Trustee and Security Trustee obligations	93
25.4	Costs of further steps and undertaking	94
25.5	No PPSA notice required unless mandatory	94
25.6	Information under Part 8.4 of PPS Act	94
25.7	Disclosure	95
26	Benchmark Amendments	95
26.1	Benchmark Amendments	95
26.2	Inconsistency	96
27	Consumer Credit Legislation	96
27.1	Servicer representations	96
27.2	Trustee representations	96
27.3	Repetition of representations	96
27.4	Undertakings by the Servicer	97
27.5	Undertakings by the Trust Manager	97
27.6	Undertakings by the Trustee	97
28	Sanctions	98
Schedule 1	Information to be contained in Noteholder Report	99
	Signing page	101

Pepper Residential Securities Trust No. 39 - Series Notice Details

Parties		
Trust Manager, Servicer and Loss Reserve Loan Provider	Name	Pepper Money Limited
	ABN	55 094 317 665
	Address	Level 27 177 Pacific Highway NORTH SYDNEY NSW 2060
	Fax	+61 2 9463 4666
	Attention	Treasurer
Trustee	Name	Permanent Custodians Limited
	ABN	55 001 426 384
	Capacity	as trustee of the Pepper Residential Securities Trust No. 39
	Address	Level 2 1 Bligh Street SYDNEY NSW 2000
	Fax	+61 2 9260 6009
	Attention	Global Client Services
Security Trustee	Name	BTA Institutional Services Australia Limited
	ABN	48 002 916 396
	Capacity	as trustee of the Pepper Residential Securities Security Trust No. 39
	Address	Level 2 1 Bligh Street SYDNEY NSW 2000
	Fax	+61 2 9260 6009
	Attention	Global Client Services

Backup Servicer and Custodian	Name	BNY Trust Company of Australia Limited
	ABN	49 050 294 052
	Address	Level 2 1 Bligh Street SYDNEY NSW 2000
	Fax	+61 2 9260 6009
	Attention	Global Client Services

Governing law	New South Wales
----------------------	-----------------

Date of deed	See Signing page
---------------------	------------------

Pepper Residential Securities Trust No. 39 - Series Notice

General terms

1 Interpretation

1.1 Incorporated definitions

A term which has a defined meaning (including by incorporation) in the:

- (a) Master Security Trust Deed; or
- (b) Master Trust Deed,

has the same meaning when used in this document unless it is expressly defined in this document, in which case the meaning in this document prevails. If the definition of a term in the Master Security Trust Deed or the Master Trust Deed is amended in this document, the definition in the Master Security Trust Deed or Master Trust Deed applies to the extent amended by this document.

1.2 Definitions

In this document, unless the contrary intention appears:

2012 Master Custody Deed means the document entitled "Pepper Master Custody Deed" dated 2 May 2012 between Pepper Finance Corporation, Perpetual Trustee Company Limited and the Trust Manager.

A\$ or Australian Dollars means the lawful currency of the Commonwealth of Australia.

Accrued Interest Adjustment means, in relation to the Mortgage Loans acquired by the Trustee from a Disposing Trustee on the Closing Date pursuant to an assignment in accordance with the Sale Deed or the Reallocation Notice, the amount defined as such in the Sale Deed or the Reallocation Notice (as applicable).

Adjustment Spread means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

- (a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using industry-accepted practices, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or
- (b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Calculation Agent to be appropriate or, if the Calculation Agent is unable to determine the quantum of, or a formula or methodology for determining, such adjustment spread, then as determined by an alternative financial institution (appointed by the Trust

Manager in its sole discretion) acting in good faith and in a commercially reasonable manner.

Adjustment Spread Fixing Date means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate.

Administrator means:

- (a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);
- (b) in respect of AONIA, the Reserve Bank of Australia; and
- (c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

or in each case, any successor administrator or, as applicable, any successor administrator or provider.

Administrator Recommended Rate means the rate formally recommended for use as the replacement for the BBSW Rate by the Administrator of the BBSW Rate.

Affected Party in respect of a Derivative Contract has the meaning set out in that Derivative Contract.

Aggregate Invested Amount means at any time in respect of a Class of Notes, the aggregate of the Invested Amount of all the Notes of that Class at that time.

Aggregate Stated Amount means at any time in respect of a Class of Notes, the aggregate of the Stated Amount of all the Notes of that Class at that time.

Amortisation Amount means, in respect of a Payment Date:

- (a) where an Amortisation Event is subsisting on that Payment Date, an amount equal to:

$$A \times B$$

where:

A = 1 – the then prevailing corporate tax rate applicable in Australia; and

B = the amount available to be applied on that Payment Date under clause 10.10(r) (“Application of Total Available Income (prior to an Event of Default)”);

- (b) otherwise, zero.

An **Amortisation Event** is subsisting on a Payment Date if:

- (a) that Payment Date falls after the second Payment Date following the first occurring Call Option Date; or
- (b) on the Determination Date immediately preceding that Payment Date, a Servicer Default is subsisting and that Servicer Default has been subsisting for more than ten consecutive Business Days.

Amortisation Ledger has the meaning set out in clause 10.20 (“Amortisation Ledger”).

AONIA means the Australian dollar interbank overnight cash rate (known as AONIA).

AONIA Fallback Rate means, for an Interest Determination Date, the rate determined by the Calculation Agent to be Compounded Daily AONIA for that Interest Determination Date plus the Adjustment Spread.

Applicable Benchmark Rate means initially, the BBSW Rate or, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate (as applicable at such time in accordance with clause 24.5 (“Permanent Discontinuation Fallback”)).

Approved Solicitor means the solicitor (if any) named in the Credit Policy and Procedures Manual and, if none are named, the solicitor appointed by the Trust Manager to settle the Mortgage Loans on behalf of the Trustee.

Approved External Dispute Resolution Scheme means any one of:

- (a) the AFCA Scheme as defined in the NCCP; and
- (b) any other external dispute resolution scheme approved under or in accordance with the NCCP from time to time.

Approved Valuer means the valuer (if any) named in the Credit Policy and Procedures Manual and, if none are named, the valuer appointed by the Trust Manager to provide valuations to either or both the Originator and the Servicer, as the case may be.

Arrears Ratio means, in respect of a Determination Date, the Outstanding Balance of the Mortgage Loans which are greater than 90 days in arrears as at the last day of the immediately preceding Collection Period as a percentage of the total Outstanding Balance of all Mortgage Loans (calculated by the Trust Manager on the last day of the immediately preceding Collection Period).

ASIC means the Australian Securities and Investments Commission.

Australian Credit Licence has the meaning given to that term in the NCCP.

Authorised Investments means:

- (a) cash deposited in an interest bearing bank account in the name of the Trustee with an Eligible Bank; and
- (b) any debt securities which:
 - (i) have a short term credit rating of “A-1+” by S&P;
 - (ii) have a short term credit rating of “P-1” by Moody’s;
 - (iii) mature on or prior to the next date on which the proceeds from such Authorised Investments will be required to be applied in accordance with the Cashflow Allocation Methodology;
 - (iv) are denominated in Australian Dollars;
 - (v) are held in the name of the Trustee; and

- (vi) are “authorised investments” within the meaning of section 289 of the *Duties Act 2001* (Qld),

in each case which:

- (c) does not constitute a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority, including any amendment or replacement of that Prudential Standard); and
- (d) does not give rise to FATCA Withholding Tax.

Available Income means, on any day, the amount calculated in accordance with clause 10.3 (“Available Income”).

Available Principal means, on any day, the amount calculated in accordance with clause 10.2 (“Available Principal”).

Backup Servicer means BNY Trust Company of Australia Limited.

Backup Servicer Deed means the document entitled “Pepper Master Backup Servicer Deed” dated 20 February 2019 between the Trustee, the Trust Manager, the Servicer, the Security Trustee and the Backup Servicer.

BBSW means the Australian Dollar mid-rate benchmark for prime bank eligible securities (known as the Australian Bank Bill Swap Rate or BBSW).

BBSW Rate means, for an Interest Determination Date, subject to clause 24.4 (“Temporary Disruption Fallback”) and clause 24.5 (“Permanent Discontinuation Fallback”), the per annum rate expressed as a decimal which is the level of BBSW for a period of one month provided by the Administrator and published as of the Publication Time on that Interest Determination Date provided that if the first Interest Period is longer than one month, the BBSW Rate for the first Interest Period will be the rate determined using straight line interpolation by reference to two rates where:

- (a) the first rate must be determined on the Interest Determination Date of that Interest Period as being the per annum rate expressed as a decimal as if the relevant tenor of BBSW were a period of a time next shorter than the length of that Interest Period provided by the Administrator and published as of the Publication Time on that Interest Determination Date; and
- (b) the second rate must be determined on the Interest Determination Date of that Interest Period as being the per annum rate expressed as a decimal as if the relevant tenor of BBSW were a period of a time next longer than the length of that Interest Period provided by the Administrator and published as of the Publication Time on that Interest Determination Date.

Bloomberg means Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time), as the provider of term adjusted AONIA and the spread.

Bloomberg Adjustment Spread means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg, on the Fallback Rate (AONIA) Screen (or by other means) or provided to, and published by, authorised distributors.

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in

foreign exchange and foreign currency deposits) in Sydney and Melbourne (not being a Saturday, Sunday or public holiday in any such place).

Business Day Convention means the convention for adjusting any date if it would otherwise fall on a day that is not a Business Day, such that the date is postponed to the next Business Day.

Business Process Manual means that part of the Credit Policy and Procedures Manual relating to the settlement and servicing of Mortgage Loans.

Calculation Agent has the meaning set out in the Conditions.

Call Option has the meaning set out in the Conditions.

Call Option Date means:

- (a) each Date Based Call Option Date; and
- (b) each Payment Date following the first Payment Date on which the Aggregate Invested Amount of all Notes (excluding the Class L Notes) on that Payment Date is less than 10% of the Aggregate Invested Amount of all Notes (excluding the Class L Notes) on the Closing Date.

Carryover Charge-Off means, on any Determination Date, the amount equal to:

$$A + B - C$$

where

- A = the amount (if any) of the Carryover Charge-Offs on the previous Determination Date;
- B = the aggregate of the amount (if any) of the Charge-Offs on the current Determination Date and any Principal Draw in respect of the immediately preceding Payment Date; and
- C = the amount (if any) of Total Available Income available to be applied on the next occurring Payment Date under clauses 10.10(n) and 10.10(o)(ii) ("Application of Total Available Income (prior to an Event of Default)") towards Carryover Charge-Offs.

Cash Collateral means, on any day:

- (a) in respect of a Derivative Contract, the amount of collateral (if any) whether cash or securities paid or transferred to the Trustee by the relevant Derivative Counterparty in accordance with the terms of that Derivative Contract that has not been applied before that day to satisfy the Derivative Counterparty's obligations under that Derivative Contract in accordance with the terms of that Derivative Contract; and
- (b) in respect of the Liquidity Facility Agreement, the Collateral Account Balance (as defined in the Liquidity Facility Agreement).

Cashflow Allocation Methodology means the methodology specified in clause 10 ("Cashflow Allocation Methodology").

Charge-Off means, in respect of a Determination Date, the amount (if any) by which the Losses in respect of the immediately preceding Collection Period exceeds the aggregate of:

- (a) the amounts available to be applied from Total Available Income on the next Payment Date under clause 10.10(o)(i) (“Application of Total Available Income (prior to an Event of Default)”); and
- (b) any Loss Reserve Draw in respect of that Determination Date.

Class means a class of Notes.

Class A Note means each Class A1-s Note, Class A1-a Note and Class A2 Note (or any of them).

Class A Noteholder means each Class A1-s Noteholder, Class A1-a Noteholder and Class A2 Noteholder (or any of them).

Class A1-a Note means any Note designated as a “Class A1-a Note” and which is issued in accordance with this document and the Note Deed Poll.

Class A1-a Note Principal Allocation means, in respect of a Payment Date:

- (a) on which the Stepdown Criteria are not satisfied and prior to the first Call Option Date, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A1-a Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class A1-a Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes and the Class A2 Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(i)(B) (“Application of Total Available Principal (prior to an Event of Default)”); or

- (b) on which the Stepdown Criteria are satisfied, the amount equal to:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A1-a Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class A1-a Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) (“Application of Total Available Principal (prior to an Event of Default)”).

Class A1a Noteholder means a Noteholder of a Class A1-a Note.

Class A1-s Note means any Note designated as a “Class A1-s Note” and which is issued in accordance with this document and the Note Deed Poll.

Class A1-s Noteholder means a Noteholder of a Class A1-s Note.

Class A2 Note means any Note designated as a “Class A2 Note” and which is issued in accordance with this document and the Note Deed Poll.

Class A2 Note Principal Allocation means, in respect of a Payment Date:

- (a) on which the Stepdown Criteria are not satisfied and prior to the first Call Option Date, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A2 Note Principal Allocation;
- B = the Aggregate Stated Amount of the Class A2 Notes as at the Determination Date immediately preceding that Payment Date;
- C = the Aggregate Stated Amount of the Class A1-a Notes and the Class A2 Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(i)(B) (“Application of Total Available Principal (prior to an Event of Default)”); or

- (b) on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class A2 Note Principal Allocation.
- B = the Aggregate Stated Amount of the Class A2 Notes as at the Determination Date immediately preceding that Payment Date.
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) (“Application of Total Available Principal (prior to an Event of Default)”).

Class A2 Noteholder means a Noteholder of a Class A2 Note.

Class B Note means any Note designated as a “Class B Note” and which is issued in accordance with this document and the Note Deed Poll.

Class B Noteholder means a Noteholder of a Class B Note.

Class B Note Principal Allocation means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class B Note Principal Allocation.

B = the Aggregate Stated Amount of the Class B Notes as at the Determination Date immediately preceding that Payment Date.

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

Class C Note means any Note designated as a "Class C Note" and which is issued in accordance with this document and the Note Deed Poll.

Class C Noteholder means a Noteholder of a Class C Note.

Class C Note Principal Allocation means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class C Note Principal Allocation.

B = the Aggregate Stated Amount of the Class C Notes as at the Determination Date immediately preceding that Payment Date.

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

Class D Note means any Note designated as a "Class D Note" and which is issued in accordance with this document and the Note Deed Poll.

Class D Noteholder means a Noteholder of a Class D Note.

Class D Note Principal Allocation means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class D Note Principal Allocation.

B = the Aggregate Stated Amount of the Class D Notes as at the Determination Date immediately preceding that Payment Date.

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

Class E Note means any Note designated as a "Class E Note" and which is issued in accordance with this document and the Note Deed Poll.

Class E Noteholder means a Noteholder of a Class E Note.

Class E Note Principal Allocation means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

A = the Class E Note Principal Allocation.

B = the Aggregate Stated Amount of the Class E Notes as at the Determination Date immediately preceding that Payment Date.

C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and

D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) ("Application of Total Available Principal (prior to an Event of Default)").

Class F Note means any Note designated as a "Class F Note" and which is issued in accordance with this document and the Note Deed Poll.

Class F Noteholder means a Noteholder of a Class F Note.

Class F Note Principal Allocation means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class F Note Principal Allocation.
- B = the Aggregate Stated Amount of the Class F Notes as at the Determination Date immediately preceding that Payment Date.
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) (“Application of Total Available Principal (prior to an Event of Default)”).

Class G Note means a Class G1 Note or a Class G2 Note.

Class G Noteholder means a Noteholder of a Class G Note.

Class G Note Principal Allocation means, in respect of a Payment Date on which the Stepdown Criteria are satisfied, the amount calculated as follows:

$$A = \left(\frac{B}{C}\right) \times D$$

where:

- A = the Class G Note Principal Allocation.
- B = the Aggregate Stated Amount of the Class G Notes as at the Determination Date immediately preceding that Payment Date.
- C = the Aggregate Stated Amount of the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes as at the Determination Date immediately preceding that Payment Date; and
- D = the amount of Total Available Principal available to be applied on that Payment Date under clause 10.12(c)(ii) (“Application of Total Available Principal (prior to an Event of Default)”).

Class G Note Supplemental Deed means the deed entitled “Pepper Residential Securities Trust No. 39 - Class G Note Supplemental Deed” dated on or about the date of this document between the Trustee, the Trust Manager, the Security Trustee and the initial subscribers for the Class G Notes.

Class G Note Trigger Event has the meaning given to the term “Trigger Event” in the Class G Note Supplemental Deed.

Class G1 Note means any Note designated as a “Class G1 Note” and which is issued in accordance with this document, the Note Deed Poll and the Class G Note Supplemental Deed.

Class G2 Note means any Note designated as a “Class G2 Note” and which is issued in accordance with this document, the Note Deed Poll and the Class G Note Supplemental Deed.

Class L Note means a Note designated as a “Class L Note” and which is issued in accordance with the Series Notice and the Note Deed Poll.

Class L Noteholder means a Noteholder of a Class L Note.

Closing Date means 28 February 2024, or such other date as notified by the Trust Manager to the Trustee.

Collateral has the meaning set out in the Master General Security Terms.

Collateral Account has the meaning set out in the Liquidity Facility Agreement.

Collection Period means the period from (and including) the first day of a calendar month up to (and including) the last day of that calendar month except for the first Collection Period, which commences on (and includes) the Closing Date and ends on (and includes) 31 March 2024.

Collection Period Distributions means payments made by the Trustee during a Collection Period in accordance with clause 10.1(a) ("Distributions made during a Collection Period").

Collections means, in respect of a Collection Period, all amounts received by, or on behalf of, the Trustee in respect of the Mortgage Loans during that Collection Period including, without limitation:

- (a) all principal, interest and fees;
- (b) the proceeds of sale or Reallocation of any Mortgage Loans;
- (c) any proceeds recovered from any enforcement action;
- (d) any amount received as damages in respect of a breach of any representation or warranty;
- (e) any Prepayment Costs paid by the Obligor;
- (f) any proceeds received under any General Insurance Policy or Title Insurance Policy; and
- (g) any Recoveries received in respect of a Mortgage Loan or its Related Security,

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

Collections Trust means the Pepper Collections Trust established under the Collections Trust Trust Deed.

Collections Trust Trust Deed means the Pepper Collections Trust Trust Deed dated 27 October 2011.

Compounded Daily AONIA means, for an Interest Determination Date, the rate which is the rate of return of a daily compound interest investment, calculated in accordance with the formula below:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{AONIA_{i-5BD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

d means the number of calendar days in the relevant Interest Period;

d₀ means the number of Business Days in the relevant Interest Period;

AONIA_{i-5BD} means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Business Day falling five Business Days prior to such Business Day “*i*”;

i is a series of whole numbers from 1 to *d₀*, each representing the relevant Business Day in chronological order from (and including) the first Business Day in the relevant Interest Period to (and including) the last Business Day in such Interest Period; and

n_i for any Business Day “*i*”, means the number of calendar days from (and including) such Business Day “*i*” up to (but excluding) the following Business Day.

If for any reason Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period.

Conditions means the conditions of the Notes set out in Schedule 1 of the Note Deed Poll.

Consumer Credit Legislation means each of:

- (a) the NCCP;
- (b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);
- (c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth);
- (d) any acts or any regulations made under or in respect of any of the acts set out in paragraphs (a) - (c) above (including the NCCP Regulations); and
- (e) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001, so far as it relates to the obligations in respect of an Australian Credit Licence issued under the NCCP.

Costs include costs, charges, expenses and Taxes, including those incurred in connection with advisers.

Credit Manual means that part of the Credit Policy and Procedures Manual relating to the origination and underwriting of Mortgage Loans.

Credit Policy and Procedures Manual means the guidelines relating to the origination, underwriting, settlement and ongoing servicing of Mortgage Loans, consisting of the Credit Manual and the Business Process Manual, as identified and initialled by each Party upon settlement, and as modified, supplemented or replaced from time to time as agreed between the parties in writing.

Credit Provider has the meaning set out in the NCCP.

Current LVR means, at any time, in relation to a Mortgage Loan the ratio of:

- (a) the Outstanding Balance of that Mortgage Loan at that time; to
- (b) the value of the relevant residential real property which at that time secures that Mortgage Loan, where such value is the value of that property as at the date the Mortgage Loan was settled, or, if a valuation was undertaken more recently, the date of the last valuation report from an Approved Valuer.

Custodian means BNY Trust Company of Australia Limited.

Custody Deed means the document entitled “Pepper Master Custody Deed” dated 20 February 2019 between the Trustee and others.

Cut-Off Date means 31 December 2023.

Date Based Call Option Date means the Payment Date occurring in February 2029 and each Payment Date occurring thereafter.

Dealer means each party appointed as such pursuant to the Dealer Agreement.

Dealer Agreement means the document entitled “Pepper Residential Securities Trust No. 39 - Dealer Agreement” dated 16 February 2024 between the Trustee and others, and includes the Master Dealer Terms incorporated by reference in it.

Defaulting Party in respect of a Derivative Contract has the meaning set out in that Derivative Contract.

Derivative Contract means each Derivative Contract (as defined in the Master Security Trust Deed) entered into by the Trustee (at the direction of the Trust Manager, and to which the Trust Manager will also be a party) in respect of the Trust:

- (a) pursuant to an ISDA Master Agreement;
- (b) in accordance with the Hedging Policy; and
- (c) on terms in respect of which a Rating Notification has been given.

Derivative Counterparty means the counterparty under a Derivative Contract.

Designated Rating Agency means each of S&P and Moody’s.

Determination Date means the day which is 3 Business Days prior to a Payment Date.

Disposing Trust means each of:

- (a) the Pepper Mortgage Warehouse Trust 2009-2 established on 18 December 2009;
- (b) the Pepper Mortgage Warehouse Trust 2010-1 established on 16 July 2010;
- (c) the Pepper Prime Mortgage Origination Trust 2013-3 established on 31 October 2013;
- (d) the Pepper NC Mortgage Warehouse Trust 2021-1 established on 6 September 2021;
- (e) the Pepper Prime Mortgage Origination Trust 2021-1 established on 13 October 2021;
- (f) the Pepper Prime Mortgage Origination Warehouse Trust 2021-3 established on 24 November 2021;
- (g) the Pepper NC Mortgage Trust 2022-2 established on 24 October 2022;

- (h) the Pepper Mortgage Innovation Trust No. 1 established on 19 July 2022; and
- (i) the Pepper Prime Mortgage Origination Warehouse Trust No.2 established on 23 May 2018.

Disposing Trustee means each of:

- (a) Pepper Finance Corporation Limited in its capacity as trustee of:
 - (i) the Pepper Mortgage Warehouse Trust 2009-2 established on 18 December 2009;
 - (ii) the Pepper Mortgage Warehouse Trust 2010-1 established on 16 July 2010;
 - (iii) the Pepper Prime Mortgage Origination Trust 2013-3 established on 31 October 2013;
 - (iv) the Pepper NC Mortgage Warehouse Trust 2021-1 established on 6 September 2021;
 - (v) the Pepper Prime Mortgage Origination Trust 2021-1 established on 13 October 2021;
 - (vi) the Pepper Prime Mortgage Origination Warehouse Trust 2021-3 established on 24 November 2021;
 - (vii) the Pepper Mortgage Innovation Trust No. 1 established on 19 July 2022; and
 - (viii) the Pepper NC Mortgage Trust 2022-2 established on 24 October 2022; and
- (b) Permanent Custodians Limited in its capacity as trustee of the Pepper Prime Mortgage Origination Warehouse Trust No.2 established on 23 May 2018.

Eligibility Criteria means the criteria set out in clause 5.2 (“Eligibility Criteria”).

Eligible Bank means any Bank with a rating equivalent to or higher than:

- (a) in the case of S&P, either a short term credit rating of “A-1” or a long term credit rating of “A” (as the case may be); and
- (b) in the case of Moody’s, a long term credit rating of “A2” and a short term credit rating of “P-1”,

or such other lower credit rating or ratings by the Designated Rating Agency as may be notified by the Trust Manager to the Trustee from time to time provided that the Trust Manager has delivered a Rating Notification in respect of such other credit rating or ratings.

Enforcement Expenses means all expenses paid by the Servicer and/or the Trustee in connection with the enforcement of any Mortgage Loan or any Related Security.

Event of Default has the meaning set out in clause 11 (“Events of Default”).

Extraordinary Expense means, in relation to a Collection Period, any out of pocket Trust Expense incurred by the Trustee in respect of that Collection Period but which was not incurred in the ordinary course of business of the Trust.

Extraordinary Expense Reserve Account means the ledger account of the Collection Account established and maintained by the Trustee (at the direction of the Trust Manager) in accordance with clause 10.22 (“Extraordinary Expense Reserve Account”).

Extraordinary Expense Reserve Balance means, on any day, the credit balance of the Extraordinary Expense Reserve Account on that day.

Extraordinary Expense Reserve Draw has the meaning set out in clause 10.4 (“Extraordinary Expense Reserve Draw”).

Extraordinary Expense Reserve Loan Agreement means the document entitled “Pepper Master Extraordinary Expense Reserve Loan Agreement” dated 20 February 2019 between the Trustee, the Trust Manager and the Extraordinary Expense Reserve Loan Provider.

Extraordinary Expense Reserve Loan Maturity Date means the Maturity Date.

Extraordinary Expense Reserve Loan Provider means Pepper Money Limited (ACN 094 317 665).

Extraordinary Expense Reserve Target Balance means A\$150,000.

Fallback Rate means, in respect of a Permanent Discontinuation Fallback for an Applicable Benchmark Rate, the rate that applies to replace that Applicable Benchmark Rate in accordance with the definition of Permanent Discontinuation Fallback.

When calculating interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that interest will be calculated as if references to the BBSW Rate were references to that Fallback Rate. When calculating interest in circumstances where the Final Fallback Rate applies, that interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate.

Fallback Rate (AONIA) Screen means the Bloomberg screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg screen <HP> <GO>) or any other published source designated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time).

FATCA means:

- (a) sections 1471 through 1474 of the United States Internal Revenue Code of 1986 (including any regulations or official interpretations issued with respect thereof and any amended or successor provisions);
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement under the implementation of paragraphs (a) or (b) above, with the United States of America Internal Revenue Service, the United

States of America government or any governmental or taxation authority in any other jurisdiction.

FATCA Withholding Tax means any withholding or deduction arising under or in connection with, or to ensure compliance with, FATCA.

Final Fallback Rate means, in respect of an Applicable Benchmark Rate, the rate:

- (a) determined by the Calculation Agent as a commercially reasonable alternative for the Applicable Benchmark Rate taking into account all available information that in good faith it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and / or futures exchanges with representative trade volumes in derivatives or futures referencing that Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this paragraph (a);
- (b) if the Calculation Agent is unable or unwilling to determine a reasonable alternative, determined by an alternative financial institution (appointed by the Trust Manager in its sole discretion) acting in good faith and in a commercially reasonable manner; or
- (c) if and for so long as the Trust Manager is unable to appoint an alternative financial institution or the appointed alternative financial institution is unable or unwilling to determine a rate in accordance with paragraph (b), which is the last provided or published level of that Applicable Benchmark Rate.

Finance Charge Collections means:

- (a) any interest and other amounts in the nature of interest or income (including any previously capitalised interest) received in respect of any Mortgage Loan, or any similar amount which is, in the reasonable opinion of the Trust Manager, in the nature of income or interest, including without limitation amounts of that nature:
 - (i) recovered from the enforcement of a Mortgage Loan or its Related Security;
 - (ii) paid to the Trustee upon the sale or Reallocation of a Mortgage Loan; and
 - (iii) paid in respect of a breach of a representation or warranty contained in the Transaction Documents in respect of a Mortgage Loan or under any obligation to indemnify or reimburse the Trustee; and
- (b) any Recoveries received in respect of a Mortgage Loan or its Related Security.

Further Advance means, in relation to a Mortgage Loan, any advance provided to the relevant Obligor after the settlement date of that Mortgage Loan which results in an increase in the Scheduled Balance of that Mortgage Loan.

Further Liquidity Shortfall has the meaning set out in clause 10.6 ("Liquidity Draw").

General Insurance Policy means, in respect of a Mortgage Loan, any policy of general insurance in force in respect of that Mortgage Loan or its Related Securities.

General Security Agreement means the document entitled “Pepper Residential Securities Trust No. 39 - General Security Agreement” dated on or about the date of this document between the Trustee and others, and includes the Master General Security Terms incorporated by reference in it.

Governmental Agency means any government, whether federal, state, territorial or local, and any minister, department, office, commission, delegate, instrumentality, agency, board, authority or organ thereof, whether statutory or otherwise.

GST means any goods and services tax, value added tax or similar tax imposed by the Commonwealth of Australia or any State or Territory of the Commonwealth of Australia.

Hedging Policy means the policy for the entry into Derivative Contracts by the Trustee in the form provided by the Trust Manager from time to time and in respect of which a Rating Notification has been given.

Inappropriate Person has the meaning set out in the NCCP Regulations.

Initial Invested Amount in respect of:

- (a) a Note (other than a Class G Note or a Class L Note), means A\$10,000; and
- (b) a Class G Note or a Class L Note, means A\$1,000.

Interest means, in respect of a Class of Notes and an Interest Period, the aggregate amount of interest accrued on that Class of Notes in respect of that Interest Period.

Interest Determination Date means, in respect of an Interest Period:

- (a) where the BBSW Rate applies or the Final Fallback Rate applies under paragraph (a)(iii) of the definition of Permanent Discontinuation Fallback, the first day of that Interest Period; and
- (b) otherwise, the fifth Business Day prior to the last day of that Interest Period,

subject in each case to adjustment in accordance with the Business Day Convention.

Interest Only Loan means a Mortgage Loan which does not require the amortisation of principal for a specified period of time.

Interest Period in respect of a Note, means:

- (a) initially, the period from (and including) the Issue Date of that Note to (but excluding) the first following Payment Date; and
- (b) thereafter, each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

Interest Rate for a Note means the interest rate (expressed as a percentage rate per annum) for that Note determined in accordance with clause 24.2 (“Interest Rate on the Notes”).

Invested Amount at any time in respect of a Note means an amount equal to:

- (a) the Initial Invested Amount of that Note; less

- (b) the aggregate of any principal repayments made in respect of that Note prior to that time.

ISDA means the International Swaps and Derivatives Association, Inc.

ISDA Master Agreement means, in respect of a Derivative Contract, any ISDA Master Agreement (including the schedule and each credit support annex forming part of it) which the Trustee and the Trust Manager agree is an “ISDA Master Agreement” for the purposes of the Trust provided that a Rating Notification has been given in respect of the designation of such agreement.

Issue Date means in respect of a Note, the Closing Date.

Licensee means a holder of an Australian Credit Licence.

Liquidity Draw has the meaning set out in clause 10.6 (“Liquidity Draw”).

Liquidity Facility means a facility available to be drawn to fund the Liquidity Draws under a Liquidity Facility Agreement.

Liquidity Facility Agreement means:

- (a) the document entitled “Pepper Residential Securities Trust No. 39 - Liquidity Facility Agreement” dated on or about the date of this document entered into between the Trustee, the Trust Manager and the Liquidity Facility Provider; and
- (b) any other document which the Trustee and the Trust Manager agree is a “Liquidity Facility Agreement”, provided that a Rating Notification has been given in respect of such document.

Liquidity Facility Provider means the person or persons named as the “Liquidity Facility Provider” in the relevant Liquidity Facility Agreement.

Liquidity Shortfall means, on a Determination Date, the amount (if positive) by which the Required Payments in respect of the immediately following Payment Date exceed the Available Income on that Determination Date.

Liquidity Support Amount means any amount paid by the Servicer to the Trustee in accordance with the terms of any Reimbursement Agreement.

Liquidity Support Reimbursement Amount means any amount payable by the Trustee to the Servicer in accordance with the terms of any Reimbursement Agreement.

Loan Products means the loan products and their related criteria which are provided by the Originator as set out in the Credit Policy and Procedures Manual, as amended from time to time.

Loss Reserve Account means an account opened with an Eligible Bank in the name of the Trustee and designated by the Trust Manager as the loss reserve account for the Trust.

Loss Reserve Draw has the meaning set out in clause 10.26 (“Loss Reserve Account”).

Loss Reserve Loan has the meaning set out in clause 10.26 (“Loss Reserve Account”).

Loss Reserve Loan Provider means Pepper Money Limited (ACN 094 317 665).

Loss Shortfall means, in respect of a Determination Date, the amount (if any) by which the Losses in respect of the immediately preceding Collection Period exceeds the amount available to be applied from Total Available Income on the next Payment Date under clause 10.10(o)(i) (“Application of Total Available Income (prior to an Event of Default)”).

Losses means, for a Collection Period, the aggregate of:

- (a) all losses (as determined by the Trust Manager) for all Authorised Investments acquired from principal collections which arise during that Collection Period; and
- (b) all losses (as determined by the Trust Manager) for all Mortgage Loans which arise during that Collection Period after all enforcement action has been taken by the Servicer (in accordance with the Master Servicer Deed) in respect of any Mortgage Loan and its Related Security and after taking into account:
 - (i) all proceeds received as a consequence of enforcement under any Mortgage Loans (less the relevant Enforcement Expenses);
 - (ii) any proceeds received by the Trustee from any insurance policy related to a Mortgage Loan; and
 - (iii) any payments received from the Trust Manager, the Servicer or any other person for a breach of its obligations under the Transaction Documents,

and **Loss** has a corresponding meaning.

Master Dealer Terms has the meaning set out in the Dealer Agreement.

Master General Security Terms has the meaning set out in the General Security Agreement.

Master Management Deed means the Master Management Terms (as defined in the Notice of Creation of Trust) incorporated by reference in the Notice of Creation of Trust by reference to the terms and conditions of the document entitled “Pepper Master Management Deed” dated 2 May 2012 between Pepper Finance Corporation Limited and the Trust Manager (as amended).

Master Security Trust Deed means the Master Security Trust Terms (as defined in the Notice of Creation of Security Trust) incorporated by reference in the Notice of Creation of Security Trust by reference to the terms and conditions of the document entitled the “Pepper Master Security Trust Deed” dated 2 May 2012 between Pepper Finance Corporation Limited, P.T. Limited and the Trust Manager (as amended).

Master Servicer Deed means the Master Servicer Terms (as defined in clause 22.1 (“Separate Deed”)) incorporated by reference in this document by reference to the terms and conditions of the document entitled “Pepper Master Servicer Deed” dated 2 May 2012 between Pepper Finance Corporation Limited, the Servicer and the Trust Manager (as amended).

Master Trust Deed means the Master Trust Terms (as defined in the Notice of Creation of Trust) incorporated by reference in the Notice of Creation of Trust by reference to the terms and conditions of the document entitled “Pepper Master Trust Deed” dated 2 May 2012 between Pepper Finance Corporation Limited and the Trust Manager (as amended).

Material Adverse Payment Effect means an event or circumstance which will, or is likely to have, a material and adverse effect on the amount of any payment to a Noteholder (other than in respect of a Note which does not then comprise part of the Senior Obligations) or the timing of any such payment.

Maturity Date means the Payment Date occurring in July 2065.

Moody's means Moody's Investors Service Pty Ltd.

Mortgage Loan means, at any time, a mortgage loan which is then, or is then immediately to become, a Trust Asset.

Mortgage Loan Documents means, in respect of a Mortgage Loan or Related Security, any agreement or other document that evidences the Obligor's payment or repayment obligations or any other terms and conditions of that Mortgage Loan or Related Security as applicable, and includes the Title Documents relating to that Mortgage Loan or Related Security.

NCCP means the National Consumer Credit Protection Act 2009 (Cth) and the National Credit Code set out in schedule 1 of that Act.

NCCP Regulations means the National Consumer Credit Protection Regulations 2010.

Non-Representative means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of that Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate:

- (a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and
- (b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor or Administrator (as applicable) (howsoever described) in contracts.

Note Deed Poll means the document entitled "Pepper – Master Note Deed Poll" dated 20 February 2019 and signed by the Trustee.

Noteholder Report means a report containing the information set out in Schedule 1 of this document.

Notes means:

- (a) the Class A1-s Notes;
- (b) the Class A1-a Notes;
- (c) the Class A2 Notes;
- (d) the Class B Notes;
- (e) the Class C Notes;
- (f) the Class D Notes;
- (g) the Class E Notes;

- (h) the Class F Notes;
- (i) the Class G Notes; and
- (j) the Class L Notes,

as applicable.

Note Margin means:

- (a) in respect of the Class A1-s Notes, 0.90% per annum;
- (b) in respect of the Class A1-a Notes:
 - (i) prior to the first Call Option Date, 1.35% per annum; and
 - (ii) on and from the first Call Option Date, the aggregate of:
 - (A) 1.35% per annum; and
 - (B) the Step-up Margin;
- (c) in respect of the Class A2 Notes:
 - (i) prior to the first Call Option Date, 1.60% per annum; and
 - (ii) on and from the first Call Option Date, the aggregate of:
 - (A) 1.60% per annum; and
 - (B) the Step-up Margin;
- (d) in respect of the Class B Notes, 2.15% per annum;
- (e) in respect of the Class C Notes, 2.60% per annum;
- (f) in respect of the Class D Notes, 3.10% per annum;
- (g) in respect of the Class E Notes, 5.70% per annum;
- (h) in respect of the Class F Notes, 6.90% per annum; and
- (i) in respect of the Class G Notes, has the meaning given to the term “Class G Margin” in the Class G Note Supplemental Deed.

Notice of Creation of Security Trust means the Notice of Creation of Security Trust in respect of the Security Trust dated 18 January 2024 between the Trustee, BTA Institutional Services Australia Limited and the Trust Manager.

Notice of Creation of Trust means the Notice of Creation of Trust in respect of the Trust dated 18 January 2024 between Permanent Custodians Limited and the Trust Manager.

Obligor means, in relation to a Mortgage Loan or Related Security, any person who is obliged to make payments either jointly or severally in connection with that Mortgage Loan or Related Security.

Offer to Sell Back has the meaning set out in the Sale Deed.

Originator means Pepper Homeloans Pty Limited (ABN 86 092 110 079).

Other Income means, in respect of a Collection Period, any miscellaneous income or other amounts, not otherwise included in Available Income or Available Principal, received by the Trustee during the relevant Collection Period (excluding any interest or income earned on Authorised Investments or the Loss Reserve Account).

Outstanding Balance means, at any time in respect of a Mortgage Loan, the outstanding principal amount of that Mortgage Loan (including any interest and fees which have been capitalised under that Mortgage Loan).

Outstanding Documents Date means the date which is 90 days after the Closing Date or, if not a Business Day, the next Business Day.

Payment Date means the 16th day of each month, or, if that day is not a Business Day, then the next Business Day provided that the first Payment Date will be in April 2024.

Pepper means Pepper Money Limited (ABN 55 094 317 665).

Penalty Payment means:

- (a) any amount (including, without limitation, any civil or criminal penalty) for which the Trustee is liable under the Consumer Credit Legislation;
- (b) any other reasonable 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 (with the consent of the Servicer, such consent not to be unreasonably withheld) to an Obligor or other person in settlement of any liability or alleged liability or application for an order under the Consumer Credit Legislation; and
- (d) legal costs or other costs and expenses payable or properly incurred by the Trustee in relation to that application or settlement,

to the extent to which a person can be indemnified for that liability, money or amount under the Consumer Credit Legislation and includes all amounts ordered by a court or other judicial, regulatory or administrative body or any other body which may bind the Trustee, including an Approved External Dispute Resolution Scheme, to be paid by the Trustee in connection with paragraphs (a) to (d) above.

Permanent Discontinuation Fallback means, in respect of:

- (a) the BBSW Rate, that the rate for any day for which the BBSW Rate is required on or after the BBSW Rate Permanent Fallback Effective Date will be:
 - (i) if at the time the BBSW Rate Permanent Fallback Effective Date occurs, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Fallback Rate;
 - (ii) if at the time the BBSW Rate Permanent Fallback Effective Date occurs, an AONIA Permanent Fallback Effective Date has occurred, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and
 - (iii) if neither paragraph (a)(i) nor paragraph (a)(ii) above apply, the Final Fallback Rate;

- (b) AONIA, that the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be:
 - (i) if at the time the AONIA Permanent Fallback Effective Date occurs, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and
 - (ii) if paragraph (b)(i) above does not apply, the Final Fallback Rate; and
- (c) the RBA Recommended Rate, that the rate for any day for which the RBA Recommended Rate is required on or after the RBA Recommended Rate Permanent Fallback Effective Date will be the Final Fallback Rate.

Permanent Discontinuation Trigger means, in respect of an Applicable Benchmark Rate:

- (a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official with jurisdiction over the Administrator of the Applicable Benchmark Rate, a resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate, which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Notes or that its use will be subject to restrictions or adverse consequences;
- (d) it has become unlawful for the Calculation Agent or any other party responsible for calculations of interest under the Conditions (as amended by this document) to calculate any payments due to be made to any Noteholder using the Applicable Benchmark Rate;
- (e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the

BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or

- (f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis.

Permanent Fallback Effective Date means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

- (a) in the case of paragraphs (a) and (b) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;
- (b) in the case of paragraphs (c) and (d) of the definition of “Permanent Discontinuation Trigger”, the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);
- (c) in the case of paragraph (e) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rate continues to be published or provided on such date; or
- (d) in the case of paragraph (f) of the definition of “Permanent Discontinuation Trigger”, the date that event occurs.

PPSA means:

- (a) the Personal Property Securities Act 2009 (Cth) (“**PPS Act**”);
- (b) any regulations made at any time under the PPS Act;
- (c) any provision of the PPS Act or regulations referred to in paragraph (b) above;
- (d) any amendment to any of the above, made at any time; or
- (e) any amendment made at any time to any other legislation as a consequence of the PPSA referred to in paragraphs (a) to (d) above.

Preliminary Total Available Income means, on any Determination Date, the amount calculated in accordance with clause 10.7 (“Determination of Preliminary Total Available Income”).

Prepayment Costs means any amount payable by an Obligor in respect of a Mortgage Loan as a result of the Obligor prepaying any amount in respect of that Mortgage Loan.

Principal Adjustment means in relation to the Mortgage Loans acquired by the Trustee from a Disposing Trustee on the Closing Date pursuant to an assignment in accordance with the Sale Deed or the Reallocation Notice, the amount defined as such in the Sale Deed or Reallocation Notice (as applicable).

Principal Draw has the meaning set out in clause 10.5 (“Principal Draw”).

Property means, in relation to a Mortgage Loan, the residential real property the subject of a Related Security.

Publication Time means:

- (a) in respect of the BBSW Rate, 12.00pm (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator of the BBSW Rate in its benchmark methodology; and
- (b) in respect of AONIA, 4.00pm (Australian Eastern Standard Time (AEST)/Australian Eastern Daylight Time (AEDT)) or any amended publication time for the final intraday refix of such rate specified by the Administrator of AONIA in its benchmark methodology.

RBA Recommended Fallback Rate has the same meaning given to AONIA Fallback Rate but with necessary adjustments to substitute all references to AONIA with corresponding references to the RBA Recommended Rate.

RBA Recommended Rate means, in respect of any relevant day (including any day "i"), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor, in respect of that day.

Reallocation has the meaning given to the term "Reallocation" in the Master Trust Deed and **Reallocate** or **Reallocated** has a corresponding meaning.

Reallocation Notice means the Reallocation Notice (as defined in the Master Trust Deed) dated on or about the date of this document between the Trustee and Permanent Custodians Limited in its capacity as trustee of the Pepper Prime Mortgage Origination Warehouse Trust No.2.

Record Date means, for a payment due in respect of a Note, the day which is 3 Business Days prior to a Payment Date.

Recoveries means amounts received from or on behalf of Obligors or under any Related Security in respect of Mortgage Loans that were previously the subject of a Loss.

Redemption Amount means (for the purposes of the definition of that term in the Conditions), on any day in respect of a Note, an amount equal to the aggregate of:

- (a) the Invested Amount of that Note (or the Stated Amount of that Note, if approved by an Extraordinary Resolution of the Noteholders of that Class of Notes); and
- (b) all accrued and unpaid interest in respect of that Note (excluding the Class L Notes),

on that day.

Redraw means any advance to the relevant Obligor after the settlement date of that Mortgage Loan which does not result in an increase in the Scheduled Balance of that Mortgage Loan.

Reimbursement Agreement means any document entered into between the Trustee and the Servicer on or after the date of this document which the Trustee

and the Servicer agree is a “Reimbursement Agreement” for the purposes of the Trust and in respect of which the Trust Manager has given a Rating Notification.

Related Security means, at any time in respect of a Mortgage Loan, any Encumbrance which is given or is to be given as security for that Mortgage Loan which is then, or is then immediately to become, a Trust Asset.

Required Payments means, in respect of a Payment Date:

- (a) subject to paragraph (b) below, the aggregate of payments payable on that Payment Date in accordance with clause 10.10(a) to clause 10.10(m) (inclusive) (“Application of Total Available Income (prior to an Event of Default)”); and
- (b) if the Aggregate Stated Amount of any Class of Notes (other than the Class A Notes) is less than 95% of the Aggregate Invested Amount of that Class of Notes on that Payment Date (taking into account any reduction in the Stated Amount of that Class of Notes to be made on that Payment Date), the aggregate of payments payable on that Payment Date in accordance with clause 10.10(a) to clause 10.10(m) (inclusive) (“Application of Total Available Income (prior to an Event of Default)”) but excluding the payment of Interest (including any unpaid Interest) to be made on that Class of Notes on that Payment Date.

Retention Amount means:

- (a) for each Payment Date occurring on and from the first Payment Date to (and including) the first Call Option Date, an amount equal to:

$$A = B \times C \times \frac{D}{365}$$

where:

A = Retention Amount;

B = 0.20%;

C = the aggregate Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period; and

D = the actual number of days in the immediately preceding Collection Period; and

- (b) for all other Payment Dates, zero.

Retention Amount Ledger has the meaning set out in clause 10.21 (“Retention Amount Ledger”).

Ruling Secured Creditors means

- (a) if any Class A Notes are outstanding:
 - (i) (for so long as any Class A1-s Notes are outstanding) the Class A1-s Noteholders;
 - (ii) (for so long as any Class A1-a Notes are outstanding) the Class A1-a Noteholders;
 - (iii) (for so long as any Class A2 Notes are outstanding) the Class A2 Noteholders; and

- (iv) any Secured Creditors ranking equally or senior to the Class A Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”)), and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class A Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”));
- (b) if Class B Notes, but no Class A Notes, remain outstanding:
 - (i) the Class B Noteholders; and
 - (ii) any Secured Creditors ranking equally or senior to the Class B Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”)), and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class B Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”));
- (c) if Class C Notes, but no Class A Notes or Class B Notes, remain outstanding:
 - (i) the Class C Noteholders; and
 - (ii) any Secured Creditors ranking equally or senior to the Class C Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”)), and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class C Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”));
- (d) if Class D Notes, but no Class A Notes, Class B Notes or Class C Notes, remain outstanding:
 - (i) the Class D Noteholders; and
 - (ii) any Secured Creditors ranking equally or senior to the Class D Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”)), and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class D Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”));
- (e) if Class E Notes, but no Class A Notes, Class B Notes, Class C Notes or Class D Notes, remain outstanding:
 - (i) the Class E Noteholders; and
 - (ii) any Secured Creditors ranking equally or senior to the Class E Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”)), and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class E Noteholders (as determined in

accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”));

- (f) if Class F Notes, but no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes, remain outstanding:
 - (i) the Class F Noteholders; and
 - (ii) any Secured Creditors ranking equally or senior to the Class F Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”)), and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class F Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”));
- (g) if Class G Notes, but no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes, remain outstanding:
 - (i) the Class G Noteholders; and
 - (ii) any Secured Creditors ranking equally or senior to the Class G Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”)), and only to the extent of any Secured Money owing to such Secured Creditors which ranks equally or senior to the Class G Noteholders (as determined in accordance with the order of priority set out in clause 10.18 (“Application of proceeds following an Event of Default”));
- (h) if no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes remain outstanding, the remaining Secured Creditors.

S&P means S&P Global Ratings Australia Pty Limited.

Sale Deed means the document entitled “Pepper Residential Securities Trust No. 39 - Sale Deed” dated on or about the date of this document between the Disposing Trustees, the Trustee and others.

Scheduled Balance means, at any time, the scheduled amortising balance of a Mortgage Loan calculated in accordance with the terms of that Mortgage Loan.

Secured Creditor includes (for the purposes of, and without limiting, the definition of that term in the Master Security Trust Deed) the Trustee (for its own account), the Loss Reserve Loan Provider, the Custodian, the Backup Servicer and the Calculation Agent.

Security Trust has the meaning set out in the Master Security Trust Deed.

Senior Obligations means the obligations of the Trustee:

- (a) in respect of the Class A Notes and any obligations ranking equally or senior to the Class A Notes (as determined in accordance with the order of priority set out in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”)), at any time while the Class A Notes are outstanding; and
- (b) in respect of the Class B Notes and any obligations ranking equally or senior to the Class B Notes (as determined in accordance with the order

of priority set out in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class B Notes are outstanding but no Class A Notes are outstanding; and

- (c) in respect of the Class C Notes and any obligations ranking equally or senior to the Class C Notes (as determined in accordance with the order of priority set out in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class C Notes are outstanding but no Class A Notes or Class B Notes are outstanding; and
- (d) in respect of the Class D Notes and any obligations ranking equally or senior to the Class D Notes (as determined in accordance with the order of priority set out in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class D Notes are outstanding but no Class A Notes, Class B Notes or Class C Notes are outstanding; and
- (e) in respect of the Class E Notes and any obligations ranking equally or senior to the Class E Notes (as determined in accordance with the order of priority set out in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class E Notes are outstanding but no Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding; and
- (f) in respect of the Class F Notes and any obligations ranking equally or senior to the Class F Notes (as determined in accordance with the order of priority set out in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class F Notes are outstanding but no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes are outstanding; and
- (g) in respect of the Class G Notes and any obligations ranking equally or senior to the Class G Notes (as determined in accordance with the order of priority set out in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”), at any time while the Class G Notes are outstanding but no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes are outstanding; and
- (h) under the Transaction Documents generally, at any time while no Notes (excluding the Class L Notes) are outstanding.

Senior Yield Shortfall means, on a Determination Date, the amount (if any) by which the Required Payments in respect of the immediately following Payment Date exceed the Preliminary Total Available Income on that Determination Date.

Servicer Advance has the meaning set out in clause 7.1 (“Servicer Advance”).

Servicing Agreement has the meaning set out in the NCCP, as amended by the NCCP Regulations.

Servicing Guidelines means:

- (a) the Business Process Manual; and
- (b) any other guidelines relating to the servicing and collection procedures (including enforcement) as agreed by the Trust Manager and the Servicer (as such guidelines may be amended from time to time).

Special Purpose Funding Entity has the meaning set out in the Master Servicer Deed.

Stated Amount means, at any time and in relation to a Note, an amount equal to:

- (a) the Invested Amount of that Note at that time; less
- (b) the amount of any Charge-Offs and Principal Draws allocated to that Note under clause 10.13 (“Allocation of Charge-Offs and Principal Draws”) prior to that time which have not been reimbursed on or before that time under clause 10.14 (“Re-instatement of Carryover Charge-Offs and Principal Draws”).

Stepdown Criteria has the meaning set out in clause 10.15 (“Stepdown Criteria”).

Step-up Margin means 0.25% per annum.

Sub-Originator means a person not employed by the Originator but who introduces persons who wish to apply for Mortgage Loans to the Originator and provides information to the Originator in respect of such persons and for which the Originator will pay them a fee as agreed from time to time and as set out in the Sub-Origination Deed.

Sub-Origination Deed means a document entered into between the Sub-Originator and the Originator which the Trust Manager notifies the Trustee is a Sub-Origination Deed.

Subordinated Note Percentage (Class A2) means, on any day, the amount (expressed as a percentage) equal to:

$$\frac{A}{B}$$

where:

- A = the aggregate of the Aggregate Stated Amount of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, any amounts standing to the credit of the Retention Amount Ledger, the Amortisation Ledger and the Yield Enhancement Ledger on that day; and
- B = the Aggregate Stated Amount of all Notes (excluding Class L Notes) on that day.

Supervisor means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate.

Supervisor Recommended Rate means the rate formally recommended for use as the replacement for the BBSW Rate by the Supervisor of the BBSW Rate.

Tax Account means the ledger account of the Collection Account established and maintained by the Trust Manager in accordance with clause 14.2(f) (“Tax Sharing Agreement”).

Tax Account Balance means, on any day, the credit balance of the Tax Account on that day.

Tax Act means the Income Tax Assessment Act 1936, or the Income Tax Assessment Act 1997 (or any similar, replacement or supplementary Act).

Tax Allocation means, in respect of a Payment Date:

- (a) where an Amortisation Event is subsisting on that Payment Date, an amount equal to:

$$A \times B$$

where:

A = the then prevailing corporate tax rate applicable in Australia.

B = the amount available to be applied on that Payment Date under clause 10.10(r)(ii) ("Application of Total Available Income (prior to an Event of Default)");

- (b) otherwise, zero.

Tax Amount means, in respect of a Payment Date, the amount (if any) of Tax that the Trust Manager reasonably determines will be payable in the future by the Trustee in respect of the Trust and which accrued during the immediately preceding Collection Period.

Tax Shortfall means, in respect of a Payment Date, the amount (if any) determined by the Trust Manager to be the shortfall between the aggregate Tax Amounts determined by the Trust Manager in respect of previous Payment Dates and the Tax Account Balance.

Temporary Disruption Fallback means, in respect of:

- (a) the BBSW Rate, that the rate for any day for which the BBSW Rate is required will be the first rate available in the following order of precedence:
- (i) firstly, the Administrator Recommended Rate;
 - (ii) next, the Supervisor Recommended Rate; and
 - (iii) lastly, the Final Fallback Rate;
- (b) AONIA, that the rate for any day for which AONIA is required will be the last provided or published level of AONIA; or
- (c) the RBA Recommended Rate, that the rate for any day for which the RBA Recommended Rate is required will be the last provided or published level of that RBA Recommended Rate (or if no such rate has been provided or published, the last provided or published level of AONIA).

Temporary Disruption Trigger means, in respect of any Applicable Benchmark Rate which is required for any determination:

- (a) the Applicable Benchmark Rate in respect of the day for which it is required has not been published by the Administrator or an authorised distributor and is not otherwise provided by the Administrator by the date on which that Applicable Benchmark Rate is required; or

- (b) the Applicable Benchmark Rate is published or provided but the Calculation Agent determines that there is an obvious or proven error in that rate.

Threshold Rate means, in respect of a Payment Date, the aggregate of:

- (a) the weighted average interest rate required to be paid on all the Mortgage Loans (calculated using the Outstanding Balance as at the last day of the immediately preceding Collection Period) taking into account amounts received under any relevant Derivative Contract (expressed as a percentage rate per annum) such that the Trustee will have sufficient Available Income under the Transaction Documents to meet the Required Payments on that Payment Date (assuming that all parties comply with their obligations under the Transaction Documents); and
- (b) 0.25% per annum.

Threshold Rate Subsidy means, in respect of a Payment Date, the amount calculated as follows:

$$A \times B \times C$$

where:

A = the amount equal to:

- (A) the Threshold Rate in respect of that Payment Date; less
- (B) WAI in respect of that Payment Date;

B = the aggregate Outstanding Balance of all Mortgage Loans as at the last day of the Collection Period immediately preceding that Payment Date; and

C = the number of days in the period commencing on (and including) that Payment Date and ending on (but excluding) the immediately following Payment Date, divided by 365,

provided that if this calculation is negative, the Threshold Rate Subsidy will be zero.

Title Documents has the meaning set out in the Custody Deed.

Title Insurance Policy means each policy covering the relevant Mortgage Loans against the invalidity, unenforceability and loss of priority of a mortgage:

- (a) which are provided by a Title Insurer and its associated entities; and
- (b) in respect of which a Ratings Notification has been given.

Title Insurer means a Title Insurer appointed by the Trustee from time to time in respect of which a Ratings Notification has been given.

Title Perfection Event means, in respect of:

- (a) Pepper Finance Corporation Limited, Pepper Finance Corporation Limited becomes Insolvent; or
- (b) Well Nigh, Well Nigh becomes Insolvent.

Total Available Income means, on any Determination Date, the amount calculated in accordance with clause 10.9 (“Determination of Total Available Income”).

Total Available Principal means on any Determination Date, the amount calculated in accordance with clause 10.11 (“Determination of Total Available Principal”).

Transaction Documents means, in respect of the Trust:

- (a) each “Transaction Document” (as defined in the Master Security Trust Deed) in respect of the Trust;
- (b) the Sale Deed;
- (c) the Collections Trust Trust Deed;
- (d) the Backup Servicer Deed;
- (e) the Custody Deed;
- (f) the Extraordinary Expense Reserve Loan Agreement;
- (g) any Reimbursement Agreement; and
- (h) any other documents designated by the Trustee and the Trust Manager as such from time to time.

Trust means the Pepper Residential Securities Trust No. 39.

Trust Expenses means all costs, charges and expenses properly incurred by the Trustee in connection with the Trust and under the Transaction Documents and any other amounts for which the Trustee is entitled to be reimbursed or indemnified out of the Trust Assets and includes any costs, charges, expenses and other amounts to be paid or reimbursed by the Trustee to the Security Trustee, the Calculation Agent, the Custodian, the Backup Servicer, the Trust Manager and the Servicer (including any Liquidity Support Reimbursement Amount payable by the Trustee to the Servicer in accordance with the terms of the Reimbursement Agreement) in accordance with the Transaction Documents, but excluding any amount of a type otherwise referred to in clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”) (other than clause 10.10(d)(iv) or clause 10.12 (“Application of Total Available Principal (prior to an Event of Default)”).

Turbo Principal Allocation means, in respect of a Determination Date, the aggregate of:

- (a) the amount (if any) to be paid on the immediately following Payment Date under clause 10.10(q) (“Application of Total Available Income (prior to an Event of Default)”); plus
- (b) the amount (if any) to be paid on the immediately following Payment Date under clause 10.12(c)(ii)(H) (“Application of Total Available Principal (prior to an Event of Default)”).

WAI means, in respect of a Payment Date, the weighted average interest rate on all the Mortgage Loans (calculated using the Outstanding Balance on the last day of the immediately preceding Collection Period) taking into account the amounts received under any relevant Derivative Contract (expressed as a percentage rate per annum).

Well Nigh means Well Nigh Capital No. 1 Pty Ltd (ACN 163 549 380).

Yield Enhancement Amount means:

- (a) for each Payment Date occurring from the Closing Date to (and including) the first Call Option Date, an amount equal to the lesser of:
- (i) the Yield Enhancement Reserve Maximum Balance less the Yield Enhancement Reserve Balance (as at the immediately preceding Determination Date); and
 - (ii) an amount equal to:

$$A \times B \times \frac{C}{365}$$

where:

A = 0.30%;

B = the aggregate Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period; and

C = the actual number of days in the immediately preceding Collection Period; and

- (b) for each other Payment Date, zero.

Yield Enhancement Ledger has the meaning set out in clause 10.24 (“Yield Enhancement Ledger”).

Yield Enhancement Reserve means the ledger account of the Collection Account established and maintained by the Trust Manager in accordance with clause 10.23 (“Yield Enhancement Reserve”).

Yield Enhancement Reserve Balance means, on any day, the credit balance of the Yield Enhancement Reserve on that day.

Yield Enhancement Reserve Draw has the meaning set out in clause 10.8 (“Yield Enhancement Reserve Draw”).

Yield Enhancement Reserve Maximum Balance means A\$1,500,000.

1.3 General

Clauses 1.2 (“References to certain general terms”) to 1.6 (“Capacity”) and 6.1 (“Awareness of certain events”) of the Master Security Trust Deed apply to this document.

1.4 References to time

Unless the contrary intention appears, in this document a reference to a time of day is a reference to Sydney time.

1.5 Additional Transaction Documents

The Trust Manager agrees:

- (a) not to designate; and

(b) not to direct the Trustee to designate,

any other document as a “Transaction Document” for the purposes of the definition of “Transaction Document” in this document unless a Rating Notification has been provided in respect of that designation.

2 Trust characteristics

2.1 Conditions

The Conditions on which the Notes are to be issued are set out in the Note Deed Poll.

2.2 Rating

The Trust will be a Rated Trust on the issue of the Class A1-s Notes, the Class A1-a Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on the Closing Date.

2.3 Series Notice

For the purposes of the Master Trust Deed and Master Security Trust Deed, this document is the Series Notice in respect of the Trust.

2.4 Support Facility

For the purposes of the Master Security Trust Deed, the Extraordinary Expense Reserve Loan Agreement is a “Support Facility Agreement” in respect of the Trust.

2.5 General Security Agreement

For the purposes of the Master Security Trust Deed, the General Security Agreement is the “General Security Agreement” in respect of the Trust.

2.6 Appointment of Backup Servicer

The parties acknowledge that the Backup Servicer has been appointed as standby servicer in respect of the Mortgage Loans and Related Securities under the terms of the Backup Servicer Deed.

2.7 Appointment of Custodian

The parties acknowledge that the Custodian has been appointed to provide custodial services in respect of the Title Documents under the terms of the Custody Deed.

2.8 2012 Master Custody Deed and Master Origination Deed

The 2012 Master Custody Deed and Master Origination Deed do not apply to the Trust.

3 Issue of Notes

3.1 Procedures for issue on the Closing Date

The Trustee (acting on the direction of the Trust Manager) will on the Closing Date issue the following 11 Classes of Notes:

- (a) Class A1-s Notes;
- (b) Class A1-a Notes;
- (c) Class A2 Notes;
- (d) Class B Notes;
- (e) Class C Notes;
- (f) Class D Notes;
- (g) Class E Notes;
- (h) Class F Notes;
- (i) Class G1 Notes;
- (j) Class G2 Notes; and
- (k) Class L Notes,

each having an aggregate Initial Invested Amount as notified by the Trust Manager to the Trustee on or prior to the Closing Date.

3.2 Conditions precedent

The obligation of the Trustee to issue the Notes referred to in clause 3.1 ("Procedures for issue on the Closing Date") on the Closing Date is subject to the Trust Manager confirming to the Trustee that the conditions precedent set out in clause 2.1 ("Conditions Precedent") of the Dealer Agreement have been satisfied (or otherwise waived by the Dealers in their absolute discretion) and receipt by the Trust Manager of each of the following (in a form and substance satisfactory to the Trust Manager):

- (a) an executed copy of each Transaction Document;
- (b) transaction and taxation legal opinions from King & Wood Mallesons;
- (c) legal opinion from Minter Ellison, in relation to the due execution of the Transaction Documents by the Trustee and the Security Trustee;
- (d) written confirmation from each Designated Rating Agency that, upon issue:
 - (i) the Class A1-s Notes will be rated AAA(sf) by S&P and Aaa(sf) by Moody's;
 - (ii) the Class A1-a Notes will be rated AAA(sf) by S&P and Aaa(sf) by Moody's;
 - (iii) the Class A2 Notes will be rated AAA(sf) by S&P and Aaa(sf) by Moody's;

- (iv) the Class B Notes will be rated at least Aa2(sf) by Moody's;
- (v) the Class C Notes will be rated at least A2(sf) by Moody's;
- (vi) the Class D Notes will be rated at least Baa2(sf) by Moody's;
- (vii) the Class E Notes will be rated at least Ba2(sf) by Moody's; and
- (viii) the Class F Notes will be rated at least B2(sf) by Moody's.

The Trust Manager must provide written confirmation to the Trustee upon its receipt of such documents.

3.3 Excluded Issue

The Trust Manager must only direct the Trustee to issue Notes if:

- (a) the offer or invitation giving rise to the issue is not:
 - (i) an offer or invitation which requires disclosure to investors under Part 6D.2 of the Corporations Act; or
 - (ii) an offer or invitation to a "retail client" for the purposes of Chapter 7 of the Corporations Act; and
- (b) the issue complies with any applicable law or directive of the jurisdiction where it takes place.

The Trustee must only issue Notes in accordance with the Trust Manager's direction.

3.4 Further Notes

The Trust Manager must not direct the Trustee to issue any further Notes after the Closing Date.

3.5 Noteholder's obligations

Each Noteholder is bound by and must comply with, and Notes are issued on the condition that the Noteholder is bound by and complies with, the terms and conditions of this document, the Conditions and the other Transaction Documents.

3.6 Use of Note proceeds

The Trustee must, as directed by the Trust Manager:

- (a) use the proceeds of all Notes (other than the Class L Notes) issued on the Closing Date to fund:
 - (i) the acquisition of Mortgage Loans and Related Securities in accordance with the Sale Deed and the Reallocation Notice; and
 - (ii) the acquisition of Authorised Investments,on the Closing Date; and
- (b) use the proceeds of the Class L Notes towards:

- (i) paying the Accrued Interest Adjustment to the Disposing Trustees; and
- (ii) in respect only of:
 - (A) the first Determination Date following the Closing Date, allocating such amount to Available Income in respect of such Determination Dates as the Trust Manager may determine in its absolute discretion; and
 - (B) the second Determination Date following the Closing Date, allocating all remaining proceeds (which have not been applied in accordance with this clause prior to that date) to Available Income in respect of that Determination Date.

4 Acquisition of Mortgage Loans

4.1 Criteria for acquisition of Mortgage Loans

The Trust Manager must not direct the Trustee to acquire any Mortgage Loans unless:

- (a) the direction to the Trustee is accompanied by a copy of the Sale Deed or the Reallocation Notice which has attached to it a list of all Mortgage Loans to be acquired; and
- (b) the Trust Manager represents that the Mortgage Loans to be acquired by the Trustee satisfy the Eligibility Criteria on the Cut-Off Date.

4.2 Trust Manager representations and warranties

The Trust Manager represents and warrants to the Trustee that the matters set out below in respect of the Mortgage Loans and Related Securities referred to in clause 2.1 ("Offer to Sell") of the Sale Deed and clause 1 of the Reallocation Notice are correct on the Cut-Off Date and the Closing Date:

- (a) the Mortgage Loans and Related Securities are assignable and will be assigned to the Trust free from Encumbrance. All consents required in relation to the assignment of the Mortgage Loans and Related Securities have been obtained;
- (b) the Disposing Trustee is, and the Trustee will become on the Closing Date, the sole beneficial owner of the relevant Mortgage Loans and the Related Securities;
- (c) the Title Documents held by the Custodian or Approved Solicitor are the only documents necessary to enforce the provisions of the Mortgage Loan and the Related Securities;
- (d) there is no fraud, dishonesty, material misrepresentation or negligence on the part of the Trust Manager in connection with the selection of the Mortgage Loans or Related Securities;
- (e) the assignment of the Mortgage Loans and the Related Securities to the Trustee will not be held by a court to be an undervalue transfer, a fraudulent conveyance, or a voidable preference under any law relating to insolvency;

- (f) each Related Security that is required to be registered with, or stamped by, any Governmental Agency is either registered and stamped at the Closing Date or will be registered and stamped prior to the Outstanding Documents Date;
- (g) at the time each Mortgage Loan and each Related Security was entered into and as at the Closing Date, it had not received any notice of any insolvency, bankruptcy or liquidation of any relevant Obligor (except that if a Mortgage Loan is in arrears but complies with the Eligibility Criteria, the fact that it is in arrears is not in and of itself notice of insolvency) or any notice that any the relevant Obligor did not have the legal capacity to enter into the Related Security;
- (h) it is not aware of any circumstance or event that may materially and adversely affect the value or enforceability of any Mortgage Loan or Related Security;
- (i) it has selected the Mortgage Loans and Related Securities in good faith;
- (j) (in respect of the Closing Date only) to the extent that the assignment of the Mortgage Loans and the Related Securities by the relevant Disposing Trustee to the Trustee in accordance with the Sale Deed or the Reallocation Notice (as applicable) is a security interest as defined in section 12(3)(a) of the PPS Act, that security interest will be perfected for the purposes of the PPSA; and
- (k) (in respect of the Closing Date only) immediately following the assignment of the Mortgage Loans and the Related Securities by the relevant Disposing Trustee to the Trustee in accordance with the Sale Deed or the Reallocation Notice (as applicable), no such Mortgage Loan or Related Security will be subject to any right of rescission, set-off or counterclaim.

4.3 Title Perfection Event

If a Title Perfection Event occurs in respect of Pepper Finance Corporation Limited or Well Nigh, the Trust Manager will direct the Trustee to take the following action in respect of each Mortgage Loan (where legal title to such Mortgage Loan is held by Pepper Finance Corporation Limited or Well Nigh (as applicable)):

- (a) give notice to each relevant Obligor and any other relevant person of the assignment of the relevant Mortgage Loan to the Trustee; and
- (b) execute all such documents and do all such acts and things as the Trust Manager may reasonably require to assist the Trustee to protect or perfect the Trustee's interest in and title to the relevant Mortgage Loan.

5 Eligibility Criteria

5.1 Requirement to satisfy

The Trust Manager represents and warrants to the Trustee as at the Cut-Off Date that each Mortgage Loan referred to in clause 2.1(a) ("Offer to Sell") of the Sale Deed and clause 1 of the Reallocation Notice meets the Eligibility Criteria on the Cut-Off Date.

5.2 Eligibility Criteria

The Eligibility Criteria for each Mortgage Loan are as follows:

- (a) the Mortgage Loan is denominated and only payable in Australian dollars;
- (b) the Mortgage Loan conforms to one of the Loan Products;
- (c) the Obligor is a natural person or a corporation domiciled in Australia;
- (d) the Mortgage Loan is secured by a valid and enforceable first registered mortgage over Property (owner occupied or investment and zoned residential) located in either New South Wales, Victoria, Queensland, South Australia, Western Australia, Tasmania, Northern Territory or the Australian Capital Territory;
- (e) the maximum term of the Mortgage Loan is 40 years from its settlement date and it matures at least 18 months prior to the Maturity Date;
- (f) the Mortgage Loan is a legal, valid and binding obligation of the Obligor, enforceable in accordance with its terms against the Obligor;
- (g) the Outstanding Balance of the Mortgage Loan as at the Cut-Off Date does not exceed A\$2,500,000;
- (h) the Current LVR of the Mortgage Loan as at the Cut-Off Date does not exceed 95%;
- (i) the Mortgage Loan requires either:
 - (i) monthly, fortnightly or weekly payments sufficient to pay interest and fully amortise principal over the term of the Mortgage Loan; or
 - (ii) monthly, fortnightly or weekly payments sufficient to pay interest only for an initial period not exceeding 5 years and then sufficient to pay interest and fully amortise principal over the remaining term of the Mortgage Loan;
- (j) the Mortgage Loan is secured by a valid and enforceable first mortgage over real residential property (owner occupied or investment and includes vacant property) which has either been registered or is in the process of being registered or immediately following settlement will be registered, and to the best of the Trust Manager's knowledge and belief, no other person has done anything to prevent registration;
- (k) there is no obligation to fund Redraws or Further Advances under the Mortgage Loan;
- (l) each Related Security that is required to be registered with, or stamped by, any Governmental Agency is or will be registered and stamped;
- (m) there has been, in respect of the Mortgage Loan, no failure to comply in any material respect with any applicable law (including, without limitation, the Consumer Credit Legislation) where that failure would materially adversely affect the value of the Mortgage Loan;
- (n) the Mortgage Loan is not a construction loan;

- (o) at the time the Mortgage Loan and Related Security were entered into, the Mortgage Loan and the Related Security complied in all material respects with all applicable laws;
- (p) the Mortgage Loan and the Related Security were entered into in good faith;
- (q) the Mortgage Loan was originated by the Originator in accordance with the Mortgage Origination Deed either directly or via a Sub-Originator which has originated the Mortgage Loan in accordance with the relevant Sub-Origination Deed;
- (r) the Mortgage Loan was originated, underwritten, processed and settled in all material respects in accordance with the Credit Manual;
- (s) prior to making the initial advance to the relevant Obligor in relation to the Mortgage Loan, a valuation of the Property the subject of the relevant Related Security was undertaken by an Approved Valuer or on behalf of the Disposing Trustee or the Originator (or any of their respective solicitors);
- (t) the Mortgage Loan is governed by the laws of a State or Territory of Australia;
- (u) the Trust Manager is not aware of any breach (except for arrears in the ordinary course of business) by the Obligor in relation to the Mortgage Loan of any of the material terms governing the Mortgage Loan or its Related Security;
- (v) to the best of the knowledge, information and belief of the Trust Manager, there was no fraud on the part of any person in connection with the origination of the Mortgage Loan;
- (w) to the best of the knowledge, information and belief of the Trust Manager, the Mortgage Loan is not the subject of any material dispute, litigation or claim which has a significant risk of being adversely determined or which calls into question the title, value or enforceability of the Mortgage Loan or the Related Security; and
- (x) at the time the Mortgage Loan was entered into, the Property the subject of the Related Security was insured under a General Insurance Policy.

5.3 Breach of representation

If at any time the Trustee notifies the Trust Manager that any representation and warranty given under clause 5.1 ("Requirement to satisfy") or any representation and warranty given under clause 4.2 ("Trust Manager representations and warranties") has been breached in respect of any Mortgage Loan or Related Security or the Trust Manager otherwise becomes aware of such breach (in which case it must advise the Trustee), then the Trust Manager must, on demand from the Trustee, pay to the Trustee the amount which is determined by the Trustee to be the Trustee's loss as a result of the breach of the representation and warranty and in respect of which a Rating Notification has been given.

Until the Trustee becomes actually aware that a representation and warranty given under clause 5.1 ("Requirement to satisfy") or any representation and warranty given under clause 4.2 ("Trust Manager representations and warranties") has been breached in respect of a Mortgage Loan or Related Security, the Trustee may assume that no such breach has occurred and need not enquire whether any such breach has occurred.

6 Further Advances and Fixed Interest Rates

If, in respect of a Mortgage Loan, the relevant Obligor requests:

- (a) that a Further Advance be provided in respect of that Mortgage Loan and the Servicer notifies the Trust Manager that it proposes to consent to the making of such Further Advance;
- (b) that the variable interest rate on that Mortgage Loan be converted to a fixed rate of interest and:
 - (i) the Servicer notifies the Trust Manager that it proposes to consent to such conversion; and
 - (ii) such conversion would result in the aggregate Outstanding Balance of all Mortgage Loans with a fixed rate of interest to exceed 2.00% of the aggregate Outstanding Balance of all Mortgage Loans immediately after the conversion; or
- (c) that the Mortgage Loan be varied in any other way (including by the inclusion of any additional product feature with respect to the Mortgage Loan) where such variation would result in the Mortgage Loan ceasing to satisfy the Eligibility Criteria (were such Eligibility Criteria to be retested at that time) and the Servicer notifies the Trust Manager that it proposes to consent to such variation,

then the Trust Manager must (subject to clause 8.2 (“Conditions to sale of Mortgage Loans”) direct the Trustee to deliver a Reallocation Notice or Offer to Sell Back (as applicable) in respect of that Mortgage Loan in accordance with clause 15 (“Reallocation of assets”) of the Master Trust Deed or clause 3 (“Offer to Sell Back”) of the Sale Deed (as applicable) and the Servicer must not consent to the relevant request prior to that Mortgage Loan ceasing to be a Trust Asset.

7 Redraws

7.1 Servicer Advance

- (a) On a request by an Obligor for a Redraw, the Servicer may (but is not obliged to) apply its own funds towards funding that Redraw on behalf of the Trustee (a “**Servicer Advance**”).
- (b) Each Servicer Advance shall constitute a non-interest bearing loan from the Servicer to the Trustee.
- (c) On each Payment Date, the Trustee will repay so much of each Servicer Advance (which remains outstanding as at the immediately preceding Determination Date) as there are funds available for this purpose in accordance with clause 10.12 (“Application of Total Available Principal (prior to an Event of Default)”).
- (d) The Trustee may (if directed to do so by the Trust Manager) repay any Servicer Advance (in full or in part) on any day as a Collection Period Distribution in accordance with clause 10.1 (“Distributions made during a

Collection Period”). The Trust Manager is not obliged to give any such direction under this paragraph.

7.2 Direction to fund Redraws

The Trust Manager must not direct the Trustee to fund a Redraw if there is insufficient Available Principal available to fund that Redraw, as determined by the Trust Manager in accordance with the Cashflow Allocation Methodology.

8 Sale of Mortgage Loans

8.1 Sale price

Subject to clause 8.2 (“Conditions to sale of Mortgage Loans”), the Trustee must from time to time, if so directed by the Trust Manager, sell its right, title and interest in and to a Mortgage Loan (including by way of Reallocation) for an amount at least equal to the then Outstanding Balance of such Mortgage Loan plus any accrued interest on such Mortgage Loan.

8.2 Conditions to sale of Mortgage Loans

The Trust Manager must not give a direction to the Trustee to sell the Mortgage Loans under clause 8.1 unless:

- (a) either:
 - (i) the proceeds of the sale together with any Collections held by the Trustee are sufficient to redeem all outstanding Notes in full on a Call Option Date and pay all other Secured Creditors in full and will be used for that purpose;
 - (ii) the sale is in respect of a Mortgage Loan for which the relevant Obligor has requested that the variable interest rate on that Mortgage Loan be converted to a fixed rate of interest and:
 - (A) the Servicer notifies the Trust Manager that it proposes to consent to such conversion; and
 - (B) such conversion would result in the aggregate Outstanding Balance of all Mortgage Loans with a fixed rate of interest to exceed 2.00% of the aggregate Outstanding Balance of all Mortgage Loans immediately after the conversion;
 - (iii) the sale is in respect of a Mortgage Loan for which the relevant Obligor has requested that a Further Advance be provided in respect of that Mortgage Loan and the Servicer has notified the Trust Manager that it proposes to consent to the making of such Further Advance;
 - (iv) the sale is in respect of a Mortgage Loan for which the relevant Obligor has requested that a Redraw be provided in respect of that Mortgage Loan and:
 - (A) the Servicer has notified the Trust Manager that it proposes to consent to the making of such Redraw; and

- (B) the Trust Manager has formed the view that the Available Principal that is available to fund that Redraw is less than the amount of such Redraw; or
- (v) the sale is in respect of a Mortgage Loan for which the relevant Obligor has requested that the Mortgage Loan be varied in any other way (including by the inclusion of any additional product feature with respect to the Mortgage Loan) and:
 - (A) the Servicer has notified the Trust Manager that it proposes to consent to the making of such variation; and
 - (B) such variation would result in the Mortgage Loan ceasing to satisfy the Eligibility Criteria (were such Eligibility Criteria to be retested at that time); and
- (b) such direction does not result in the breach of clause 9 (“Threshold Rate”).

8.3 Reliance

The Trustee may, unless it has actual knowledge to the contrary, rely absolutely and without any further investigation upon the direction given by the Trust Manager to the Trustee under this clause 8 (“Sale of Mortgage Loans”) and need not enquire whether the conditions in clause 8.2 (“Conditions to sale of Mortgage Loans”) have been met.

9 Threshold Rate

9.1 Calculation of Threshold Rate

On each Determination Date, the Trust Manager must calculate the Threshold Rate in respect of the immediately following Payment Date and must notify the Trustee and Servicer of that rate.

9.2 Setting Interest Rate on Mortgage Loans

Subject to clause 9.3 (“Threshold Rate Subsidy”), the Trust Manager must direct the Servicer to reset or cause to be reset, and the Servicer must upon such direction reset or cause to reset, as soon as possible (having regard to Consumer Credit Legislation), the interest rates on any one or more Mortgage Loans such that, having regard to the weighted average interest rate of the Mortgage Loans, the WAI in respect of the Payment Date (“**Relevant Payment Date**”) following the Payment Date in respect of which each calculation is made under clause 9.1 (“Calculation of Threshold Rate”) is not less than the Threshold Rate for that Payment Date.

9.3 Threshold Rate Subsidy

The Trust Manager need not comply with clause 9.2 (“Setting Interest Rate on Mortgage Loans”) in respect of a Relevant Payment Date if an aggregate amount equal to the Threshold Rate Subsidy has been:

- (a) deposited by the Trust Manager into the Collection Account by 2.00pm on that Relevant Payment Date; and/or

- (b) allocated from Total Available Income on that Relevant Payment Date in accordance with clause 10.10(y) (“Application of Total Available Income (prior to an Event of Default)”),

for application towards Available Income for the then current Collection Period in accordance with clause 10.3 (“Available Income”).

10 Cashflow Allocation Methodology

10.1 Distributions made during a Collection Period

- (a) Subject to paragraph (b) below, prior to the occurrence of an Event of Default and enforcement of the General Security Agreement, the Trust Manager may, on any day during a Collection Period, other than a Payment Date, direct the Trustee to apply (and the Trustee must, on that direction, apply) all Collections, interest earned on Authorised Investments (other than any Authorised Investments purchased from Cash Collateral) and Other Income received during that Collection Period towards payment of any of the following amounts:
 - (i) to fund Redraws or repayments of any Servicer Advances; and
 - (ii) to pay Trust Expenses which are due and payable.
- (b) The Trust Manager must not direct the Trustee to make:
 - (i) a Collection Period Distribution from an amount that would constitute part of the Available Income for that Collection Period unless it is satisfied that there will be sufficient Total Available Income on the next Payment Date to make the Required Payments under clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”); or
 - (ii) a Collection Period Distribution under clause 10.1(a)(i) (“Distributions made during a Collection Period”):
 - (A) if the aggregate of such payments would exceed the aggregate Available Principal received up to that point in time in respect of the Collection Period; and
 - (B) unless the Trust Manager is satisfied that there will be sufficient Total Available Principal on the next Payment Date to fund any required Principal Draw under clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”) on that Payment Date; or
 - (iii) a Collection Period Distribution under clause 10.1(a)(ii) (“Distributions made during a Collection Period”), if the aggregate of such Collection Period Distributions would exceed the aggregate Available Income received up to that point in time in respect of that Collection Period.

10.2 Available Principal

On each Determination Date in respect of the immediately preceding Collection Period and on any day as required for the purpose of clause 10.1 (“Distributions made during a Collection Period”), the Trust Manager will determine the Available Principal for that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation

required for the purpose of clause 10.1 (“Distributions made during a Collection Period”).

The “**Available Principal**” will be calculated as:

- (a) the aggregate Collections in respect of that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)); minus
- (b) all Finance Charge Collections received by, or on behalf of, the Trustee during that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)); minus
- (c) the aggregate of all Collection Period Distributions to fund Redraws or repayments of any Servicer Advances made under clause 10.1(a)(i) (“Distributions made during a Collection Period”) during the Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)).

10.3 Available Income

On each Determination Date, in respect of the immediately preceding Collection Period and on any day as required for the purpose of clause 10.1 (“Distributions made during a Collection Period”), the Trust Manager will determine the Available Income for that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)).

The “**Available Income**” will be equal to:

- (a) all Finance Charge Collections received by, or on behalf of, the Trustee during that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)); plus
- (b) any Threshold Rate Subsidy to be applied in respect of that Collection Period in accordance with clause 9.3 (“Threshold Rate Subsidy”); plus
- (c) any interest earned on Authorised Investments (other than Authorised Investments purchased from Cash Collateral) for the relevant Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)); plus
- (d) the Other Income for the relevant Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)); plus
- (e) (without double counting) any interest income received by the Trustee in respect of the Loss Reserve Account during that Collection Period (in the case of a Determination Date) or up to and including the prior Business Day (in the case of a calculation required for the purpose of clause 10.1 (“Distributions made during a Collection Period”)); plus

- (f) any proceeds of the issuance of the Class L Notes allocated to Available Income in accordance with clause 3.6(b)(ii) (“Use of Note proceeds”) on the relevant Determination Date; plus
- (g) any Extraordinary Expense Reserve Draw for the following Payment Date; plus
- (h) the net amount due to the Trustee by each Derivative Counterparty under a Derivative Contract on the next Payment Date (if any); plus
- (i) any Liquidity Support Amount received by the Trustee during the period from (but excluding) the immediately preceding Determination Date to (and including) that Determination Date; minus
- (j) in the case of the first Determination Date only, to the extent not otherwise paid from the proceeds of the Class L Notes, the aggregate of any Finance Charge Collections received by, or on behalf of, the Trustee during that Collection Period, which have been applied on or prior to that Determination Date towards payment of any Accrued Interest Adjustment in accordance with clause 10.25 (“Accrued Interest Adjustment”).

10.4 Extraordinary Expense Reserve Draw

If, on any Determination Date, there are any Extraordinary Expenses in relation to the immediately preceding Collection Period, then the Trust Manager must direct the Trustee to withdraw an amount from the Extraordinary Expense Reserve Account (an “**Extraordinary Expense Reserve Draw**”) on the immediately following Payment Date equal to the lesser of:

- (a) the aggregate of such Extraordinary Expenses in relation to that immediately preceding Collection Period; and
- (b) the Extraordinary Expense Reserve Balance on that Determination Date.

10.5 Principal Draw

If, on any Determination Date, there is a Liquidity Shortfall then the Trust Manager must direct the Trustee to apply an amount of Total Available Principal (a “**Principal Draw**”) in accordance with the application of Total Available Principal under clause 10.12 (“Application of Total Available Principal (prior to an Event of Default)”) on the immediately following Payment Date equal to the lesser of:

- (a) the Liquidity Shortfall; and
- (b) the amount of Total Available Principal available for application for that purpose on that Payment Date in accordance with clause 10.12 (“Application of Total Available Principal (prior to an Event of Default)”).

10.6 Liquidity Draw

If, on any Determination Date, the Liquidity Shortfall exceeds the amount of the Principal Draw (a “**Further Liquidity Shortfall**”), then the Trust Manager on behalf of the Trustee must request a drawing under the Liquidity Facility (a “**Liquidity Draw**”), equal to the lesser of:

- (a) that Further Liquidity Shortfall; and

- (b) the amount available to be drawn for that purpose on the immediately following Payment Date in accordance with the Liquidity Facility Agreement.

10.7 Determination of Preliminary Total Available Income

On each Determination Date, the Trust Manager will determine the Preliminary Total Available Income which will be equal to the aggregate of the following

- (a) the Available Income for that Determination Date;
- (b) any Principal Draw for that Determination Date; and
- (c) any Liquidity Draw for that Determination Date.

10.8 Yield Enhancement Reserve Draw

If, on any Determination Date, there is a Senior Yield Shortfall, then the Trust Manager must direct the Trustee to make a withdrawal from the Yield Enhancement Reserve (a “**Yield Enhancement Reserve Draw**”) on the immediately following Payment Date equal to the lesser of:

- (a) the Senior Yield Shortfall; and
- (b) the Yield Enhancement Reserve Balance on that Determination Date.

10.9 Determination of Total Available Income

On each Determination Date, the Trust Manager will determine the Total Available Income which will be equal to the aggregate of the following:

- (a) the Available Income for that Determination Date;
- (b) any Principal Draw for that Determination Date;
- (c) any Liquidity Draw for that Determination Date; and
- (d) any Yield Enhancement Reserve Draw for that Determination Date.

10.10 Application of Total Available Income (prior to an Event of Default)

On each Determination Date prior to the occurrence of an Event of Default and enforcement of the General Security Agreement, the Trust Manager must direct the Trustee to pay (and the Trustee must pay) on the immediately following Payment Date the following amounts out of the Total Available Income in respect of the immediately preceding Collection Period (in the following order of priority):

- (a) first, A\$10 to each Participation Unitholder;
- (b) next, any Accrued Interest Adjustment (to the extent not already paid) payable to the Disposing Trustees in respect of the assignment of the Mortgage Loans to the Trust on the Closing Date;
- (c) next, any Taxes payable in relation to the Trust for that Collection Period (after the application of the Tax Account Balance towards payment of such Taxes);
- (d) next, pari passu and rateably:
 - (i) the Trustee’s fees for that Collection Period;

- (ii) the Security Trustee's fees for that Collection Period;
 - (iii) the Calculation Agent's fees for that Collection Period;
 - (iv) the Trust Expenses for that Collection Period which remain unreimbursed at that Payment Date;
 - (v) the Servicer's fee for that Collection Period;
 - (vi) the Trust Manager's fees for that Collection Period;
 - (vii) the Custodian's fees for that Collection Period; and
 - (viii) the Backup Servicer's fees for that Collection Period;
- (e) next, to the extent not paid previously, pari passu and rateably:
- (i) towards any interest and fees payable on or prior to that Payment Date to the Liquidity Facility Provider under the Liquidity Facility; and
 - (ii) towards payment to each Derivative Counterparty of any net payment due by the Trustee under a Derivative Contract or any break costs in respect of the termination of the relevant Derivative Contract, excluding:
 - (A) any break costs in respect of that termination to the extent that the Derivative Counterparty is the sole Defaulting Party or sole Affected Party; and
 - (B) any break costs in respect of the termination of a Derivative Contract, except to the extent the Trustee has received the applicable Prepayment Costs from the relevant Obligors during the Collection Period;
- (f) next, to the Liquidity Facility Provider, towards payment of all outstanding Liquidity Draws;
- (g) next, pari passu and rateably:
- (i) pari passu and rateably, to the Class A1-s Noteholders, towards payment of the Interest on the Class A1-s Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class A1-s Notes in respect of previous Interest Periods; and
 - (ii) pari passu and rateably, to the Class A1-a Noteholders, towards payment of the Interest on the Class A1-a Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class A1-a Notes in respect of previous Interest Periods;
- (h) next, pari passu and rateably, to the Class A2 Noteholders, towards payment of the Interest on the Class A2 Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class A2 Notes in respect of previous Interest Periods;
- (i) next, pari passu and rateably to the Class B Noteholders, towards payment of the Interest on the Class B Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class B Notes in respect of previous Interest Periods;

- (j) next, pari passu and rateably to the Class C Noteholders, towards payment of the Interest on the Class C Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class C Notes in respect of previous Interest Periods;
- (k) next, pari passu and rateably to the Class D Noteholders, towards payment of the Interest on the Class D Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class D Notes in respect of previous Interest Periods;
- (l) next, pari passu and rateably to the Class E Noteholders, towards payment of the Interest on the Class E Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class E Notes in respect of previous Interest Periods;
- (m) next, pari passu and rateably to the Class F Noteholders, towards payment of the Interest on the Class F Notes for the Interest Period ending on (but excluding) that Payment Date and any unpaid Interest on the Class F Notes in respect of previous Interest Periods;
- (n) next, to be applied towards Total Available Principal, up to an amount equal to any unreimbursed Principal Draws;
- (o) next (in the following order of priority):
 - (i) first, to be applied towards Total Available Principal, up to an amount equal to any Losses in respect of that Collection Period; and
 - (ii) next, to be applied towards Total Available Principal, up to an amount equal to any Carryover Charge-Off (as calculated on the previous Determination Date) less any amount paid on that Payment Date under clause 10.10(n) above, in accordance with clause 10.14 (“Re-instatement of Carryover Charge-Offs and Principal Draws”);
- (p) next, if any Class A Notes or Class B Notes remain outstanding on that Payment Date (after the application of Total Available Principal on that Payment Date under clause 10.12 (“Application of Total Available Principal (prior to an Event of Default)”), as a deposit to the Yield Enhancement Reserve up to an amount equal to the Yield Enhancement Amount in respect of that Payment Date;
- (q) next, if any Notes (other than the Class G Notes or Class L Notes) remain outstanding on the immediately preceding Determination Date, to be applied towards the Turbo Principal Allocation up to an amount equal to the Retention Amount in respect of that Payment Date;
- (r) next, if an Amortisation Event is subsisting:
 - (i) first, to be applied towards Total Available Principal, up to an amount equal to the Amortisation Amount in respect of that Payment Date; and
 - (ii) next, to the Participation Unitholder, towards payment of the Tax Allocation in respect of that Payment Date;
- (s) next, as a deposit to the Extraordinary Expense Reserve Account until the Extraordinary Expense Reserve Balance equals the Extraordinary Expense Reserve Target Balance;

- (t) next, pari passu and rateably towards payment to each Derivative Counterparty of any outstanding break costs payable in relation to the relevant Derivative Contract (to the extent not otherwise paid under clause 10.10(e)(ii)(B) (“Application of Total Available Income (prior to an Event of Default)”);
- (u) next, pari passu and rateably:
 - (i) any other amounts payable on or prior to that Payment Date to the Liquidity Facility Provider under the Liquidity Facility Agreement to the extent not paid under clause 10.10(e)(i) and clause 10.10(f); and
 - (ii) any indemnity amount payable on or prior to that Payment Date to any Dealer under clause 10.3 (“Indemnity by the Trustee”) or clause 10.9 (“Reliance indemnity from Trustee and Trust Manager”) of the Master Dealer Terms;
- (v) next, as a deposit to the Tax Account an amount equal to the Tax Shortfall (if any) for that Payment Date;
- (w) next, as a deposit to the Tax Account an amount equal to the Tax Amount (if any) for that Payment Date;
- (x) next, so long as no Amortisation Event is subsisting, interest and prior unpaid interest to the Class G Notes in accordance with the Class G Note Supplemental Deed;
- (y) next, if a Threshold Rate Subsidy is determined in respect of that Payment Date in accordance with clause 9.3(b) (“Threshold Rate Subsidy”), then towards the amount of that Threshold Rate Subsidy;
- (z) next, in payment of any amounts outstanding under the Extraordinary Expense Reserve Loan Agreement;
- (aa) next, in payment of any amounts outstanding in respect of the Loss Reserve Loan;
- (bb) next, to pay any indemnity amount payable by the Trustee on or prior to that Payment Date under the Class G Note Supplemental Deed;
- (cc) next, if a Class G Note Trigger Event is subsisting on that Payment Date, to the Class G Noteholders in accordance with the Class G Note Supplemental Deed;
- (dd) next, to reduce, pari passu and rateably, the Invested Amount of the Class L Notes until the Aggregate Invested Amount of the Class L Notes is reduced to zero; and
- (ee) last, to the Participation Unitholder by way of distribution of the remaining income of the Trust.

10.11 Determination of Total Available Principal

On each Determination Date, the Trust Manager will determine the Total Available Principal which will be equal to the aggregate of the following:

- (a) the Available Principal on that Determination Date in respect of the immediately preceding Collection Period;

- (b) (without double counting) any other amounts received by the Trustee in respect of the Trust Assets during the immediately preceding Collection Period which are, in the reasonable opinion of the Trust Manager, in the nature of principal;
- (c) the amount (if any) to be applied from Total Available Income in accordance with clause 10.10(n) ("Application of Total Available Income (prior to an Event of Default)") on the immediately following Payment Date in respect of the reimbursement of any Principal Draws;
- (d) the amount (if any) to be applied from Total Available Income in accordance with clause 10.10(o)(i) ("Application of Total Available Income (prior to an Event of Default)") on the immediately following Payment Date in respect of any Losses for the immediately preceding Collection Period;
- (e) the amount (if any) to be applied from Total Available Income in accordance with clause 10.10(o)(ii) ("Application of Total Available Income (prior to an Event of Default)") on the immediately following Payment Date in respect of any Carryover Charge-Offs;
- (f) the amount (if any) to be applied from Total Available Income in accordance with clause 10.10(r)(i) ("Application of Total Available Income (prior to an Event of Default)") on the immediately following Payment Date in respect of the Amortisation Amount;
- (g) (in the case of the first Determination Date only) all proceeds received from the Authorised Investments (if any) acquired on the Closing Date in accordance with clause 3.6 ("Use of Note Proceeds") (excluding any interest earned on such Authorised Investments) from any amount received by the Trustee upon the initial issue of Notes (excluding the Class L Notes) in excess of the purchase price of the Mortgage Loans;
- (h) (in the case of the first Determination Date only) any Principal Adjustment; and
- (i) any Loss Reserve Draw for that Determination Date.

10.12 Application of Total Available Principal (prior to an Event of Default)

On each Determination Date prior to the occurrence of an Event of Default and enforcement of the General Security Agreement, the Trust Manager must direct the Trustee to pay (and the Trustee must pay) the following amounts out of the Total Available Principal on the next Payment Date in the following order of priority:

- (a) first, to fund any Principal Draw required in accordance with clause 10.5 ("Principal Draw");
- (b) next, to fund any Redraws or repayments of any Servicer Advances in accordance with clause 7 ("Redraws");
- (c) next:
 - (i) if the Stepdown Criteria are not satisfied on that Payment Date, in the following order of priority:
 - (A) first, pari passu and rateably, to the Class A1-s Noteholders, until the Aggregate Invested Amount of the Class A1-s Notes has been reduced to zero;

- (B) next, if that Payment Date is prior to the first Call Option Date, *pari passu* and rateably:
 - (aa) an amount equal to the Class A1-a Note Principal Allocation in respect of that Payment Date, to be applied to the Class A1-a Noteholders until the Aggregate Invested Amount of the Class A1-a Notes has been reduced to zero; and
 - (ab) an amount equal to the Class A2 Note Principal Allocation in respect of that Payment Date, to be applied to the Class A2 Noteholders until the Aggregate Invested Amount of the Class A2 Notes has been reduced to zero;
 - (C) next, if that Payment Date is on or after the first Call Option Date, in the following order of priority:
 - (aa) first, *pari passu* and rateably, to the Class A1-a Noteholders, until the Aggregate Invested Amount of the Class A1-a Notes has been reduced to zero; and
 - (ab) next, *pari passu* and rateably, to the Class A2 Noteholders, until the Aggregate Invested Amount of the Class A2 Notes has been reduced to zero;
 - (D) next, *pari passu* and rateably, to the Class B Noteholders, until the Aggregate Invested Amount of the Class B Notes has been reduced to zero;
 - (E) next, *pari passu* and rateably, to the Class C Noteholders, until the Aggregate Invested Amount of the Class C Notes has been reduced to zero;
 - (F) next, *pari passu* and rateably, to the Class D Noteholders, until the Aggregate Invested Amount of the Class D Notes has been reduced to zero;
 - (G) next, *pari passu* and rateably, to the Class E Noteholders, until the Aggregate Invested Amount of the Class E Notes has been reduced to zero;
 - (H) next, *pari passu* and rateably, to the Class F Noteholders, until the Aggregate Invested Amount of the Class F Notes has been reduced to zero; and
 - (I) next, to the Class G Noteholders, until the Aggregate Invested Amount of the Class G Notes has been reduced to zero, in accordance with the Class G Note Supplemental Deed;
- (ii) if the Stepdown Criteria are satisfied on that Payment Date:
- (A) an amount equal to the Class A1-a Note Principal Allocation in respect of that Payment Date, to be applied to the Class A1-a Noteholders, until the Aggregate Invested Amount of the Class A1-a Notes has been reduced to zero;

- (B) an amount equal to the Class A2 Note Principal Allocation in respect of that Payment Date, to be applied to the Class A2 Noteholders, until the Aggregate Invested Amount of the Class A2 Notes has been reduced to zero;
 - (C) an amount equal to the Class B Note Principal Allocation in respect of that Payment Date, to be applied to the Class B Noteholders, until the Aggregate Invested Amount of the Class B Notes has been reduced to zero;
 - (D) an amount equal to the Class C Note Principal Allocation in respect of that Payment Date, to be applied to the Class C Noteholders, until the Aggregate Invested Amount of the Class C Notes has been reduced to zero;
 - (E) an amount equal to the Class D Note Principal Allocation in respect of that Payment Date, to be applied to the Class D Noteholders, until the Aggregate Invested Amount of the Class D Notes has been reduced to zero;
 - (F) an amount equal to the Class E Note Principal Allocation in respect of that Payment Date, to be applied to the Class E Noteholders, until the Aggregate Invested Amount of the Class E Notes has been reduced to zero;
 - (G) an amount equal to the Class F Note Principal Allocation in respect of that Payment Date, to be applied to the Class F Noteholders, until the Aggregate Invested Amount of the Class F Notes has been reduced to zero; and
 - (H) an amount equal to the Class G Note Principal Allocation in respect of that Payment Date, as an allocation to the Turbo Principal Allocation; and
- (d) next, as to any surplus, to the Participation Unitholder.

10.13 Allocation of Charge-Offs and Principal Draws

On each Determination Date the Trust Manager must determine the aggregate of any Charge-Off in respect of that Determination Date plus any Principal Draw in respect of the immediately preceding Payment Date and must allocate any such aggregate amount on the immediately following Payment Date in the following order of priority:

- (a) first, to reduce the balance of the Retention Amount Ledger until the balance of the Retention Amount Ledger reaches zero;
- (b) next, to reduce the balance of the Amortisation Ledger until the balance of the Amortisation Ledger reaches zero;
- (c) next, to reduce the balance of the Yield Enhancement Ledger until the balance of the Yield Enhancement Ledger reaches zero;
- (d) next, to reduce the Aggregate Stated Amount of the Class G Notes until the Aggregate Stated Amount of the Class G Notes reaches zero (such reduction to be applied amongst such Class G Notes *pari passu* and rateably);

- (e) next, to reduce the Aggregate Stated Amount of the Class F Notes until the Aggregate Stated Amount of the Class F Notes reaches zero (such reduction to be applied amongst such Class F Notes pari passu and rateably);
- (f) next, to reduce the Aggregate Stated Amount of the Class E Notes until the Aggregate Stated Amount of the Class E Notes reaches zero (such reduction to be applied amongst such Class E Notes pari passu and rateably);
- (g) next, to reduce the Aggregate Stated Amount of the Class D Notes until the Aggregate Stated Amount of the Class D Notes reaches zero (such reduction to be applied amongst such Class D Notes pari passu and rateably);
- (h) next, to reduce the Aggregate Stated Amount of the Class C Notes until the Aggregate Stated Amount of the Class C Notes reaches zero (such reduction to be applied amongst such Class C Notes pari passu and rateably);
- (i) next, to reduce the Aggregate Stated Amount of the Class B Notes until the Aggregate Stated Amount of the Class B Notes reaches zero (such reduction to be applied amongst such Class B Notes pari passu and rateably);
- (j) next, to reduce the Aggregate Stated Amount of the Class A2 Notes until the Aggregate Stated Amount of the Class A2 Notes reaches zero (such reduction to be applied amongst such Class A2 Notes pari passu and rateably); and
- (k) next, pari passu and rateably:
 - (i) to reduce the Aggregate Stated Amount of the Class A1-a Notes until the Aggregate Stated Amount of the Class A1-a Notes reaches zero (such reduction to be applied amongst such Class A1-a Notes pari passu and rateably); and
 - (ii) to reduce the Aggregate Stated Amount of the Class A1-s Notes until the Aggregate Stated Amount of the Class A1-s Notes reaches zero (such reduction to be applied amongst such Class A1-s Notes pari passu and rateably).

10.14 Re-instatement of Carryover Charge-Offs and Principal Draws

To the extent that on any Payment Date amounts are available for allocation under clauses 10.10(n) and 10.10(o)(ii) (“Application of Total Available Income (prior to an Event of Default)”), then an amount equal to these amounts shall be applied on that Payment Date to reinstate respectively:

- (a) first, pari passu and rateably:
 - (i) the Aggregate Stated Amount of the Class A1-s Notes until it reaches the Aggregate Invested Amount of the Class A1-s Notes (such reinstatement to be applied amongst such Class A1-s Notes pari passu and rateably); and
 - (ii) the Aggregate Stated Amount of the Class A1-a Notes until it reaches the Aggregate Invested Amount of the Class A1-a Notes (such reinstatement to be applied amongst such Class A1-a Notes pari passu and rateably);

- (b) next, the Aggregate Stated Amount of the Class A2 Notes until it reaches the Aggregate Invested Amount of the Class A2 Notes (such reinstatement to be applied amongst such Class A2 Notes pari passu and rateably);
- (c) next, the Aggregate Stated Amount of the Class B Notes until it reaches the Aggregate Invested Amount of the Class B Notes (such reinstatement to be applied amongst such Class B Notes pari passu and rateably);
- (d) next, the Aggregate Stated Amount of the Class C Notes until it reaches the Aggregate Invested Amount of the Class C Notes (such reinstatement to be applied amongst such Class C Notes pari passu and rateably);
- (e) next, the Aggregate Stated Amount of the Class D Notes until it reaches the Aggregate Invested Amount of the Class D Notes (such reinstatement to be applied amongst such Class D Notes pari passu and rateably);
- (f) next, the Aggregate Stated Amount of the Class E Notes until it reaches the Aggregate Invested Amount of the Class E Notes (such reinstatement to be applied amongst such Class E Notes pari passu and rateably);
- (g) next, the Aggregate Stated Amount of the Class F Notes until it reaches the Aggregate Invested Amount of the Class F Notes (such reinstatement to be applied amongst such Class F Notes pari passu and rateably); and
- (h) next, the Aggregate Stated Amount of the Class G Notes until it reaches the Aggregate Invested Amount of the Class G Notes (such reinstatement to be applied amongst such Class G Notes pari passu and rateably).

10.15 Stepdown Criteria

The Stepdown Criteria will be satisfied on a Payment Date if:

- (a) there are no Class A1-s Notes outstanding as at the Determination Date immediately preceding that Payment Date;
- (b) that Payment Date falls on or after the second anniversary of the Closing Date;
- (c) the Subordinated Note Percentage (Class A2) as at the Determination Date immediately preceding that Payment Date is at least double the Subordinated Note Percentage (Class A2) as at the Issue Date;
- (d) where:
 - (i) that Payment Date is on or after the second anniversary of the Closing Date but before the third anniversary of the Closing Date, the cumulative Losses are less than 0.5% of the aggregate outstanding principal balance of the Mortgage Loans as at the Cut-Off Date; or
 - (ii) that Payment Date is on or after the third anniversary of the Closing Date but before the fourth anniversary of the Closing Date, the cumulative Losses are less than 0.85% of the

aggregate outstanding principal balance of the Mortgage Loans as at the Cut-Off Date; or

- (iii) that Payment Date is on or after the fourth anniversary of the Closing Date, the cumulative Losses are less than 1.1% of the aggregate outstanding principal balance of the Mortgage Loans as at the Cut-Off Date;
- (e) the Arrears Ratio on the Determination Date immediately preceding that Payment Date is less than 6.0%;
- (f) the Payment Date does not fall on or after the first Call Option Date; and
- (g) there are no unreimbursed Principal Draws or Charge-Offs in respect of any Class of Notes as at that Payment Date.

10.16 Distribution of Turbo Principal Allocation

On each Determination Date prior to the occurrence of an Event of Default and enforcement of the General Security Agreement, the Trust Manager must direct the Trustee to pay (and the Trustee must pay) on the next Payment Date the Turbo Principal Allocation (if any) in respect of that Determination Date, after application of the Total Available Principal under clause 10.12 ("Application of Total Available Principal (prior to an Event of Default)"), in the following order of priority:

- (a) to the Class F Noteholders, until the Aggregate Invested Amount of the Class F Notes (as at that Determination Date) is reduced to zero;
- (b) to the Class E Noteholders, until the Aggregate Invested Amount of the Class E Notes (as at that Determination Date) is reduced to zero;
- (c) to the Class D Noteholders, until the Aggregate Invested Amount of the Class D Notes (as at that Determination Date) is reduced to zero;
- (d) to the Class C Noteholders, until the Aggregate Invested Amount of the Class C Notes (as at that Determination Date) is reduced to zero;
- (e) to the Class B Noteholders, until the Aggregate Invested Amount of the Class B Notes (as at that Determination Date) is reduced to zero;
- (f) to the Class A2 Noteholders, until the Aggregate Invested Amount of the Class A2 Notes (as at that Determination Date) is reduced to zero;
- (g) *pari passu* and rateably:
 - (i) to the Class A1-a Noteholders, until the Aggregate Invested Amount of the Class A1-a Notes (as at that Determination Date) is reduced to zero; and
 - (ii) to the Class A1-s Noteholders, until the Aggregate Invested Amount of the Class A1-s Notes (as at that Determination Date) is reduced to zero; and
- (h) to the Class G Noteholders, until the Aggregate Invested Amount of the Class G Notes (as at that Determination Date) is reduced to zero, in accordance with the Class G Note Supplemental Deed.

10.17 Distribution of Yield Enhancement Reserve

On the first Determination Date following the date on which the Aggregate Invested Amount of the Class A Notes and the Class B Notes is reduced to zero, if no Event of Default has occurred resulting in the enforcement of the General Security Agreement, the Trust Manager must direct the Trustee to pay (and the Trustee must pay) on the next Payment Date, after application of Total Available Principal under clause 10.12 (“Application of Total Available Principal (prior to an Event of Default)”) and application of the Turbo Principal Allocation under clause 10.16 (“Distribution of Turbo Principal Allocation”) (if applicable), the Yield Enhancement Reserve Balance, in the following order of priority:

- (a) first, to the Class F Noteholders, until the Aggregate Stated Amount of the Class F Notes (as at that Determination Date) is reduced to zero;
- (b) next, to the Class E Noteholders, until the Aggregate Stated Amount of the Class E Notes (as at that Determination Date) is reduced to zero;
- (c) next, to the Class D Noteholders, until the Aggregate Stated Amount of the Class D Notes (as at that Determination Date) is reduced to zero;
- (d) next, to the Class C Noteholders, until the Aggregate Stated Amount of the Class C Notes (as at that Determination Date) is reduced to zero; and
- (e) next, any remaining amounts to the Participation Unitholder.

10.18 Application of proceeds following an Event of Default

Following the occurrence of an Event of Default and enforcement of the General Security Agreement, the Security Trustee must apply all moneys received by it in respect of the Collateral in the following order of priority:

- (a) first, to any person with a prior ranking Encumbrance (of which the Security Trustee is aware) to the extent of the claim under that Encumbrance;
- (b) next, to itself for its fees, costs and any liabilities, losses, costs, claims, expenses, actions, indemnity payments, damages, demands, charges, stamp duties and other taxes and other amounts owing to the Security Trustee (including all Secured Moneys) due to it for its own account in connection with its role as security trustee in relation to the Trust and any other outgoings and liabilities that the Security Trustee has incurred under or in respect of a Transaction Document;
- (c) next, to pay all fees and any liabilities, losses, costs, claims, expenses, actions, indemnity payments, damages, demands, charges, stamp duties and other taxes owing to the Trustee and any other outgoings and liabilities that the Trustee has incurred under or in respect of a Transaction Document;
- (d) next, to any Receiver appointed to the Collateral for its costs and remuneration in connection with exercising, enforcing or preserving rights (or considering doing so) in connection with the Transaction Documents;
- (e) next all Secured Moneys owing to the Liquidity Facility Provider;
- (f) next, *pari passu* and rateably to pay:

- (i) the Calculation Agent for its fees and all other Secured Moneys owing to it;
 - (ii) the Backup Servicer for its fees and all other Secured Moneys owing to it; and
 - (iii) the Custodian for its fees and all other Secured Moneys owing to it;
- (g) next, pari passu and rateably to pay:
- (i) the Servicer for its fees and all other Secured Moneys owing to it; and
 - (ii) the Trust Manager for its fees and all other Secured Moneys owing to it;
- (h) next, pari passu and rateably, to pay:
- (i) pari passu and rateably:
 - (A) pari passu and rateably, all Secured Moneys owing to the Class A1-s Noteholders; and
 - (B) pari passu and rateably, all Secured Moneys owing to the Class A1-a Noteholders; and
 - (ii) pari passu and rateably all Secured Moneys owing to each Derivative Counterparty (excluding any break costs in respect of the termination of the relevant Derivative Contract to the extent that the Derivative Counterparty is the Defaulting Party or sole Affected Party);
- (i) next, to pay pari passu and rateably, all Secured Moneys owing to the Class A2 Noteholders;
- (j) next, to pay pari passu and rateably all Secured Moneys owing to the Class B Noteholders;
- (k) next, to pay pari passu and rateably all Secured Moneys owing to the Class C Noteholders;
- (l) next, to pay pari passu and rateably all Secured Moneys owing to the Class D Noteholders;
- (m) next, to pay pari passu and rateably all Secured Moneys owing to the Class E Noteholders;
- (n) next, to pay pari passu and rateably all Secured Moneys owing to the Class F Noteholders;
- (o) next, to pay all Secured Moneys owing to the Class G Noteholders in accordance with the Class G Note Supplemental Deed;
- (p) next, to pay pari passu and rateably all Secured Money owing to each Derivative Counterparty under a Derivative Contract to the extent not paid under the preceding paragraphs;
- (q) next, to pay pari passu and rateably all Secured Moneys owing to the Class L Noteholders;

- (r) next, to pay pari passu and rateably, all Secured Money owing to the Secured Creditors to the extent not paid under the preceding paragraphs; and
- (s) next, to pay any surplus to the Trustee to be distributed in accordance with the terms of the Master Trust Deed.

10.19 Cash Collateral

The proceeds of any Cash Collateral will not be treated as Collateral available for distribution in accordance with clause 10.18 (“Application of proceeds following an Event of Default”).

Following an Event of Default and enforcement of the General Security Agreement, any such Cash Collateral shall:

- (a) in the case of Cash Collateral under a Derivative Contract, (subject to the operation of any netting provisions in the relevant Derivative Contract) be returned to the relevant Derivative Counterparty except to the extent that the relevant Derivative Contract requires it to be applied to satisfy any obligation owed to the Trustee under such Derivative Contract; and
- (b) in the case of Cash Collateral under the Liquidity Facility Agreement, be returned to the Liquidity Facility Provider.

For the avoidance of doubt, Cash Collateral does not form part of Total Available Principal (except, in the case of a Derivative Contract to the extent that the relevant Derivative Contract requires it to be applied to satisfy any obligation owed to the Trustee in connection with such Derivative Contract).

10.20 Amortisation Ledger

The Trust Manager will keep a ledger account (the “**Amortisation Ledger**”), which will record on each Payment Date:

- (a) as credits, all sums paid under clause 10.10(r)(i) on that Payment Date; and
- (b) as debits, the amount of any Charge-Offs and Principal Draws allocated to reduce the Amortisation Ledger in accordance with clause 10.13(b) on that Payment Date.

10.21 Retention Amount Ledger

The Trust Manager will keep a ledger account (the “**Retention Amount Ledger**”), which will record on each Payment Date:

- (a) as credits, all sums paid under clause 10.10(n) which are not otherwise applied under clause 10.14 on that Payment Date;
- (b) as credits, all sums paid under clause 10.10(q) on that Payment Date; and
- (c) as debits, the amount of any Charge-Offs and Principal Draws allocated to reduce the Retention Amount Ledger in accordance with clause 10.13(a) on that Payment Date.

10.22 Extraordinary Expense Reserve Account

- (a) On or prior to the Closing Date:
 - (i) the Trust Manager must establish and maintain a ledger of the Collection Account (“**the Extraordinary Expense Reserve Account**”) by recording:
 - (A) all deposits to the Extraordinary Expense Reserve Account made in accordance with this document as a credit to the ledger; and
 - (B) all withdrawals from the Extraordinary Expense Reserve Account made in accordance with this document as a debit to the ledger; and
 - (ii) the Extraordinary Expense Reserve Loan Provider must deposit an amount equal to the Extraordinary Expense Reserve Target Balance into the Extraordinary Expense Reserve Account.
- (b) Amounts will only be released from the Extraordinary Expense Reserve Account by the Trustee or the Trust Manager (on behalf of the Trustee):
 - (i) on a Payment Date for the purpose of making an Extraordinary Expense Reserve Draw in accordance with clause 10.4 (“Extraordinary Expense Reserve Draw”);
 - (ii) once the Notes have been repaid in full or all amounts available for that purpose in accordance with the Transaction Documents have been exhausted:
 - (A) first, to the Extraordinary Expense Reserve Loan Provider (to the extent that they have not already been paid under clause 10.10(z)); and
 - (B) second, any remaining proceeds to the Participation Unitholder.
- (c) The Extraordinary Expense Reserve Balance will not be treated as Collateral available for distribution by the Security Trustee in accordance with clause 10.18 (“Application of proceeds following an Event of Default”).
- (d) In this document, a reference to a deposit to or withdrawal from the Extraordinary Expense Reserve Account shall be interpreted to mean a deposit to or withdrawal from (as applicable) the Collection Account

10.23 Yield Enhancement Reserve

- (a) On or prior to the Closing Date the Trust Manager must establish and maintain a ledger of the Collection Account (the “**Yield Enhancement Reserve**”) by recording:
 - (i) all deposits to the Yield Enhancement Reserve made in accordance with this document as a credit to the ledger; and
 - (ii) all withdrawals from the Yield Enhancement Reserve made in accordance with this document as a debit to the ledger.
- (b) Amounts will only be released from the Yield Enhancement Reserve by the Trustee or the Trust Manager (on behalf of the Trustee):

- (i) on a Payment Date for the purpose of making a Yield Enhancement Reserve Draw in accordance with clause 10.8 (“Yield Enhancement Reserve Draw”); or
 - (ii) once the Class A Notes and the Class B Notes have been repaid in full, for application in accordance with clause 10.17 (“Distribution of Yield Enhancement Reserve”).
- (c) In this document, a reference to a deposit to or withdrawal from the Yield Enhancement Reserve shall be interpreted to mean a deposit to or withdrawal from (as applicable) the Collection Account.

10.24 Yield Enhancement Ledger

The Trust Manager will keep a ledger account (the “**Yield Enhancement Ledger**”) which will record on each Payment Date:

- (a) as credits, all sums paid from the Yield Enhancement Reserve under clause 10.17 (“Distribution of Yield Enhancement Reserve”); and
- (b) as debits, the amount of any Charge-Offs and Principal Draws allocated to reduce the Yield Enhancement Ledger in accordance with clause 10.13(c).

10.25 Accrued Interest Adjustment

In respect of the first Collection Period only, the Trust Manager may, on any day during the period from (and including) the start of that Collection Period to (and including) the Determination Date immediately following the end of that Collection Period, direct the Trustee to apply (and the Trustee must apply on that direction) any Finance Charge Collections received during that Collection Period towards payment of any Accrued Interest Adjustment (to the extent not already paid) payable to the relevant Disposing Trustee in respect of the transfer of the Mortgage Loans and Related Securities to the Trust. The Trust Manager will only give such a direction to the Trustee to the extent the proceeds of the issue of the Class L Notes are insufficient to pay the Accrued Interest Adjustment in full.

10.26 Loss Reserve Account

- (a) The Trustee must, if requested by the Loss Reserve Loan Provider, establish the Loss Reserve Account with an Eligible Bank.
- (b) From time to time, the Loss Reserve Loan Provider may (in its absolute discretion) deposit amounts to the Loss Reserve Account. Any such deposit shall constitute a loan from the Loss Reserve Loan Provider to the Trustee (“**Loss Reserve Loan**”).
- (c) The Loss Reserve Loan Provider acknowledges that no interest is payable on the Loss Reserve Loan.
- (d) The Trustee is only obliged to repay the Loss Reserve Loan to the extent that the Trustee has funds available for that purpose as contemplated by clause 10.26(g)(v).
- (e) If, on any Determination Date, there is a Loss Shortfall, then the Trust Manager must direct the Trustee to make a drawing from the Loss Reserve Account (a “**Loss Reserve Draw**”) on the immediately following Payment Date equal to the lesser of:
 - (i) the Loss Shortfall; and

- (ii) the credit balance of the Loss Reserve Account on that Determination Date.
- (f) If the Trustee becomes aware that the Bank with which the Loss Reserve Account is maintained is no longer an Eligible Bank, the Trustee must immediately establish a new Loss Reserve Account with an Eligible Bank and transfer the funds standing to the credit of the old Loss Reserve Account to the new Loss Reserve Account within 60 days but no earlier than 31 days.
- (g) Amounts will only be released from the Loss Reserve Account by the Trustee or the Trust Manager (on behalf of the Trustee):
 - (i) on a Payment Date, for the purposes of making a Loss Reserve Draw;
 - (ii) on a Payment Date to apply any interest income (or amounts in the nature of interest income) received by the Trustee in respect of the Loss Reserve Account as Available Income;
 - (iii) on any Business Day, for the purposes of repayment of the Loss Reserve Loan (in full or in part) to the Loss Reserve Loan Provider, provided that Rating Notification has been given in respect of such repayment;
 - (iv) to transfer the balance to a new Loss Reserve Account in accordance with clause 10.26(f); and
 - (v) once the Notes have been repaid in full or all amounts available for that purpose in accordance with the Transaction Documents have been exhausted:
 - (A) first, to the Loss Reserve Loan Provider towards repayment of the Loss Reserve Loan; and
 - (B) second, any remaining proceeds to the Participation Unitholder.
- (h) The balance of the Loss Reserve Account will not be treated as Collateral available for distribution by the Security Trustee in accordance with clause 10.18 ("Application of proceeds following an Event of Default").

11 Events of Default

11.1 Events of Default

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

- (a) **(non-payment)** the Trustee does not pay any amount payable by it in respect of the Senior Obligations on time and in the manner required under the Transaction Documents unless, in the case of a failure to pay on time, the Trustee pays the amount within 3 Business Days of the due date;
- (b) **(non-compliance with other obligations)** the Trustee:
 - (i) does not comply with any other obligation relating to the Trust under any Transaction Document where such non-compliance will have a Material Adverse Payment Effect; and

- (ii) if the Trust Manager determines that the non-compliance can be remedied, does not remedy the non-compliance within 20 Business Days;
- (c) **(Insolvency)** the Trustee becomes Insolvent (unless the event which causes it to become Insolvent only affects assets or liabilities of the Trustee which do not relate to the Trust and the Trustee is replaced in accordance with the Master Trust Deed within 60 days of becoming Insolvent);
- (d) **(voidable Transaction Document)** a Transaction Document, or a transaction in connection with it, is or becomes (or is claimed to be) wholly or partly void, voidable or unenforceable or does not have (or is claimed not to have) the priority the Security Trustee intended it to have, where such event will have a Material Adverse Payment Effect (“claimed” in this clause 11.1(d) means claimed by the Trustee or anyone on its behalf);
- (e) **(non-exercise of indemnity)** the Trustee is (for any reason) not entitled to fully exercise the right of indemnity conferred on it under the Master Trust Deed against the Trust Assets to satisfy any liability to a Secured Creditor and the circumstances are not rectified to the reasonable satisfaction of the Security Trustee within 30 days of the Security Trustee requiring the Trustee in writing to rectify them;
- (f) **(encumbrance)** the General Security Agreement (or the security interest created under the General Security Agreement) is not or ceases to be valid and enforceable or the Trustee breaches the terms in clause 3.1 (“Restricted dealings”) of the Master General Security Terms where such breach will have a material and adverse effect on the amount or timing of any payment to a Secured Creditor (other than a Class L Noteholder) or a material and adverse effect on the rights of the Secured Creditors under the Transaction Documents; or
- (g) **(improperly established)** the Trust is found, or conceded, to be improperly established.

11.2 Interpretation

For the purposes of clause 11.1(f) only, the words “allow to exist” in clause 3.1 (“Restricted dealings”) of the Master General Security Terms shall be interpreted as allowing an Encumbrance to exist for a period of time of more than 10 Business Days following the Trustee becoming aware of the creation or existence of such Encumbrance.

12 Determinations by Trust Manager

12.1 Determinations to be made

On each Determination Date, the Trust Manager will, in respect of the Collection Period ending immediately prior to that Determination Date, determine or otherwise ascertain:

- (a) the Available Income;
- (b) the Total Available Income;
- (c) the Other Income;
- (d) the Required Payments;

- (e) the Liquidity Shortfall, if any;
- (f) the Further Liquidity Shortfall, if any;
- (g) the Principal Draw, if any;
- (h) the Liquidity Draw, if any;
- (i) the Trust Expenses;
- (j) the Extraordinary Expenses, if any;
- (k) the Extraordinary Expense Reserve Draw, if any;
- (l) the Loss Reserve Draw, if any;
- (m) the Retention Amount;
- (n) the amount to be allocated to the Amortisation Ledger, if any;
- (o) the amount to be allocated to the Retention Amount Ledger, if any;
- (p) the amount to be allocated to the Yield Enhancement Ledger, if any;
- (q) the Collections;
- (r) the Collection Period Distributions, if any;
- (s) the Finance Charge Collections;
- (t) the Available Principal;
- (u) the Total Available Principal;
- (v) the Invested Amount of each Note and the Aggregate Invested Amount of each Class of Notes;
- (w) the Stated Amount of each Note and the Aggregate Stated Amount of each Class of Notes;
- (x) the Losses for the relevant Collection Period;
- (y) the Charge-Offs and Carryover Charge-Off, if any;
- (z) the Threshold Rate;
- (aa) the Threshold Rate Subsidy (if any);
- (bb) the Tax Shortfall (if any);
- (cc) the Tax Amount (if any);
- (dd) the Arrears Ratio; and
- (ee) any other amounts which the Trust Manager is required to determine in accordance with this document.

12.2 Notifications and instructions to Trustee

The Trust Manager must:

- (a) notify the Trustee of each of the amounts calculated by it in clause 12.1 (“Determinations to be made”); and
- (b) instruct the Trustee as to the payments to be made by the Trustee on the relevant Payment Date in accordance with clause 10 (“Cashflow Allocation Methodology”).

12.3 Reliance on Trust Manager’s calculations and instructions

Without limiting any provision contained in the Master Trust Deed, the Trustee may rely upon the Trust Manager’s calculations and instructions without further enquiry.

13 Fees

13.1 Trust Manager’s fee

The Trust Manager is entitled to a fee for performing its functions and duties in respect of the Trust in an amount and calculated in such manner as may be agreed between the Trustee and the Trust Manager from time to time. Any increase to that fee must not be agreed unless a Rating Notification has been provided in respect of the increase.

13.2 Servicer’s fee

The Servicer is entitled to a fee for performing its functions and duties in respect of the Trust in an amount and calculated in such manner as may be agreed between the Trustee and the Servicer from time to time. Any increase to that fee must not be agreed unless a Rating Notification has been provided in respect of the increase.

13.3 Trustee’s fee

The Trustee is entitled to a fee for performing its functions and duties in respect of the Trust in an amount and calculated in such manner as may be agreed between the Trustee and the Trust Manager from time to time. Any increase to that fee must not be agreed until a Rating Notification has been provided in respect of the increase.

13.4 Security Trustee’s fee

The Security Trustee is entitled to a fee for performing its functions and duties in respect of the Security Trust in an amount and calculated in such manner as may be agreed between the Security Trustee and the Trust Manager from time to time. Any increase to that fee must not be agreed until a Rating Notification has been provided in respect of the increase.

13.5 Custodian’s Fee

The Custodian is entitled to a fee for performing its functions and duties in respect of the Trust in an amount and calculated in such manner as may be agreed between the Trustee, the Trust Manager and the Custodian from time to time. Any increase to that fee must not be agreed until a Rating Notification has been provided in respect of the increase.

13.6 Backup Servicer's Fee

The Backup Servicer is entitled to a fee for performing its functions and duties in respect of the Trust in an amount and calculated in such manner as may be agreed between the Trustee and the Backup Servicer from time to time. Any increase to that fee must not be agreed until a Rating Notification has been provided in respect of the increase.

14 Tax Consolidation

14.1 Acknowledgement

Each party to this document acknowledges that where:

- (a) Pepper is the holder of all of the issued Units in the Trust, the Trust will be a member of a consolidated group for the purposes of Part 3-90 of the Tax Act in respect of which Pepper is the head company ("**Pepper Consolidated Group**"); or
- (b) the Trust is a member of a consolidated group for the purposes of Part 3-90 of the Tax Act ("**Consolidated Group**"),

the Trustee could be liable for all, or a share, of a tax-related liability in relation to the members of the Pepper Consolidated Group or that Consolidated Group (as the case may be) ("**Group Tax Liability**") if:

- (i) the head company of the Pepper Consolidated Group or that Consolidated Group (as the case may be) does not pay or otherwise discharge in full that Group Tax Liability by the time it becomes due and payable; and
 - (ii) that Group Tax Liability is not covered by a tax sharing agreement which complies with the requirements set out in Part 3-90 of the Tax Act and any regulations and is in accordance with any guidelines published by the Commissioner of Taxation concerning what is a reasonable allocation of group tax liabilities of a consolidated tax group among certain members of that group, or is otherwise accepted by the Commissioner of Taxation as being such a reasonable allocation ("**Tax Sharing Agreement**");
- (c) it is in the interest of all parties, including the Trustee, any other Secured Creditors and any Unitholder, that:
- (i) the Trustee will always be in a position to pay any liability in relation to a Group Tax Liability when due; and
 - (ii) the payment of Tax by the Trustee must not affect the amounts payable under this document or any other Transaction Document or the timing of such payments,

together, being the "**Objective**".

14.2 Tax Sharing Agreement

- (a) The Trustee of the Trust agrees to accede to the Tax Sharing Agreement of the Pepper Consolidated Group ("**Pepper Tax Sharing Agreement**") by executing a Deed of Adherence substantially in the form contained in Schedule 2 to the Pepper Tax Sharing Agreement immediately on it becoming a member of the Pepper Consolidated Group.

- (b) In respect of any period in which the Trust is a member of the Pepper Consolidated Group, Pepper, as head company of the Pepper Consolidated Group agrees to:
- (i) ensure that the Group Tax Liabilities of the Pepper Consolidated Group are covered by the Pepper Tax Sharing Agreement;
 - (ii) procure a legal opinion confirming that the Pepper Tax Sharing Agreement is a valid Tax Sharing Agreement;
 - (iii) upon the written request of the Trustee or Trust Manager, provide evidence of the Pepper Tax Sharing Agreement being in place and deliver an up to date copy of same to the person requesting it;
 - (iv) not alter, amend, replace or grant a waiver under the Pepper Tax Sharing Agreement without the prior written consent of the Trustee and the Trust Manager;
 - (v) not acquire or dispose of an interest in any entity (including any corporation or trust) if that acquisition or disposal would have the effect that the entity would become or cease to be a member of the Pepper Consolidated Group unless:
 - (A) in the case of an entity becoming a member of the Pepper Consolidated Group, that new member becomes a party to the Pepper Tax Sharing Agreement; and
 - (B) the Trustee and the Trust Manager are given 10 Business Days prior written notice of the cessation or membership.
- (c) Where the Trust is a member of:
- (i) the Pepper Consolidated Group, and if Pepper, as head company of the Pepper Consolidated Group, does not at any time when requested provide evidence to the satisfaction of the Trustee and the Trust Manager (who may rely upon the advice of tax lawyers, amongst others) that the Group Tax Liabilities of the Pepper Consolidated Group are covered by the Pepper Tax Sharing Agreement which apportions those Group Tax Liabilities to the Trustee on a basis acceptable to the Trustee, which should be nil (and the Trustee acknowledges that a nil allocation of the Group Tax Liabilities may be acceptable to it); or
 - (ii) a Consolidated Group, and if the Head Company of any Consolidated Group (other than the Pepper Consolidated Group) of which the Trust becomes a member does not at the time the Trust becomes a member of that Consolidated Group, or at any subsequent time, provide evidence to the satisfaction of the Trustee that the Group Tax Liabilities of the Consolidated Group are covered by a Tax Sharing Agreement which apportions those Group Tax Liabilities on a basis acceptable to the Trustee (and the Trustee acknowledges that a nil allocation of group tax liabilities may be acceptable to it),
- then:
- (iii) the Trust Manager shall direct the Trustee to, as soon as is practicable, take steps to ensure that the Trust ceases to be a

member of the Pepper Consolidated Group or the Consolidated Group (as applicable);

- (iv) the Trust Manager shall promptly consult with the Trustee to determine what changes, if any, are necessary to the cashflow methodology in clause 10 (“Cashflow Allocation Methodology”) of this document to achieve the Objective; and
 - (v) within one month of such consultations commencing (or such longer time as the Trustee may permit) the Trust Manager shall provide a written recommendation to the Trustee and use its best endeavours to provide a draft deed (“**Consolidations Amending Deed**”) amending this document that, if executed, will achieve the Objective.
- (d) Upon the Trustee being notified that the draft deed amending this document will achieve the Objective (and in this regard the Trustee may rely upon advice of tax lawyers, amongst others) and each of the parties to this document being reasonably satisfied that it will not be adversely affected by the proposed amendments to this document, each party to this document agrees to execute that amendment deed.
- (e) If the Trust Manager and the Trustee cannot agree:
- (i) to amend this document; or
 - (ii) that no amendments to this document are necessary,
- the Trust Manager and the Trustee will proceed with unwinding the transaction represented by the Transaction Documents.
- (f) In respect of any period during which the Trust is a member of a Consolidated Group, the Trust Manager must:
- (i) establish and maintain a ledger of the Collection Account the (“**Tax Account**”) by recording:
 - (A) all deposits to the Tax Account made in accordance with this document as a credit to the ledger; and
 - (B) all withdrawals from the Tax Account made in accordance with this document as a debit to the ledger; and
 - (ii) on each Payment Date direct the Trustee in writing to deposit into the Tax Account such amount, of the Total Available Income available in accordance with clause 10.10 (“Application of Total Available Income (prior to an Event of Default)”) as would, in the opinion of the Trust Manager discharge the Trustee’s reasonable share of the group liability having regard to the net income of the Trust for Tax purposes. The Trust Manager must direct the Trustee to apply the Tax Account Balance in paying any part of a Group Tax Liability when due and payable by the Trustee in respect of the Trust.
- (g) The Trustee is entitled to be indemnified out of the Trust Assets for any liability it incurs if the Commissioner of Taxation determines that, despite the measures adopted in this clause 14.2 above, the Trustee has a liability to any part of the Group Tax Liabilities of the Consolidated Group that are not able to be satisfied from the Tax Account Balance.

- (h) In this document, a reference to a deposit to or withdrawal from the Tax Account shall be interpreted to mean a deposit to or withdrawal from (as applicable) the Collection Account.

14.3 No further obligations

Provided that the Trustee receives written advice from an experienced and reputable tax lawyer or tax accountant to the effect that if the Cashflow Allocation Methodology as amended by the Consolidations Amending Deed is followed the Objective will be met:

- (a) the Trustee shall not be obliged to obtain the consent of any Secured Creditor or any Unitholder to the Consolidations Amending Deed except in the case of a recipient of a fee if any change is proposed to the fee payable to that party; and
- (b) subject to its terms, the Consolidations Amending Deed shall be effective when executed, and may:
 - (i) permit the Trustee to accumulate a reserve out of moneys that would otherwise be payable to the Unitholders; and/or
 - (ii) provide for Tax to be paid out of moneys that would otherwise have been payable to the Unitholders.

15 Right of indemnity - Consumer Credit Legislation

- (a) Without prejudice to the right of indemnity given by law to trustees, and without limiting any other provision of this document, the Trustee will be indemnified out of the Trust Assets, free of any set-off or counterclaim against all Penalty Payments which the Trustee is required to pay personally or in its capacity as trustee of the Trust in respect to the Trust and arising in connection with the performance of its duties or exercise of its powers under the Transaction Documents in relation to the Trust.
- (b) The Trustee's right to be indemnified in accordance with paragraph (a) applies notwithstanding any allegation that the Trustee has incurred any such Penalty Payment as a result of its fraud, negligence or wilful misconduct or any other act or omission which may otherwise disentitle the Trustee to be so indemnified. However, the Trustee is not entitled to that right of indemnity or reimbursement to the extent that there is a determination by a relevant court of negligence, fraud or wilful misconduct by the Trustee (provided that, until such determination, the Trustee is entitled to that right of indemnity or reimbursement but must, upon such determination, repay to the Trust any amount paid to it under this clause).
- (c) This clause overrides any other provision of this document.
- (d) The Trustee shall call upon any right of indemnity from any other third party it may have under a Transaction Document in respect of the Trust before it calls upon the indemnity in paragraph (a) in respect of the Trust. If any such claim is not satisfied within 3 Business Days of the claim being made, the Trustee may exercise its right of indemnity referred to in paragraph (a).

16 Right of Indemnity – Land Title Act 1994 (Qld) and Real Property Act 1900 (NSW)

- (a) Without prejudice to the right of indemnity given by law to trustees, and without limiting any other provision of this document, the Trustee will be indemnified out of the Trust Assets of the Trust, free of any set-off or counterclaim against all Title Penalty Payments which the Trustee is required to pay personally or in its capacity as trustee of the Trust and arising in connection with the performance of its duties or exercise of its powers under the Transaction Documents, including, without limitation, as a result of the Trustee being the lender of record or mortgagee in respect of any Trust Asset of the Trust.
- (b) The Trustee's right to be indemnified in accordance with paragraph (a) applies notwithstanding any allegation that the Trustee has incurred any such Title Penalty Payment as a result of its fraud, negligence or wilful misconduct or any other act or omission which may otherwise disentitle the Trustee to be so indemnified. However, the Trustee is not entitled to that right of indemnity or reimbursement to the extent that there is a determination by a relevant court of negligence, fraud or wilful misconduct by the Trustee (provided that, until such determination, the Trustee is entitled to that right of indemnity or reimbursement but must, upon such determination, repay to that Trust any amount paid to it under this clause 16).
- (c) This clause overrides any other provision of this document.
- (d) The Trustee shall call upon any right of indemnity from any other third party it may have under a Transaction Document before it calls upon the indemnity in paragraph (a). If any such claim is not satisfied within 3 Business Days of the claim being made, the Trustee may exercise its right of indemnity referred to in paragraph (a).
- (e) In accordance with the Transaction Documents, the Trustee may rely on the Trust Manager, the originator of the Mortgage Loans and the Servicer in relation to compliance with its obligations in the Land Title Act 1994 (Qld) and the Real Property Act 1900 (NSW).
- (f) In this clause 16, **Title Penalty Payment**, in relation to a receivable of the Trust, means:
 - (i) any civil or criminal penalty incurred by the Trustee in relation to a breach of sections 11A or 11B of the Land Title Act 1994 (Qld), section 56C or 117(4) of the Real Property Act 1900 (NSW) or any other similar provisions enacted or in force in any applicable Australian jurisdiction (including on or after the date of this document);
 - (ii) any money ordered by a court or other judicial body to be paid by the Trustee in relation to any claim against the Trustee under sections 11A or 11B of the Land Title Act 1994 (Qld), section 56C or 117(4) of the Real Property Act 1900 (NSW) or any other similar provisions enacted or in force in any applicable Australian jurisdiction (including on or after the date of this document);
 - (iii) a payment by the Trustee in settlement of a liability or alleged liability relating to a breach of sections 11A or 11B of the Land Title Act 1994 (Qld), section 56C or (117(4) of the Real Property Act 1900 (NSW) or any other similar provisions enacted or in

force in any applicable Australian jurisdiction (including on or after the date of this document),

in each case in respect of a receivable of the Trust, and includes any legal costs incurred by the Trustee or which the Trustee is ordered by a court or other judicial body to pay in connection with paragraphs (i) to (iii) above.

17 Miscellaneous

17.1 Limitation of Liability, Notices and Governing law

Each of:

- (a) clause 8 (“Security Trustee indemnity and limitation of liability”) of the Master Security Trust Deed (as amended by the Notice of Creation of Security Trust);
- (b) clause 26 (“Notices and other communications”) of the Master Security Trust Deed;
- (c) clause 18 (“Limited recourse, indemnity and limitation of liability”) of the Master Trust Deed (as amended by the Notice of Creation of Trust); and
- (d) clause 32 (“General”) of the Master Trust Deed,

are incorporated into this document as if they were fully set out in this document (with any consequential changes as are necessary to give effect to those clauses in this document) and any clause references in such clauses were to the corresponding incorporated clause.

17.2 Waivers, remedies cumulative

No failure to exercise and no delay in exercising any right, power or remedy under this document by the Security Trustee operates as a waiver. Nor does any single or partial exercise of any right, power or remedy of the Security Trustee preclude any other or further exercise of that or any other right, power or remedy.

The rights, powers and remedies provided to the Security Trustee in this document are in addition to, and do not exclude or limit, any right, power or remedy provided by law.

17.3 Survival of representations

All representations, warranties and indemnities in this document survive the execution and delivery of this document and the provision of advances and accommodation.

17.4 Business Day Convention

Unless the contrary intention appears, in this document a reference to a particular date is a reference to that date adjusted in accordance with the Business Day Convention.

17.5 Banking Code of Practice

The parties to the Transaction Documents agree that the Banking Code of Practice does not apply to any Transaction Document or any transaction or service under any Transaction Document.

17.6 GST

Clause 27 ("GST") of the Master Security Trust Deed applies to this document as if it were set out in full in this document, with corresponding changes to any clause references.

17.7 Electronic Means

- (a) In no event shall any party be liable for any losses arising as a result of the use of Electronic Means for the transmission or receipt of any notice, instruction or other communications by that party. The parties have no duty or obligation to verify or confirm that the person who sent such instruction or direction is, in fact, a person authorised to give instructions or directions on behalf of that other party.
- (b) The parties agree that the security procedures, if any, to be followed in connection with a transmission of any such notice, instructions or other communications, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

"**Electronic Means**" as used in this clause shall mean the following communications methods: (i) non-secure methods of transmission or communication such as e-mail and facsimile transmission and (ii) secure electronic transmission containing applicable authorisation codes, passwords and/or authentication keys issued by any party, or another method or system specified by any party as available for use in connection with its services hereunder.

18 Collection Account

18.1 Restricted use of Collection Account

The Collection Account in respect of the Trust may not be used by the Trustee for any purpose other than in relation to the Trust.

18.2 Operation of Account

Other than as required by clause 9.1 ("Operation of Collection Account) of the Master General Security Terms, the only authorised signatories for the Collection Account in relation to the Trust must be officers or employees of the Security Trustee.

18.3 Trust Manager and Servicer not to deal with Accounts

Other than as set out in a Transaction Document, neither of the Trust Manager nor the Servicer may deal with any account opened by the Trustee in respect of the Trust or the moneys in any such account in any way.

18.4 Transfer of Collection Account

If the Bank at which the Collection Account is held ceases to be an Eligible Bank, the Trust Manager must, upon becoming aware of the occurrence of that event, direct the Trustee to establish and the Trustee on that direction must immediately establish a new Collection Account with an Eligible Bank and transfer the funds standing to the credit of the old Collection Account to the new Collection Account within 60 days but no earlier than 31 days.

19 Trustee to act in interests of Noteholders

The Trustee agrees to act in the interests of the Noteholders of the Trust on the terms and conditions of the Transaction Documents.

If there is a conflict between the interests of the Unitholders in the Trust (on the one hand) and the Noteholders of the Trust (on the other), subject to the other Transaction Documents, the Trustee is empowered to, and must, act in the interests of the Noteholders.

Nothing in this clause 19 creates a fiduciary relationship between the Trustee and the Noteholders.

20 Amendments to the Master Trust Deed

20.1 Definitions

For the purposes of the Trust:

- (a) the definition of “Penalty Payment” in clause 1.2 (“Definitions”) of the Master Trust Deed is replaced with the definition of “Penalty Payment” in clause 1.2 (“Definitions”);
- (b) the definition of “Title Penalty Amount” in clause 1.2 (“Definitions”) of the Master Trust Deed is replaced with the definition of “Title Penalty Payment” in clause 16 (“Right of Indemnity – Land Title Act 1994 (Qld) and Real Property Act 1900 (NSW)”); and
- (c) 15.9(a)(i) (“Adjustments”) of the Master Trust Deed is amended by replacing the reference to “Reallocation Date” with “Cut-Off Date (as defined in the Series Notice”.

20.2 Closure

For the purposes of the Trust, the last paragraph of clause 14.7 (“Closure”) of the Master Trust Deed does not apply to the Trust.

20.3 Power to delegate

For the purposes of the Trust, clause 17.1 (“Power to delegate”) of the Master Trust Deed is replaced by the following clause:

- “(a) Subject to paragraphs (b) and (c), the Trustee may employ agents and attorneys and may delegate any of its rights or obligations as trustee without notifying any person of the delegation.
- (b) The Trustee is not responsible or liable to any Unitholder in a Trust or Secured Creditor of a Trust for any act or omission of any delegate appointed by the Trustee if:
 - (i) the delegate is a recognised clearing system;
 - (ii) the Trustee is obliged to appoint the delegate pursuant to an express provision of a Transaction Document of that Trust or pursuant to an instruction given to the Trustee in accordance with a Transaction Document of that Trust;
 - (iii) the Trustee appoints the delegate in good faith and using reasonable care and the delegate is not:

- (A) a Related Entity of the Trustee; or
- (B) an officer or employee of the Trustee or a Related Entity of the Trustee; or
- (iv) the Trust Manager consents to the delegation in accordance with paragraph (c).
- (c) The Trustee agrees that it will not in respect of a Trust:
 - (i) delegate a material part of its rights or obligations under this deed; or
 - (ii) appoint any Related Entity of it as its delegate,
 unless it has received the prior written consent of the Trust Manager.”

20.4 Illegality

For the purposes of the Trust, the following new clause 18.11 is added immediately after clause 18.10 (“Cleared funds”) of the Master Trust Deed:

“18.11 Illegality

No provision of this deed or any other Transaction Document of a Trust requires the Trustee to do anything which is illegal.”

20.5 Mandatory retirement

For the purposes of the Trust, clause 19.2 (“Mandatory retirement”) of the Master Trust Deed is amended by the addition of the following paragraph immediately following paragraph (c) of that clause:

- “(d) the Trustee merges or consolidates with another entity unless that entity assumes the obligations of the Trustee under the Transaction Documents of that Trust and Rating Notification is provided in respect of that merger or consolidation.”

20.6 Costs of retirement

For the purposes of the Trust, clause 19.7 (“Costs of retirement”) of the Master Trust Deed is replaced with the following clause:

“If the Trustee retires or is otherwise removed (other than under clause 19.2(b) (“Mandatory Retirement”)), everything it is required to do under this clause 19 (“Change of Trustee”) is a Trust Expense (other than the costs of the Trustee’s legal advisers which is a personal expense of the Trustee). For the avoidance of doubt, if the Trustee is removed under clause 19.2(b) (“Mandatory Retirement”), the costs of the Trustee’s legal advisers are a Trust Expense.”

20.7 Discharge of further obligations

For the purposes of the Trust, clause 19.10 (“Discharge of further obligations”) of the Master Trust Deed is replaced with the following clause:

“When a successor trustee is appointed as trustee of a Trust, the retiring Trustee is discharged from any further obligation under the Transaction Documents of that Trust. However, this discharge does not affect any accrued rights or obligations. The retiring Trustee will remain entitled to the benefit of the indemnities granted by this deed to the retiring Trustee in respect of any liability,

cost or other obligation incurred by it while acting as Trustee, as if it were still the Trustee under this deed.”

20.8 Net Trust Income

For the purposes of the Trust, clause 20 (“Income and distributions for each Trust”) of the Master Trust Deed is replaced with the following clause:

20.1 Net Trust Income

- (a) The Trust Manager must determine the Net Trust Income of a Trust for each Financial Year of that Trust.
- (b) Prior to the end of a Financial Year of a Trust, the Trust Manager may make a determination under clause 20.2 (“Determination of Net Trust Income”) as to the method of calculating the Net Trust Income for the Trust for that Financial Year. To the extent it is possible to do so, if the Trust Manager makes a determination under this clause 20.1(b), the Trust Manager must determine that the Net Trust Income of each Trust for each Financial Year is at least \$1.
- (c) If the Trust Manager does not make a determination under clause 20.1(b) above prior to the end of a Financial Year, the Net Trust Income will be equal to the income of the Trust for the purposes of Division 6 of Part III of the Tax Act, for that Financial Year.

20.2 Determination of Net Trust Income

Subject to clause 20.4 (“Tax liabilities”), the Trust Manager may determine the Net Trust Income of each Trust for each Financial Year of the Trust using any method it considers appropriate. In particular, the Trust Manager may determine whether:

- (a) any deemed or actual:
 - (i) receipt, payment or outgoing;
 - (ii) profit, gain or loss;
 - (iii) provision or reserve; or
 - (iv) investment,in a Financial Year in connection with the Trust is to be treated as being on income or capital account of the Trust (including treating the transfer of amounts from the corpus of the Trust as income of the Trust for any purpose);
- (b) any provisions or reserves need to be made in a Financial Year in connection with the Trust and the amount of those provisions or reserves; and
- (c) an item that is taken into account in determining the Net Taxable Income of the Trust for a Financial Year is to be taken into account in determining the Net Trust Income of the Trust for that Financial Year.

20.3 Net Taxable Income

As soon as reasonably practicable after the end of a Financial Year of a Trust, the Trust Manager must determine the Net Taxable Income of that Trust for that Financial Year.

20.4 Tax liabilities

To the extent it is possible to do so (including by making appropriate determinations under clause 20.2 (“Determination of Net Trust Income”)), the Trust Manager must ensure that any Tax liability under Division 6 of Part III of the Tax Act in respect of the Net Taxable Income of a Trust for a Financial Year is borne by the Participation Unitholder of that Trust and not by the Trustee.

20.5 Trust Manager must notify Trustee

Once the Trust Manager has determined the Net Trust Income and the Net Taxable Income of a Trust for a Financial Year, the Trust Manager must notify the Trustee of the amounts.

20.6 Entitlement of Participation Unitholder

At the end of each Financial Year of a Trust, the Participation Unitholder in a Trust is presently entitled to the Net Trust Income of the Trust for that Financial Year.

20.7 Distribution to Participation Unitholder

- (a) On the last day of each Financial Year of a Trust or at any other time the Trust Manager decides, the Participation Unitholder of that Trust is entitled to be paid the Net Trust Income of that Trust for that Financial Year, reduced by amounts previously paid by the Trust Manager to the Participation Unitholder throughout the Financial Year.
- (b) The Trust Manager may pay to the Participation Unitholder any other amounts in accordance with the Transaction Documents at any time during or at the end of the Financial Year.

20.8 Investment by Participation Unitholder

- (a) The Trust Manager may, in its absolute discretion, permit the Participation Unitholder to invest any amount that is any part of an amount to which the Participation Unitholder is entitled to be paid under clause 20.7 (“Distribution to Participation Unitholder”) which is not paid to the Participation Unitholder by the Trustee.
- (b) The Participation Unitholder requests that any amount that is to be invested under clause 20.8(a) be reinvested in the relevant Trust as an additional payment for the Participation Unit in the Trust.

21 Amendments to Master Security Trust Deed

21.1 Limit on rights

Subject to the terms of the Transaction Documents, a Secured Creditor of the Trust is not entitled to:

- (a) interfere with the Security Trust or any rights or powers of the Security Trustee under any Transaction Document in respect of the Trust;

- (b) exercise a right in respect of any property of the Security Trust Fund in respect of the Security Trust or lodge a caveat or other notice affecting such property or otherwise claim any interest in such property;
- (c) take any steps to end the Security Trust; or
- (d) require the Security Trustee or any other person to transfer any property of the Security Trust Fund to it.

21.2 Definitions

For the purposes of the Trust:

- (a) the definition of “Authorised Investments” in clause 1.1 (“Definitions”) of the Master Security Trust Deed is replaced by the definition of “Authorised Investments” in clause 1.2 (“Definitions”);
- (b) the definition of “Costs” in clause 1.1 (“Definitions”) of the Master Security Trust Deed is replaced by the definition of “Costs” in clause 1.2 (“Definitions”);
- (c) the following new definitions are added alphabetically to clause 1.1 (“Definitions”) of the Master Security Trust Deed:

“**FATCA**, in respect of a Trust, has the meaning given to that term in the Series Notice for that Trust.”; and

“**Permitted Encumbrance** means in respect of a Trust:

- (a) the General Security Agreement for that Trust; and
- (b) any Encumbrance arising under any other Transaction Document for that Trust.”;
- (d) the term “Wilful Default” in clause 1.1 (“Definitions”) of the Master Security Trust Deed is deleted;
- (e) clause 1.2(h) (“References to certain general terms”) of the Master Security Trust Deed is deleted and subsequent paragraphs are renumbered accordingly;
- (f) the words “relevant body corporate” in clause 1.6(c)(i) (“Capacity”) of the Master Security Trust Deed is deleted and replaced with the word “person”; and
- (g) each reference to the term “Wilful Default” wherever that term is used in the Transaction Documents is replaced with the term “wilful misconduct.”.

21.3 Assuming compliance

For the purposes of the Trust, clause 6.2 (“Assuming compliance”) of the Master Security Trust Deed is replaced by the following clause:

“Until the Trustee or the Security Trustee (as applicable) becomes aware in accordance with clause 6.1 (“Awareness of certain events”) that:

- (a) an Event of Default, Potential Event of Default, Trust Manager Default, Servicer Default or Custodian Default in respect of a Trust has occurred; or

- (b) that a party to a Transaction Document is not complying with its obligations in connection with the Transaction Documents of a Trust,

the Trustee or the Security Trustee (as applicable) may assume that no Event of Default, Potential Event of Default, Trust Manager Default, Servicer Default or Custodian Default (as applicable) has occurred and that each such party to the Transaction Documents is complying with its obligations in connection with the Transaction Documents and need not inquire whether that is, in fact, the case.”

21.4 Power to delegate

For the purposes of the Trust, clause 7.1 (“Power to delegate”) of the Master Security Trust Deed is replaced by the following clause:

- “(a) Subject to paragraphs (b) and (c), the Security Trustee may employ agents and attorneys and may delegate any of its rights or obligations as security trustee without notifying any person of the delegation.
- (b) The Security Trustee is not responsible or liable to any Secured Creditor of a Trust for any act or omission of any delegate appointed by the Security Trustee if:
 - (i) the delegate is a recognised clearing system;
 - (ii) the Security Trustee is obliged to appoint the delegate pursuant to an express provision of a Transaction Document of that Trust or pursuant to an instruction given to the Security Trustee in accordance with a Transaction Document of that Trust;
 - (iii) the Security Trustee appoints the delegate in good faith and using reasonable care and the delegate is not:
 - (A) a Related Entity of the Security Trustee; or
 - (B) an officer or employee of the Security Trustee or a Related Entity of the Security Trustee; or
 - (iv) the Trust Manager consents to the delegation in accordance with paragraph (c).
- (c) The Security Trustee agrees that it will not in respect of a Trust:
 - (i) delegate a material part of its rights or obligations under this document; or
 - (ii) appoint any Related Entity of it as its delegate,unless it has received the prior written consent of the Trust Manager.”

21.5 Liability must be limited and must be indemnified

For the purposes of the Trust, clause 8.4(b) (“Liability must be limited and must be indemnified”) of the Master Security Trust Deed is replaced with the following clause:

- “(b) it is indemnified against any liability or loss arising from, and any Costs properly incurred in connection with, doing or not doing that thing in a manner which is consistent with clause 8.1 (“Indemnity”) and, if required by the Security Trustee, is put in funds in respect of any such Costs to be incurred.”

21.6 Exoneration

For the purposes of the Trust, clause 8.5(e) (“Exoneration”) of the Master Security Trust Deed is amended by the inclusion of the following words after the words “Transaction Documents” where they first appear in that clause:

“(including any security interest constituted by or arising under the Transaction Documents)”.

21.7 No supervision and illegality

For the purposes of the Trust, the following new clauses 8.6 and 8.7 are added immediately after clause 8.5 (“Exoneration”) of the Master Security Trust Deed:

“8.6 No supervision

“Except as expressly set out in the Transaction Documents of a Trust, the Security Trustee has no obligation to supervise, monitor or investigate the performance of the Trust Manager of that Trust, any party to a Transaction Document or any other person.

8.7 Illegality

No provision of this document or any other Transaction Document of a Trust requires the Security Trustee to do anything which is illegal.”

21.8 Costs of retirement

For the purposes of the Trust, clause 9.8 (“Costs of retirement or removal”) of the Master Security Trust Deed is replaced with the following clause:

“If the Security Trustee retires or is otherwise removed (other than under clause 9.1, clause 9.2 or clause 9.3(b)), everything it is required to do under this clause 9 (“Change of Security Trustee”) is at the Trustee’s expense (other than the costs of the Security Trustee’s legal advisers which is a personal expense of the Security Trustee). For the avoidance of doubt, if the Security Trustee is removed under clause 9.1, clause 9.2 or clause 9.3(b), the costs of the Security Trustee’s legal advisers are at the Trustee’s expense.”

21.9 Discharge of further obligations

For the purposes of the Trust, clause 9.11 (“Discharge of further obligations”) of the Master Security Trust Deed is replaced with the following clause:

“When a successor security trustee is appointed as security trustee of a Security Trust, the retiring or removed Security Trustee is discharged from any further obligation under the Transaction Documents of the Trust to which that Security Trust relates. However, this discharge does not affect any accrued rights or obligations. The retiring Security Trustee will remain entitled to the benefit of the indemnities granted by this document to the retiring Security Trustee in respect of any liability, cost or other obligation incurred by it while acting as Security Trustee, as if it were still the Security Trustee under this document.”

21.10 Events of Default

For the purposes of the Trust:

- (a) the Events of Default set out in clause 11.1 (“Events of Default”) are the Events of Default for the Trust; and

- (b) in clause 12.1 (“Security Trustee may take action”), clause 12.2 (“Actions on the occurrence of an Event of Default”) and clause 12.3 (“Instructions to Security Trustee”) of the Master Security Trust Deed,

each reference to “is continuing” is replaced with a reference to “has occurred”.

21.11 Undertakings of the Trust Manager

For the purposes of the Trust, clause 11.2(c) (“Undertakings of the Trust Manager”) of the Master Security Trust Deed is replaced with the following clause:

- “(c) **(financial accounts)** to give the Security Trustee, the audited Financial Report of the Trust:
- (i) in the case of the first Financial Report where the date of constitution of that Trust is within 6 months preceding the end of a financial year, for the period from the date of constitution of that Trust to the end of the second financial year following the date of constitution of that Trust, within 180 days of the end of the second financial year following the date of constitution of that Trust; and
 - (ii) otherwise, for each financial year within 180 days of the end of that financial year.”.

21.12 Payments

For the purposes of the Trust, clause 14.1(d) of the Master Security Trust Deed is replaced with the following clause:

“in full without set-off or counterclaim, and without any withholding or deduction for or on account of Taxes, unless such withholding or deduction is made under or in connection with, or in order to ensure compliance with FATCA or is required by law”.

21.13 Privacy

For the purposes of the Trust, clause 22.3(b) of the Master Security Trust Deed is amended as follows:

- (a) in clause 22.3(b)(i), the word “or” is deleted;
- (b) in clause 22.3(b)(ii), the “.” is replaced by “; or”; and
- (c) new clause 22.3(b)(iii) is inserted:
 - “(iii) in accordance with the Recipient’s privacy policy, provided that the Recipient’s privacy policy complies with all applicable laws, and the disclosure in accordance with the Recipient’s privacy policy is made in compliance with all applicable laws.”

21.14 Confidentiality

For the purposes of the Trust, clause 28.19(b) of the Master Security Trust Deed is replaced with the following clause:

“to officers, employees, agents, contractors, subcontractors, legal and other advisers of that party and auditors of the Trustee, the Security Trustee or a Receiver”.

21.15 Meeting Provisions

- (a) For the purposes of the Trust, each reference to “Secured Money” in Schedule 2 (“Meeting Provisions”) of the Master Security Trust Deed is taken to exclude:
- (i) in the case of Secured Creditors referred to in paragraph (a)(i)(v) of the definition of Ruling Secured Creditors in clause 1.2 (“Definitions”), any Secured Money not referred to in that paragraph;
 - (ii) in the case of Secured Creditors referred to in paragraph (b)(ii) of the definition of Ruling Secured Creditor in clause 1.2 (“Definitions”), any Secured Money not referred to in that paragraph;
 - (iii) in the case of Secured Creditors referred to in paragraph (c)(ii) of the definition of Ruling Secured Creditor in clause 1.2 (“Definitions”), any Secured Money not referred to in that paragraph;
 - (iv) in the case of Secured Creditors referred to in paragraph (d)(ii) of the definition of Ruling Secured Creditor in clause 1.2 (“Definitions”), any Secured Money not referred to in that paragraph;
 - (v) in the case of Secured Creditors referred to in paragraph (e)(ii) of the definition of Ruling Secured Creditor in clause 1.2 (“Definitions”), any Secured Money not referred to in that paragraph;
 - (vi) in the case of Secured Creditors referred to in paragraph (f)(ii) of the definition of Ruling Secured Creditor in clause 1.2 (“Definitions”), any Secured Money not referred to in that paragraph; and
 - (vii) in the case of Secured Creditors referred to in paragraph (g)(ii) of the definition of Ruling Secured Creditor in clause 1.2 (“Definitions”), any Secured Money not referred to in that paragraph; and
- (b) For the purposes of the Trust, the table in clause 4.1 (“Number for a quorum”) is amended to replace “50%” with “67%”.

22 Amendments to the Master Servicer Deed

22.1 Separate Deed

For the purpose of clause 1.7 (“Parties to Master Documents”) of the Master Security Trust Deed (as incorporated into each Master Document), this document constitutes a separate deed incorporating (with the same clause numbering) the terms of the document entitled “Pepper Master Servicer Deed” dated 2 May 2012 between Pepper Finance Corporation Limited and Pepper Money Limited (formerly Pepper Group Pty Ltd), in respect of the Trust and with the amendments described in this clause 22 (such incorporated terms being the “**Master Servicer Terms**”).

22.2 Definitions

For the purposes of the Trust:

- (a) the definition of “Penalty Payment” in clause 1.2 (“Definitions”) of the Master Servicer Deed is replaced with the definition of “Penalty Payment” in clause 1.2 (“Definitions”); and
- (b) the definition of “Title Penalty Payment” in clause 1.2 (“Definitions”) of the Master Servicer Deed is replaced with the definition of “Title Penalty Payment” in clause 16 (“Right of Indemnity – Land Title Act 1994 (Qld) and Real Property Act 1900 (NSW)”).

22.3 Duties

For the purposes of the Trust:

- (a) the word “three” in clause 3.1(g) (“Duties”) of the Master Servicer Deed is replaced by the word “two”; and
- (b) the following new paragraph is added after paragraph (p) of clause 3.1 (“Duties”) of the Master Servicer Deed:
 - “(q) in respect of each Collection Period (as defined in the Series Notice for the Trust), provide to the Trust Manager on a monthly basis all reasonably necessary performance statistics and reports in relation to the Mortgage Loans (as defined in the Series Notice for the Trust) relating to each such Collection Period.”

22.4 Consumer Credit Laws

For the purposes of the Trust, clause 13 (“Consumer Credit Laws”) of the Master Servicer Deed is deleted in full.

22.5 Dealing with interests

For the purposes of the Trust, clause 20 (“Dealing with interests”) of the Master Servicer Deed is replaced by the following clause:

“The Servicer may assign or otherwise deal with its rights under the Transaction Documents with the prior consent of the Trustee (such consent not to be unreasonably withheld).”

23 Amendments to the Master Management Deed

23.1 Trust Manager’s duties

For the purposes of the Trust, clause 3.2(d) (“Trust Manager’s duties”) of the Master Management Deed is replaced by the following clause:

- “(d) supervise and prepare all accounts, financial reports and tax returns for each Trust to reflect the cashflows and asset and liability position of the relevant Trust as at the date to which such accounts, financial reports and tax returns relate and recommend the appointment of an auditor to audit the accounts in respect of each Trust;”.

23.2 Indemnity

For the purposes of the Trust, clause 5 (“Indemnity”) of the Master Management Deed is replaced by the following clause:

“The Trust Manager indemnifies the Trustee in respect of a Trust against any Loss arising from or incurred as a consequence of:

- (a) the fraud, negligence or wilful default of the Trust Manager in respect of that Trust;
- (b) the occurrence of a Trust Manager Default; or
- (c) any error or omission in any instruction or information given by the Trust Manager to any other person.”.

23.3 Trust Manager Default

For the purposes of the Trust:

- (a) clause 7.1 (“Trust Manager Default”) of the Master Management Deed is replaced by the following clause:

“A “**Trust Manager Default**” occurs in respect of a Trust if:

- (i) the Trust Manager:
 - (A) fails to comply with any of its obligations under the Transaction Documents of the Trust to direct the Trustee to make a payment when due by the Trustee in accordance with the Transaction Documents of the Trust and the Trust Manager does not remedy the non-compliance within 5 Business Days after the Trust Manager becoming aware of it;
 - (B) does not comply with any of its obligations under the Transaction Documents of the Trust and such non-compliance is likely to have a Material Adverse Payment Effect (as defined in the Series Notice for the Trust); and
 - (C) if the non-compliance can be remedied, the Trust Manager does not remedy the non-compliance within 30 days after the Trust Manager becoming aware of it; or
 - (ii) any representation or warranty made by the Trust Manager under the Transaction Documents of the Trust is incorrect or misleading when made and such failure is likely to have a Material Adverse Payment Effect (as defined in the Series Notice for the Trust), unless such failure is remedied within 30 days after the Trust Manager becoming aware of it.”
- (b) clause 7.2 (“Removal by Trustee”) of the Master Management Deed is amended by replacing the reference to “90 days’ written notice” with “30 days’ written notice”.

23.4 Dealing with interests

For the purposes of the Trust, clause 18 (“Dealing with interests”) of the Master Management Deed is replaced by the following clause:

“The Trust Manager may assign or otherwise deal with its rights under the Transaction Documents with the prior consent of the Trustee (such consent not to be unreasonably withheld).”

23.5 Appointment of successor manager

Clause 7.6 (“Appointment of successor Trust Manager”) is amended by deleting “90 days” in the second paragraph and replacing this with “10 Business Days”.

24 Note Deed Poll

24.1 Obligations in Conditions

The Trust Manager agrees to comply with the obligations of the “Trust Manager” and the “Calculation Agent” as set out in the Conditions.

24.2 Interest Rate on the Notes

- (a) The Interest Rate for a Class of Notes (other than a Class G Note or a Class L Note) for each Interest Period is the sum of:
- (i) the relevant Note Margin; and
 - (ii) the BBSW Rate at that time as determined on the Interest Determination Date,
- for that Note and that Interest Period.
- (b) The Interest Rate for a Class G Note for each Interest Period commencing on the initial Interest Period and ending on the Interest Period ending on the second Payment Date following the first Call Option Date is the sum of the Note Margin and the BBSW Rate at that time as determined on the Interest Determination Date for that Class G Note and that Interest Period. The Interest Rate for a Class G Note for each other Interest Period is zero percent.
- (c) The Interest Rate for each Class L Note for each Interest Period is zero percent.
- (d) If a calculation of an Interest Rate in respect of a Class of Notes and an Interest Period under this clause 24.2 produces a rate of less than zero percent, the Interest Rate in respect of that Class of Notes for that Interest Period will be zero percent.

24.3 Decisions and determinations are final and conclusive

For the purposes of the Trust and pursuant to Condition 13.3 (“Variation by Series Notice”) of the Conditions, Condition 6.5 (“Determination and calculation final”) of the Conditions is deleted in its entirety and replaced with the following:

“6.5 Decisions and determinations are final and conclusive

All determinations, decisions, calculations, settings and elections required by this condition 6 (“Interest”) and any related definitions are to be made by the Calculation Agent. Any such determination, decision, calculation, setting or election, including (without limitation) any determination with respect to the level of a benchmark, rate or spread, the adjustment of a benchmark, rate or spread or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error, may be made in the Calculation Agent’s sole discretion and, notwithstanding anything to the contrary in the Transaction Documents, will become effective as made without any

requirement for the consent or approval of Noteholders or any other person.”

24.4 Temporary Disruption Fallback

Subject to clause 24.5 (“Permanent Discontinuation Fallback”), if a Temporary Disruption Trigger occurs in respect of an Applicable Benchmark Rate, the rate for any day for which that Temporary Disruption Trigger is continuing and that Applicable Benchmark Rate is required will be the rate determined in accordance with the Temporary Disruption Fallback for that Applicable Benchmark Rate.

24.5 Permanent Discontinuation Fallback

If a Permanent Discontinuation Trigger occurs in respect of an Applicable Benchmark Rate, the rate for any Interest Determination Date which occurs on or following the applicable Permanent Fallback Effective Date will be the Fallback Rate determined in accordance with the Permanent Discontinuation Fallback for that Applicable Benchmark Rate.

The Calculation Agent must notify each Designated Rating Agency upon becoming aware of the occurrence of a Permanent Discontinuation Trigger and upon the commencement of the application of the applicable Fallback Rate following that Permanent Discontinuation Trigger.

24.6 Definitions

For the purposes of the Trust:

- (a) the definition of “Record Date” in Condition 1.2 (“Definitions”) of the Conditions is replaced by the definition of “Record Date” in clause 1.2 (“Definitions”); and
- (b) the definition of “Bank Bill Rate” in Condition 1.2 (“Definitions”) of the Conditions is replaced by the definition of “Applicable Benchmark Rate” as defined in clause 1.2 (“Definitions”) and any references to “Bank Bill Rate” in a Transaction Document (other than the Liquidity Facility Agreement) will be taken to be a reference to the term “BBSW Rate”.

25 Personal Property Securities Act

25.1 Trust Manager undertaking

- (a) The Trust Manager undertakes to take all reasonable steps under the PPSA (including giving directions to the Trustee and the Security Trustee) to ensure that the security interest created under the General Security Agreement is perfected with the highest ranking priority reasonably possible and to ensure the General Security Agreement is registered on the PPS register.
- (b) The Trust Manager agrees to take these steps on or before the Closing Date.
- (c) The Trustee agrees to do anything (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed) which the Trust Manager directs and reasonably considers necessary for the purposes of:
 - (i) ensuring that an Encumbrance created under the General Security Agreement is enforceable, perfected (including, where

possible, by control in addition to registration) and otherwise effective; or

- (ii) enabling the Security Trustee to apply for any registration, give any notification, or take any other step, in connection with an Encumbrance created under the General Security Agreement so that the Encumbrance has the highest ranking priority reasonably possible; or
- (iii) enabling the Security Trustee to exercise rights in connection with the General Security Agreement.

25.2 PPSA further steps

If the Trust Manager determines that:

- (a) a Transaction Document (or a transaction in connection with it (including the assignment of Mortgage Loans or Related Security), other than any Mortgage Loans or Related Security) is or contains a security interest for the purposes of the PPSA; and
- (b) failure to perfect that security interest may materially adversely affect all or any class of Secured Creditors,

each of the Trustee, the Security Trustee, the Servicer and the Trust Manager (as applicable) agrees to do anything (such as obtaining consents, signing and producing documents, getting documents completed and signed and supplying information) which the Trust Manager directs and reasonably considers necessary for the purposes of:

- (i) ensuring that the security interest is enforceable, perfected (including, where possible, by control in addition to registration) and otherwise effective; or
- (ii) enabling the relevant secured party to apply for any registration, give any notification, or take any other step, in connection with the security interest so that the security interest has the highest ranking priority reasonably possible; or
- (iii) enabling the relevant secured party to exercise rights in connection with the security interest.

25.3 Trustee and Security Trustee obligations

- (a) Each of the Trustee and the Security Trustee agrees to comply with any reasonable directions given to it under this clause 25, on the condition that:
 - (i) the directions contain sufficient detail as to the action required of the Trustee or Security Trustee (or both of them);
 - (ii) if the directions are not sufficiently detailed to enable the Trustee or Security Trustee (as applicable) to comply, the Trustee or Security Trustee (as applicable) is not required to take any action other than to inform the Trust Manager that this is the case and specify the reason the Trustee or the Security Trustee (as applicable) is unable to comply; and
 - (iii) in the absence of any such directions, the Trustee or Security Trustee (as applicable) is not required to take any action with respect to the PPSA.

- (b) Without limiting the Trustee's and Security Trustee's obligations under paragraph (a) above, neither the Trustee nor the Security Trustee is responsible or liable to any person for any loss arising in relation to the Trust Assets or the Security Trust (respectively) in connection with the registration, perfection or priority of any security interest in relation to the General Security Agreement or any other Transaction Document (or a transaction in connection with a Transaction Document) under the PPSA or for acting in accordance with any directions or requests given to it under this clause 25, except to the extent that such loss is as a result of the Trustee's or Security Trustee's fraud, negligence or wilful misconduct.

For the avoidance of doubt, this paragraph (b) operates as an exclusion of liability and nothing in this paragraph (b) creates a liability of the Trustee or the Security Trustee to any person to the extent that liability would not otherwise exist under the Transaction Documents.

- (c) Neither the Trustee nor the Security Trustee is required to:
- (i) take any action with respect to the PPSA, other than in compliance with a direction given under and in accordance with this clause 25;
 - (ii) monitor the PPSA or the implementation of it or the registration, perfection, priority or effectiveness of any security interest under the PPSA; or
 - (iii) make enquiries or satisfy itself that a direction purported to be given under this clause 25 has been given in accordance with this clause 25.

25.4 Costs of further steps and undertaking

Everything the Trust Manager and the Servicer is required to do under this clause is a Trust Expense.

All costs and expenses properly incurred by the Trustee under this clause are Trust Expenses.

All costs and expenses properly incurred by the Security Trustee under this clause will be reimbursed by the Trustee as Trust Expenses.

25.5 No PPSA notice required unless mandatory

A secured party in respect of a security interest referred to in this clause need not give the relevant grantor any notice under the PPSA (including a notice of a verification statement) unless the notice is required by the PPSA and cannot be excluded.

25.6 Information under Part 8.4 of PPS Act

If the Trustee or the Security Trustee is required to provide any information as a secured party under Part 8.4 of the PPS Act, the Trust Manager agrees:

- (a) to provide, or procure the provision of, such information to the Trustee or the Security Trustee (as applicable) within 5 Business Days of a request from the Trustee or the Security Trustee (as applicable); and
- (b) to indemnify the Trustee and the Security Trustee from its own funds against any liability or Costs incurred or loss suffered by the Trustee or

the Security Trustee (as applicable) as a result of a breach by the Trust Manager of its obligations under paragraph (a).

Each of the Trustee and Security Trustee agree to promptly provide the Trust Manager with any information the Trust Manager requests (and that is in the possession of the Trustee or Security Trustee, as the case may be) in order to comply with its obligations under subclause (a). The Trust Manager is not liable to indemnify the Security Trustee or the Trustee (as the case may be) under subclause (b) if the Trust Manager has breached its obligations under subclause (a) because of a failure of the Trustee or the Security Trustee to comply with their obligations under this clause.

25.7 Disclosure

Each party to this document agrees not to disclose:

- (a) information about any Transaction Document which is a security agreement;
- (b) information about the obligations secured by any security interest under a Transaction Document or the terms of payment or performance in respect of any obligation under a Transaction Document at any particular time; and
- (c) without limitation to the above, any information of the kind described in section 275(1) of the PPSA, including:
 - (i) information about any Transaction Document, including a copy of it;
 - (ii) information about the amount or the obligation secured by any security interest created by or under a Transaction Document and the terms of such payment or performance at any time; or
 - (iii) information about the Collateral to which any Transaction Document relates,

except:

- (d) to the extent otherwise expressly required by any Transaction Document;
- (e) to its officers, employees, agents, delegates, legal and other advisers and auditors;
- (f) with the consent of the other party; or
- (g) if the disclosure is necessary to comply with any applicable law, the rules of any securities or stock exchange or an order of a court or tribunal and the other party is given prior notice of the disclosure (except that this paragraph does not permit a party to disclose any information under section 275(4) of the PPSA unless section 275(7) of the PPSA applies).

26 Benchmark Amendments

26.1 Benchmark Amendments

- (a) If, at any time, a Permanent Discontinuation Trigger occurs with respect to the Applicable Benchmark Rate that applies to the Notes at that time (a "**Benchmark Event**"), and the Trust Manager determines that

amendments to any Transaction Document are necessary to give effect to the application of the applicable Fallback Rate as contemplated by clause 24.5 ("Permanent Discontinuation Fallback") ("**Benchmark Amendments**"), the parties to the relevant Transaction Documents may make such Benchmark Amendments as may be necessary to give effect to the application of the applicable Fallback Rate without the requirement of any approval from the Secured Creditors in accordance with clause 5 ("How and when the Security Trustee acts") or clause 24 ("Variations, waivers and determinations") of the Master Security Trust Deed, provided that such Benchmark Amendments may only take effect on or after the Permanent Fallback Effective Date in respect of the Permanent Discontinuation Trigger for the Applicable Benchmark Rate. In relation to making any Benchmark Amendments, the Trustee will act at the direction of the Trust Manager and the Security Trustee will agree to any Benchmark Amendments agreed to by the Trustee.

- (b) None of the Trust Manager, the Trustee, the Security Trustee or any other party to the Transaction Documents have any liability to any Noteholder for either any determination of any Fallback Rate in accordance with clause 24.5 ("Permanent Discontinuation Fallback") or the execution or application of any Benchmark Amendments made in accordance with this clause 26.1.

26.2 Inconsistency

Clause 26.1 ("Benchmark Amendments") applies despite anything in the Master Security Trust Deed to the contrary.

27 Consumer Credit Legislation

27.1 Servicer representations

The Servicer represents and warrants that it is a Licensee.

27.2 Trustee representations

The Trustee represents and warrants that:

- (a) it is to the extent required under the Consumer Credit Legislation:
 - (i) (in its personal capacity) a Licensee authorised; or
 - (ii) (in its personal capacity) otherwise authorised for the purposes of the Consumer Credit Legislation,

authorised to engage in all credit activities that it is required to perform in complying with its obligations under the Transaction Documents or is otherwise exempt from the requirement to be licensed under the Consumer Credit Legislation in order to engage in such credit activities;

- (b) it is a member of an Approved External Dispute Resolution Scheme; and
- (c) it is not an Inappropriate Person.

27.3 Repetition of representations

The representations and warranties in this clause 27 are taken to be also made (by reference to the then current circumstances) on each Payment Date.

27.4 Undertakings by the Servicer

The Servicer undertakes:

- (a) to remain a Licensee and to notify each party if it ceases to be a Licensee;
- (b) not to breach any provision of the Consumer Credit Legislation;
- (c) not to do anything that would cause the Trustee to breach any provision of the Consumer Credit Legislation;
- (d) to comply with the requirements of any provisions of the Consumer Credit Legislation in exercising its rights and performing its obligations under the Transaction Documents and in its dealings with Obligor in respect of the Mortgage Loans;
- (e) to perform all relevant obligations and exercise all relevant rights of the Trustee as Credit Provider or a Special Purpose Funding Entity (as applicable) under the Consumer Credit Legislation in respect of the Mortgage Loans; and
- (f) to give notice to ASIC in the prescribed form that it is party to a Servicing Agreement, and any other notices that it is required to give as a result of it being a party to the Servicing Agreement.

27.5 Undertakings by the Trust Manager

The Trust Manager undertakes:

- (a) not to do anything that would cause the Trustee:
 - (i) if the Trustee is not a Licensee, to cease being a Special Purpose Funding Entity; or
 - (ii) if the Trustee is a Licensee, to cease being a Licensee.
- (b) not to do anything that would cause the Trustee to breach any provision of the Consumer Credit Legislation.

27.6 Undertakings by the Trustee

The Trustee undertakes:

- (a) **(securitisation exemption)** to ensure that at all times it continues:
 - (i) to be a member of an Approved External Dispute Resolution Scheme; and
 - (ii) not to be an Inappropriate Person;
- (b) **(notify)** to notify the other parties if at any time any representation or warranty contained in clause 27.2 ("Trustee representations") ceases to be true and correct; and
- (c) **(comply)** in its personal capacity (subject to the Servicer complying with its obligations under clause 27.4 ("Undertakings by the Servicer")) to comply with the Consumer Credit Legislation to the extent applicable to it and to obtain and maintain any licences required by it under the Consumer Credit Legislation.

28 Sanctions

- (a) The Trust Manager covenants and represents that, to the best of its knowledge, as at the Closing Date neither it nor any of its affiliates, subsidiaries, directors or officers are currently the target or subject of any sanctions enforced by the US Government, (including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury (“**OFAC**”) or the US Department of State), the United Nations Security Council, the European Union, His Majesty’s Treasury, or other relevant sanctions authority (collectively “**Sanctions**”).

- (b) The Trust Manager covenants and represents that neither it nor to the best of its knowledge any of its affiliates, subsidiaries, directors or officers will use any repayments/reimbursements made pursuant to this document, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by the Trustee or the Trust Manager.

EXECUTED as a deed

Pepper Residential Securities Trust No. 39 - Series Notice

Schedule 1 Information to be contained in Noteholder Report

The following information is to be included in each Noteholder Report:

- the Available Income;
- the Total Available Income;
- the Other Income;
- the Required Payments;
- the Liquidity Shortfall, if any;
- the Further Liquidity Shortfall, if any;
- the Principal Draw, if any;
- the Liquidity Draw, if any;
- the Loss Reserve Draw, if any;
- the Trust Expenses;
- the Extraordinary Expenses, if any;
- the Extraordinary Expense Reserve Draw, if any;
- the Retention Amount;
- the amount to be allocated to the Amortisation Ledger, if any;
- the amount to be allocated to the Retention Amount Ledger, if any;
- the amount to be allocated to the Yield Enhancement Ledger, if any;
- the Collections;
- the Collection Period Distributions, if any;
- the Adjusted Collections;
- the Available Principal;
- the Total Available Principal;
- the Invested Amount of each Note;
- the Stated Amount of each Note;
- the Losses for the relevant Collection Period;

- the Charge-Offs and Carryover Charge-Off, if any;
- the Threshold Rate;
- the Threshold Rate Subsidy (if any);
- the Tax Shortfall (if any);
- the Tax Amount (if any); and
- the status of compliance with the undertakings in the document entitled “Securitisation Regulation Undertaking” in connection with the Trust dated on or about the date of this document to be executed by Pepper and others.

Pepper Residential Securities Trust No. 39 - Series Notice

Signing page

DATED: 23 February 2024

Trustee

SIGNED, SEALED AND DELIVERED
by)

as attorney for **PERMANENT CUSTODIANS LIMITED** (in its capacity as trustee of the **Pepper Residential Securities Trust No. 39**)
under power of attorney dated 1 September 2007)


Vice President)

Digitally signed
by Luke Ashby
Date:
2024-02-23
09:59+11:00

.....
By executing this document the attorney states that the attorney has received no notice of revocation of the power of attorney

Security Trustee

SIGNED, SEALED AND DELIVERED
by)

as attorney for **BTA INSTITUTIONAL SERVICES AUSTRALIA LIMITED** (in its capacity as trustee of the **Pepper Residential Securities Security Trust No. 39**) under power of attorney dated 1 September 2007)


Vice President)

Digitally signed
by Luke Ashby
Date:
2024-02-23
09:59+11:00

.....
By executing this document the attorney states that the attorney has received no notice of revocation of the power of attorney

Backup Servicer and Custodian

SIGNED, SEALED AND DELIVERED
by)

as attorney for **BNY TRUST COMPANY OF AUSTRALIA LIMITED**
under power of attorney dated 1 September 2007)

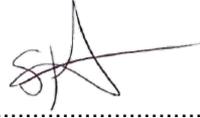

Vice President)

Digitally signed
by Luke Ashby
Date: 2024-02-23
09:59+11:00

.....
By executing this document the attorney states that the attorney has received no notice of revocation of the power of attorney

Trust Manager, Servicer and Loss Reserve Loan Provider

SIGNED, SEALED AND DELIVERED)
by Steven Fischer)
as attorney for **PEPPER MONEY**)
LIMITED under power of attorney dated)
28 March 2019)



.....
By executing this document the
attorney states that the attorney has
received no notice of revocation of the
power of attorney