

Thank you for requesting this Product Disclosure Statement from Funds Focus.

Fee Reduction

As highlighted within our offers page, whilst most managed funds typically pay an entry fee of up to 5%. Applications lodged through Wealth Focus will receive a rebate of up to 5% directly into your fund, providing you with more money in your fund.

How to Apply

Please have a read through the PDS and if you would like to invest the application pages can generally be found towards the back of the document. You will only need to send the application section back with a cheque/direct debit payable direct to the investment company (not ourselves). You should take note of any minimum investment amounts that may apply and proof of ID that is now required for the new Anti-Money Laundering regulations.

Then mail the completed application directly to us.

We will then check to ensure your form is completed correctly before forwarding your document on to the investment provider on your behalf.

Wealth Focus Pty Ltd
Reply Paid 760
Manly
NSW 1655

Please note that we are unable to track applications mailed directly to the product provider and therefore cannot guarantee that your discounts have been applied in these instances.

Should you wish to take advantage of our free annual valuation and tax report for all your investments you should complete our broker nomination form for The Wealth Focus Investment Service.

Regards



Sulieman Ravell
Managing Director



Requirements for verifying your identity under the new Anti Money Laundering (AML)/Counter Terrorism Financing (CTF) Act

The AML/CTF Act came into effect on the 12th December 2007. All financial planning and fund management companies are now required to collect, verify and store specific customer information before arranging investment services for a client. It is designed to prevent, detect and protect Australian business from money laundering and the financing of terrorist activities.

As such, we request that all new applications are sent with 'certified documentation'.

We have found that the easiest way to provide the required documentation is to have a copy of your driving licence *or* passport certified by Australia Post or a Justice of the Peace (please see following page for a full list of individuals that can certify documentation).

Once this has been completed, under the current requirements we will not require you to send identification again.

What you need to do

You will need to enclose a certified piece of photographic evidence or one piece of primary non-photographic evidence and one piece of secondary evidence (please refer to the Identification Form for document requirements), with your application form and post to us at the following address

Wealth Focus Pty Ltd

Reply Paid 760

Manly

NSW 1655

Please do not send us original driving licences or passports as these can very easily get lost in the post. Copies of documents can be certified by an authorised individual, they will need to sight and verify that the copy is a 'certified true copy', sign, date, print their name and list their qualification.

**ANTI-MONEY LAUNDERING REQUIREMENT FOR NEW APPLICATIONS
IDENTIFICATION FORM A**

GUIDE TO COMPLETING THIS FORM

- Please contact us on 1300 55 98 69 if you have any queries.
- If you wish to apply in the name of a trust or company, please contact us for an alternative identification form.
SMSF's and retail superannuation applications do not need to provide ID (an online check will be performed for SMSFs)

Attach a certified copy of the ID documentation used as proof of identity. ID enclosed should verify your full name; and **EITHER** your date of birth or residential address.

- Complete Part I (or if the individual does not own a document from Part I, then complete either Part II or III.)

PART I – ACCEPTABLE PRIMARY ID DOCUMENTS

	Select ONE valid option from this section only
<input type="checkbox"/>	Australian State / Territory driver's licence containing a photograph of the person
<input type="checkbox"/>	Australian passport (a passport that has expired within the preceding 2 years is acceptable)
<input type="checkbox"/>	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
<input type="checkbox"/>	Foreign passport or similar travel document containing a photograph and the signature of the person*

PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – should only be completed if the individual does not own a document from Part I

	Select ONE valid option from this section
<input type="checkbox"/>	Australian birth certificate
<input type="checkbox"/>	Australian citizenship certificate
<input type="checkbox"/>	Pension card issued by Centrelink
<input type="checkbox"/>	Health card issued by Centrelink
	AND ONE valid option from this section
<input type="checkbox"/>	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address
<input type="checkbox"/>	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. <i>Block out the TFN before scanning, copying or storing this document.</i>
<input type="checkbox"/>	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
<input type="checkbox"/>	If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

Who can verify customer identity documents?

Please find below a list of all the Approved Individuals that can certify documents:

- **A Justice of the Peace**
- **An agent of the Australian Postal Corporation** who is in charge of an office supplying postal services to the public, or a permanent employee with more than two years continuous service (who is employed in an office supplying postal services to the public)
- A notary public (for the purposes of the Statutory Declaration Regulations 1993)
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described)
- A judge, magistrate, registrar or deputy registrar of a court
- A chief executive officer of a Commonwealth Court
- A police officer
- An Australian consular or diplomatic officer (within the meaning of the Consular Fees Act 1955)
- An officer or finance company officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
- An officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, and
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with more than two years continuous membership.



Re-Strike Deferred Purchase Agreements

Product Disclosure Statement

Series 1 – Risk Stabilised SPI 200 Index Future Strategy

Series 2 – Risk Stabilised Aquantum Pegasus EL1 Strategy



Capital Protection Provider



Re-Strike Deferred Purchase Agreements

Re-Strike Deferred Purchase Agreements

Series 1 – Risk Stabilised SPI 200 Index Future Strategy

Series 2 – Risk Stabilised Aquantum Pegasus EL1 Strategy

Product Disclosure Statement

3 May 2010

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Important information

This PDS invites you to apply for the Re-Strike Deferred Purchase Agreements (“Units”) (“Offer”). The Re-Strike Deferred Purchase Agreement is designed to provide enhanced exposure to the Risk Stabilised SPI 200 Index Future Strategy for Series 1 and the Risk Stabilised Aquantum Pegasus EL1 Strategy for Series 2 (each a “Reference Index”) over 7 years for Series 1 and 6½ years for Series 2.

Issuer

This Product Disclosure Statement is dated 23 April 2010 (“PDS”) and has been prepared and is issued by RBS Group (Australia) Pty Ltd (ABN 78 000 862 797) (“Issuer”). The Issuer holds an Australian Financial Services Licence (AFSL) number: 247013.

Capital Protection Provider

National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686) (“Capital Protection Provider”) will provide the capital protection under the Capital Protection Hedge entered with the Issuer.

The Capital Protection Provider is not part of the RBS Group of companies. The Capital Protection Provider is not the agent or representative of any member of the RBS Group of companies.

The Units are not deposits with, or other liabilities of, either the Capital Protection Provider or the Issuer nor any of their related entities. Investments in the Units can be subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of the Capital Protection Provider, the Issuer, nor any of their related entities guarantee, make any representations or give any guarantee or assurance as to the performance of the Units or each other. None of the Capital Protection Provider, nor any of its related entities, in any way stands behind the capital value or performance of the Units for the benefit of any investor. The Issuer does not in any way guarantee the performance of the Units or provide any capital protection for the Units.

Information

No person has been authorised by the Issuer, or any other RBS Group company, to give any information or make any representations in connection with the offer which is not in this PDS and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or any other RBS Group company.

Glossary

A glossary of terms appears in Section 12 ‘Definitions’ of this PDS. Please also refer to the Offer Summary for the meaning of some terms.

Offer

The Offer is open to both retail and wholesale investors who are Australian residents and who receive this PDS in Australia. If you receive this PDS in electronic form, you are entitled to obtain a paper copy (including the Application Form) free of charge by contacting the Issuer or your advisor.

This PDS is not required to be lodged with the Australian Securities and Investments Commission (“ASIC”).

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this PDS comes should inform themselves about any investment restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This PDS does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an Offer.

Updated information

Information in this PDS may be updated from time to time. The Issuer may provide updated information on the following website: www.rbs.com.au/structuredproducts.

A paper copy of the updated information is also available, free of charge, upon request to the Issuer. The Issuer may also be required to issue a supplementary Product Disclosure Statement as a result of certain changes, particularly where the changes are material.

Returns not guaranteed

Returns on the Units are not guaranteed. None of the Issuer, Guarantor or any of their associates or subsidiaries guarantees the return on an investment in the Units or any gain. Please refer to Section 7 ‘Risks’ of this PDS.

The Guarantor does, however, guarantee the Issuer’s payment obligations under the Terms. The Terms of the Guarantee will be made available to Investors upon request.

No personal advice

Neither the Issuer or its related bodies corporate and their directors, officers or employees make any recommendation as to the suitability of the Units for any Investor or makes any representation or give any assurance as to the performance of the Units or any particular rate of overall return.

This PDS does not contain personal investment advice. You should seek your own professional financial, taxation and investment advice before investing in the Units. Before making an investment on the basis of this PDS, you should consider, in conjunction with your financial advisor, whether an investment in the Units is appropriate in view of your particular investment needs, objectives, financial and taxation circumstances. It is important that you read the entire PDS before making any decision to invest.

Risk factors

In considering the prospects of the Units, it is important that you consider the risk factors that could affect the financial performance of your investment. The risk factors that the Issuer thinks an Investor should consider are referred to in Section 7 'Risks' of this PDS.

No cooling off

Please note that cooling off rights do not apply in respect of an investment in the Units.

Ethical considerations

The Issuer does not take into account any labour standards or environmental, social or ethical considerations in the selection, retention or realisation of any element of the Units.

Status of this document

This PDS is issued for the purposes of the Corporations Act. It is not a prospectus or other disclosure document lodged under Chapter 6D of the Corporations Act.

No endorsement by issuers of ASX listed securities

Although ASX listed securities are deliverable on Maturity of the Units, this should not be construed as an express or implied endorsement of the ASX listed securities by the Issuer of the Units or any endorsement of the Units by the issuers of the ASX listed securities. None of the issuers of the ASX listed securities have authorised, been involved in the preparation of, or caused the issuance of, this PDS. The issuers of the ASX listed securities do not take any responsibility for any part of this PDS.

No endorsement by the Index Sponsor

Various indices are referred to as part of the Units. This should not be construed as an express or implied endorsement of the Units by the Reference Index or Index Sponsor or any endorsement of the indices by the Issuer. None of the Sponsors have authorised, been involved in the preparation of, or caused the issue of, this PDS. The Index Sponsors do not take any responsibility for any part of this PDS.

Nature of the Units

The Units are "warrants" and "securities" under the Corporations Act. Please note that "Unit" or "Units", when used in this PDS, means an agreement to buy the Delivery Asset between the Issuer and the Investor pursuant to the Deferred Purchase Agreement. The Units are not units in a trust or a managed investment scheme.

1. Overview

The Re-Strike Deferred Purchase Agreements (“Units”) are designed to offer Investors exposure to the performance of the Reference Index – either the Risk Stabilised SPI 200 Index Future Strategy for Series 1 or the Risk Stabilised Aquantum Pegasus EL1 Strategy for Series 2 (or both should an Investor choose to invest in Series 1 and Series 2). The Investment Term is 7 years for Series 1 and 6 ½ years for Series 2.

The Units offer the following investment features:

- potential for returns at Maturity which are determined by reference to the Risk Stabilised SPI 200 Index Future Strategy for Series 1 and the Risk Stabilised Aquantum Pegasus EL1 Strategy for Series 2 (each a “**Reference Index**”) over the Investment Term;
- potential for the payment of Variable Coupons during the Investment Term based on the performance of the Reference Index above a High Water Mark and subject to a Hurdle Rate;
- the payment of annual Fixed Coupons which are required to be fully reinvested as further Instalment Payments of the Issue Price of the Units; and
- capital protection for Investors who hold their Units until Maturity. This means that Investors, at Maturity, will receive, at minimum, Delivery Assets with a value equal to the Issue Price (i.e. \$1.00 per Unit) (“**Minimum Final Value**”)¹.

The Final Value per Unit at Maturity is the Minimum Final Value² (i.e. \$1.00 per Unit) plus the greater of;

1. zero; and
2. the amount of the increase in the Reference Index Value less the sum of the Variable Coupons paid during the Investment Term (if any) and less the Final Hurdle.

Each Unit is a separate right to receive the Delivery Assets on a deferred basis and certain related rights under a deferred purchase agreement as described in this PDS. After Maturity, Investors will receive the Delivery Assets, unless they request the Issuer to sell the Delivery Assets on their behalf and receive the Sale Monies.

¹ The Minimum Final Value only applies where the Capital Protection Provider fulfils its obligations under the Capital Protection Hedge and Investors purchase their Units during the Offer Period, hold their Units until the scheduled Maturity Date and where there is no occurrence of an Early Maturity Event. Please refer to Section 7 ‘Risks’ for further information.

² As above.

2. Why Invest in the Re-Strike Units?

Investment Features

The Units offer the following investment features:

Choice of Reference Index exposure	<p>The Units provide you variable exposure to the performance of the Reference Index over the Investment Term.</p> <p>You can choose to invest in Series 1 which gives you exposure to the Risk Stabilised SPI 200 Index Future Strategy or Series 2 which gives you exposure to the Risk Stabilised Aquantum Pegasus EL 1 Strategy. You may invest in both Series 1 and Series 2.</p> <p>Please see Section 4.2 'The Reference Indices' for more details.</p>
Minimum Final Value of your Units at Maturity	<p>The Minimum Final Value at Maturity will be the Issue Price of \$1.00.³</p> <p>However, if an Early Maturity Event occurs or you do not hold your Units until Maturity (e.g. you request an Issuer Buy-Back) the Minimum Final Value does not apply. In these circumstances you may receive less than the Minimum Final Value.</p> <p>The Minimum Final Value is provided by the Capital Protection Provider. The Issuer is reliant on the Capital Protection Provider in order to provide the Minimum Final Value at Maturity. You should refer to Section 7 'Risks' in relation to the Capital Protection Provider and the Minimum Final Value.</p> <p>For more information on the Minimum Final Value please refer to Section 4.1.1 'Final Value at Maturity' and Section 5 'Maturity and Early Maturity'.</p>
Fixed Coupon payments	<p>On each Coupon Payment Date, you will be entitled to a Fixed Coupon of 2.86% of the Issue Price (i.e. \$0.0286 per Unit) per annum for Series 1 and 3.08% of the Issue Price (i.e. \$0.0308 per Unit) per annum for Series 2. You will be required to reinvest this Fixed Coupon as further Instalment Payments towards payment of the Issue Price of your Units. That is, you will not receive the Fixed Coupon in cash.</p> <p>Please refer to Section 3.2 'Key Information' for more details on payment of the Issue Price and Section 4.1.3 for more details on the Fixed Coupon.</p>
Variable Coupon payments	<p>You may receive Variable Coupon payments during the Investment Term. Whether you will receive a Variable Coupon payment is dependent on the performance of the Reference Index.</p> <p>Please refer to Section 4.1.4 for more detail on the calculation of the Variable Coupon.</p>
Averaging	<p>The Units use an averaging technique in the calculation of Final Value. This involves the averaging of the Reference Index Value on the Maturity Averaging Dates during the final year of the Investment Term. This averaging technique seeks to reduce the volatility risk associated with the Reference Index levels used in the calculation of the Final Value.</p> <p>Please refer to Section 4.3 'Averaging' for more information on the averaging technique.</p>
Acquire Delivery Assets at Maturity	<p>At Maturity you will receive Delivery Assets, being a basket of ASX listed securities, equal to the Final Value of your Units. The Final Value will be the Minimum Final Value³ plus the greater of:</p> <ol style="list-style-type: none"> 1. zero; and 2. the amount of the increase in the Reference Index Value over the Investment Term less the sum of the Variable Coupons paid during the Investment Term (if any) and less the Final Hurdle. <p>Please refer to Section 13 'Formulae and Calculation Table' for the Final Value formula.</p>

³ Provided the Capital Protection Provider fulfils its obligation under the Capital Protection Hedge.

Potential Benefits of investing in the Units

The Units have been designed for Investors who:

- are seeking a leveraged investment to the Reference Index (the investment is leveraged because the Issue Price is being paid in instalments and the Reference Indices can at times provide Investors with a leveraged exposure due to the Participation Rate feature).
- are seeking the potential for an income distribution during the Investment Term (even if all or part of the distribution is reinvested as Instalment Payments).
- after Maturity, would like to receive a diversified exposure to a basket of ASX listed shares in leading Australian companies.
- require capital protection at Maturity.

Why the Units may not suit all Investors

An investment in the Units would **not be a suitable** investment for Investors who:

- believe the Reference Index will be subject to consistently high levels of volatility over the Investment Term or wish to participate in the performance of the Reference Index during periods of high volatility.
- do not have a positive view of the Reference Index over the Investment Term and in particular believe that the Reference Index will not increase between the Commencement Date and the Maturity Date.
- are seeking an unleveraged investment.
- are unwilling to commit for the full Investment Term of the Units – that is, from the Commencement Date to the Maturity Date.

This list is not comprehensive and does not take into account a potential Investor's personal needs and circumstances.

What are the risks of investing in the Units?

Before investing you should carefully consider the risks that relate to an investment in the Units. Please refer to Section 7 'Risks' for more details.

Investors should seek professional advice which considers their individual objectives, financial and taxation situation as well as their needs before making any investment decision.

3. Product Summary

3.1 Timeline[#]

Issue Opening Date	23 April 2010
Issue Closing Date	23 June 2010
Commencement Date	10 July 2010
Maturity Averaging Dates	12 months prior to the Maturity Date 9 months prior to the Maturity Date 6 months prior to the Maturity Date 3 months prior to the Maturity Date Maturity Date
Coupon Determination Dates	Series 1 and Series 2: Annually on each 10th day of July, commencing from 10 July 2011 to 10 July 2016, or if such day is not a Trading Day, the following Trading Day.
Investment Term	Series 1: 7 years Series 2: 6½ years
Maturity Date	Series 1: 10 July 2017 Series 2: 10 January 2017
Coupon Payment Dates & Instalment Payment Dates	10 Business Days after the relevant Coupon Determination Date
Buy-Back Dates	Monthly on the last Trading Day of each month commencing September 2010. Investors must lodge their Buy-Back Form no later than 10 Business Days before the relevant Buy-Back Date. Any Buy-Back Form received after this time will be held over to the next Buy-Back Date.
Settlement Date	20 Scheduled Business Days after the Maturity Date (or Buy-Back Date)

[#] This Timeline is indicative only. The Issuer may, in its absolute discretion, extend or shorten the Offer Period without prior notice. If this happens, the Commencement Date and one or more consequential dates may vary. If the Issuer varies the Offer Period, it may post a notice on the website informing Applicants of the change at www.rbs.com.au. If a date set out in the table above is not a Business Day, then the relevant date will be the next following Business Day. The Issuer may also, in its discretion, accept Applications and allow application monies to clear up until the Commencement Date.

Applications for Units may be accepted or rejected at the discretion of the Issuer. Units will be issued within one month upon receipt of an Application, including payment of cleared application monies, from an Investor. The Unit's economic exposure to the Reference Index will begin on the Commencement Date. If a Unit is issued prior to the Commencement Date it will have no economic exposure until the Commencement Date.

The Units will only be issued at the absolute discretion of the Issuer, and Applications may be accepted or rejected at the discretion of the Issuer. Without limiting its discretion, the Issuer may choose not to proceed with the issue of the Units and terminate the product for those Units already issued if the Minimum Total Subscriptions are not met, there is a significant change in the Issuer's cost of hedging between the date of this PDS and the Commencement Date, where the Participation Rates cannot be set to a level satisfactory to the Issuer, or the Issuer cannot enter into the Capital Protection Hedge or any other document related to the issue of Units on terms acceptable to the Issuer.

If a decision is made for any reason not to issue the Units, the Issuer will return the Investment Amount and any commissions to advisors held on your behalf pending the issue of your Units (without interest) to Applicants within 10 Business Days of the scheduled Commencement Date.

The Units may mature early in the case of an Early Maturity Event and if this occurs the Minimum Final Value will not apply.

The Maturity Date may be extended in the case of a Market Disruption Event.

3.2 Key Information

This section contains the details of an investment and the general terms that apply to investing in the Units. This Product Disclosure Statement provides the terms Investors agree to when investing in the Units. The Issuer recommends that you seek professional advice from your investment advisor before making an investment decision.

About the Re-Strike Units: Series 1 and Series 2

Units	<p>Units are deferred purchase agreements, under which Investors agree to buy Delivery Assets at Maturity equal to the Final Value of each Unit (“Delivery Parcel”).</p> <p>The number of each type of Delivery Asset in a Delivery Parcel which an Investor receives is calculated by taking the Final Value of the Units divided by the number of different Delivery Assets divided by the purchase price of each of the Delivery Assets.</p> <p>As soon as practical after Maturity, the Delivery Assets will be transferred to Investors or sold on Investors’ behalf if they request to participate in the Agency Sale Option.</p>
Issuer	RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247013) (“ RBS ”)
Capital Protection Provider	National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686)
Guarantor	The Royal Bank of Scotland N.V. (ABN 84 079 478 612)
Registrar	Registries Limited (ABN 003 209 836)
Issue Price & Initial Instalment Payment	<p>The Issue Price is \$1.00.</p> <p>Investors are required to pay \$0.80 per Unit by the Issue Closing Date – the “Initial Instalment Payment”. The remaining \$0.20 is paid by the Investor over the Investment Term through the re-investment of the Fixed Coupon as additional Instalment Payments due on each Instalment Payment Date.</p> <p>For more information see Section 11 ‘Terms of the Deferred Purchase Agreement’.</p>
Investment Amount	The number of Units subscribed for multiplied by the Initial Instalment Payment.
Listing	The Units will not be listed or displayed on any securities exchange.
Currency	Australian Dollars (AUD). Investors do not take on any currency risk in relation to returns on the Units.
Minimum Investment Amount	20,000 Units or \$16,000 and thereafter in multiples of \$800 (i.e. one thousand Units given the Initial Instalment Payment is \$0.80 per Unit.) ⁴
Issuer Buy-Back	<p>The Units are designed to be held to Maturity. You should invest only if you can tie up your money for the full Investment Term as the value of the Units you may realise before Maturity could be significantly less than the Issue Price of the Units (or the Investment Amount you pay initially).</p> <p>You may request that the Issuer buy-back the full amount of your Units (an “Issuer Buy-Back”) on any Buy-Back Date by submitting an Issuer Buy-Back Request. Upon making an Issuer Buy-Back Request all remaining unpaid Instalment Payments become immediately due and payable. If your request for an Issuer Buy-Back is accepted, you will receive a cash payment equivalent to the Buy-Back Price of your Units, which may be less than the Issue Price and could be zero.</p> <p>The Issuer has the discretion to accept, reject or hold over a request for an Issuer Buy-Back for any period it determines. In particular, the Issuer will not accept a request for an Issuer Buy-Back where there is a current Market Disruption Event. The Issuer Buy-Back will be executed on the Buy-Back Date, which may depend in part on the Issuer’s ability to liquidate its hedging arrangements (if any). The Buy-Back Price will be at the Issuer’s discretion, calculated by reference to the fair market value of the Units on the Buy-Back Date, any remaining unpaid Instalment Payments, less any relevant fees, costs, taxes and expenses. The fair market value will be impacted by the fact that a portion of the Capital Protection Hedge will be unwound.</p> <p>Investors can contact the Issuer on 1800 450 005 for an estimate of the Buy-Back Price before requesting an early withdrawal. This is an estimate only and the actual Buy-Back Price may be significantly different.</p>
Minimum Total Subscription	The Issuer can choose, in its absolute discretion, whether or not to proceed with the issue of Units, or continue the product (to the extent Units are issued prior to the Commencement Date) if the aggregate Issue Price of the Units subscribed for by the end of the Offer Period across both Series is less than \$10 million.

⁴ The Issuer retains the discretion to lower the Minimum Investment Amount at any time for one or more Applicants as it sees fit.

Reference Index and Underlying Index	<p>Used as a reference point to calculate the Coupons (if any) and the Final Value of Units. The Reference Index is as follows:</p> <p>Series 1: Risk Stabilised SPI 200 Index Future Strategy</p> <p>Series 2: Risk Stabilised Aquantum Pegasus EL1 Strategy</p> <p>Please refer to Section 4.2 'The Reference Indices' for more details.</p>
Index Sponsor	<p>Series 1: The Royal Bank of Scotland plc</p> <p>Series 2: The Royal Bank of Scotland plc</p>
Reference Index Closing Price	<p>Series 1: The Risk Stabilised SPI 200 Index Future Strategy level published at the close of trading on the ASX on any Trading Day, as published at: www.rbs.com.au/structuredproducts</p> <p>Series 2: The Risk Stabilised Aquantum Pegasus EL1 Strategy value as published each Trading Day at: www.futurevcindices.co.uk/showindex.cfm?id=166</p>
Returns on the Units	
Fixed Coupons	<p>On each Coupon Payment Date, the Units will pay an annual Fixed Coupon which Investors will be required to reinvest as further Instalment Payments towards payment of the Issue Price of their Units. Investors will not receive the distribution in cash.</p> <p>Please refer to Section 4.1.3 for more details on the Fixed Coupons.</p>
Variable Coupons	<p>The Units have the potential to pay Variable Coupons during the Investment Term. Each Variable Coupon, as determined on the Coupon Determination Date, will be an amount per Unit calculated as the greater of:</p> <ol style="list-style-type: none"> zero; and 40% of the annual growth of the Reference Index Value above a High Water Mark and Hurdle Rate. <p>Please refer to Section 4.1.4 for more details on the Variable Coupons.</p>
High Water Mark	<p>On any Coupon Determination Date, the High Water Mark is the highest Reference Index Value on any of the previous Coupon Determination Dates. On the first Coupon Determination Date the High Water Mark is equal to the Initial Reference Index Value.</p> <p>This means a Variable Coupon will only be paid if the Reference Index Value is higher than the highest Reference Index Value on any previous Coupon Determination Date and is greater than the Hurdle Rate.</p>
Hurdle Rate	5% of the Issue Price
Final Value at Maturity	<p>The Final Value is determined on the Maturity Date, and will be the Minimum Final Value (i.e. the Issue Price of \$1.00)⁵ plus the greater of;</p> <ol style="list-style-type: none"> zero; and the amount of the increase in the Reference Index Value over the Investment Term less the sum of the Variable Coupons paid during the Investment Term (if any) and less the Final Hurdle. <p>The calculation of the Final Reference Index Value is subject to averaging in the final year of the Investment Term.</p> <p>Please refer to Section 4 'The Offer' for more detail on the Final Value and to the Formulae and Calculation Table in Section 13 for the Final Value formula.</p>
Minimum Final Value	<p>\$1.00.</p> <p>The Minimum Final Value only applies to Investors who hold their Units until the Maturity Date and where the Capital Protection Provider fulfils its obligation under the Capital Protection Hedge. Please refer to Section 4.1.2 'Minimum Final Value' for more details.</p>
Final Hurdle	<p>Series 1: 14%</p> <p>Series 2: 6.5%</p>

⁵ Provided the Capital Protection Provider fulfils its obligation under the Capital Protection Hedge.

Reference Index Value The Reference Index Calculation Agent applies the Formula in Section 13 'Formulae and Calculation Table' to calculate the Reference Index Value.

The Reference Index formula calculates the value of the Reference Index daily based on the daily price movement of the Underlying Index, taking into account the actual Realised Volatility and its respective Participation Rates applicable for each Series.

Participation Rate and volatility

Volatility commonly refers to the standard deviation of the continuously compounding return of a security over a specific period of time. Put simply volatility is the uncertainty or risk that may impact on the value of a security which is measured by the change in the price of a security over a specific period of time. If a security's price changes rapidly (both positively and negatively) over a short period of time, it will be considered to have high volatility. Conversely, if a security's price rarely changes, it will be considered to have low volatility. A high level of volatility is considered to be an indication that a security may have greater risk.

Each Reference Index provides a risk stabilisation overlay strategy which uses the Participation Rates as a mechanism to manage the market risk and volatility associated with the performance of the Reference Index. It operates by varying the exposure that the Units will have to the relevant Reference Index depending on the volatility of that Reference Index. The higher the volatility, the lower the Participation Rate (and hence the lower the exposure to that Reference Index) and vice versa.

The Participation Rate is determined on each Business Day by reference to the volatility of the relevant Reference Index over the previous 20 Business Days. The levels of volatility and corresponding Participation Rates expressed in the table below are indicative only and are the levels which would have applied if the date of the PDS had been the Commencement Date. The actual levels of volatility could be lower or higher than those provided in the table below, and will be confirmed on or around the Commencement Date and published at www.rbs.com.au/structuredproducts.

Although the Participation Rates will vary, they will be set on the Commencement Date between 0% and 150% for Series 1 and between 0% and 145% for Series 2 so that Investors know that the lowest exposure to the Reference Index, depending on volatility, they may have is 0% and the highest is 150% for Series 1, 0% and the highest is 145% for Series 2. If the Participation Rates cannot be set to a level satisfactory to the Issuer, for example if there is a significant movement in its cost of hedging prior to the Commencement Date, then the Issuer may use its discretion not to proceed with the offer.

The table below shows the effect the volatility has on the Participation Rate. The level of volatility applicable to each Participation Rate will be reset on or around the Commencement Date, and will be affected by changes in the factors listed in Section 4.4 between the date of the PDS and the Commencement Date.

On each Calculation Date, once the Participation Rates have been set on the Commencement Date, a table such as the one below will be used to calculate the applicable Participation Rate depending on the volatility:

Series 1:

Volatility between:

Lower	Upper	Participation Rate
0.00%	9.00%	150.00%
9.00%	14.00%	100.00%
14.00%	19.00%	73.68%
19.00%	24.00%	58.33%
24.00%	29.00%	48.28%
29.00%	34.00%	41.18%
34.00%	44.00%	31.82%
44.00%	54.00%	25.93%
>54.00%		0.00%

Series 2:

Volatility between:

Lower	Upper	Participation Rate
0.00%	4.00%	145.00%
4.00%	5.00%	120.00%
5.00%	6.00%	100.00%
6.00%	7.50%	80.00%
7.50%	10.00%	60.00%
10.00%	15.00%	40.00%
15.00%	20.00%	30.00%
20.00%	30.00%	20.00%
30.00%	40.00%	10.00%
>40.00%		0.00%

Investors should note that historical volatility levels of the Reference Index are not indicative of the future levels of volatility. Specifically, Investors should note that there may be a risk that the level of volatility will remain high throughout the majority or whole of the Investment Term. Should this occur, the Participation Rate may never reach 100% exposure to the Reference Index.

Please refer to Section 13 'Formulae and Calculation Table' for the formula that shows how measured volatility is calculated.

Capital Protection Hedge The Issuer will hedge its obligation to provide Fixed Coupons and the Minimum Final Value on the Maturity Date by entering into an agreement with the Capital Protection Provider to acquire a financial product that will mature and provide the Issuer with the Minimum Final Value, and Fixed Coupons during the Investment Term. Under the Terms, if the Capital Protection Hedge is terminated or matures early for any reason whatsoever (including default or insolvency of the Capital Protection Provider or the Issuer), the Issuer may nominate the event as an Early Maturity Event and the Minimum Final Value will not apply.

The Issuer will only pay to Investors whatever money it receives from the Capital Protection Provider under the Capital Protection Hedge, whether on the scheduled Maturity Date, or as a result of an Issuer Buy-Back or Early Maturity Event. If the Issuer receives nothing, there will be no Minimum Final Value and Investors may receive nothing on Maturity.

For events of default or termination events which may lead to the termination of the Capital Protection Hedge, please refer to Section 7 'Risks' – particularly 'Termination of the Capital Protection Hedge'.

Maturity

Delivery Parcel On Maturity, the Issuer intends to deliver a basket of ASX listed securities equal to the Final Value per Unit containing equal values of ordinary shares in each of the following companies (each a "Delivery Asset"):

ASX Code	Delivery Asset – Company Shares	Websites
BHP	BHP Billiton Limited	www.bhp.com.au
CBA	Commonwealth Bank of Australia	www.commbank.com.au
WES	Wesfarmers Limited	www.wesfarmers.com.au
TLS	Telstra Corporation Limited	www.telstra.com
WOW	Woolworths Limited	www.woolworths.com.au

In the event one or more of the above companies are no longer listed on the ASX or are suspended from trading, the Issuer shall either select a replacement company which is listed on the ASX and included in the S&P/ASX 200 Index or the Issuer shall determine that the basket shall contain only the companies not impacted by such occurrence.

The performance of Units is not directly affected by the performance of the securities comprising the Delivery Assets up to the Maturity Date, but after the Maturity Date, the value of those securities will be determined by the price of the security as traded on the ASX.

You should be aware that the Issuer can change or substitute the Delivery Assets in certain circumstances, and you should take this into account when considering whether to invest in the Units. For further information about substitution of the Delivery Assets refer to clauses 4.7 and 6.1 of Section 11 'Terms of the Deferred Purchase Agreement' in this PDS.

You should also be aware that in the event the Guarantor is required to perform under the Guarantee, the Guarantor will be able to satisfy its obligations under the Guarantee by delivering the cash value of the Delivery Parcel.

Agency Sale Option After Maturity the Delivery Assets are transferred to Investors and sold on their behalf if they request to use the Agency Sale Option.

For more information see Section 5 'Maturity and Early Maturity'.

Early Maturity & Issuer Buy-Back The Units can mature early if an Early Maturity Event occurs or if an Investor requests an Issuer Buy-Back.

For more information refer to Section 5 'Maturity and Early Maturity' and clause 5 of Section 11 'Terms of the Deferred Purchase Agreement' in the PDS.

Business Day See the definition of Business Day in Section 12 'Definitions' in this PDS. If something is to be done on a day that is not a Business Day, then it will be completed on the next Business Day.

Fees and costs

Advisor Commissions	Not applicable
Rebates	The Issuer may pay annual rebates out of its own funds to distributors. This fee is not payable by Investors and does not affect the performance of the Reference Index.
Underlying Index Costs	<p>Series 1</p> <p>Nil</p> <p>Series 2</p> <p>Fees of up to a maximum of 3.65% p.a. are incorporated into the calculation of the Underlying Index. In addition, a 15% performance fee is applied to any outperformance of the Underlying Index over the previous high water mark each year. For example, if the outperformance for a given year is 10% above the previous high water mark, the performance fee charged will be 1.5% (10% * 15%). This amount is then incorporated into the calculation of the Underlying Index.</p> <p>Investors do not have to pay an additional amount upfront to cover the Underlying Index Costs. However, these fees are deducted from the return on the Underlying Index when calculating the value of the Reference Index and therefore affect the return Investors receive from the Units. The performance of the Reference Index in this document is net of the above fee.</p>
Goods and Services Tax (“GST”)	Fees and costs in this section are inclusive of any GST (unless stated otherwise).
Miscellaneous fees and costs	Any fees or other expenses payable to the Registrar and all the expenses of the Offer will be paid by the Issuer.
Income earned by the Issuer	The Issuer may earn income and profit from its management of the underlying risk associated with the Units, which does not impact the return on an investment in the Units and is not charged as a fee. The calculation of the Final Value of Units is independent of any income earned by the Issuer and/or any of its associates.

Key Risks

Early Maturity	The Units may mature early following an Early Maturity Event, including as a result of an Adjustment Event or Market Disruption Event. If this occurs, the Minimum Final Value of \$1.00 does not apply.
Exposure and volatility	Gains (and losses) may be magnified by the level of exposure to the Reference Index.
Performance of the Underlying Index	<p>Series 1</p> <p>The Australian stock market may not perform well. This may be caused by a number of factors, including global factors or country, industry or asset specific factors. There could also be differences between the Reference Index and a direct exposure to the S&P/ASX 200 Index as the Underlying Index of the Reference Index is a series of rolling futures contracts over the S&P/ASX 200 Index.</p> <p>Series 2</p> <p>The Underlying Index is a commodity market-neutral index linked to the performance of an advanced quantitative exchange traded commodities strategy. It invests in commodity futures according to a strategy which has been shown to yield positive returns historically. However, there is no guarantee that future returns will be positive.</p>
Withdrawals and liquidity risk	There is no established market for the Units. The Issuer has the right to accept or reject redemptions in its absolute discretion.
Creditworthiness of Issuer and Guarantor	The Issuer’s and Guarantor’s obligations to Investors are unsecured. If the Issuer and Guarantor do not meet their respective obligations, in the worst case Investors could lose all of their investment.
Creditworthiness of the Capital Protection Provider	The Issuer is reliant on the Capital Protection Provider for the payment of the Minimum Final Value and the Fixed Coupons. If the Capital Protection Provider does not meet its obligations then the Issuer may be unable to pay Investors the Minimum Final Value, or the Fixed Coupons. This will adversely impact the return an Investor may receive on its Units.
Taxation	Section 9 ‘Taxation’ provides a general summary of the main Australian income tax, GST and stamp duty implications arising for Investors in the Units. Investors should consider taxation matters and seek their own professional taxation advice that considers their personal needs and circumstances.

4. The Offer

The Re-Strike Units offer the following features:

- potential for returns at Maturity which are determined by exposure to the Risk Stabilised SPI 200 Index Future Strategy for Series 1 and the Risk Stabilised Aquantum Pegasus EL1 Strategy (Bloomberg Code: RBSAQLU1 <index>) for Series 2 (“Reference Index”) over the Investment Term;
- potential Variable Coupon payments during the Investment Term based on the performance of the Reference Index above a High Water Mark and subject to a Hurdle Rate;
- the payment of annual Fixed Coupons which are required to be fully reinvested as further Instalment Payments towards payment of the Issue Price of the Units; and
- capital protection for Investors who hold their Units until Maturity. This means that Investors, at Maturity, will receive at a minimum Delivery Assets with a value equal to the Issue Price, being \$1.00 per Unit (“Minimum Final Value”).⁶

Investors can request for the Issuer to sell the Delivery Assets on their behalf and receive the cash Sale Monies less Delivery Costs (if any) (the “Agency Sale Option”).

4.1 Returns on the Units

4.1.1 The Final Value at Maturity

If you hold your Units until Maturity, the value of your Units used to determine the Delivery Parcel, will be the Final Value.

The Final Value is determined on the Maturity Date as follows:

Series 1 and Series 2:	Minimum Final Value + Issue Price x [Max (0, (Final Reference Index Value / Initial Reference Index Value - 1) - Aggregate Variable Coupons - Final Hurdle)]
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Accordingly, the Final Value at Maturity is calculated by taking into consideration the following factors:

- Minimum Final Value of \$1.00 at Maturity;
- any Variable Coupons paid during the Investment Term;
- the Final Reference Index Value, being the arithmetic average of the relevant Reference Index on each of the Maturity Averaging Dates in the final year of the Investment Term (“Final Reference Index Value”);
- the Initial Reference Index Value which is the value of the relevant Reference Index on Commencement Date;
- the Final Hurdle

More details about each of these product features are set out below. Please also refer to Section 6 of this PDS for worked examples, including the calculation of the Final Value.

4.1.2 Minimum Final Value

The Minimum Final Value per Unit at Maturity will be \$1.00.⁷ Please refer to Section 7 ‘Risks’ and, in particular, the discussion on the Capital Protection Provider.

If an Early Maturity Event or Issuer Buy-Back occurs, the value of a Unit may be significantly less than \$1.00 (and also less than the \$0.80 Initial Investment Amount).

4.1.3 Fixed Coupon payments

On each Coupon Payment Date, you will be entitled to a Fixed Coupon of 2.86% per Unit (i.e. \$0.0286) per annum for Series 1 and 3.08% per Unit (i.e. \$0.0308) for Series 2. You will be required to reinvest each Fixed Coupon on each Coupon Payment Date as further Instalment Payments towards payment of the Issue Price of your Units. That is, you will not receive the Fixed Coupon as a cash distribution.

4.1.4 Potential Variable Coupon payments

Investors have the potential to receive Variable Coupon payments during the Investment Term.

Should a Variable Coupon be payable in a particular year it will be paid on the Coupon Payment Date, and will be calculated in accordance with the following formula:

$$\text{Variable Coupon (t)} = \text{Max} [0, 40\% \times (A - B - C)] \times \text{Issue Price}$$

Where:

A = Reference Index Value (t) / Initial Reference Index Value as calculated on the relevant Coupon Determination Date.

B = High Water Mark (t) / Initial Reference Index Value.

Where the High Water Mark at time (t) is the highest Reference Index Value as at any of the previous Coupon Determination Dates. On the first Coupon Determination Date “B” is equal to the Initial Reference Index Value.

C = the Hurdle Rate, being 5% of the Issue Price.

In order for an Investor to receive a Variable Coupon “A” must exceed the sum of “B” and “C”. Where the sum of “B” and “C” is more than “A” an Investor will not receive a Variable Coupon. The Variable Coupon formula ensures that a Variable Coupon cannot be less than zero. Please refer below for a discussion of the High Water Mark (“B”) and the Hurdle Rate (“C”).

⁶ The Minimum Final Value only applies where Investors purchase their Units during the Offer Period, hold their Units until the scheduled Maturity Date, where there is no occurrence of an Early Maturity Event and where the Capital Protection Provider fulfils its obligation under the Capital Protection Hedge. Please refer to Section 7 ‘Risks’ for further information.

⁷ Provided the Capital Protection Provider fulfils its obligation under the Capital Protection Hedge.

Please refer to Section 6 for worked examples of how the Variable Coupon is calculated.

Each Variable Coupon (if any) will be paid on the Coupon Payment Date which is 10 Business Days after the relevant Coupon Determination Date.

4.1.5 High Water Mark

The High Water Mark for the first Coupon Determination Date will be the Initial Reference Index Value. The High Water Mark for each subsequent Coupon Determination Date will be the highest Reference Index Value calculated on any prior Coupon Determination Date. Therefore, in order for an Investor to receive a Variable Coupon in each year of the Investment Term the Reference Index Value on each Coupon Determination Date must be greater than the Reference Index Value on every prior Coupon Determination Date.

4.1.6 Hurdle Rate

The Hurdle Rate is 5% of the Issue Price, being \$0.05 per Unit. The Hurdle Rate is fixed for each Coupon Determination Date.

4.1.7 Reference Index Value

The Reference Index Value is calculated in accordance with the formula in Section 13 'Formulae and Calculation Table'. The value of the Reference Index is calculated daily based on the change in the daily price movement of the Underlying Index. The respective Participation Rate is then applied to the change in price to determine the new value of the Reference Index. The actual Realised Volatility of the Underlying Index is used when applying the respective Participation Rates applicable for each Series (please refer to the Participation Rate tables in Section 3.2 'Key Information').

4.2 The Reference Indices

Series 1

Risk Stabilised SPI 200 Index Future Strategy

The Risk Stabilised SPI 200 Index Future Strategy (Reference Index) aims to track the returns of the Australian share market via a notional strategy that applies a volatility stabilisation overlay to the ASX200 Excess Return Rolling Futures Index (Underlying Index). Both the Reference Index and Underlying Index are calculated and maintained by The Royal Bank of Scotland plc based on methodologies developed by The Royal Bank of Scotland plc (Index Sponsor and Calculation Agent).

Underlying Index

The S&P/ASX 200 Index covers approximately 80% of the Australian stock market and represents the top 200 ASX listed companies by market capitalisation. The SFE SPI 200™ futures contract⁸ is the benchmark equity index futures contract in Australia which is based on the S&P/ASX 200 Index. The Underlying Index aims to provide an exposure to the Australian sharemarket by a continual investment in the SFE SPI 200™ futures contracts (Rolling Future). The Underlying Index provides a cost effective and optimum way for Unit holders to have exposure to the Australian sharemarket compared to a direct investment in the S&P/ASX 200 Index which is not practically possible as it is simply a benchmark reference index.

The Underlying Index is intended to reflect the excess return performance of a quarterly rolling investment in the Rolling Future.

The relevant SFE SPI 200™ futures contract is the front month futures contract (Front Month Contract). This is the futures contract whose expiration date is the closest to the current date. The Rolling Future is denominated in Australian Dollars.

The SFE SPI 200™ futures contracts currently expire on a quarterly basis in March, June, September and December on the third Friday of each of these months (each, a "Futures Contract Expiration Date"). The Rolling Future will be adjusted on the Business Day immediately preceding a Futures Contract Expiration Date (Adjustment Day), to reflect:

- (a) a notional divestment from the Front Month Contract; and
- (b) the simultaneous investment into the Future Contract which is due to expire on the subsequent Futures Contract Expiration Date (the "Near Month Contract"). The Near Month Contract will, upon the occurrence of the Futures Contract Expiration Date in respect of the corresponding Front Month Contract, become the next Front Month Contract.

The Rolling Future will be calculated on each Calculation Date based on the Closing Price of the Front Month Contract and the number of contracts contained in the Rolling Future. The Rolling Future shall have a base value of \$100 on the Commencement Date. The Royal Bank of Scotland plc reserves the right to adjust and alter the calculation methodology of the Rolling Future.

Reference Index

The Risk Stabilised SPI 200 Index Future Strategy aims to track a dynamic strategy where performance is linked to the continual investment in the Rolling Future. At any point in time, the Reference Index participates in the positive or negative performance of the Rolling Future. This participation is adjusted according to the Realised Volatility of the Rolling Future. Further information about the volatility stabilisation overlay and participation rate is detailed below. The Reference Index is calculated on each Calculation Date. The Index Sponsor makes no representation or warranty that the Reference Index will achieve its objectives.

Volatility stabilisation overlay and Participation Rate

The purpose of the volatility stabilisation overlay is to actively adjust exposure to the Underlying Index so that the Reference Index maintains a set level of volatility. The Realised Volatility used for the volatility stabilisation is calculated from the maximum Realised Volatility over 5 consecutive Calculation Dates which are used as reference observation dates (each an Observation Date). The Realised Volatility is specifically a measure of how much the daily returns of the Underlying Index have fluctuated around their average over a defined time period of 20 days.

Exposure to the Underlying Index is reduced if the Volatility of the Underlying Index increases to certain levels. Conversely, exposure to the Underlying Index is increased if the Volatility decreases to certain levels. The variable Participation Rate provides for the Reference Index to have exposure to the Underlying Index within a range from a minimum of 0% to a maximum of 150%. The Participation Rate is determined according to the range that the Volatility falls within (regardless of whether the performance of the Underlying Index is negative or positive). The ranges of the Volatility and corresponding Participation Rate values are contained in the table in Section 3.2 'Key Information'.

⁸SFE SPI 200 is a trademark of Sydney Futures Exchange Limited, a member of the ASX Group, operating under the brand Australian Securities Exchange, used with permission by RBS. The ReStrike DPA which provides exposure over the SFE SPI 200™ futures contract are not sponsored, endorsed, sold or promoted by SFE or ASX, and neither SFE nor ASX make any representation regarding the suitability of trading in such product(s).

The Reference Index is calculated daily by increasing or decreasing the exposure to the Underlying Index through the Participation Rate after the deduction of costs and fees. The Reference Index is calculated taking into account:

- the change in the level of the Underlying Index between the Calculation Dates;
- the Participation Rate on the Calculation Date two Calculation Dates prior; and
- the Reference Index on the previous Calculation Date.

Please refer to Section 13 'Formulae & Calculations' for more detail, including the formula for the calculation of the Reference Index and how the Final Underlying Price and Participation Rate are calculated.

Source: The Royal Bank of Scotland plc

Series 2

The Risk Stabilised Aquantum Pegasus EL1 Strategy (USD) (Reference Index) is calculated and maintained by Future Value Consultants Limited (Reference Index Calculation Agent) based on a methodology developed by The Royal Bank of Scotland plc (Index Sponsor).

The Reference Index aims to track a notional strategy that applies a volatility stabilisation overlay to the Aquantum Pegasus EL Excess Return Index (USD) (Underlying Index). The variable Participation Rate provides for the Reference Index to have exposure to the Underlying Index within a range from a minimum of 0% to a maximum of 145%. This exposure increases as volatility decreases.

A copy of the Reference Index rules and methodology will be available from the Issue Opening Date until the Maturity Date upon request at the offices of the Index Sponsor at RBS Tower, 88 Phillip Street, Sydney NSW 2000. Investors should note that this description of the Reference Index is subject to the detailed provisions of the Reference Index rules. In order to obtain the Reference Index rules, an investor may need to give certain non-disclosure representations to the Index Sponsor.

Fees of up to 18.65% per annum (of which 15% per annum are performance fees) are incorporated into the calculation of the Reference Index. Investors do not have to pay an additional amount upfront to cover the Reference Index Fees. However, these fees are deducted from the return on the Underlying Index when calculating the Reference Index and therefore affect the return Investors receive from the Units. The performance of the Reference Index in this document is net of the above fee.

Information about the past performance of the Reference Index can be obtained from: (Bloomberg code RBSAQLUI <Index>) and at <http://www.futurevcindices.co.uk/showindex.cfm?id=166>.

Aquantum Pegasus EL Excess Return Index (USD) (Underlying Index)

The Aquantum Pegasus EL Excess Return Index (USD) (Underlying Index) is a commodity market-neutral index linked to the performance of an advanced quantitative exchange traded commodities strategy. It is denominated in USD and is published daily.

The Underlying Index is a market-neutral strategy, which means that its performance should not depend on the direction of the exchange traded commodities to which the Index is linked.

The Underlying Index references a diversified portfolio of exchange traded commodities from various sectors including energy, metals, agriculture and livestock. As at the date of this PDS, the Index included 24 commodity futures contracts as set out in the table below.

Commodity	Percentage composition (as at the date of this PDS)
WTI Crude	9.75%
Natural Gas	9.75%
Heating Oil	9.00%
Gasoline	8.75%
Brent Crude	8.50%
Gas Oil	8.25%
Corn	7.75%
Live Cattle	5.25%
Soybean	4.50%
Sugar	4.00%
Copper (Comex)	3.50%
Wheat	3.25%
Kansas Wheat	2.50%
Lean Hogs	2.25%
Aluminium	2.00%
Copper (LME)	1.50%
Arabica Coffee	1.50%
Zinc	1.50%
Cotton	1.25%
Cocoa	1.25%
Soybean Oil	1.00%
Soybean Meal	1.00%
Nickel	1.00%
Lead	1.00%

The commodity futures contracts included in the Underlying Index do not generally change, although the percentage composition of each commodity is adjusted monthly. Under the strategy rules for the Underlying Index, particular commodities may be replaced where the market conditions change and the commodity futures contract is no longer sufficiently liquid, the commodity futures contract is no longer available, or it is necessary to remove or replace a commodity due to changes in Commodities Futures Trading Commission (the United States futures regulator) regulatory requirements. A committee (comprising members from Aquantum Algorithmic Limited, RBS Sempra Energy Trading LLC and the Royal Bank of Scotland plc) is responsible for ensuring that the inclusion of commodities in the Underlying Index is in accordance with the strategy of the Underlying Index and that trading over the Underlying Index are conducted in accordance with all regulatory requirements. The committee does not make trading decisions, rather it provides a supervision function to ensure that the strategy of the Underlying Index is adhered to. Any decision to replace a commodity within the portfolio will be made by the committee, which will in turn review the liquidity of the underlying futures contract of any replacement commodity.

The weights in individual commodities are restricted to ensure diversification. The maximum weight of any individual commodity is 15% and each commodity has a minimum weighting of at least 1%. The weights of the commodities are a function of the liquidity of the underlying futures in the commodities. The weights are rebalanced monthly, to ensure that diversification remains intact. When rebalancing occurs, the liquidity of the underlying futures determines the adjusted weightings.

Based on two complimentary systematic trading programs, simultaneous long and short positions are established in certain exchange traded commodities contracts with different expiry dates with the aim of generating positive returns. The Underlying Index aims to deliver absolute returns with a low level of volatility.

Market-neutral commodity trading, for a given underlying commodity, is when a long position in one commodity contract is offset by a short position in another commodity contract with a different expiry date (this is sometimes referred to as calendar spread trading). In such cases, the position is unlikely to be strongly impacted by price changes in the spot market, but instead exposed to the relative price moves between the different expiries.

The Underlying Index uses two systematic trading programs in conjunction. Each month, Program-1 (P1) takes leveraged long and short positions in all commodities contained in the Underlying Index and Program-2 (P2) takes positions in certain commodities at certain times of the year depending on the availability and periodicity of commodities contracts. Unlike equity markets, where futures contracts have regular (e.g. quarterly) Expiry Dates, commodity futures change their periodicity depending on seasonal factors which relate to, for example, summer and winter periods in energy markets, or harvest cycles in agricultural markets. P1 and P2 operate in tandem, aiming to provide stable and robust returns for the Index with all positions being rebalanced on a monthly basis.

P2 trading is dependant on the period cycles of the underlying futures contracts. Trading will only occur where there is an immediate front month contract and a following month contract available for trade. The availability of when a futures contract is tradeable will depend on its availability on the Relevant Exchanges and on seasonal factors. For example, during agricultural harvest periods, immediate futures contracts with April and May expiries could be actively traded instead of immediate contracts with March and June expiries, simply because the harvest of the relevant agricultural commodity occurs over the April and May period and not the March and June periods. P2 is scheduled to buy the spot month contract, which is the first contract on the futures curve. Simultaneously, P2 is set up to sell the contract which expires immediately after the spot month contract, taking advantage of any near term price shocks in the market. P2 positions will only be traded if a spot month contract is available for the commodity in question. P1 is scheduled to sell the same contract as P2 and will buy the next contract on the futures curve.

The Underlying Index is leveraged – for every 1 USD invested – the Index will reference short positions and long positions with a total notional value of 3.5 USD of each position.

The Underlying Index was created by Aquantum Algorithmic Ltd and RBS Sempra Energy Trading LLC acts as the hedging counterparty with respect to the securities linked to the Aquantum Pegasus EL Excess Return Index.

Source: The Royal Bank of Scotland plc

Historical Performance of Reference Indices⁹

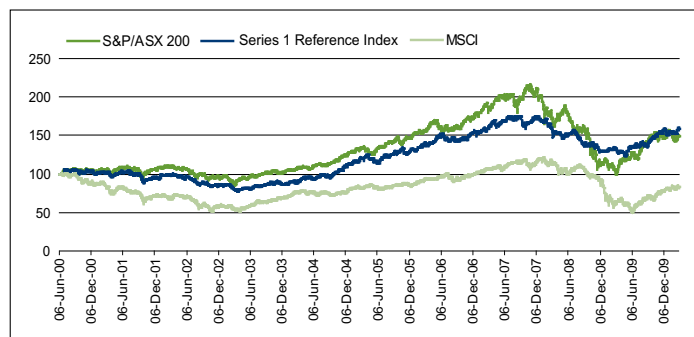
The data shown in the graphs and the average annual rate of return published under the graphs are based on historic levels of:

For Series 1, the S&P/ASX 200 Index, MSCI World Index and the simulated historic levels of the Risk Stabilised SPI 200 Index Future Strategy;

For Series 2, MSCI World Index and the simulated historic levels of the Aquantum Pegasus EL1 Excess Return Index and Risk Stabilised Aquantum Pegasus EL1 Strategy (net of fees and costs).

The table under each graph shows the average annual rate of return based on simple averaging of the respective indices.

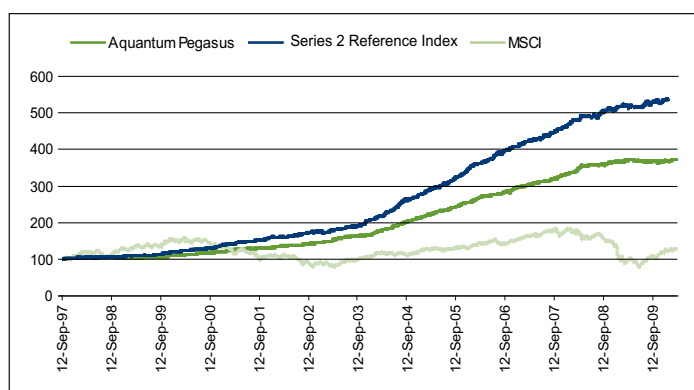
Series 1: S&P/ASX100 vs Risk Stabilised SPI 200 Index Future Strategy vs MSCI World Performance Graphs



Annualised Rate of Return

For the last	Risk Stabilised SPI 200 Index Futures Strategy (Series 1)	Performance of S&P/ ASX200 Index	Performance of MSCI World Index
5 years (pa)	4.97%	2.52%	-0.36%
10 years (pa) ¹⁰	5.36%	5.17%	-1.72%

Series 2: Aquantum Pegasus Index vs Risk Stabilised Aquantum Pegasus EL1 Strategy vs MSCI World Performance Graphs



⁹ The graphs use data ending on each Business Day from 6 June 2000 to 3 March 2010 for Series 1 and 6 October 1997 to 3 March 2010 for Series 2.

¹⁰ The data available for the Reference and Underlying Indices for Series 1 is only from 6 June 2000 to 3 March 2010, which is 9 years and 9 months.

Annualised Rate of Return

For the last	Risk Stabilised Aquantum Pegasus EL1 Strategy (Series 2)	Performance of Aquantum Pegasus EL Excess Return Index	Performance of MSCI World Index
5 years (pa)	18.68%	13.43%	-0.36%%
10 years (pa)	34.68%	23.40%	-1.64%

It is important that investors note that past performance and simulated performance is not a reliable indicator of future performance and returns are not guaranteed.

Historical performance and simulations

The performance of each Reference Index in the above graphs is simulated past performance based on the application of the calculations and formulae as they apply to the Reference Index in this PDS with the input of historical data dated over the periods shown. The returns shown are shown after the deduction of any fees and costs applicable to the relevant Reference Index (including any applicable taxes) as disclosed in this PDS. Returns are calculated with reference to the Participation Rates, volatility levels and, where applicable, interest rates that applied on each observation dated during the period of performance shown. **Investors should note that these returns are those that applied to the Reference Index and are NOT the simulated Final Value of Units. The graphs show the Reference Index Value that is used in calculating Coupons or the Final Value.**

In calculating the historical performance and simulations for the Reference Index, the Issuer has assumed that there were no Adjustment Events or Market Disruption Events which would have resulted in the Early Maturity of the Units (although the Issuer is not aware of any events which would have resulted in the Early Maturity of the Units for the period which the graphs cover). Where there was a Market Disruption Event or other event which prevented the publishing of the level of the Reference Index in the relevant period, the Issuer has used the level which applies in accordance with clause 6.2(a)(ii) of Section 11 'Terms of the Deferred Purchase Agreement'.

4.3 Averaging

Averaging applies to both Series 1 and Series 2. The average of the relevant Reference Index Value as observed on the Maturity Averaging Dates in the final year is taken to calculate, and manage the volatility risk applicable to, the Final Reference Index Value for each Reference Index. For example, if the Final Value were determined by reference to only one observation date (a point to point return) instead of the Maturity Averaging Dates then there would be a lot of risk associated with that one observation date. Averaging spreads this risk over multiple observation dates – the Maturity Averaging Dates.

The use of averaging can lead to lower returns if the Reference Index is consistently rising over time. Please see Section 7 'Risks' particularly 'Averaging risk' for details.

4.4 Participation Rate and Volatility – How can volatility affect my investment?

Volatility is commonly used to quantify the risk of a financial security over a specified time period. If a security's price changes a lot (both positively and negatively) it will be considered to have high volatility. Conversely, if a security's price rarely changes, it will be considered to have low volatility. A high level of volatility is considered to be an indication that a security may have more risk.

The Participation Rate is a tool through which the Realised Volatility of the Reference Index is managed, and the Calculation Agent adjusts the level of exposure to the Reference Index accordingly. The actual level of volatility will be used to determine the Participation Rate in accordance with set Participation Rate percentages. Please see the Formulae and Calculation Table at Section 13 for the formula used to calculate volatility. The actual Participation Rates which will apply will be determined on or around the Commencement Date however the Participation Rates which would have applied on the date of this PDS are set out in the table in Section 3.2 'Key information' of this PDS. The Participation Rate will vary from day to day but will be set between 0% and 150% for Series 1 and 0% to 145% for Series 2.

Factors that impact the Participation Rate are:

Factor	Movement in factor	Impact on Participation Rate
Volatility	↑	↓
Interest Rate	↑	↓

Generally, the lower the volatility, the higher the Participation Rate, and therefore the higher the exposure to the Underlying Index. Investors should note that if the Participation Rates cannot be set to a level satisfactory to the Issuer, for example if there is a significant movement in its cost of hedging prior to the Commencement Date, then the Issuer may use its discretion not to proceed with the offer.

The Issuer intends to publish the Participation Rate, Reference Index and the actual volatility (for each previous 20 Business Days) weekly (or more frequently) on its website at www.rbs.com.au.

4.5 The Delivery Assets

At Maturity of the Units Investors will receive the Delivery Parcel, being a basket of shares in leading Australian companies. The number of each type of Delivery Asset in a Delivery Parcel which an Investor receives is calculated by taking the Final Value of the Units divided by the number of different Delivery Assets divided by the purchase price of each of the Delivery Assets. The Issuer intends that the basket will contain equal values of shares in the following companies:

- BHP Billiton Limited;
- Commonwealth Bank of Australia;
- Wesfarmers Limited;
- Telstra Corporation Limited; and
- Woolworths Limited.

Delivery Asset	Description and website for further information
BHP Billiton Limited	<p>BHP Billiton Limited is a diversified natural resources company. The Company has businesses producing aluminium, copper, energy coal, iron ore, nickel, manganese, metallurgical coal, oil and gas and uranium, as well as silver, titanium and diamonds.</p> <p>For more information go to www.bhp.com.au.</p>
Commonwealth Bank of Australia	<p>Commonwealth Bank of Australia (CBA) is a provider of financial services, including retail, business and institutional banking, superannuation, life insurance, general insurance, funds management, broking services and finance company activities. It provides retail banking services within Australia, including home loans, credit cards, personal loans, transaction accounts, and demand and term deposits as well as discount stockbroking. The group also provides commercial products within Australia, including business loans, equipment and trade finance, and rural and agribusiness products, and provides private banking services to high net worth individuals, and direct trading and margin lending. It also conducts Australian funds management business comprising wholesale and retail investment, superannuation and retirement funds.</p> <p>For more information go to www.commbank.com.au.</p>
Wesfarmers Limited	<p>Wesfarmers Limited is a diversified company with interests including retail operations covering supermarkets, general merchandise and specialty department stores, fuel and liquor outlets and home improvement and office supplies; coal mining; gas processing and distribution; electricity generation; insurance; chemicals and fertilisers; and industrial and safety product distribution.</p> <p>For more information go to www.wesfarmers.com.au.</p>
Telstra Corporation Limited	<p>Telstra Corporation Limited (Telstra) is a telecommunications and information services company. The company's principal activities include the provision of fixed line, mobile, broadband (BigPond®), information, transaction and search (Sensis®) and pay TV (FOXTEL).</p> <p>For more information go to www.telstra.com.au.</p>
Woolworths Limited	<p>Woolworths Limited is a retail group that operates in Australia and New Zealand. The group has more than 3,000 stores and close to 200,000 employees. The group operates in markets including food and grocery, liquor, hotels, petrol, general merchandise and consumer electronics. It operates 965 supermarkets under the Woolworths and Safeway brands in Australia, and under Woolworths, Foodtown and Countdown brands in New Zealand.</p> <p>For more information go to www.woolworths.com.au.</p>

The Issuer can round Units and Delivery Assets to the nearest whole number. If there is a fractional amount owing to you greater than \$20.00 then that amount will be paid to your Nominated Account.

In the event one or more of the above companies are no longer listed on the ASX or suspended from trading, the Issuer shall either select a replacement company which is listed on the ASX and included in the S&P/ASX 200 Index or the Issuer shall determine that the Delivery Parcel shall contain only the companies not impacted by such occurrence.

Should Investors prefer to receive their investment return in cash at Maturity, Investors can request (in the Notice of Maturity) for the Issuer to sell their Delivery Assets and pay them the cash Sale Monies instead.

In the event the Guarantor is required to perform under the Guarantee, the Guarantor will be able to satisfy its obligations under the Guarantee by delivering the cash value of the Delivery Parcel (less any Delivery Costs).

4.6 What is the Unit Value during the Investment Term?

The Units are designed to be held to Maturity. However, the Units can mature early if an Early Maturity Event occurs or if an Investor requests an Issuer Buy-Back (i.e. early redemption) and the Issuer accepts.

During the Investment Term prior to Maturity, the Unit value will be determined by the Issuer (and calculated by the Calculation Agent) with reference to, amongst other things:

- the Participation Rate;
- the performance of the Reference Index on each day since the Commencement Date;
- deduction of the Variable Coupons (if any);
- remaining unpaid Instalment Payments;
- remaining Fixed Coupon payments;
- prevailing interest rates; and
- the remaining time to Maturity.

If the Units mature early, the Issuer will pay the Investor a Termination Payment or deliver Delivery Assets with a value equivalent to the Buy-Back Price or Early Maturity Value (as appropriate). The Buy-Back Price or Early Maturity Value will be the Unit value on the relevant Buy-Back Date which may be significantly lower than the Issue Price (or the Initial Investment Amount) and may be significantly different to the Final Value per Unit if held to Maturity.

The Unit value will be published monthly at www.rbs.com.au, generally within 4 Business Days of month end.

The Unit value is designed to give an indication of the performance of a Unit, having regard to the factors outlined above. Please note that the indicative Unit value is not the actual value that you may receive on an Early Maturity or the Final Value per Unit. The Unit value does not deduct any Break Costs. Please see Section 5 'Maturity and Early Maturity'.

The value that you may receive in the event of an Early Maturity or on the Buy-Back Date (should you choose an Issuer Buy-Back) may be significantly less per Unit than the indicative Unit value and the Final Value at Maturity.

4.7 Can Investors withdraw from the Units before Maturity?

Yes, but Investors should note that the Minimum Final Value is only applicable to Investors who hold their Units until Maturity. As such, any Buy-Back Price or Early Maturity Value may be less than the Issue Price (or the Initial Investment Amount) and in some cases zero.

For more information refer to Section 5 'Maturity and Early Maturity' and clause 5 of Section 11 "Terms of the Deferred Purchase Agreement" in the PDS.

5. Maturity and Early Maturity

5.1 Notice of Maturity

Prior to the Maturity Date you will be sent a Notice of Maturity informing you that Maturity of the Units is approaching. Upon Maturity (provided all Instalment Payments have been paid) you can either:

- accept physical delivery of the Delivery Parcel; or
- use the Agency Sale Option under which the Issuer will accept physical delivery of your Delivery Parcel, sell (or procure the sale of) the Delivery Parcel and then pay you the Sale Monies (if any).

If you wish to accept physical delivery of the Delivery Parcel you do not need to do anything. Physical delivery of the Delivery Parcel is the default option.

If you want to use the Agency Sale Option and receive Sale Monies, you need to make this election in the Notice of Maturity.

5.2 Delivery Parcel and substitution

To facilitate settlement, the Issuer will calculate the Delivery Parcel for the Units using the Final Value. The Delivery Parcel is the number of Delivery Assets to be delivered by the Issuer or its nominee to you on Maturity. However, you should note that the Issuer has the right to change, delay or substitute the Delivery Assets if the nominated Delivery Asset is unable to be delivered due to any legal or regulatory restriction relating to the Delivery Asset (including cessation or Suspension from listing) or the Issuer, including but not limited to trade limitations resulting from internal conflict arrangements.

In these circumstances, the Issuer will, in its discretion, select another security listed on the ASX and included in the S&P/ASX 200 Index as the substitute Delivery Asset or, if a basket of Delivery Assets is being delivered, deliver the remaining Delivery Assets unaffected by the event.

5.3 Physical delivery

Once the Units mature and you accept delivery of the Delivery Assets (i.e. you do not elect the Agency Sale Option) you will hold a parcel of ASX listed securities. You will need to carefully consider whether an investment in those securities will be a suitable investment for you to hold beyond Maturity.

The Issuer will purchase the Delivery Assets constituting your Delivery Parcel and register those securities on the issuer-sponsored sub-register (i.e. as an issuer sponsored holding) in your name. You may at a later stage transfer the securities into your own CHESS account by providing your broker with your Holder Identification Number.

The Issuer or its nominee will deliver the Delivery Assets specified in the Delivery Parcel (less any Delivery Costs) on the Settlement Date. As the date of this PDS, the Issuer does not expect any Delivery Costs to be associated with the delivery.

In the event the Guarantor is required to perform under the Guarantee, the Guarantor will be able to satisfy its obligations under the Guarantee by delivering the cash value of the Delivery Parcel (less any Delivery Costs).

5.4 Agency Sale Option

If you form the view that you do not wish to hold the Delivery Assets after the Maturity Date, you can elect for the Issuer to sell the Delivery Assets on your behalf and receive Sale Monies via the Agency Sale Option. Under the Agency Sale Option the Issuer or its agent will accept physical delivery of the Delivery Assets on your behalf and subsequently arrange for their sale. The Issuer will then pay you the Sale Monies. The total Sale Monies you receive will be the amount the Issuer receives from the sale of your Delivery Assets less any relevant Delivery Costs associated with the sale. As at the date of this PDS, the Issuer does not expect any Delivery Costs to be associated with the Agency Sale Option.

To use the Agency Sale Option and receive the Sale Monies you must return the Notice of Maturity to the Issuer at least 20 Business Days prior to the Maturity Date.

Sale Monies (if any) will be paid to your Nominated Account or paid by cheque within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter.

See clause 4 of Section 11 'Terms of the Deferred Purchase Agreement' in this PDS for further details about the Agency Sale Option.

5.5 Fractions

If the Delivery Parcel includes a fraction of a Delivery Asset which is valued at more than A\$20.00, the Issuer will transfer the Australian Dollar fractional amount into your Nominated Account or pay it to you by cheque within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter.

5.6 Early Maturity

The Units can mature early if an Early Maturity Event occurs or if an Investor requests an Issuer Buy-Back. Issuer Buy-Backs are discussed below under the heading 'Sale of Units before Maturity - Issuer Buy-Back' in this PDS.

Early Maturity Events generally arise in circumstances which prevent the Issuer being able to hedge or deliver on its obligations under the Terms of the Units. Early Maturity Events could include (but are not limited to) circumstances where a Change in Law occurs that prevents the normal operation of the Units or results in the Issuer having to pay additional amounts in relation to the Units or if the Capital Protection Hedge terminates for any reason. Please refer to Section 7 'Risks' clause 5.1 of Section 11 'Terms of the Deferred Purchase Agreement' and for more information.

If an Early Maturity Event occurs the Issuer has the discretion to call Early Maturity or allow the Units to continue. Early Maturity may lead to Investors suffering losses and bearing various costs associated with the Early Maturity. The Minimum Final Value is not applicable where there is an Early Maturity Event.

Please see clause 5 of Section 11 'Terms of the Deferred Purchase Agreement' in this PDS for more details about Early Maturity.

5.7 Sale of Units Before Maturity – Issuer Buy-Back

Investors may request the Issuer buy-back their Units ("Issuer Buy-Back").

While the Units are designed as a "buy and hold" investment, you may have the opportunity to sell your Units to the Issuer on each "Buy-Back Date" as specified in this PDS if the Issuer agrees. It is not recommended that Investors invest in Units if they intend to have the Issuer Buy-Back the Units as the Delivery Costs and Break Costs may be significant.

You may request that the Issuer Buy-Back the full amount of your Units by requesting this from the Issuer, completing and then lodging an Issuer Buy-Back Form. Issuer Buy-Back Forms must be received by the Issuer no later than 10 Business Days prior to the Buy-Back Date. If the Buy-Back Form is received after this cut-off it will be held over to the next Buy-Back Date. The Issuer's contact details are available in the Directory at the back of this PDS. Once the Issuer Buy-Back Form is lodged, the request for an Issuer Buy-Back is irrevocable. The Issuer may in its absolute discretion accept, reject or defer a request to buy-back your Units. The Issuer shall inform you if it defers or rejects your Buy-Back request.

The amount you receive (the "Buy-Back Price") is the fair economic value of the Units as determined by the Issuer in its absolute discretion on the Buy-Back Date, but takes into account the factors that affect the value of the Units including any remaining unpaid Instalment Payments and the early, partial close out of the Capital Protection Hedge and any Delivery Costs, and any Break Costs and may include a bid-offer spread. Break Costs include all costs, expenses and losses incurred by the Issuer as a result of the determination of a Buy-Back Date, unwinding of any hedge position entered into by the Issuer in connection with the Units, or any loss of profits by reason of such an early termination.

Therefore, the actual Buy-Back Price at which the Issuer will buy-back your Units will not be known at the time the request is made or accepted, although we will provide you with an estimate.

In processing an Issuer Buy-Back the Issuer may, and you hereby authorise the Issuer to disclose, details of the Issuer Buy-Back, including a copy of the Issuer Buy-Back Form, to the Capital Protection Provider.

5.8 Cash settlement only

Execution of Issuer Buy-Back Form requests and the actual Buy-Back Price will be notified to Investors by way of the Settlement Notice, which will be sent to Investors as soon as reasonably practicable after the relevant Buy-Back Date. All Issuer Buy-Backs are cash settled.

You should read clause 5.3 of Section 11 'Terms of the Deferred Purchase Agreement' in this PDS carefully to understand your rights and obligations if you request an Issuer Buy-Back.

5.9 Indicative Valuations

The Issuer will publish at least monthly indicative valuations for the Units, available on the website at www.rbs.com.au, and provide this information to certain market data service providers. Investors should note that these valuations can change at any time and as such, do NOT indicate the Buy-Back Price of Units that may apply on the Buy-Back Date.

Please refer to the definition of 'Break Costs' in Section 12 'Definitions' of this PDS.

5.10 Secondary Market

As the Units will not be listed or displayed on any securities exchange, such as the ASX, there may be no secondary market for the Units. Even if a secondary market for the Units develops, it may not provide significant liquidity or trade at prices advantageous to you. Accordingly, you may receive a price that is significantly less than the Issue Price of your Units if you sell those Units to the Issuer prior to the Maturity Date.

6. Worked Examples

The below worked examples demonstrate how the Coupons and the Final Value are calculated. The examples are hypothetical only and are not forecasts or simulations of Unit returns nor are they a reference to past performance. The actual returns on the Units may be materially different from what is shown in these examples.

These examples may help Investors decide if the Units are a suitable investment. No content in this section or elsewhere in the PDS is investment advice so Investors should speak to their financial advisor before investing.

In these examples the Issuer assumes that Investors decide to invest in 50,000 Units each with a \$1.00 Issue Price.

6.1 How does the investment perform?

Units have the potential for annual Coupons during the Investment Term and returns at Maturity depending on the performance of the Reference Index. The examples below demonstrate how the Reference Index Value is calculated, and what Investors get during the Investment Term and at Maturity, depending on whether the Reference Index Value over the life of the investment has been negative, positive or neutral.

6.2 What do Investors receive at Maturity?

At Maturity, Investors will receive the Delivery Parcel. The number of each type of Delivery Asset in a Delivery Parcel which an Investor receives is calculated by taking the Final Value of the Units divided by the number of different Delivery Assets divided by the purchase

price of each of the Delivery Assets. The Delivery Parcel will be transferred to Investors, unless an Investor asks the Issuer to sell it under the Agency Sale Option and pay the Investor the Sale Monies.

The examples set out below show the return on an investment in the Units at Maturity. Please note, the examples are hypothetical examples only and are not intended to be a forecast, simulation or guide to future performance.

Assumptions

The below examples also assume that there are no Early Maturity Events, Issuer Buy-Backs, or Adjustment Events.

Rounding

All calculations made by the Issuer for the purposes of these worked examples will be made to not fewer than two decimal places. Other than as provided in these examples, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time the Investor's entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers of Delivery Assets are rounded down to the nearest whole number.

6.3 How is the Reference Index Value calculated?

The Reference Index Value formula is different for Series 1 and Series 2. We provide, below, an example of how the Reference Index Value is calculated for both Series 1 and Series 2.

Series 1

The Reference Index Value is calculated each day using the value of the Reference Index from the previous Business Day, the performance of the Rolling Futures and the volatility of the Reference Asset over the previous 20 days. The formula for calculating Reference Index Value is as follows:

$$\text{Reference Index Value}_t = \text{Reference Index Value}_{t-1} * [1 + \text{DP}_t * \text{Return}_t]$$

Where:

t means a Business Day.

Reference Index Value_t = the value of the Reference Index on Business Day t

Return_t = Rolling Future_t / Rolling Future_{t-1} - 1

Rolling Future_t = official Closing Price of the Rolling Future on Business Day t

DP_t means the Participation Rate on Business Day t. DP_t is dependent on ERV_t which is the Effective Realised Volatility of the Rolling Future on Business Day_{t-2}.*

*Realised Volatility (or historical volatility) is a measure of volatility and risk. It is determined by calculating the annualised standard deviation of daily changes in the level of the Reference Asset for a particular period. The period used to calculate Realised Volatility is the previous 20 Business Days.

The actual Participation Rates which will apply will be set on or around the Commencement Date published on the Issuer's website: www.rbs.com.au/structuredproducts Investors should note that if the Participation Rates cannot be set to a level satisfactory to the Issuer, for example if there is a significant movement in its cost of hedging prior to the Commencement Date, then the Issuer may use its discretion not to proceed with the offer.

For the purposes of calculating the Reference Index Value on the day after the Commencement Date, we have assumed the following values:

Reference Index Value_t means the Business Day after the Commencement Date

$$\text{Return}_t = 4600 / 4500 - 1 = 0.02222$$

$$\text{Rolling Future}_t = 4600$$

$$\text{Rolling Future}_{t-1} = 4500$$

$$\text{Reference Index}_{t-1} = 100$$

$$\text{DP}_t = 100\%$$

Therefore, the Reference Index Value on the day after the Commencement Date is calculated as follows:

$$\begin{aligned} \text{Reference Index Value}_t &= \text{Reference Index Value}_{t-1} * [1 + \text{DP}_t * \text{Return}_t] \\ &= 100 \times [1 + 100\% \times 0.02222] \\ &= 100 \times 1.02222 \\ &= 102.222 \end{aligned}$$

Series 2

The Reference Index Value is calculating each day using the value of the Reference Index from the previous Business Day, the performance of the Reference Index and the volatility of the Reference Index over the previous 20 days. The Reference Index Value is calculated as follows:

$$\text{Reference Index Value}_t = \text{Reference Index Value}_{t-1} * [1 + \text{Participation Rate}_{t-2} * \text{Final Underlying Price}_t / \text{Final Underlying Price}_{t-1} - 1]$$

Where:

Reference Index Value_t means the Reference Index Closing Price on Calculation Date_t

Reference Index Value_{t-1} means the Reference Index Closing Price on the Calculation Date before Calculation Date_t

Participation Rate_{t-2} means the Participation Rate on the Calculation Date 2 Calculation Dates prior to Calculation Date_t

Final Underlying Price_t means the Final Underlying Price on Calculation Date_t

Final Underlying Price_{t-1} means the Final Underlying Price on the Calculation Date prior to Calculation Date_t

For the purposes of calculated the Reference Index Value on the day after the Commencement Date, we have assumed the following values:

$$\text{Reference Index Value}_{t-1} = 100$$

$$\text{Participation Rate}_{t-2} = 100\%$$

$$\text{Final Underlying Price}_t = 500$$

$$\text{Final Underlying Price}_{t-1} = 490$$

Therefore, the Reference Index Value on the day after the Commencement Date is calculated as follows:

$$\begin{aligned} \text{Reference Index Value} &= \text{Reference Index Value}_{t-1} * [1 + \text{Participation Rate}_{t-2} * \text{Final Underlying Price}_t / \text{Final Underlying Price}_{t-1} - 1] \\ &= 100 \times [1 + 100\% \times (500/490) - 1] \\ &= 100 \times [1.02041] \\ &= 102.041 \end{aligned}$$

6.4 How are Coupons calculated?

Fixed Coupons

The Units will pay a Fixed Coupon of 2.86% for Series 1 and 3.08% for Series 2. You will be required to reinvest this Fixed Coupon as a further Instalment Payments of the Issue Price of your Units. That is, you will not receive the Fixed Coupon in cash.

Please refer to Section 3.2 'Key Information' for more details on payment of the Issue Price and Section 4.1.3 for more detail on the Fixed Coupon.

Variable Coupons

Variable Coupon (t) = $\text{Max} [0, 40\% \times (A - B - C)] \times \text{Issue Price}$

Where:

A = the Reference Index Value (t) / Initial Reference Index Value as calculated on the relevant Coupon Determination Date.

B = the High Water Mark (t) / Initial Reference Index Value.

Where the High Water Mark at time (t) is the highest Reference Index Value as at any of the previous Coupon Determination Dates.

On the first Coupon Determination Date "B" is equal to the Initial Reference Index Value.

C = the Hurdle Rate, being 5% of the Issue Price.

Set out in the table below are some assumed values for the Variable Coupon formula over the first 3 years of the investment.

	Year 1	Year 2	Year 3
A	120 / 100*	98 / 100*	135 / 100*
B	100*	120 / 100	120 / 100
C	5%	5%	5%

* We have assumed the Initial Reference Index Value is 100 and on the first Coupon Determination Date and that the High Water Mark is also set at 100.

Year 1

Variable Coupon = $\text{Max} [0, 40\% \times (A - B - C)] \times \text{Issue price}$

Where: **A** = 120% (\$1.20)

B = 100% (\$1.00)

C = 5% (\$0.05)

Issue Price = \$1.00

Therefore,

$$\begin{aligned} \text{Variable Coupon} &= \text{Max} [0, 40\% \times (A - B - C)] \times \text{Issue Price} \\ &= \text{Max} [0, 40\% \times (\$1.20 - \$1.00 - \$0.05)] \times \$1.00 \\ &= \text{Max} [0, 40\% \times \$0.15] \times \$1.00 \\ &= \$0.06 \text{ per Unit} \end{aligned}$$

Assuming that there are no unanticipated expenses referable to the Units, this amount of \$0.06 per Unit would be paid to you as a distribution. Therefore, on the assumption you held 50,000 Units this would equal a distribution of \$3,000 (i.e. 50,000 x \$0.06).

Year 2

Variable Coupon = $\text{Max} [0, 40\% \times (A - B - C)] \times \text{Issue Price}$

Where: **A** = 98 (\$0.98)

B = 120 (\$1.20)

C = 5% (\$0.05)

Issue Price = \$1.00

Therefore,

$$\begin{aligned} \text{Variable Coupon} &= \text{Max} [0, 40\% \times (A - B - C)] \times \text{Issue Price} \\ &= \text{Max} [0, 40\% \times (\$0.98 - \$1.20 - \$0.05)] \times \$1.00 \\ &= \text{Max} [0, 40\% \times -\$0.27] \times \$1.00 \\ &= \$0.00 \text{ per Unit} \end{aligned}$$

You will not receive a distribution in Year 2.

Year 3

Variable Coupon = Max [0, 40% x (A – B – C)] x Issue Price

Where: **A** = 135% (\$1.35)

B = 120% (\$1.20)

C = 5% (\$0.05)

Issue Price = \$1.00

Therefore,

Variable Coupon = Max [0, 40% x (A – B – C)] x Issue Price
 = Max [0, 40% x (\$1.35 – \$1.20 – \$0.05)] x \$1.00
 = Max [0, 40% x \$0.10] x \$1.00
 = \$0.04 per Unit

Assuming that there are no unanticipated expenses referable to the Units, this amount of \$0.08 per Unit would be paid to you as a distribution. Therefore, on the assumption you held 50,000 Units this would equal a distribution of \$4,000 (i.e. 50,000 x \$0.08).

6.5 How is the Final Value calculated?

Set out in the table below are some assumed values for the Reference Index Value for both Series 1 and Series 2 over the final year of the Investment Term for four different scenarios. In Scenario 1, the Reference Index Value steadily climbs throughout the final year of the Investment Term. In Scenario 2, the Reference Index Value rises slightly then falls below the Initial Reference Value by the end of the Investment Term. In Scenario 3, the Reference Index Value rises slightly and finishes just above the starting level by the end of the Investment Term. In Scenario 4, the Reference Index Value rises and falls slightly and finishes below the starting level by the end of the Investment Term.

Date	Reference Index Value			
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Initial Reference Index Value (Commencement Date)	100	100	100	100
Aggregate Variable Coupons	30	15	21	35
Maturity Averaging Date 1	140	121	155	145
Maturity Averaging Date 2	175	115	170	150
Maturity Averaging Date 3	249	91	165	135
Maturity Averaging Date 4	255	87	135	120
Maturity Averaging Date 5 (Maturity Date)	260	73	115	90
Final Reference Index Value	215.8	97.4	148.0	128.0
Final Hurdle (Series 1)	14 %	14%	14%	14%
Final Hurdle (Series 2)	6.5%	6.5%	6.5%	6.5%
Minimum Final Value	\$1.00	\$1.00	\$1.00	\$1.00

The following examples show how the Final Value of the Units is calculated, based on the assumed Reference Index Values for Series 1 and Series 2 set out for **Scenario 1** in the table above.

The Final Value of the Units is calculated in accordance with the following formula:

Final Value per Unit = Minimum Final Value + Issue Price x [Max (0, (Final Reference Index Value / Initial Reference Index Value - 1) – Aggregate Variable Coupons – Final Hurdle)]

Based on the Maturity Averaging Date values set out in the table above, the Final Reference Index Value is calculated as follows:

Final Reference Index Value = (Maturity Averaging Date 1 + Maturity Averaging Date 2 + Maturity Averaging Date 3 + Maturity Averaging Date 4 + Maturity Averaging Date 5) / 5
 = (140 + 175 + 249 + 255 + 260) / 5
 = 215.8

Based on the calculation of the Final Reference Index Value and the values set out in the table above, the Final Value per Unit for **Scenario 1** for each Series is as follows:

Series 1

$$\begin{aligned}
 \text{Final Value per Unit} &= \text{Minimum Final Value} + \text{Issue Price} \times [\text{Max}(0, (\text{Final Reference Index Value} / \text{Initial Reference Index Value} - 1) \\
 &\quad - \text{Aggregate Variable Coupons} - \text{Final Hurdle})] \\
 &= \$1.00 + \$1.00 \times [\text{Max}(0, (215.8 / 100 - 1.00) - 0.30 - 0.14)] \\
 &= \$1.00 + \$1.00 \times \text{Max}[0, 0.718] \\
 &= \$1.00 + \$1.00 \times 0.718 \\
 &= \$1.00 + \$0.718 \\
 &= \$1.718 \text{ per Unit}
 \end{aligned}$$

For a holding of 50,000 Units, this would result in the delivery of a Delivery Parcel worth \$85,900.

Series 2

$$\begin{aligned}
 \text{Final Value per Unit} &= \text{Final Value} = \text{Minimum Final Value} + \text{Issue Price} \times [\text{Max}(0, (\text{Final Reference Index Value} / \text{Initial Reference Index Value} \\
 &\quad - 1) - \text{Aggregate Variable Coupons} - \text{Final Hurdle})] \\
 &= \$1.00 + \$1.00 \times [\text{Max}(0, (215.8 / 100 - 1.00) - 0.30 - 0.065)] \\
 &= \$1.00 + \$1.00 \times \text{Max}[0, 0.793] \\
 &= \$1.00 + \$1.00 \times 0.793 \\
 &= \$1.00 + \$0.793 \\
 &= \$1.793 \text{ per Unit}
 \end{aligned}$$

For a holding of 50,000 Units, this would result in the delivery of a Delivery Parcel worth \$89,650.

Overview of Scenarios 1, 2, 3 and 4

The tables below sets out the Aggregate Variable Coupons, Final Value per Unit and value of the Delivery Parcel (for 50,000 Units) which would apply to Scenarios 1, 2, 3 and 4. Each of the values listed below for Scenario 2, 3 and 4 were calculated in the same way as set out in the examples above for each respective Series.

Series 1 Examples

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Final Reference Index Value	215.8	97.4	148.0	128.0
Final Value per Unit	\$1.718	\$1.00	\$1.13	\$1.00
Aggregate Variable Coupons for an Investor who holds 50,000 Units	\$15,000	\$7,500	\$10,500	\$17,500
Value of Delivery Parcel received by Investor who holds 50,000 Units [^]	\$85,900	\$50,000	\$56,500	\$50,000

Series 2 Examples

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Final Reference Index Value	215.8	97.4	148.0	128.0
Final Value per Unit	\$1.793	\$1.000	\$1.205	\$1.000
Aggregate Variable Coupons for an Investor who holds 50,000 Units	\$15,000	\$7,500	\$10,500	\$17,500
Value of Delivery Parcel received by Investor who holds 50,000 Units [^]	\$89,650	\$50,000	\$60,250	\$50,000

[^] This value of the Delivery Parcel may be less where there are Delivery Costs. As at the date of this PDS, the Issuer does not expect there to be any Delivery Costs on the Delivery Parcel.

7. Risks

These investments carry risk. This is a summary of the risks applicable to the Units. Before investing, potential investors should read this entire PDS to make sure they understand the risks for them and speak to their financial, legal and tax advisors. This document does not take into account a potential investor's own financial needs, investment goals or financial circumstances.

7.1 Specific Risks of the Units

Performance of the Reference Index

Historical prices of a Reference Index should not be taken as an indication of the future performance and volatility of the Reference Index during the Investment Term. It is impossible to determine with certainty whether the Reference Index will rise or fall. The return on the Reference Index is subject to the performance of the individual equities or assets included in the Reference Index. Therefore, all factors likely to affect the performance of the securities which comprise the Reference Index are important and Investors should consider all appropriate publicly available information in relation to the Reference Index (and the securities which comprise it). These factors include movements in international financial markets, interest rates, currency rates and global economic, political, technological and environmental factors.

Reference Index Risk

The securities and underlying assets comprising a Reference Index may change substantially over the life of the investment. In particular, it is possible that the initial constituent assets will increase substantially in value prior to the Maturity Date but that the relevant Reference Index will decline in value during such period. Investors should have regard to this when considering the importance of the identity of the initial assets comprising a Reference Index.

In addition you should note that you will not have an actual investment in the Reference Index. In particular, you should note that changes in the Reference Index will not result in the same change in the value of the Units due to the effect of other factors which affect the value of the Units. See Section 4.6 'What is the Unit value during the Investment Term?' for more information on these factors.

The Capital Protection Hedge

The Issuer and the Capital Protection Provider will enter into the Capital Protection Hedge in order to provide the Minimum Final Value and the Fixed Coupons to Investors at the Maturity Date. The Issuer has no responsibility and no liability for the Capital Protection Hedge and whether or not it delivers the Minimum Final Value and the Fixed Coupons at Maturity. The Issuer will only pay to Investors whatever money it receives from the Capital Protection Provider under the Capital Protection Hedge – whether on the scheduled Maturity Date, or as a result of an Issuer Buy-Back or Early Maturity Event.

The Capital Protection Provider manages the deposit the Issuer places with it under the terms of the Capital Protection Hedge at

its discretion. It can determine matters such as the interest rate applicable to the deposit to enable it to pay the Minimum Final Value at Maturity. The Issuer is not responsible nor liable for the Capital Protection Provider's management of funds deposited under the Capital Protection Hedge. At Maturity the Issuer expects to be paid, and the Capital Protection Provider is obliged to pay, the Minimum Final Value. However, if the Capital Protection Provider pays less than the Minimum Final Value for any reason whatsoever, then the Issuer will not pay any shortfall. The Capital Protection Provider's obligations under the Capital Protection Hedge are not guaranteed.

The Capital Protection Provider may pay less than the Minimum Final Value (and may pay significantly less, including zero) as a result of one or more of the following:

- (a) if an event of default affects the Issuer, then the Capital Protection Provider may set off any amounts the Issuer owes it under the Capital Protection Hedge or this PDS against the monies the Capital Protection Provider holds under the Capital Protection Hedge. This would result in less than the Minimum Final Value being paid, and may even result in nothing being paid under the Capital Protection Hedge;
- (b) if an event of default affects the Issuer, then the Capital Protection Provider may decide to terminate the Capital Protection Hedge early and to pay any moneys held under the Capital Protection Hedge to the Issuer. The early termination of the Capital Protection Hedge may also result in an Early Maturity Event of the Units. Any money paid by the Capital Protection Provider to the Issuer will be held by the Issuer absolutely. Investors are unsecured creditors of the Issuer and have no security interest or priority rights over any money received from the Capital Protection Provider. Therefore, if, for example, the Issuer is insolvent, the Capital Protection Provider may decide to terminate the Capital Protection Hedge early and pay the present value of the Capital Protection Hedge to the liquidator and such monies will be applied in accordance with the terms of any administration or liquidation;
- (c) if the Capital Protection Provider fails to pay an amount owing under the Capital Protection Hedge or this PDS or becomes insolvent or has a manager appointed to manage its affairs, then the Capital Protection Hedge will terminate early and the Capital Protection Provider will pay any moneys held under the Capital Protection Hedge to the Issuer;
- (d) if an Investor requests an Issuer Buy-Back or an Early Maturity Event occurs, then the Issuer can request an early termination (in whole or part) of the Capital Protection Hedge and the Capital Protection Provider will pay any moneys held under the Capital Protection Hedge to the Issuer.

The events of default which can affect the Issuer under the Capital Protection Hedge include:

- the Issuer does not pay on time any amount payable under the Capital Protection Hedge;
- any present or future monetary obligations of the Issuer totalling more than \$10,000,000 are not satisfied on time or become prematurely payable;
- distress is levied or a judgement or order or encumbrance is enforced, or becomes enforceable, against any of the Issuer's property which has a materially adverse effect on the Issuer's ability to satisfy its obligations under either the Capital Protection Hedge or this PDS;
- the Issuer provides a certificate to the Capital Protection Provider in relation to this PDS or the Capital Protection Hedge that is incorrect or misleading;
- the Issuer's insolvency or cessation of business;
- the Capital Protection Hedge or this Product Disclosure Statement, or other related document is void or voidable or is claimed to be so;
- a representation or warranty of the Issuer to the Capital Protection Provider is found to be incorrect or misleading;
- the persons who have control of the Issuer cease to have control or one or more persons acquiring control;
- a person is appointed under the legislation to manage the affairs of the issuer;
- an event occurs that has or may have a materially adverse effect on the Issuer's ability to perform its obligations under the Capital Protection Hedge or this Product Disclosure Statement or on the Capital Protection Provider's rights under the Capital Protection Hedge.
- the Issuer breaches an undertaking given to the Capital Protection Provider; or
- if the Issuer fails to pay or make a delivery under the Capital Protection Hedge or any similar default, breach or failure to satisfy an obligation arising from any arrangements between the Issuer and Capital Protection Provider.

This means that Investors have credit exposure to both the Issuer and the Capital Protection Provider under this product.

If the Capital Protection Hedge terminates early for any reason, the Issuer has the discretion in Section 11 to nominate an Early Maturity Event. If this occurs Investors will not receive the Minimum Final Value and instead will receive the Early Maturity Value. The Issuer will only pay to Investors whatever money it receives from the Capital Protection Provider under the Capital Protection Hedge. If the Issuer receives nothing, there will be no Minimum Final Value and Investors may receive nothing on Maturity.

Creditworthiness of Issuer and Guarantor

The Units are unsecured obligations of the Issuer and Guarantor. The Issuer and Guarantor may not be able to meet their respective obligations under the Units or Guarantee. The right to receive the Delivery Assets on Maturity or to receive the Minimum Final Value, is subject to the creditworthiness of the Issuer and the Guarantor and Investors should make their own assessment of this risk. In particular, Investors should note that these obligations are unsecured obligations of the Issuer and Guarantor which rank equally with all other unsecured obligations of the Issuer and Guarantor. In a winding up of these companies the Investor may

not receive these amounts. A relevant factor for the assessment of counterparty risk of the Issuer and the Guarantor is the financial strength of those entities.

Financial information for the Issuer and Guarantor is available at www.rbs.com.au and www.rbs.com.

Creditworthiness of the Capital Protection Provider

The capital protection feature of the Units, being the Minimum Final Value, and the Fixed Coupons are provided by the Capital Protection Provider. The Issuer is reliant on the Capital Protection Provider for the capital protection feature of the Units and the Fixed Coupons. As such, the right of an Investor to receive the fixed Coupons and the Minimum Final Value at Maturity is subject to the creditworthiness of the Capital Protection Provider. If the Capital Protection Provider does not meet its obligations for any reason or exercises its right of set off under the Capital Protection Hedge, then the Investor may not receive the Fixed Coupons and Minimum Final Value and, as such, might receive a Final Value less than the Issue Price (or the Investment Amount) or in some cases nothing at all. The Issuer will only pay to Investors whatever money it receives from the Capital Protection Provider under the Capital Protection Hedge and the Issuers will not be liable for any shortfall. If the Issuer receives nothing, there will be no Fixed Coupons or Minimum Final Value and Investors may receive nothing on Maturity.

A relevant factor for the assessment of counterparty risk of the Issuer is the financial strength of those entities.

Financial information for the Capital Protection Provider is available at www.nab.com.au.

Trading Strategy

The Reference Index for each Series follows a notional rules based proprietary trading strategy that operates on the basis of pre-determined rules. Investors should consider whether an exposure to the relevant Reference Index is appropriate in light of their individual circumstances and objectives.

Complex financial instruments

The Units are complex financial instruments and can, in certain circumstances, provide a high level of enhanced exposure to the Reference Index and the Underlying Index. The Units may not be a suitable investment for all investors.

Changes to the Reference Index and Underlying Index

The methodology and rules relating to the Reference Index and calculation of Reference Index Value may be amended, modified or adjusted from time to time by the relevant Calculation Agent and/or the Index Sponsor. Any such amendment may have an adverse effect on the Reference Index without the consent of or notice to Investors in the Units. Similarly, the rules relating to the Underlying Index may be amended, modified or adjusted from time to time and this will affect the returns on the Reference Index and therefore the Units.

Unit value before the Maturity Date

The value of the Units will be influenced by many factors before the Maturity Date. These include:

- the Participation Rate;
- the performance and volatility of the Reference Index on each day since the Commencement Date;

- deduction of the Coupons (if any) at Early Maturity and from the Final Value;
- averaging over the final year of the Investment Term;
- any remaining, unpaid Instalment Payments;
- prevailing interest rates;
- the present value of the Capital Protection Hedge; and
- the remaining time to Maturity.

Investors should be aware the Units are designed to be held to Maturity and are not designed to be a trading instrument.

Limitation on Minimum Final Value of \$1.00

If there is an Early Maturity Event, or if you do not hold your Units until Maturity (i.e. you request an Issuer Buy-Back), the Minimum Final Value of \$1.00 will not apply. In the event of an Early Maturity, the value that you receive on an Early Maturity may be less than the Issue Price and could be zero.

Please also refer to the discussion below in this section on the 'Creditworthiness of the Capital Protection Provider'.

Exposure and Volatility risk

Poor performance of the Reference Index can be magnified by the level of exposure that the Units have to the Reference Index. Risk Stabilisation is a mechanism utilised to manage the volatility realised by the Underlying Index under a pre-determined amount, by varying the level of exposure to the Reference Index according to the Realised Volatility.

The Participation Rate may also present an investment risk as a Participation Rate can result in an exposure of more than 100% to the Reference Index. This has the potential to magnify both gains and losses. Investors should also be aware that where there is a high level of volatility, triggering a Participation Rate of less than 100%, Investors may not gain the full benefits of an increase in the value of the Reference Index. Conversely, where volatility is low, the Participation Rate can be higher than 100% and investors will have a magnified exposure to the Reference Index. Where the level of the Reference Index drops in these circumstances, the Participation Rate of more than 100% will result in Investors' losses being magnified. Finally, Investors should note that there is a lag in measuring the volatility of the Reference Index. The Participation Rate is based on the last 20 daily returns of the Reference Index. This means that where there has been a period of high Volatility, the Investor's exposure to the Reference Index will be low, regardless of whether the Reference Index is performing positively or negatively. Where Volatility has been very low, the exposure to the Reference Index will be high, again regardless of whether the Reference Index is performing positively or negatively.

Averaging risk

The Final Value per Unit will be determined having regard to the average levels of the Reference Index on each Maturity Averaging Date used to calculate the Final Reference Index Value. This averaging technique will reduce the effect of changes in the level of the Reference Index when calculating the Final Value per Unit at Maturity. While this averaging over the last year of the Investment Term will decrease the impact of a fall in the value of the Reference

Index Exposure during that period on the value of your Units, it will also decrease the impact of an increase in the value of the Reference Index Exposure during that period on the value of your Units.

Delivery Assets

The Delivery Assets are subject to market risks and other risks inherent in owning listed instruments. For example, the market value of the Delivery Assets could fall between the date the Issuer buys them for the Investors and the date they are transferred to Investors or sold on the Investor's behalf.

The Delivery Assets might not be very liquid so Investors may not be able to sell when they would like.

Investors could be delivered something other than the Delivery Assets if the Issuer decides (at its absolute discretion) to substitute them. Although the Issuer does not intend to substitute the Delivery Assets, the Issuer might need to make a substitution because it decides it is not practical to transfer the Delivery Assets to Investors or sell the Delivery Assets for Investors.

Adjustment Events and Market Disruption Events

Unexpected events can occur which can impact the Units in a way the Issuer had not anticipated, often adversely. The Issuer has certain powers under Section 11 'Terms of the Deferred Purchase Agreement' in relation to how it can deal with such events, referred to as Adjustment Events and Market Disruption Events. Examples of these are changes in the Reference Index or in laws and regulations that would in turn affect the Units. For example, if the Reference Index was amended, replaced, terminated or otherwise stopped and stopped being calculated and published then Units would be affected because there is no longer a Reference Index. In this case, the Issuer might, amongst other options, consider replacing the Reference Index.

Other Adjustment Events include where the Issuer is unable to perform its obligations or it would be illegal to do so, or there is a disruption or material increase in costs in the Issuer's hedging arrangements. A full list of Adjustment Events is set out in the definition of 'Adjustment Event' in Section 12 'Definitions' of this PDS.

If there is a Market Disruption Event affecting the Reference Index, Delivery Parcel or a component of them on certain dates for working calculations during the Investment Term (such as Coupon Determination Date or the Maturity Date) then the Issuer may determine to take action to take account of the disruption, or can delay the calculation to the next Scheduled Business Day or where there is no Market Disruption Event. However, if the next 10 Scheduled Business Days are all affected by a Market Disruption Event, then the Issuer will make a good faith determination (in its absolute discretion) of the calculation which would have applied for the original date. The Issuer will notify you of a Market Disruption Event as soon as practicable and in any event within 5 business days. Please refer to clause 6.2 of Section 11 'Terms of the Deferred Purchase Agreement' of this PDS.

In some circumstances these events could also be classified as Early Maturity Events and lead to Early Maturity of the Units. Please refer to clause 6 'Adjustment Events and Market Disruption Events' in Section 11 'Terms of the Deferred Purchase Agreement'.

Early Maturity

The Issuer can determine an Early Maturity Date for specific events. For example, disruptions to the Issuer's hedging arrangements, increased tax costs, a Change in Law occurs, it becomes illegal for the Issuer to perform its obligations, investor insolvency, the Calculation Agent no longer calculates the Participation Rate or Reference Index Value and an appropriate replacement cannot be found, or there is an Adjustment Event or Market Disruption Event which the Issuer nominates as an Early Maturity Event under clause 6 of Section 11 'Terms of the Deferred Purchase Agreement'. See clause 5.1 in Section 11 'Terms of the Deferred Purchase Agreement' for more information.

The Issuer will decide the Early Maturity Value in their discretion and Investors will almost certainly receive a different amount from what they would have received if an Early Maturity Event had not occurred and they had held the Units to Maturity. Investors could receive a lower amount than the Investment Amount paid for Units or receive returns that are lower than the performance of the Reference Index.

Withdrawals and liquidity

There is no established market for trading the Units.

The Issuer can reject an Investor's Issuer Buy-Back Request or restrict when they withdraw. The Issuer decides the Buy-Back Price in their discretion and Investors will almost certainly receive a different amount from what they would have received if they held the Units to Maturity. Investors could receive a lower amount than the Investment Amount they paid or receive returns that are lower than the performance of the Reference Index.

Investors can contact the Issuer for estimates of the Buy-Back Price.

Calculation Agent Risk

Investors in the Units are exposed to the risk that the Calculation Agent cannot or does not continue to calculate the volatility, the Participation Rate and the Reference Index Value. If this occurs, and an appropriate replacement cannot be found in the appropriate time, the Issuer may deem this to be an Early Maturity Event.

Guarantee of payment obligations only of the Issuer

In the event the Guarantor is required to perform under the Guarantee, the Guarantor will be able to satisfy its obligations under the Guarantee by delivering the cash value of the Delivery Parcel. Investors should be aware that the Guarantor does not guarantee physical delivery of the Delivery Parcel.

Real or anticipated changes in the Guarantor's credit rating may affect the value of the Units before Maturity.

The Guarantor's credit rating is an assessment of their ability to pay its obligations. Consequently, real or anticipated changes in the Guarantor's credit rating may affect the marked to market value of the Units. However, because the return on your Units is dependent upon factors in addition to the Guarantor's ability to pay their obligations under the Units, an improvement in the Issuer's credit ratings will not reduce the other investment risks related to the Units.

No Investigation

No investigation or review of the underlying securities comprised in the Reference Index from time to time or the issuers of such securities, including without limitation, any public filings made by the

issuers of the underlying securities have been made for the purposes of forming a view as to the merits of an investment referenced to the Reference Index. Nor is any guarantee or express or implied warranty in respect of the selection of the underlying securities comprised within the Reference Index or the methodology of calculating the Reference Index made. Investors should not conclude that the sale by the Issuer of the Units is any form of investment recommendation by it or any of its affiliates.

No distributions or dividends on Delivery Assets or securities making up the Reference Index

You will not receive any dividends or distributions on the Delivery Assets or the securities making up the Reference Index during the Investment Term. In addition you will not have voting rights or any other rights that you may otherwise have if you were the holder of the Delivery Assets or the securities making up the Reference Index during the Investment Term.

7.2 General Risks

General market risk

The performance of each Reference Index is an important factor in determining the market price of the Units. The volatility of the market price of the securities or commodities that comprise the Reference Index and other interrelated and complex factors and general risks applicable to financial markets on which those securities or commodities will be traded (such as investor confidence and present and expected future global economic conditions) will be relevant as well.

Conflicts of interest

RBS may face possible conflicts of interest in connection with its roles as Issuer, Arranger, Guarantor, Calculation Agent and any other role as described in this PDS. For example, RBS and its affiliates may engage in investment banking and other activities for, or provide services to, the Units and the Issuer, or companies in which the Units or Reference Index invest, or trade in the underlying assets that comprise the Reference Index or Delivery Assets or financial instruments linked thereto for their own account, or for the account of others. In addition, a RBS Group entity, as Calculation Agent, calculates all the components, formulae, payments and the value of the Units or components thereof. The Issuer does not check or confirm these calculations but accepts the calculations provided by the RBS Group entities (in the absence of manifest error). All of these activities may result in conflicts of interest with respect to the financial interests of RBS.

The Issuer has a conflicts of interest policy to ensure that it identifies and appropriately manages all conflicts of interest. The Issuer's conflicts of interest policy relates to its monitoring, prevention and other compliance measures related to the management of conflicts of interests. At all times the Issuer attempts to prevent or manage conflicts of interest in accordance with its policy.

Please also refer to 'Creditworthiness of Issuer and Guarantor' in this section above.

Change of Issuer

Under the Terms of the Units, the Issuer has the right to transfer its rights and obligations under this PDS and the Terms.

Tax Risk

The expected tax implications of entering into and exiting the Units at Maturity may change as a result of changes in the taxation laws and interpretation of them by the Australian Tax Office (“ATO”). Please refer to Section 9 ‘Taxation’ of this PDS for a more detailed description of the taxation of the Units and obtain independent advice that takes into account your specific circumstances.

No claim against underlying asset

You do not have any interest in or rights to the underlying asset(s) or Reference Index to which the Units relate. Any claim against the Delivery Assets only arises after Maturity and upon taking physical delivery of them.

Interest Rate Risk

You are exposed to the movement of interest rates whenever you redeem, transfer or sell your Units prior to the Maturity Date. Movements in interest rates will have an impact upon the value of Units. As interest rates move upwards, the value of the Units generally fall.

Settlement Risk

Upon purchasing the Units, you assume settlement risks relating to the Issuer failing to deliver the Delivery Assets. The Issuer believes this risk is remote however a delay in delivering the Delivery Parcel and/or Sale Monies could occur.

Compounding of risks

An investment in the Units involves risks and should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Reference Index, and the terms and conditions of the Units as contained in the PDS.

More than one risk factor may have simultaneous effects with regard to the Units such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Units.

Break Costs

The Issuer may deduct Break Costs in relation to Early Maturity or Issuer Buy-Back. The Break Costs will form part of the calculation of the amount you will receive if your Issuer Buy-Back request is permitted or if an Early Maturity Event occurs. Break Costs include all costs, expenses and losses incurred by the Issuer as a result of the determination of an Early Maturity Date, Buy-Back Date or other early termination, unwinding of any hedge position entered into in connection with the Units, or any loss of bargain. Break Costs could be significant and may not be in your favour. Break Costs will depend on the economic value the Issuer achieves on the unwinding of its hedge position (i.e. the amount it achieves on the sale or unwind of the options that underlie the Units). The economic value the Issuer achieves will be reliant on several factors including but not limited to market liquidity, volatility, interest rates, market prices, foreign exchange rates, and the time to Maturity.

The impact of these factors is largely unknown and is dependant on movements in financial markets. Investors and their advisors can contact the Issuer and request an estimate of the Buy-Back Price

(including Break Costs) that would apply to Units on any given day. The Issuer will provide estimates of Buy-Back Prices (which will include Break Costs) to investors when it is able to accurately value the Units to enable them to determine the likely Buy-Back Price if the Investor requests an Issuer Buy-Back. However, the actual Buy-Back Price at which the Issuer will buy-back your Units will not be known at the time an Issuer Buy-Back request is made and may be significantly less than the estimate provided.

Derivatives risk

Derivatives (such as swap agreements, deferred purchase agreements, options, futures, forward rate agreements and forward foreign exchange contracts) may be utilised by the Issuer to manage risk or to gain exposure to individual securities, currencies and investment markets. Risks associated with using derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity, and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). Any such risk occurring is likely to adversely impact on the value of your Units prior to Maturity.

Regulatory risk

The following risks may apply when investing in the Units:

- characteristics of the Units may change;
- taxation, superannuation and other laws and their interpretation are subject to continual change and may affect the tax implications or other characteristics of your investment;
- investors, particularly superannuation fund trustees must be satisfied that the Units are a permissible investment and suitable for their superannuation fund;
- there may be different tax consequences for different Investors compared to investing directly in underlying investments;
- there may be different tax consequences for Investors investing directly in the Reference Index and those investing through an IDPS operator;
- the Units could be, by regulation, deemed not to be securities but another class of financial product;
- the Reference Index could be terminated; and
- the Issuer’s hedging arrangements could be adjusted, amended or terminated.

Managing your risks

You can always help manage risks. Importantly, you can manage risk by:

- obtaining professional investment advice to determine whether the Units suit your investment objectives, financial situation and particular needs;
- reading all the information in this PDS before investing in the Units and making sure you understand what it is you are investing into;
- obtaining professional investment advice concerning a suggested minimum investment timeframe for the Units.

8. Parties to the Offer

About RBS

The Royal Bank of Scotland Group, founded in 1727, is one of the foremost financial services groups globally. Our operations span retail banking, corporate and commercial banking, financial markets activities, wealth management and insurance. In Asia Pacific we serve corporate, institutional and public sector clients in 11 countries.

RBS Group (Australia) Pty Limited is a leading provider of corporate and financial services. We have had a local presence since 1974 and work on some of the local market's largest and most complex transactions and projects for our corporate, institutional and public sector clients.

No other information

No circumstance has arisen and no other information has become available as at the date of this PDS that might materially affect an investor's assessment of the Issuer's capacity to fulfil the obligations specified in the Terms, or the risks, rights and obligations associated with the Units.

Status of this document

This PDS is issued for the purposes of the Corporations Act. It is not a prospectus or other disclosure document lodged under Chapter 6D of the Corporations Act.

Further information

RBS Group (Australia) Pty Limited and its related entities may conduct transactions as principal and as agent in various securities, including warrants, structured products and related certificates and underlying securities. To facilitate a market in warrants and structured products, RBS Group (Australia) Pty Limited intends to issue to its nominee some or all of the warrants or structured products remaining unissued during the Offer Period.

Copies of this PDS may be obtained from www.rbs.com.au/structuredproducts or by contacting RBS on 1800 450 005.

About Aquantum

Aquantum Algorithmic Limited (Aquantum) is a specialist provider of absolute return strategies. In order to address the challenges of today's alternative investment market, Aquantum and its products are strongly focused on accountability, transparency and liquidity.

The firm is based in Oxford, United Kingdom, and its name derives from the words "Aqua", symbolising liquidity and transparency, and "Quantum", symbolising cutting-edge mathematical modelling and Aquantum's quantitative investment principles.

Aquantum services institutional investors, banks and holders of considerable private wealth. They are able to:

- offer attractive absolute return strategies;
- consult on complex derivatives and structured products;
- design optimization techniques for portfolios which include alternative assets;
- create sources of alternative beta;
- offer research and advice on managed futures and other
- hedge fund strategies; and
- develop portfolio protection and modern currency-overlay strategies.

Aquantum aims to provide consistent returns by applying a highly quantitative approach to its investment strategies and a rigorous ex-ante risk management discipline. Utilising the team's in-depth trading expertise and market knowledge, Aquantum is able to constantly seek investment opportunities in all asset classes globally.

RBS Sempra Commodities

The RBS Sempra Commodities companies combine financial risk-management techniques with physical expertise to provide innovative solutions for customers in natural gas, natural gas liquids, power, petroleum and petroleum products, coal, emissions, ethanol and base metals.

RBS Sempra Commodities is currently 51% owned by The Royal Bank of Scotland plc, with Sempra Energy owning the remaining 49%. To comply with European state aid requirements, RBS is in the process of selling its 51% of RBS Sempra Commodities.

On 16 February 2010 RBS announced that RBS Sempra Commodities had agreed to sell the Metals, Oils and European Energy business lines to J.P. Morgan. RBS and Sempra Energy continue to actively consider various ownership alternatives for the remaining assets, namely the North American Power and Gas businesses.

Once this process is complete RBS Sempra Commodities will no longer be affiliated with RBS in any way. Any proposed sale is not expected to impact the performance of the Underlying or Reference Indices or the ability of RBS to provide exposure to the indices to investors. As at the date of this PDS, a prospective buyer for the remaining assets is yet to be found.

About National Australia Bank Limited

National Australia Bank Limited ABN 12 004 044 937 (“NAB”) is one of the top Australian banks and one of Australia’s largest listed institutions.

NAB’s operations in Asia, Australia, New Zealand, the United Kingdom and the United States, gives over 10 million banking and wealth management clients access to international financial markets and a range of specialised funding, investment solutions, asset services and risk management.

At 30 September 2009, NAB had total assets of A\$654.1billion, A\$85.1billion in funds under management, and reported an underlying profit of A\$9.3billion.

International relationships and local market knowledge enable NAB to deliver efficient, effective results worldwide.

9. Taxation

This summary provides a general outline of the main Australian income tax, goods and services tax, and stamp duty implications arising for an Investor who:

1. will hold the Units until Maturity (i.e. Investors will not terminate their investment in their Units prior to the Maturity Date);
2. will have, at or before Maturity, fully paid the Issue Price for each Unit held by the Investor;
3. will hold the Delivery Assets post Maturity (i.e. without using the Agency Sale Option);
4. will hold the Units and the Delivery Assets in their own capacity as capital assets; and
5. is an Australian resident operating from Australia for the purposes of this investment.

Investors who:

1. are engaged in a business of trading or investment of securities who acquire the Units for the purpose of resale at a profit; or
2. those which are banks, insurance companies, tax exempt organisations or superannuation funds,

may be subject to special or different tax consequences peculiar to their circumstances which are not discussed in this section.

Additionally, the tax discussion outlined here is not relevant to an Investor who assigns their Units to a third party prior to Maturity or does not receive delivery of the Delivery Assets.

The taxation of Investors who invest in the Units through a platform will be affected by the arrangements governing the platform. Such Investors should refer to the information provided by that platform provider in relation to the tax implications of investing through the platform.

The following discussion is based on Australian law and administrative practice as at 9 April 2010. Investors should be aware that the ultimate interpretation of taxation law rests with the Courts and that the law, and the way the Federal Commissioner of Taxation ("Commissioner") and state and territory revenue authorities administer the law, may change at any time.

This statement is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Investor. Investors should seek independent professional advice in relation to their own particular circumstances before making any investment decision.

References in this section to the "1936 Act" and the "1997 Act" are references to the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth), respectively.

Baker & McKenzie is not involved in the marketing of Units and its role should not be interpreted to mean that it encourages any party to invest.

1. Coupon Payments

Both the Fixed Coupon and the Variable Coupon payments received should be characterised as ordinary income and should be included in the Investor's assessable income in the income year they are received by an Investor.

2. Capital Gains Tax ("CGT")

Delivery of Delivery Assets

In making an investment in the Units, an Investor has contracted to purchase from the Issuer the Delivery Assets.

In Taxation Determination TD 2008/22, the Commissioner states that an Investor's rights under a Unit constitutes a discrete CGT asset and the delivery of the Delivery Assets on Maturity triggers CGT event C2 for the Investor. Based on this interpretation of the CGT rules, an Investor makes a capital gain on Maturity equal to the difference between the market value of the Delivery Assets (determined at that time) less the Investor's cost base in the Unit.

We consider that an Investor's cost base in a Unit should include:

1. the money the Investor pays to acquire the Unit (i.e. the Issue Price);
2. the incidental costs of acquisition and disposal; and
3. the costs of ownership of the Unit (e.g. interest which an Investor incurs as a result of borrowing funds to acquire the Unit where the interest is not otherwise allowable as a tax deduction).

Alternatively, Investors may make a capital loss equal to the difference between the Investor's reduced cost base in the Units and the market value of the Delivery Assets (determined at that time). The reduced cost base of a Unit should include item 1 and 2, but not item 3 referred to above.

CGT discount provisions

Capital gains made by individuals regarding assets held for at least 12 months that are assessed under the CGT provisions in Part 3-1 of the 1997 Act can qualify for the CGT discount concessions - under which the assessable portion of any capital gain is discounted by 50%. For complying superannuation funds and complying superannuation assets/FHSA assets of life insurance companies, the discount is 33 1/3%. Companies do not qualify for this discount.

An Investor is required to first apply any prior year or current year capital losses against the full capital gain before applying this CGT discount to the remaining net amount.

For these purposes, an Investor is considered to have acquired their rights in a Unit on the day they enter into the Unit. CGT event C2 happens when the Delivery Assets are received. As such, an Investor that holds the Unit for its term should satisfy this 12 month holding period.

Holding of Delivery Assets

The usual consequences of share ownership apply in respect of holding the Delivery Assets that are Australian shares. For example:

1. Dividends paid on the Delivery Assets (gross up for any franking credits) are assessable, and Investors may, depending on their personal circumstances, be entitled to tax offsets for any franking credits attached to the dividends.
2. Tax File Number (“TFN”) withholding (currently imposed at a rate of 46.5%) will be required to be deducted from the unfranked portion of dividends paid on the Delivery Assets unless Investors quote their TFN or, where applicable, their Australian Business Number (“ABN”) or exemption details.

Disposal of Delivery Assets

The Delivery Assets are also CGT assets. Any subsequent disposal of the Delivery Assets by an Investor should constitute a CGT event at the time the contract for disposal is executed.

An Investor should be assessed on any capital gain made from the CGT event. The capital gain should be the difference between the capital proceeds received on disposal less the cost base which the Investor has in the Delivery Assets. If the capital proceeds received by an Investor are less than the reduced cost base that the Investor has in the Delivery Assets, then the Investor should make a capital loss. Capital losses can be offset against taxable capital gains made by an Investor but not against other types of income.

The capital proceeds which an Investor receives will be the cash or other property the Investor receives or is entitled to receive when the Investor disposes of the Delivery Assets.

If the delivery of the Delivery Assets is a CGT event (as per TD2008/22), then the Investor’s cost base in the Delivery Assets should be their market value at the time of delivery.

CGT discount provisions

An Investor that is an individual may claim the benefit of the CGT discount (as described above) on any capital gain made on the disposal of the Delivery Assets where they have held the Delivery Assets for more than 12 months. In TD 2008/22 the Commissioner has stated that for CGT purposes an Investor acquires the Delivery Assets at the time of delivery. Accordingly, the Commissioner reasons that the 12 month holding requirement will be counted from this date.

Agency Sale Option

At Maturity an Investor can choose to accept delivery of the Delivery Assets or alternatively enter into the Agency Sale Option. The CGT consequences of an Investor using the Agency Sale Option are the same as outlined above in relation to the consequences of an Investor selling Delivery Assets which they received on Maturity.

If an Investor purchases a Unit and has an intention from the outset to use the Agency Sale Option or if during their holding of the Unit their intention to hold the Unit (and the Delivery Assets which they may acquire under the Unit) for capital purposes alters, then any gain or loss made from using the Agency Sale Option may be assessed as ordinary income, rather than under the CGT provisions as described in the preceding paragraphs. In such a situation the Investor would not be entitled to the CGT discount.

Early Maturity and Issuer Buy-Back

In the case of Early Maturity or Issuer Buy-Back, there is a risk that any gain will be assessed as ordinary income in which case the Investor will not qualify for the concessional CGT rules. This will depend on the circumstances in which these events occur.

3. Security

A Unit should not be characterised as either a “qualifying security” for the purposes of Division 16E of the 1936 Act or a “traditional security” for the purposes of sections 26BB and 70B of the 1936 Act. This is because a Unit is a contract for the delivery of the Delivery Assets and is not therefore a “security” as defined for the purposes of these provisions. Accordingly, those provisions should not apply to a Unit acquired by an Investor. This view is supported by the Commissioner in Taxation Determination TD 2008/21.

4. Part IVA of the 1936 Act

Part IVA includes the general anti-avoidance regime for income tax. Broadly, Part IVA can apply to an Investor’s investment if any party has entered into this arrangement for the dominant purpose of enabling the Investor to obtain a tax benefit. A tax benefit can include deferring the recognition of assessable income to a later year of income or converting an assessable income amount into a discount capital gain.

An Investor in this product may obtain a tax benefit. Therefore, the application of Part IVA of the 1936 Act depends on whether, viewed objectively, an Investor would be taken to have borrowed money or invested in this product with the dominant purpose of obtaining a tax benefit. This depends on the circumstances of each Investor. Depending on the profile of the Investor, the Commissioner may need to weigh the commercial advantages of borrowing money and investing in the Unit – including those set out in this PDS – against any tax benefits obtained.

Investors should discuss the potential application of Part IVA with their own professional tax advisor.

5. Taxation of Financial Arrangements

Division 230 of the 1997 Act contains the final stages of the taxation of financial arrangements (“TOFA”) reforms. There are a number of exclusions from TOFA. Specifically, the TOFA rules should not apply to superannuation entities with assets of less than \$100 million or individuals that hold a Unit since the Unit is not regarded as a ‘qualifying security’ (refer to the above discussion). Other Investors should seek their own taxation advice as to the possible application of the TOFA regime to their investment in a Unit.

6. Stamp Duty

As the Delivery Assets are ASX listed ordinary shares, no stamp duty will be payable on the issue or transfer of a Unit or the acquisition of the Delivery Assets provided that the ASX listed ordinary shares are quoted on the Australian Stock Exchange at all relevant times (including, for example, the dates of issue of the Units and acquisition of the Delivery Assets) and the Delivery Assets will not represent 90% or more of the issued capital of any of the issuing companies

If stamp duty becomes payable by the Issuer in connection with the terms of this PDS or as a consequence of, or in connection with the purchase, sale or transfer of, or the Maturity of the purchase and sale of the Delivery Assets or the Units, then the Issuer can under the terms of this PDS require an Investor to pay such stamp duty.

7. Goods and Services Tax (“GST”)

The sale and acquisition of shares (including a right to acquire shares) is likely to be an input taxed financial supply and as a result no GST should be payable in respect of the acquisition of the Delivery Assets or the Units.

If GST becomes payable by the Issuer in connection with the terms of this PDS or as a consequence of, or in connection with the purchase, sale or transfer of, or the Maturity of the purchase and sale of the Delivery Assets or the Units, then the Investor can be required to pay an additional amount on account of such GST.

An Investor is unlikely to be entitled to full input tax credits for GST paid on the acquisition of goods and services (for example, financial advisory services or brokerage) relating to the issue of the Units and acquisition and / or subsequent sale the of Delivery Assets. This will depend on the Investor's personal circumstances.

10. Additional Information

10.1 What are the Units?

Each Unit is a separate right to receive the Delivery Parcel and certain related rights under a deferred purchase agreement as described in this PDS. A Unit is not an interest in a trust or other type of managed investment scheme, and the investment is not a direct investment in the Reference Index or the securities making up the Reference Index.

10.2 Preparation of this PDS

You should also note that no person is authorised by the Issuer to give any information to Investors or to make any representation not contained in this PDS. In particular, none of the Issuer, Guarantor, Capital Protection Provider or any of their affiliates takes any responsibility for statements or actions of any distributor of the product or any financial advisor of an Investor. None of the Issuer, Guarantor, Capital Protection Provider or any of their affiliates accepts any liability or responsibility for, and makes no representation or warranty, express or implied, as to the adequacy, accuracy or completeness of such information.

No representation as to future performance of the Reference Index, the Delivery Assets or as to the future performance of assets, dividends or other distributions of any of the Reference Index or Delivery Assets are made in this PDS or in any offer or invitation to subscribe for, sell or issue Units. The Issuer does not take into account labour standards or environmental, social or ethical considerations.

10.3 Obligations of the Issuer

The Units will constitute direct obligations of the Issuer. The obligations are unsecured contractual obligations which will rank equally with other unsecured contractual obligations and unsecured debt.

Applications can be lodged at any time during the Offer Period for the Units, subject to the right of the Issuer to close the Offer at an earlier date without prior notice. No cooling off rights apply in respect of a purchase of the Units.

10.4 Consents

None of the parties referred to below have authorised or caused the issue of this PDS or make or purport to make any statement in this PDS (or any statement on which a statement in this PDS is based) other than as specified below.

Baker & McKenzie, solicitors, has given, and not withdrawn, its written consent to being named as having acted as solicitors to the Issuer in connection with the issue of the Units pursuant to this PDS. It has in that capacity, prepared the Terms of the Deferred Purchase Agreement and Section 9 'Taxation'. Otherwise, Baker & McKenzie does not make any statement in, or take responsibility for any part of, this PDS and has not authorised the issue of the PDS nor does any statement herein purport to be based on a statement made by Baker & McKenzie except for the Terms of the Deferred Purchase Agreement and Section 9 'Taxation'.

RBS Group (Australia) Pty Limited (ABN 78 000 862 797) ("RBS") has given and, as at the date of this PDS, not withdrawn its consent to the inclusion of statements regarding RBS in this PDS in the form and context in which they are included and to be named in this PDS in the form and context in which it has been named.

National Australia Bank Limited (ABN 12 004 044 937) ("NAB") has given, and as at the date of this PDS not withdrawn, its consent to the inclusion in this PDS of the statements in the 'About National Australia Bank Limited' section of Section 8 of this PDS in the form and context in which they are included. NAB has not been involved in the preparation of this PDS, nor has it made or consented to the inclusion of any other statements in this PDS, including references to the Capital Protection Provider, or the descriptions of documents to which NAB is a party. NAB has not caused or authorised the issue of this PDS.

To the maximum extent permitted by law NAB expressly disclaims and takes no responsibility for any part of this PDS other than the inclusion in this PDS of the statements in the 'About National Australia Bank Limited' section. In its capacity as Capital Protection Provider, NAB does not provide any representations or warranties, or guarantee any return, on the Units, except to the limited extent that the Capital Protection Provider agrees to perform its obligations to the Issuer.

10.5 Privacy Policy

Should you apply for Units by lodging an Application Form with the Issuer, you acknowledge and agree that:

The Issuer (and or any of its nominees) may collect your personal information for the purpose of processing your Application for the Units, issuing the Units, managing your investment and complying with relevant laws. If you do not provide the personal information as the Issuer requires, your Application may not be processed; and

The Issuer may be required to disclose all or some of your personal information to:

- related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration;
- the Capital Protection Provider;
- share registries, custodians and certain software providers related to the operational management and settlement of the Units;
- other third parties for the purpose of account maintenance and administration, marketing research or acquiring any interest in any part of the business of your advisor; and
- regulatory authorities such as the ASX.

All personal information collected from you will be collected, used and stored by the Issuer in accordance with the Issuer's Privacy Policy, a copy of which can be made available to you on request. To obtain a copy, please contact the Issuer as per the details in the Directory at the back of this Product Disclaimer Statement.

You can access the personal information the Issuer holds about you. The Issuer and/or its associates may wish to communicate with you in the future about other investment opportunities which may be of interest to you. If you do not wish to be contacted for these purposes, please contact the Issuer.

10.6 Dispute resolution

The Corporations Act requires the Issuer to have procedures in place for dispute resolution. The Issuer's process for dispute resolution is available to Investors free of charge.

If a Holder has an enquiry or concern about their Units, they should contact RBS Structured Products on 1800 450 005 or in writing to:

RBS Group (Australia) Pty Limited
Level 22, RBS Tower
88 Phillip Street
Sydney NSW 2000

or

GPO Box 4675
Sydney NSW 2001.

If you have a complaint and it is not addressed to your satisfaction by the RBS Structured Products department, you can then direct your complaint to the Head of Compliance using the addresses shown.

RBS Compliance will acknowledge receipt of your complaint in writing. Your complaint will be investigated in accordance with the RBS Group Complaints Policy. If you are not satisfied with RBS' response to your complaint you can then contact the Financial Services Ombudsman Service ("FOS") at:

Address: Financial Ombudsman Service Limited
PO Box 579
Collins Street West
Melbourne Victoria 3001

Telephone: 1300 335 405

FOS is a free independent dispute resolution scheme. In order for a complaint to be considered by FOS, the claim involved must be under A\$500,000 (unless the Issuer and the Investor agree otherwise in writing).

10.7 Potential conflicts of interest

The Issuer and RBS Group companies may conduct transactions as principal and agent in various securities including ASX listed securities or financial products which comprise any Index. These trading activities may impact the price at which the ASX listed securities trade or the level of the Reference Index or the Units at any point in time. Please see Section 7 'Risks' for more details on conflicts of interest.

10.8 What information will I receive during the Investment Term?

Confirmations

Generally within 10 Business Days of the Commencement Date, the Issuer will send to you a Confirmation Notice acknowledging either the acceptance or rejection of your application and setting out any relevant details of the Unit.

Coupon notices

The Issuer will send you a notice generally within 10 Business Days of the relevant Coupon Determination Date confirming the amount of the Coupons payable (if any).

11. Terms of the Deferred Purchase Agreement

These Terms form the terms and conditions on which the Investor agrees to acquire the Delivery Parcel from the Issuer. Capitalised words have the meaning given to them in the 'Definitions' section of this PDS. Any reference to 'Reference Asset' in this Section 11 includes a reference to 'Reference Index'.

1. Applications and Acceptance

1.1 Offer by the Investor

An Investor may make an offer to the Issuer to acquire a Unit, and its corresponding Delivery Parcel from the Issuer on a deferred basis in accordance with these Terms:

- (a) by completing and returning a valid Application Form to your advisor by the Issue Closing Date; and
- (b) by ensuring that an amount equal to the Investment Amount is received by the Issuer in cleared funds by the Issue Closing Date.

1.2 Investor bound by Terms

By signing the Application Form and lodging it with the Issuer, the Investor agrees to be bound by these Terms including any variation to these Terms advised to Investors in a supplementary PDS or otherwise.

1.3 Acceptance of the offer by the Issuer

- (a) The Issuer may decide in its absolute discretion whether or not to accept the Investor's offer to acquire the Delivery Parcel from the Issuer.
- (b) If the Issuer decides that it will accept an Application and provided that the Issuer has received the Investment Amount in cleared funds by the Issue Closing Date (or such other time if otherwise accepted by the Issuer in its discretion), acceptance of the Investor's offer will take place, and the parties' rights and obligations under these Terms will commence, on the Commencement Date.
- (c) Within 10 Business Days of the Commencement Date, the Issuer will send to the Investor a Confirmation Notice acknowledging either the acceptance or rejection of an Investor's offer and setting out any relevant details of the Unit.
- (d) For each multiple of the Issue Price paid the Investor will be entitled to one Unit.
- (e) Each obligation of the Issuer under this PDS and these terms (including, without limitation, the obligation to deliver the Delivery Parcel) is subject to the condition precedent that the Investor has paid in full the Issue Price as set out in this PDS. Failure to pay an Instalment Payment when due will, at the Issuer's absolute discretion, result in the termination of the Units and the Early Maturity of the Units.

1.4 Issue of Units

The Units will only be Issued at the discretion of the Issuer. Units are issued within one month of the Application monies being received. Economic exposure for the Units commences on the Commencement Date. Each Unit will be issued by the Issuer to you on the terms of this PDS. If the Issuer is unable to achieve the economic exposure described in the PDS on the Commencement Date due to any condition set out in the PDS not being satisfied (e.g. Minimum Total Subscription not met or unable to hedge its obligation), or otherwise determines not to proceed with the issue, then the Issuer will terminate any Units already issued.

2. Appointment of Registrar

- (a) The Issuer will appoint the Registrar set out in the PDS. The Registrar will be responsible for establishing and maintaining a Register for the Units issued by the Issuer during the term of the Registrar's appointment. The Register will be established and maintained in Sydney (or any other place in Australia as the Issuer and the Registrar may agree).
- (b) The Investor acknowledges and agrees that the Register will be conclusive evidence of ownership of interests in the Units. The Issuer is not required to recognise any interest in Units not recorded in the Register.

3. Deferred purchase of Delivery Assets

3.1 Purchase of Delivery Assets

The Investor agrees to purchase from the Issuer the Delivery Parcel for the Total Investment Amount (which will be paid by the Investor in accordance with clause 3.2). The Issuer will deliver the Delivery Parcel to the Investor on the Settlement Date in accordance with clause 4.

3.2 Payment of the Total Investment Amount and Instalment Payments

- (a) The Investor must pay the Total Investment Amount, as Instalment Payments on each Instalment Payment Date and in full prior to the Maturity Date and makes the direction under clause 3.3(e) of these Terms.
- (b) The Initial Instalment Payment must be paid to the Issuer in cleared funds by the Issue Closing Date (or such other time if otherwise accepted by the Issuer in its discretion).
- (c) The Minimum Investment Amount for which an Application will be accepted by the Issuer under these Terms is the minimum amount set out in Section 3.2 'Key Information'.

3.3 Coupons and payments

- (a) The Issuer will calculate and pay the Coupons as described in the PDS for the Offer.
- (b) The Coupons will be paid on the relevant Coupon Payment Dates as set out in, and subject to such conditions as specified in the PDS.
- (c) The Issuer will pay Variable Coupons, if any directly to the Investors on each Coupon Payment Date.
- (d) In the event the Issuer is required by law to make any deduction or withholding from the payment of any Coupon, the Issuer will make the required deduction or withholding and pay the Coupon to the Investor after such deduction or withholding.
- (e) the Investor irrevocably directs and authorises the Issuer to pay, on each Instalment Payment Date, the Fixed Coupons to which the Investor is entitled under these Terms to the Issuer as Instalment Payments in satisfaction of payment of the Issue Price.

3.4 Offer features and Final Value

The Investor agrees and acknowledges that the Participation Rate, Final Hurdle and Coupons affect the Final Value and the calculation of the Delivery Parcel as set out in this PDS.

4. Maturity and Settlement

4.1 Notice of Maturity

The Issuer will give a Notice of Maturity to each Investor not less than 20 Business Days prior to the Maturity Date, unless otherwise specified in the PDS.

4.2 Effecting Maturity

Physical delivery of the Delivery Parcel will occur in accordance with clause 4.3, unless:

- (a) the Investor wishes to use the Agency Sale Option and validly elects to do so by:
 - i. returning a Notice of Maturity to the Issuer at least 10 Business Days before the Maturity Date; and
 - ii. clearly specifying in the Notice of Maturity that the Investor will use the Agency Sale Option; or
- (b) the Investor has failed to pay an Instalment Payment when due, in which case the Investor is deemed to have elected to use the Agency Sale Option.

4.3 Physical delivery of the Delivery Assets to the Investor

Provided that the Investor has paid the Issue Price in full on or before the Maturity Date:

- (a) The Issuer (either itself or through a nominee) will procure the performance of all acts required of a transferor of marketable securities under the ASTC Settlement Rules for ASX listed Delivery Assets to enable the Delivery Assets to be transferred to the Investor (or the Investor's nominee) on the Settlement Date or as soon as possible thereafter, free from any security interest or third party interest or restriction on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Assets);

- (b) In respect of ASX listed Delivery Assets, the Investor irrevocably authorises the Issuer and any of its nominees, at the option of the Issuer, to act as the Investor's agent to do all things required to be done, including but not limited to supplying the Investor's HIN, to effect the delivery of Delivery Assets to the Investor (or the Investor's nominee); and
- (c) Investors will have their Delivery Parcel delivered to an issuer sponsored subregister CHESS account of the Delivery Asset issuer.

4.4 Delivery through the Agency Sale Option

If either:

- (a) the Investor has failed to pay the Issue Price in full by the Maturity Date in which case the Investor is deemed to have elected to use the Agency Sale Option; or
- (b) the Investor has elected to use the Agency Sale Option, then, the Issuer (either itself or through a nominee) will procure the delivery of the Delivery Parcel as follows:
 - (c) The Issuer or its nominees are irrevocably authorised to accept physical delivery of the Delivery Parcel for and on behalf of the Investor;
 - (d) The Issuer (either itself or through a nominee) will procure the performance of all acts required of a transferor of marketable securities under the ASTC Settlement Rules for ASX listed Delivery Assets to enable the Delivery Parcel to be transferred to the Issuer or its nominee on behalf of the Investor on the Settlement Date or as soon as possible thereafter, free from any security interest or third party interest or restriction on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Assets);
 - (e) The Investor irrevocably authorises the Issuer or its nominees to sell or procure the sale, and irrevocably directs and authorises the Issuer or any of its nominees to take all actions necessary or desirable to effect the sale, or procure the sale, by the Issuer or its nominees of the Delivery Parcel for and on behalf of the Investor;
 - (f) The Issuer or its nominees on behalf of the Issuer will pay the Sale Monies less any Delivery Costs:
 - i. if the Issue Price has not been fully paid, to itself in satisfaction of the Issue Price, with any surplus to the Investor's Nominated Account (or pay by cheque to the Investor if no Nominated Account is nominated); and
 - ii. if the Issue Price has been fully paid, to the Investor's Nominated Account (or pay by cheque to the Investor if no Nominated Account is nominated),

within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter. As at the date of this PDS, it is anticipated that no Delivery Costs will apply; and

- (g) the Investor acknowledges and agrees that:
 - i. the Issuer or its nominees agree to sell, or procure the sale of, the Delivery Parcel on behalf of the Investor as soon as reasonably practicable on or after the Settlement Date for an amount per Delivery Asset equal to the Delivery Asset Price;

- ii. to the maximum extent permitted by law, the Issuer and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Option, except to the extent that such loss, cost or expense arises as a direct result of the Issuer's or the nominee's gross negligence, wilful default, fraud or dishonesty;
- iii. the Issuer and its nominees will use their best endeavours to sell or procure the sale of, the relevant Delivery Parcel in with clause 4.4(e)(i). If, for any reason whatsoever, the Issuer and its nominees are unable to sell or procure the sale of, the relevant Delivery Parcel at the Delivery Asset Price, the Investor irrevocably authorises the Issuer and its nominees to use their best endeavours to sell or procure the sale of, the relevant Delivery Parcel as soon as practicable at the best price the Issuer and its nominees can reasonably obtain, or, through their agents procure.

4.5 Satisfaction of obligations

Upon delivery of the Delivery Assets to the Investor in accordance with clause 4.3 or payment of Sale Monies to an Investor in accordance with clause 4.4(d), the Issuer's and its nominees' obligations to the Investor under these Terms are satisfied in full and discharged.

4.6 Delivery of a whole number of Delivery Assets only

The Issuer or its nominee will not transfer a fractional Delivery Asset or parts of a Delivery Asset. If after aggregating all Delivery Assets transferred to an Investor on the Settlement Date, and if any fractional unit would be transferable by the Issuer on the Settlement Date, the Issuer will cause to be paid to the Investor (within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter) an amount equal to the value of the fraction of the unit forgone based on the Delivery Asset Price provided that such amount exceeds twenty Australian Dollars (A\$20.00). If the amount does not exceed A\$20.00, the Issuer is under no obligation to the Investor to make any payment for the fractional unit. Upon payment of the amount under this clause, the Issuer is discharged of its obligation to deliver the fraction of the unit forgone.

4.7 Substitution of Delivery Assets

If any of the Delivery Assets selected by the Investor are unable to be delivered due to any legal or regulatory restriction relating to the Delivery Asset (including but not limited to cessation or Suspension from listing) or the Issuer, including but not limited to trade limitations resulting from internal conflict arrangements, then the Issuer shall either delay delivery of the Delivery Assets or deliver any other Delivery Assets listed on the ASX and included in the S&P/ASX 200 Index and deliver that substituted security in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security, or, if a basket of Delivery Assets is to be delivered, the Issuer may substitute the affected Delivery Asset or deliver only the remaining unaffected Delivery Assets in the basket.

5. Early Maturity

5.1 Early Maturity by the Issuer

The Issuer may, at any time (in its absolute discretion) including without limitation, before, on or following the Maturity Date, nominate any of the following events as an Early Maturity Event:

- (a) any arrangements entered into by the Issuer in order to hedge the Issuer's obligations in respect of the Units in whole or in part are terminated, redeemed, suspended, ended or cannot reasonably be acquired, established, maintained, substituted or re-established; or
- (b) any arrangements entered into by the Issuer with the Capital Protection Provider (including but not limited to the Capital Protection Hedge) to provide capital protection for the Units, or any component thereof, is, in whole or in part for any reason whatsoever, terminated, closed out or redeemed early or is suspended or delayed; or
- (c) if the Capital Protection Provider becomes or is likely to become Insolvent or fails to make a payment to the Issuer for any reason or has a person appointed under legislation to manage any part of its affairs; or
- (d) the Issuer has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of or any political subdivision or any authority thereof or therein having power to Tax, or any change in the application of official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Commencement Date; or
- (e) a Change in Law occurs; or
- (f) if the Issuer determines in good faith that the performance of its obligations in relation to or under these Terms has or will become, in circumstances beyond the reasonable control of the Issuer, impossible, unlawful, illegal or otherwise prohibited or that the Units or investment returns provided by the Units are or will be substantially different from those described in this PDS as a result of one or more Adjustment Events; or
- (g) if an Investor (or the Investor's nominee) fails to pay an Instalment Payment when due or seeks to revoke the direction in clause 3.3(e); or
- (h) the Investor is, or becomes, bankrupt or insolvent; or
- (i) the Calculation Agent cannot or does not continue to calculate the volatility or Participation Rate and the Reference Index Value and an appropriate replacement cannot be found in the appropriate time; or
- (j) the Investor grants or seeks to grant any form of security interest, encumbrance, lien, mortgage or third party interest over the Units without the prior consent of the Issuer; or
- (k) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a) to (j) above occurring.

If any event occurs which constitutes both an Adjustment Event and an Early Maturity Event as defined in this clause, the Issuer may in its discretion treat that event as either an Adjustment Event or Early Maturity Event.

5.2 Determination that there will be an Early Maturity

Where the Issuer has nominated an event as an Early Maturity Event, the Issuer may in its absolute discretion determine that there will be an Early Maturity and may specify a date as the Early Maturity Date.

5.3 Investor Requested Issuer Buy-Back

Unless specified otherwise, the Investor may request the Issuer to buy back their Units on any Business Day by giving an Issuer Buy-Back Form to the Issuer. An Issuer Buy-Back can only be requested in respect of the Minimum Buy-Back Amount of Units. Once lodged the request for an Issuer Buy-Back is irrevocable. It is in the Issuer's absolute discretion to accept or reject or hold over the request for an Issuer Buy-Back. If the Issuer accepts:

- (a) All remaining, unpaid Instalment Payments become immediately due and payable.
- (b) The Issuer will as soon as practicable after the request is received and accepted, execute the Issuer Buy-Back on the Buy-Back Date. The Investor acknowledges that the Buy-Back Date will depend, in part, upon the Issuer's ability to liquidate its hedging arrangement (if any), and may require the Issuer to delay and holdover an Issuer Buy-Back request.
- (c) The Issuer will in its absolute discretion determine the Buy-Back Price for the purchase of the Investor's Units. The Buy-Back Price will be calculated by reference to the fair market value of the Units on the Buy-Back Date taking into account any remaining unpaid Instalment Payments, the early termination of the Capital Protection hedge, less any Delivery Costs, Break Costs and any bid-offer spread charged by the Issuer. The Issuer may provide an Investor with an estimate of the Buy-Back Price before effecting the buy-back but is not obliged to do so. The Investor acknowledges this is an estimate only and the actual Buy-Back Price on the Buy-Back Date may be significantly less than the estimate.
- (d) Settlement of an Issuer Buy-Back will take place by payment of the Buy-Back Price less any Instalment Payments outstanding on the Buy-Back Date (which will be used to repay the Issue Price) to the Investor in cash.
- (e) Upon payment of the Buy-Back Price (if any) to an Investor or notification that the Buy-Back Price is zero or negative, all of the Issuer's obligations to the Investor under these Terms are deemed to be satisfied and discharged in full. In relation to an Issuer Buy-Back, upon payment of all unpaid Instalment Payments by the Investor to the Issuer, all of the Investor's obligations to the Issuer under these Terms are deemed satisfied and discharged in full.
- (f) Upon settlement of the Issuer Buy-Back, the Issuer will arrange for an Investor's name and details to be removed from the Register.

5.4 Early Maturity Mechanism

- (a) If the Issuer determines that there will be an Early Maturity, the Early Maturity will take place as follows:
 - i. The Issuer will, (other than for Early Maturity under clause 5.1(g)) before the Early Maturity Date, notify the Investor that Early Maturity will occur on the Early Maturity Date in accordance with clause 5 of these Terms. In relation to Early Maturity under clause 5.1(g), the Issuer may notify the Investor that Early Maturity has occurred after the Early Maturity Date. The Issuer will specify in the Early Maturity Notice whether Early Maturity will occur by the Maturity process in accordance with clause 5.4(a)(ii) or by Termination Payment in accordance with clause 5.4(a)(iii). In relation to an Early Maturity under clause 5.1(g), Early Maturity will occur in accordance with clause 5.4(a)(iii) only and no Delivery Parcel will be delivered to the Investor.
 - ii. If specified in the Early Maturity Notice and subject to clause 5.4(b), Early Maturity will take place in accordance with the procedures set out in clauses 4.2 to 4.5 of these Terms as if all references to Notice of Maturity were references to the Early Maturity Notice.
 - iii. If specified in the Early Maturity Notice, Early Maturity will occur by the Issuer paying to the Investor the Termination Payment (if any) to the Investor's Nominated Account (or pay by cheque to the Investor if no Nominated Account is nominated) by the Settlement Date or as soon as practicable thereafter.
 - iv. After the Delivery Parcel is delivered to the Investor under clause 4.3 or the Issuer (or its nominee) pays the Investor the Termination Payment (if any) in accordance with clause 5.4(a)(iii) as a result of an Early Maturity Event occurring, all obligations of the Issuer to the Investor under these Terms are deemed to be satisfied in full and the Issuer is discharged from its obligations under these Terms. This clause does not discharge the Issuer of its obligations under the Privacy Act or the terms of its privacy policy.
 - v. On payment by the Investor of all unpaid Instalment Payments to the Issuer, all of the Investor's obligations to the Issuer under these Terms are deemed satisfied and discharged in full.
- (b) If an Early Maturity is nominated by the Issuer, for the purposes of determining the Delivery Parcel, the definition of 'Delivery Parcel' in the Definition section of the PDS and in Section 3.2 'Key Information' is amended by replacing 'Final Value' with 'Early Maturity Value'.

5.5 No Minimum Final Value on Early Maturity or Issuer Buy-Back

- (a) The Minimum Final Value will not apply if there is an Early Maturity Event or an Investor requested Issuer Buy-Back.
- (b) Without limiting the foregoing, in determining the "Early Maturity Value" or the Buy-Back Price the Issuer may deduct any costs, losses or expenses that it incurs in relation to the Early Maturity or Issuer Buy-Back, including without limitation, any remaining unpaid Instalment Payments, the Early termination of the Capital Protection Hedge, Delivery Costs, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain.

5.6 Possible reduction of value on Early Maturity

If there is an Early Maturity, the Issuer does not guarantee to deliver to the Investor a Delivery Parcel based on the Final Value. For the avoidance of doubt, when there is an Early Maturity (and the Issuer elects to apply the Maturity process in accordance with clause 5.4(a) (ii)) the Delivery Parcel will only be determined in accordance with clause 5.4(b).

5.7 Adjustments to this clause

Subject to clause 13, where the Issuer determines that any of the provisions of this clause 5 are not appropriate in any particular circumstances, or that any event which is not dealt with in clause 5 should have been dealt with, it may make any alterations to the effect of this provision or any other Term that it considers to be appropriate.

6. Adjustment Events and Market Disruption Events

6.1 Adjustment Events

- (a) If an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, the Issuer may in its absolute discretion elect to do any or all of the following:
- i. substitute part or all of the affected Reference Index with any other asset or index; and/or
 - ii. substitute the affected Delivery Asset with any other security quoted and trading on the ASX; and/or
 - iii. adjust or amend any variable, formula, amount or calculation as set out or used in these Terms (including the PDS); and/or
 - iv. adjust, amend or substitute the definition of Reference Index or Delivery Asset and/or vary, amend, substitute, adjust or change any of the terms referred to in the PDS; and/or
 - v. determine to suspend any of the necessary calculations referred to in these Terms as appropriate until reliable values can be obtained:
 - A. in a manner consistent with any adjustment or change made to the Issuer's hedging arrangement; or
 - B. as the Issuer otherwise determines, provided that in the reasonable opinion of the Issuer the adjustment is appropriate to put both the Issuer and the Investor in as similar an economic position as possible to what the Investor and the Issuer would have been in had the Adjustment Event not occurred.
- (b) If in the reasonable opinion of the Issuer it is not possible or desirable to deal with the occurrence of the Adjustment Event in accordance with this clause 6, the Issuer may nominate the event as an Early Maturity Event and may deal with that event in accordance with clause 5. The Issuer will notify Investors of any adjustment that it proposes to make under this clause before the adjustment occurs or as soon as reasonably practicable after the adjustment occurs and the Issuer will determine and notify Investors of the effective date of that adjustment.

6.2 Market Disruption Events

- (a) If there is a Market Disruption Event affecting the Reference Index on the Maturity Date, the Buy-Back Date, any Coupon Determination Date, any Coupon Payment Date, or on any Observation Date or other relevant date (together, the "Relevant Dates"), or any other date on which a payment, calculation, adjustment or amendment is to be made then the Issuer may determine in its discretion to either:
- i. take any action required to reflect any adjustment, change, substitution, delay, Suspension or other action taken in relation to its hedging arrangements: or
 - ii. to determine that such date is to be the first following Scheduled Business Day on which there is no Market Disruption Event. However, if there is a Market Disruption Event affecting the Reference Index on each of the 10th Scheduled Business Days immediately following the original date that, but for the Market Disruption Event, would have been the Relevant Date, then (A) that 10th Scheduled Business Day is to be taken to be the Relevant Date (as applicable), despite the Market Disruption Event; and (B) the Issuer must on that 10th Scheduled Business Day in good faith and in its absolute discretion determine the observation to be recorded for the calculation of the Reference Index Closing Price, the Reference Index Value, Coupon, volatility or any other formulae or calculation required to be determined, that would have prevailed on the original date but for that Market Disruption Event.
- (b) The Issuer must, as soon as practicable (and, in relation to the Maturity Date, in no event later than 5 Business Days after the original date that, but for the occurrence or existence of a Market Disruption Event, would have been the Maturity Date) notify Investors of the existence or occurrence of a Market Disruption Event.
- (c) If there is a Market Disruption Event affecting a Delivery Asset on the Settlement Date, then the Settlement Date for the affected Delivery Asset is to be the first following Business Day on which there is no Market Disruption Event.
- (d) If an event is both a Market Disruption Event and an Adjustment Event, the Issuer may determine whether to treat the event as either a Market Disruption Event or an Adjustment Event or both (if possible).

7. Accretions

These Terms do not confer on the Investor any right or interest in respect of Accretions to the Delivery Assets arising prior to delivery of the Delivery Assets. Accretions to the Delivery Assets or the Reference Index may lead to adjustments as provided for in clause 6 of these Terms.

8. Issuer's obligations unsecured

The Issuer's obligations under these Terms (including in relation to the deferred purchase of the Delivery Assets) are direct and unsecured obligations of the Issuer and these obligations rank equally with the Issuer's existing unsecured debt, subject to insolvency, banking or similar laws affecting creditors' rights generally.

9. Beneficial Interest in Delivery Assets

- (a) Upon acceptance by the Issuer of the Investor's Application for Units, the Investor receives, for no additional consideration, a Beneficial Interest in a Portion of the Delivery Assets on the Commencement Date. The Investor holds the Beneficial Interest in the Portion of the Delivery Assets until the earlier of the Maturity Date or transfer of their Units in accordance with these Terms.
- (b) An Investor may only deal with the Beneficial Interest in accordance with these Terms.
- (c) The Beneficial Interest may not be severed from the balance of the rights in connection with those Units or dealt with separately in any way.
- (d) When an Investor deals with its Units in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding Beneficial Interest. When an Investor deals with a Beneficial Interest in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding Units. For example, when an Investor (the "old holder") transfers its Units to another person (the "new holder"):
 - i. all the rights and obligations that attach to those Units, including the Beneficial Interest are transferred from the old holder to the new holder;
 - ii. the old holder's interest in the Units will be removed from the Register and the new holder will be added to the Register; and
 - iii. the old holder ceases to have any rights in relation to those Units or the Beneficial Interest.
- (e) If any Investor purports to deal with its Units without an equivalent dealing in the corresponding Beneficial Interest, or if any Investor purports to deal with a Beneficial Interest without an equivalent dealing in the corresponding Units, or if any Investor purports to contract out of this clause in any way, any such dealing will be void and the Units and the Beneficial Interest will remain with the Investor recorded on the Register of holders.
- (f) The Issuer or its nominee (which may include the Custodian) will hold the Portion of the Delivery Assets from the Commencement Date until the Maturity Date for the relevant Investor and will be entitled to retain any distributions made in connection with those assets, exercise all voting rights and will not be required to pass any notice of meeting or other material in connection with those assets to the Investor. On the Maturity Date, the Issuer will sell the Portion of the Delivery Assets and the Sale Monies from this sale will be included in the Final Value.
- (g) The Investor agrees and acknowledges that the agreement to purchase the Delivery Assets as set out in these Terms and the payment of the Total Investment Amount does not transfer the legal or beneficial interest in the Delivery Assets to the Investor other than the Beneficial Interest in a Portion of the Delivery Assets. The parties agree and acknowledge that the legal or beneficial interest in the balance of the Delivery Assets will transfer to the Investor only on the Settlement Date. If the Issuer fails to deliver the balance of the Delivery Parcel to the Investor in accordance with these Terms, the Investor agrees that it will

not be entitled to an injunction, specific performance or any other equitable rights or remedies and will be entitled only to damages.

10. Guarantee

The Issuer's payment obligations under these Terms are guaranteed by the Guarantor. The Guarantor's obligations are direct and unsecured obligations of the Guarantor and rank equally with the Guarantor's existing unsecured debt, subject to insolvency, banking or similar laws affecting creditors' rights generally.

In the event the Guarantor is required to perform under the Guarantee, the Guarantor will be able to satisfy its obligations under the Guarantee by delivering the cash value of the Delivery Parcel, less any outstanding Instalment Payments.

11. Taxes

- (a) The Issuer and the Custodian are not liable for any Taxes or other charges:
 - i. payable by the Investor in relation to or in connection with these Terms; or
 - ii. payable by the Issuer or the Custodian or any other person on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset or rights, or any other supply to the Investor under or in connection with these Terms;

and are not liable to pay the Investor any additional amount on account of any Taxes or other charges.
- (b) The Investor must:
 - i. pay all Taxes (including GST) and other charges for which the Investor becomes liable in relation to or in connection with these Terms; or
 - ii. pay an additional amount to the Issuer and the Custodian on demand equal to any applicable Taxes (including GST) and other charges for which the Issuer or the Custodian or any other person becomes liable on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset or rights, or any other supply to the Investor under or in connection with these Terms.

12. Investor's representations and warranties

12.1 General

By signing the Application Form and lodging it with the Issuer the Investor represents and warrants to the Issuer in its capacity as Issuer (as a continuing representation and warranty) that:

- (a) the Investor has full legal capacity to make the Application and be bound by these Terms and has taken all actions that are necessary to authorise the Application and be bound by these Terms;
- (b) the Investor has reviewed these Terms and has made its own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Assets;

- (c) the Investor has not relied in any way on any statements made by the Issuer or their related entities or their servants, agents, employees or representatives in relation to these Terms or the deferred purchase of the Delivery Assets and the Investor acknowledges that neither the Issuer nor its associates have made any representations to the Investor regarding the suitability or appropriateness of the deferred purchase of Delivery Assets pursuant to these Terms;
- (d) the Investor understands that nothing in these Terms or any marketing material associated with these Terms can be considered investment advice or a recommendation to acquire the Delivery Assets;
- (e) the Investor has obtained all consents which may be required by law to enable the Investor, as the case may be, to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and the registration of the Investor the holder of the Delivery Assets will not contravene any law, regulation or ruling the constitution of the issuer of the Delivery Assets;
- (f) the Units being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable the Investor and the Investor is not a resident or national of any jurisdiction where Application for or the Maturity of the Units is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate;
- (g) the Investor acknowledges that the section in the PDS entitled 'Taxation' is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each Investor. The Investor acknowledges that it has sought its own independent advice on the taxation implications relevant to their own circumstances before making an investment decision; and
- (h) the Investor has the power to enter into and perform its obligations under the Terms, and that its obligations under the Terms constitute valid and binding obligations of the Investor.

12.2 Superannuation Funds

By signing the Application Form and lodging it with the Issuer an Investor which is the trustee of a Fund ("Fund") which is a regulated superannuation fund (as that term is defined in the Superannuation Industry (Supervision) Act 1993 (SIS Act)) (Governing Rules) also represents and warrants to the Issuer (as a continuing representation and warranty) that:

- (a) the Fund has been validly constituted (and where necessary, the relevant documents have been duly stamped according to the laws of the relevant state or territory) and the Fund is continuing at the date of this agreement;
- (b) where the trustee is a body corporate, the trustee has been validly constituted;
- (c) the trustee has been properly appointed as trustee of the Fund;
- (d) the terms of the governing rules (as that term is defined in the SIS Act) ("Governing Rules") empower and authorise the Trustee (i) to invest in the Units; and (ii) to borrow as permitted by the SIS Act and (iii) to enter into and be bound by the

Deferred Purchase Agreement;

- (e) the terms of the Governing Rules do not restrict the right of the Trustee to be fully indemnified out of the assets of the Fund to satisfy a liability to any party which is properly incurred by the trustee as trustee of the Fund under the Units;
- (f) investing in Units will be for the benefit and in the best interests of the Fund and its beneficiaries; and
- (g) if investing as joint trustees, each applicant declares that the applicants are all trustees of one Fund and there are no other trustees of the Fund and that each joint trustee has the authority to act as agent for all of the joint trustees to give instructions or to receive notices on behalf of all of the joint trustees.

12.3 Set off Rights

- (a) All monetary obligations imposed on the Investor under these Terms are absolute, free of any right to counterclaim or set off and may only be satisfied once the payment has cleared.
- (b) The Issuer may at any time (including without limitation during the Investment Term or at Maturity) set off any amount payable to it by the Investor (whether or not arising under this PDS or these Terms, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation) against any amount payable by the Issuer to the Investor (whether or not arising under this PDS or these Terms, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). The Issuer may withhold any amount payable by it to the Investor (whether or not arising under this PDS or these Terms, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation) in satisfaction of any amount payable to it by the Investor (whether or not arising under this PDS or these Terms, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any such amounts are so set off, those amounts will be discharged promptly and in all respects.

12.4 Notices

- (a) The Investor agrees that any notice or statement to be given or demand to be made on the Investor under these Terms or required by the Corporation Act:
 - i. will be effectively signed on behalf of the Issuer or the Custodian if it is executed by the Issuer or Custodian (as the case may be), any of its officers, its solicitor or its attorney;
 - ii. may be served by being delivered personally to, by being left at, by being e-mailed to, or by being posted in a prepaid envelope or wrapper to the Investor's address (or e-mail address) notified to the Issuer or the Investor's registered office, place of business, or residence last known to the Issuer, or by being sent to the Investor by facsimile transmission;
 - iii. may be posted on the Issuer website or an announcement made in an Australian newspaper with national coverage, if providing notice in such a manner is allowed by the Corporations Act or any ASIC policy.
- (b) A demand or notice if:

- i. posted will be deemed served two Business Days after posting;
 - ii. sent by facsimile or electronic transmission will be deemed served on conclusion of transmission;
 - iii. posted on a website or published in a newspaper will be given the date of posting or publishing.
- (c) Service by any of these methods will be valid and effectual even if the Investor does not receive the document or if the document is returned to the Issuer or Custodian unclaimed.

13. Amendment of Terms

The Issuer or the Custodian may from time to time by notice sent to the Investor make any modification, variation, alteration or deletion of, or addition to these Terms ("Change") where:

- (a) the Change is one determined by the Issuer as being required under either of clauses 5 or 6 of these Terms;
- (b) the Change is necessary or desirable in the reasonable opinion of the Issuer to comply with any statutory or other requirement of law; or
- (c) the Change is desirable to correct an inconsistency or error in these Terms (but only if such Change does not, in the opinion of the Issuer materially adversely affect or prejudice the interests of the Investor).

The Issuer will give the Investor notice of any Change to these Terms and the Investor will be bound by any such Change at the time the Investor is given such notice.

14. General provisions

14.1 Currency

All amounts payable by either party under these Terms will be paid in the denomination specified in Section 3.2 'Key Information'. All calculations will be performed in the currency specified as the "Currency" in Section 3.2 'Key Information'.

14.2 No merger

The Issuer's and the Custodian's rights under these Terms are additional to and do not merge with or affect and are not affected by any Fixed Charge, charge or other encumbrance held by them or any other obligation of the Investor to the Issuer or Custodian, despite any rule of law or equity or any other statutory provision to the contrary.

14.3 Rounding

All calculations made by the Issuer for the purposes of these Terms will be made to not fewer than two decimal places. Other than as provided in these Terms, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time the Investor's entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers of Delivery Assets are rounded down to the nearest whole number.

14.4 Certificates

Any document or thing required to be certified by the Investor or the Issuer must be certified by the Investor (if an individual) or a director, secretary or authorised officer of the Investor (if a company) or the Issuer, as the case requires, or in any other manner that the Issuer may approve.

14.5 Execution by attorneys

Each attorney executing an Application Form which binds the Investor to these Terms states that he, she or it has no notice of revocation or suspension of the power of attorney under which the attorney executes that form.

14.6 Appointment of Agent

The Investor irrevocably appoints the Issuer and its nominees and any of its directors, secretaries and officers whose title includes the word "director" from time to time jointly and severally as agent of the Investor to do (either in the name of the Investor or the agent) all acts and things:

- (a) necessary to give effect to the Terms, including without limitation, completing or amending any Application Forms (if the Issuer, in its absolute discretion, has accepted the Application Form);
- (b) that the Investor is obliged to do under these Terms;
- (c) which, in the opinion of the Issuer are necessary or desirable in connection with:
 - i. these Units;
 - ii. payment of any moneys to either the Investor, the Issuer or any related bodies corporate of the Issuer;
 - iii. the Maturity process, including without limitation, if an Early Maturity Event occurs;
 - iv. any substitution, amendment, variation or adjustment of the Units or these Terms pursuant to these Terms;
 - v. any Issuer Buy-Back;
 - vi. any Market Disruption Event;
 - vii. the Delivery Assets, including without limitation the delivery or sale of the Delivery Assets;
 - viii. the repayment of the Issue Price;
- (d) which in the opinion of the Issuer are necessary or desirable in connection with the protection of the Issuer's interests or the exercise of the rights, powers and remedies of the Issuer under these Terms, or the PDS in general.

14.7 Invalid or unenforceable provisions

If a provision of these Terms is invalid or unenforceable in a jurisdiction, it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability, and that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.

14.8 Waiver and exercise of rights

A single or partial exercise of a right by the Issuer or the Custodian does not preclude another exercise or attempted exercise of that right or the exercise of another right by the Issuer or the Custodian. Failure by the Issuer or Custodian to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

14.9 Assignment and transfer of interests

- (a) The Issuer may transfer its rights and obligations, under these Terms at any time by giving notice to the holder of the Units.
- (b) Subject to clause 1.3, the rights and obligations under these Terms may be transferred or novated by an Investor in whole only, not in part, with the prior consent of the Issuer.
- (c) When an Investor deals with a Unit in a manner that does not involve the transfer of legal ownership of the Unit, the Issuer has no duty to record the dealing on the Register. Each Beneficial Interest corresponding to the Units will pass to a new Investor upon registration of the transfer of those Units in the Register.

14.10 Recording conversations

The Investor acknowledges that conversations between the Investor and the Issuer (or any officer of the Issuer or an advisor) may be tape-recorded. The Investor consents to the tape-recording and its use (or any transcript of the recording) in any proceedings that may be commenced in connection with these Terms.

14.11 Calculations and references to dates and times

Calculations or determinations which are to be made on or by reference to a particular day, are to be made on or by reference to that day in the place and time zone of the Relevant Exchange to which that calculation or determination relates.

14.12 Payments by the Issuer

All amounts payable by the Issuer under these Terms will be paid to the Investor's Nominated Account. If the Investor has not nominated a Nominated Account, payment will be made by the Issuer drawing a cheque made payable to the Investor which will be sent to the address recorded in the Register for that Investor, and on doing so the Issuer are discharged of their obligations under these Terms.

14.13 Governing law and jurisdiction

These Terms are governed by the laws of New South Wales. The Investor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

14.14 Terms of Deferred Purchase Agreement prevail

If there is an inconsistency between the terms and conditions of the Deferred Purchase Agreement and statements made in the PDS, the terms and conditions of the Deferred Purchase Agreement prevail.

14.15 Time is of the essence

Time is of the essence in respect of the obligations of the Investor under these Terms.

14.16 Discretions

Any determination made by the Issuer will be in its sole discretion, acting in good faith and in a commercially reasonable manner and will be conclusive and binding on all parties, except in the case of manifest error.

14.17 Interpretation

- (a) In these Terms, unless the context requires another meaning, a reference:
 - i. to the singular includes the plural and vice versa;
 - ii. to a document (including these Terms) is a reference to that document (including any schedules and annexures) as amended, consolidated, supplemented, novated or replaced;
 - iii. to a person (including a party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or government agency, and it also includes the person's successors, permitted assigns, substitutes, executors and administrators;
 - iv. to a law is a reference to that law as amended, consolidated, supplemented or replaced and it includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law, or any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange;
- (b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) Headings are for convenience only and do not affect interpretation.
- (d) If a payment or other act must (but for this clause) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day.
- (e) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (f) These Terms may not be construed adversely to a party only because that party was responsible for preparing them.
- (g) Any term not defined in these Terms and which is defined in the PDS has the same meaning as in the PDS unless the context otherwise requires.
- (h) All references to time are to time in Sydney, Australia (unless otherwise stated).

12. Definitions

Capitalised words have the following meaning given to them, unless the context requires otherwise. All references to clauses are to clauses in the Terms.

Accretions means all rights, accretions and entitlements attaching to any Reference Index or Delivery Assets after the Commencement Date including without limitation, all voting rights, all dividends and all rights to receive dividends and other distributions or shares, notes, options, units or other financial products exercisable, declared, paid or issued in respect of the Delivery Asset;

Adjustment Event means any of the following in respect of the Units, and where relevant, in respect of one or more of the Reference Index and Delivery Assets ("Asset"):

- (a) where the Asset is a security or interest in a managed investment scheme:
 - i. any event which results in the Asset being consolidated, reconstructed, sub-divided or replaced with some other form of security or property;
 - ii. the issuer of the Asset reduces its share capital through either a cash return of share capital, capital distribution or otherwise (whether or not resulting in the cancellation of securities in the Delivery Parcel);
 - iii. the issuer of the Asset declares a rights issue or restructures its share capital in any manner;
 - iv. a scheme of arrangement, quasi-scheme of arrangement or merger in the nature of a scheme of arrangement occurs in relation to the issuer of the Asset;
 - v. the issuer of the Asset makes a buy-back offer in relation to all or any of the Assets;
 - vi. the issuer of the Asset issues bonus shares, units or other property to holders of the Asset;
 - vii. a takeover bid is made or announced for all or any of the Assets;
 - viii. any part of the Asset is or becomes subject to compulsory acquisition under the Corporations Act or otherwise;
 - ix. the issuer of the Asset declares or makes a non-cash Dividend or Special Dividend;
 - x. any event occurs which constitutes a Disposal Event; or
 - xi. the issuer of the Asset is insolvent by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of the Asset.
- (b) where the Asset is an index:
 - i. the Asset is suspended or ceases to be published for a period of 24 hours or more;
 - ii. the Asset is not calculated and announced by the index sponsor, but is calculated and announced by a successor to the index sponsor;
 - iii. the Asset is replaced by a successor index using the same or a substantially similar formula for and method of calculation; or
 - iv. there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange or a Related Exchange for a period of 24 hours or more;
 - v. the index sponsor or any successor makes a material change in the formula for or the method of calculating the Asset or the basket constituents of the index or in any way materially modifies that Asset;
- (c) where the Asset is a futures contract:
 - i. the temporary or permanent discontinuance or unavailability of the Price Source;
 - ii. the failure to obtain at least three quotations as requested from relevant dealers, if pricing is determined by reference to dealer quotes;
 - iii. the permanent discontinuation of trading in the relevant futures contract on the relevant exchange;
 - iv. the disappearance of, or of trading in, the relevant asset underlying the futures contract;
 - v. the disappearance or permanent discontinuation or unavailability of a price for the relevant futures contract notwithstanding the availability of the Price Source;
 - vi. the occurrence of a material change (as determined by the Issuer in its discretion) in the formula for or the method of calculating the relevant futures contract price; and
 - vii. the occurrence of a material change (as determined by the Issuer in its discretion) in the content, composition or constitution of the relevant futures contract, or the asset underlying the futures contract.
- (d) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a) to (c) above occurring;
- (e) any Force Majeure Event occurs, or any other event occurs which Issuer determines in good faith results in the performance of its obligations having become or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited;

- (f) a Change of Law occurs;
- (g) the Issuer is unable, on any date on or after the Commencement Date up to and including the Settlement Date (which includes the Maturity Date) or any other relevant date, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the Units, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s);
- (h) the Issuer would, on any date on or after the Commencement Date up to and including the Settlement Date (which includes the Maturity Date) or any other relevant date, incur a materially increased (as compared with circumstances existing on the Commencement Date) amount of tax, duty, expense or fee (other than brokerage commissions) to
 - i. acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the Units, or
 - ii. realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer will not be deemed an Adjustment Event;
- (i) the Issuer's hedging arrangements are terminated, adjusted or changed for any reason as determined by the Calculation Agent for those hedging arrangements or any Asset relevant to the hedging arrangement is terminated suspended, adjusted or changed in any way;
- (j) a security granted by the Asset, its manager or certain service providers becomes enforceable or any of their trading or dealing arrangements become terminable because of default by them;
- (k) the net asset value of the Asset is not calculated or published as required, or the timing of the calculation or publication changes, or the methodology used changes;
- (l) information about the Asset is not published or provided as required;
- (m) trading in the Asset is suspended or restricted;
- (n) the Asset, its manager or certain service providers become insolvent by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of the Asset;
- (o) there is an event in respect of the Asset or its manager by which:
 - i. the entity will be merged with another entity (unless it will continue as an entity without reclassification or change of its shares/units); or
 - ii. there is a change in control of the entity;
- (p) a securities lending agreement (if any) is terminated, adjusted or changed;
- (q) any other event occurs which the Issuer determines is an adjustment event for Units for the purposes of clause 6 of the Terms.

Agency Sale Option means the agreement between the Investor and the Issuer entered into on receipt by the Issuer of a Notice of Maturity specifying the Investor's election to use the Agency Sale Option, under which the Issuer will sell, or procure the sale of, the Delivery Assets for and on behalf of, at the direction of and as agent for the Investor on or as soon as practicable after the Settlement Date in accordance with clause 4.4 of the Terms of the Deferred Purchase Agreement in this PDS;

Aggregate Variable Coupon means the total of the Variable Coupons paid as calculated in accordance with the formula outlined in Section 13 'Formulae and Calculation Table';

Application means an offer by the Investor to the Issuer to acquire the Delivery Parcel on a deferred basis on the terms and conditions set out in the Terms;

Application Form means the Application Form attached at the back of this PDS;

Arranger means the person or entity listed as such in Section 3.2 'Key Information';

ASIC means the Australian Securities and Investments Commission;

Asset means the Reference Index, Delivery Asset, or any component or constituent thereof, or a factor relevant to the calculation of, any payment or any component of the Units as specified in Section 3.2 'Key Information' as such;

ASTC Settlement Rules means the settlement rules of the ASX Settlement and Transfer Corporations Pty Limited as amended or substituted from time to time;

ASX means Australian Securities Exchange as operated by ASX Limited (ABN 98 008 624 691);

ATO means the Australian Taxation Office;

AUD or **A\$** means Australian Dollars;

AUSTRAC means the Australian Transaction Reports and Analysis Centre which regulates the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth);

Beneficial Interest means the Beneficial Interest in the Portion of the Delivery Assets in accordance with clause 9 of Section 11 'Terms of the Deferred Purchase Agreement';

Break Costs means all costs, expenses and losses incurred by the Issuer (including without limitation, any amounts paid or incurred on account of GST to the extent that input tax credits are not available and any upfront selling fees paid to an advisor that may be applicable) and notified by the Issuer as payable by the Investor as a result of:

- (a) the determination of an Early Maturity Date or Buy-Back Date or other early termination of the Deferred Purchase Agreement;
- (b) the termination or reversal of any arrangements service contracts or hedge position entered into by the Issuer in connection with Units which is terminated early; or
- (c) any loss of profits that the Issuer may suffer by reason of the early termination of the Deferred Purchase Agreement;

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (a) Sydney, for any payments due under the Units;
- (b) London, in relation to any calculations, formulae, determinations relevant to the Reference Index; and
- (c) Sydney, in relation to calculations, formulae, determination under the Unit.

Buy-Back Date has the meaning given in Section 3.1 'Timeline';

Buy-Back Price means the fair economic value of the Units as determined by the Issuer in its absolute discretion on the Buy-Back Date taking into account any remaining unpaid Instalment Payment, the impact of an early, partial termination of the Capital Protection Hedge, any Delivery Costs, Break Costs and bid-offer spread;

Calculation Date means a Business Day on which the Reference Index is scheduled to be calculated.

Calculation Agent means a RBS Group entity undertaking such role as determined by the Issuer and by reference to the Issuer's hedge and/or other arrangements in relation to the Units;

Capital Protection Hedge has the meaning given in Section 3.2 'Key Information';

Capital Protection Provider means National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686);

Change has the meaning given in clause 13 of Section 11 'Terms of the Deferred Purchase Agreement';

Change of Law means that due to the adoption of, or any change in any applicable law or regulation (including any tax legislation) or due to the promulgation of or any change in the interpretation (by any court, tribunal or regulatory authority with competent jurisdiction) of any applicable law or regulation (including any action taken by a taxing authority) the Issuer determines in good faith that it has become illegal for any party to hold, acquire or dispose of the relevant assets or the Issuer or any other party will incur a materially increased cost in performing its obligations under the Units (including due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

CHES has the meaning given in the ASTC Settlement Rules;

Closing Price means

- (a) in respect of an ASX listed security, the average weighted price at which the Issuer obtains the ASX listed security immediately following the Maturity Date (or in the case of Early Maturity, the Early Maturity Date) unless it is not possible to determine the price of the ASX listed security at that time in which case the Issuer may, in its absolute discretion, nominate another time or period of time to determine the average weighted price at which the Issuer obtains the ASX listed security;
- (b) in respect of calculating the value of the Rolling Future, the closing price provided by the relevant exchange in which the underlying futures contracts are listed unless it is not possible to determine the price of the Rolling Future at that time in which case the Calculation Agent may, in its absolute discretion, nominate another time as the closing price;

Commencement Date means the date specified in the Investor's Confirmation Notice as the "Commencement Date" for the Units held, which is expected to be on or around the date specified in Section 3.1 'Timeline';

Commission to Advisors means the commission specified in Section 3.2 'Key Information';

Commissioner means the Commissioner of Taxation

Confirmation Notice means a notice provided by the Issuer to an Investor in accordance with clause 1.3(c) of the Terms;

Corporations Act means the Corporations Act 2001 (Cth) as amended from time to time;

Coupon means the Fixed Coupon and the Variable Coupon or either or both of them as the context requires;

Coupon Determination Date has the meaning provided under Section 3.1 'Timeline';

Coupon Payment Date has the meaning provided under Section 3.1 'Timeline';

Deferred Purchase Agreement means the agreement under which the Investor agrees to purchase the Delivery Parcel from the Issuer on a deferred basis on the terms and conditions set out in the Terms and the PDS including Section 3.2 'Key Information';

Delivery Asset means the Delivery Assets specified in Section 3.2 'Key Information' or determined by the Issuer in accordance with the Terms;

Delivery Asset Price means, as calculated by the Issuer in its absolute discretion, the price per Delivery Asset at which the Issuer (or its nominee) acquires or purchases, in connection with the Units, the Delivery Asset on the Business Day immediately following the Maturity Date (or in the case of an Early Maturity, the Early Maturity Date), unless it is not possible or practical to determine the price of the Delivery Asset at that time, in which case the Issuer may, in its absolute discretion, nominate another time or period of time to determine the price (including, if the Issuer determines in its discretion, the average weighted price at which the Issuer (or its nominee) acquires or purchases, in connection with the Units, the Delivery Asset;

Delivery Costs means any incidental costs or expenses incurred by the Issuer in relation to the transfer of any Delivery Assets to or for the benefit of the Investor following Maturity or Early Maturity. For the avoidance of doubt, this includes, without limitation, any amounts paid or incurred by the Issuer or its nominees on account of GST to the extent that input tax credits are not available or on account of any other Taxes incurred as a result of transferring the Delivery Assets on Maturity or Early Maturity;

Delivery Parcel has the meaning given in Section 3.2 'Key Information' and the number of each type of Delivery Asset in the Delivery Parcel to be delivered by the Issuer to the Investor on the Settlement Date is determined by the following formula:

$$\frac{[(\text{Final Value} \times \text{Number of Units held by Investor} - \text{Delivery Costs}) / N]}{\text{Delivery Asset Price}}$$

Where N means 5 or the number of Delivery Assets in each Delivery Parcel;

Disposal Event means an event which gives rise to an obligation on the Issuer under law to dispose of all or part of the Delivery Assets, or Reference Index;

Dividend means an ordinary dividend or distribution;

Early Maturity means accelerated Maturity by the Issuer in accordance with clause 5 of Section 11 'Terms of the Deferred Purchase Agreement';

Early Maturity Date means the date notified to the Investor as such in the Early Maturity Notice;

Early Maturity Event has the meaning given in clause 5.1 of Section 11 'Terms of the Deferred Purchase Agreement';

Early Maturity Notice means the notice of early maturity given in accordance with clause 5.4(a)(i) of the Terms;

Early Maturity Value means the fair economic value of the Unit at or around 5:00 pm (Sydney time) on the Early Maturity Date as determined by the Issuer at its absolute discretion taking into account (without limitation) any remaining unpaid Instalment Payments and any money received on the early termination of the Capital Protection Hedge, unless it is not possible or practical to determine the fair economic value of the Unit at that time, in which case the Issuer may nominate another time to determine the Early Maturity Value;

Final Hurdle has the meaning given in Section 3.2 'Key Information';

Final Reference Index Value has the meaning given in Section 13 'Formulae and Calculation Table';

Final Underlying Price has the meaning given in Section 13 'Formulae and Calculation Table'.

Final Value per Unit means the value specified in Section 3.2 'Key Information' as the "Final Value" and is calculated in accordance with the formula in Section 13 'Formulae and Calculation Table';

Fixed Coupon has the meaning given in Section 3.2 'Key Information';

Force Majeure Event means an event or circumstance beyond the reasonable control of a party that prevents one or more parties from performing their obligations under this Agreement;

Fund has the meaning given in clause 12.2 of Section 11 'Terms of the Deferred Purchase Agreement';

Governing Rules has the meaning given in clause 12.2 of Section 11 'Terms of the Deferred Purchase Agreement';

GST has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) (as amended from time to time);

Guarantee means the guarantee provided by the Guarantor under clause 10 of Section 11 'Terms of the Deferred Purchase Agreement';

Guarantor means The Royal Bank of Scotland N.V. (ABN 84 079 478 612).

High Water Mark has the meaning given in Section 3.2 'Key Information';

Holder Identification Number or HIN has the meaning given in the ASTC Settlement Rules;

Hurdle Rate has the same meaning given in Section 3.2 'Key Information';

Index Sponsor has the meaning given to it in Section 3.2 'Key Information';

Initial Instalment Payment has the meaning given to it in Section 3.2 'Key Information';

Initial Reference Index Value has the meaning given in Section 13 'Formulae and Calculation Table';

Insolvent means in relation to a person or entity, in the reasonable opinion of the Issuer, any event that results or is likely to result in the actual or proposed administration, liquidation, winding up, termination or bankruptcy or other similar or like event however described;

Instalment Payment means the payment of the portion of the Issue Price outstanding in instalments, being equal to each Fixed Coupon relevant to a series of Units until the Issue Price is paid in full;

Instalment Payment Date has the meaning provided under Section 3.1 'Timeline';

Investor means the person or entity whose name is entered on the Register from time to time during the Investment Term;

Investment Amount means the total monies an Investor paid for Units on or about the Issue Closing Date being the Initial Instalment Payment multiplied by the number of Units purchased;

Investment Term means, in respect of Units held by an Investor, the time period from the Commencement Date to the scheduled Maturity Date as specified in Section 3.1 'Timeline';

Issue Closing Date means the date specified in Section 3.1 'Timeline' as the cutoff time for initial investments;

Issue Opening Date means the opening dates of the Offer Period as specified in Section 3.2 'Key Information' as the time from which Applications for Units will be accepted;

Issue Price means the price specified in Section 3.2 'Key Information' as the amount payable by an Investor for a Unit issued on the Commencement Date;

Issuer has the meaning given to it in Section 3.2 'Key Information';

Issuer Buy-Back means an Investor requested buy back of Units by the Issuer in accordance with Section 11 'Terms of the Deferred Purchase Agreement';

Issuer Buy-Back Form means the form by that name attached at the back of this PDS;

Issuer Buy-Back Request means an Investor's request for the Issuer to buy back their Units as made via the Issuer Buy-Back Form contained in the PDS or provided by the Issuer upon request or any other method specified from the Issuer from time to time;

Market Disruption Event means the occurrence or existence on any Business Day of any of the following events, in the determination of the Issuer:

- (a) the Suspension or material limitation of trading in one or more of the Assets or in securities or futures contracts generally on the ASX, Relevant Exchange, Related Exchange or a market associated with any of the Assets; or
- (b) any of the Assets or prices relating to the Assets ceases to exist or is materially changed, fails to be calculated and published, or the method of calculation materially changes; or
- (c) the declaration of a general moratorium in respect of banking activities in the country where any Relevant Exchange or Related Exchange is located; or

(d) any similar event the Issuer reasonably declares to be a Market Disruption Event, including a force majeure event.

For the purposes of this definition, (1) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Relevant Exchange or Related Exchange; (2) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the Relevant Exchange or Related Exchange will constitute a Market Disruption Event; and (3) issues of materiality are to be determined in the discretion of the Issuer;

Marketing Fee means the fee specified in Section 3.2 'Key Information';

Maturity means the settlement of the deferred purchase of the Delivery Parcel in accordance with clause 4 of the Terms other than as a result of Early Maturity;

Maturity Averaging Dates has the meaning given in Section 3.1 'Timeline';

Maturity Date means the date specified in Section 3.1 'Timeline' of the PDS as the "Maturity Date", unless there is an Early Maturity under clause 5 of the Terms, in which case the Maturity Date will be the Early Maturity Date;

Minimum Buy-Back Amount has the meaning given to it in Section 3.2 'Key Information';

Minimum Final Value has the meaning given to it in Section 3.2 'Key Information';

Minimum Investment Amount means the amount specified in Section 3.2 'Key Information' as the "Minimum Investment Amount" or such lesser amount as the Issuer in its discretion may determine for any one or more Applicants;

Minimum Total Subscription means the amount specified as such in Section 3.2 'Key Information';

Net Reference Index Value has the meaning given in Section 13 'Formulae and Calculation Table';

Nominated Account means the transactional banking account held with an Australian bank which is nominated by the Investor on its Application Form;

Notice of Maturity means the notice sent to Investors at least 20 Business Days prior to the Maturity Date in which an Investor may elect to participate in the Agency Sale Option;

Observation Date means the Maturity Averaging Dates;

Offer means the offer of an agreement to purchase the Delivery Assets specified in Section 3.2 'Key Information' on certain terms including deferred delivery;

Offer Period means the offer period for Units with opening and closing dates as specified in Section 3.1 'Timeline';

Participation Rate has the meaning given to it in Section 3.2 'Key Information';

PDS means this Product Disclosure Statement as dated 23 April 2010, including any Application Form and any Issuer Buy-Back Form, for the relevant Units as supplemented or updated from time to time;

Portion of the Delivery Asset means the number of Delivery Assets held by the Issuer divided by the number of Units on issue, as notified by the Issuer to the Investor in the notice sent in accordance with clause 1.3 of Section 11 'Terms of the Deferred Purchase Agreement', in which an Investor acquires a Beneficial Interest on the Commencement Date;

Price Source means the publication or other origin reporting or publishing the price of a Reference Index;

Rate of Return has the meaning given in Section 4.5 'Reference Index Value';

RBS or RBS Group means RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247013) together with its affiliates (including its parent entity) & subsidiaries;

Realised Volatility means the actual observed historical volatility of the relevant Reference Index as applied in Section 13 'Formulae and Calculation Table';

Reference Index has the meaning given in Section 3.2 'Key Information';

Reference Index Calculation Agent means for Series 1 the Royal Bank of Scotland plc and for Series 2 Future Value Consultants Limited as governed by the rules of the relevant Reference Index;

Reference Index Value has the meaning given in Section 13 'Formulae and Calculation Table';

Reference Index Closing Price has the meaning given in Section 3.2 'Key Information';

Register means the register of holders of Units maintained by the Issuer or a person approved by the Issuer;

Registrar means the person or entity identified in Section 3.2 'Key Information' or any other registrar appointed by the Issuer from time to time;

Related Exchange means each exchange or quotation system where trading has a material effect (as determined by the Issuer) on the overall market for the futures, options, securities or other assets underlying the Reference Index are traded;

Relevant Exchange means in the case of:

- (a) any exchange traded security or financial product, the primary exchange upon which that financial product is traded; and
- (b) an index, the primary exchange upon which the financial products which primarily constitute that index are traded; and
- (c) a commodity, any exchange where contracts or futures relating to the commodity are traded; or as determined in the absolute discretion of the Issuer;

Sale Monies mean the monies from the sale of the Delivery Assets obtained by the Issuer (or their nominee) on behalf of the Investor under the Agency Sale Option, less Break Costs and if applicable Delivery Costs, including brokerage, applicable to the sale of the Delivery Parcel;

Scheduled Business Day means, in respect of a Reference Index or Delivery Asset, any day on which the Relevant Exchange and/or Related Exchange in respect of such Reference Index or Delivery Asset is scheduled to be open for trading for their respective regular trading sessions;

Series means Series 1, Series 2 or both Series 1 and Series 2, as the context requires;

Settlement Date means the 20th Scheduled Business Day after the Maturity Date or such other date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under the Terms;

Settlement Notice means the notice from the Issuer to Investors following settlement on Early Maturity or a Buy-Back Date;

Special Dividend means any special or abnormal dividend or distribution in respect of securities (including a distribution of income or capital) and includes a dividend or distribution described by the entity declaring that dividend or distribution as:

- (a) special, abnormal, extraordinary, additional or extra;
- (b) part of a scheme of arrangement or takeover consideration;
- (c) part of a special distribution involving a return of capital, or are otherwise characterised by the ASX or the Relevant Exchange as a special dividend or special distribution.

Suspension means any temporary cessation of the trading or quotation of the Delivery Asset, including a trading halt on the ASX, Relevant Exchange or Related Exchange (as the context requires);

S&P means Standard & Poor's, a division of The McGraw-Hill Companies Inc.;

Tax or Taxes means any income tax, capital gains tax, GST, withholding tax, stamp, registration and other duties and other related taxes, levies, imposts, deductions, interest, penalties and charges;

Termination Payment means the amount determined by the Issuer in its absolute discretion and by whatever means the Issuer deems appropriate. Without limiting the foregoing, in determining the Termination Payment, the Issuer may adjust the Termination Payment for any remaining unpaid Instalment Payments, the early termination of the Capital Protection Hedge (for which the Issuer may receive nothing), any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Delivery Costs, Break Costs, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under the Terms, and any cost of funding or any loss of bargain;

Terms means the Terms of the Deferred Purchase Agreement which are set out in Section 11 of the PDS on which the Investor agrees to acquire the Delivery Parcel from the Issuer;

Trading Day means for

Series 1: Any day that is (or but for the occurrence of a Market Disruption Event would have been) a trading day on the Relevant Exchange or Related Exchange other than a day on which trading on the Relevant Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time.

Series 2: Any day on which the Reference Index Calculation Agent calculates and publishes the closing level of the Index according to its rules.

Timeline means the timeline set out in Section 3.1 'Timeline';

Trust has the meaning given in Section 11.9 'Custody Deed';

Total Investment Amount means the number of Units issued multiplied by the Issue Price;

Underlying Index has the meaning in relation to each series of Units given in Section 4 'The Offer' of this PDS, being the index that underlies the Reference Index;

Units or Unit means a Deferred Purchase Agreement entered into by the Issuer and the Investor. The total number of Units held by the Investor will be notified by the Issuer to the Investor in the Confirmation Notice provided by the Issuer in accordance with clause 1.3(c) of the Terms;

Variable Coupon(s) has the meaning given in Section 3.2 'Key Information'.

13. Formulae and Calculation Table

Formulae and calculations (Series 1)

Reference Index Value Reference Index Value_t = Reference Index Value_{t-1} * [1 + DP_t * Return_t]

Where:

t means a Business Day.

Reference Index Value_t = the value of the Reference Index on Business Day t

Return_t = Rolling Future_t / Rolling Future_{t-1} - 1

Rolling Future_t = official Closing Price of the Rolling Future on Business Day t

DP_t means the Participation Rate on Business Day t. DP_t is dependent on ERV_t which is the Effective Realised Volatility of the Rolling Future on Business Day t.

Volatility

The Volatility can be calculated using the formula below:

$$ERV_t = \text{MAX} [RV_v]_{v=t-4}^{t-1}$$

Where:

ERV_t means the volatility on Calculation Date t, and is the maximum Realised Volatility measured by observing the Realised Volatility (or "RV") on that specific Calculation Date and the previous four Calculation Dates (each an "Observation Date");

RV_v (where v ranges from and including Calculation Date t-4 to and including Calculation Date t) is the annualised volatility of the 20 most recent daily log returns of the Rolling Future up to and including the closing level on Calculation Date v-j in accordance with the following formula:

$$RV_v = \sqrt{\frac{\sum_{j=2}^4 \left[\ln \left(\frac{\text{Rolling Future}(v-j)}{\text{Rolling Future}(v-j-1)} \right)^2 \right]}{19}} \times \sqrt{252}$$

Rolling Future

On each Calculation Day t, the price of the Rolling Future will be determined as the product of the Closing Price of the relevant Front Month Contract (Front Month Contract Closing Price) and the number of contracts contained in the Rolling Future at that time.

$$\text{Rolling Future}_t = C_t * Q_t$$

Where:

Rolling Future_t means the price of the Rolling Future on Calculation Day t (Business Day)

C_t means the Front Month Contract Closing Price on Calculation Day t

Q_t is equal to the number of contracts the Rolling Future contains on Calculation Day t (rounded to 8 decimal places)

The price of the Rolling Future shall be rounded to 2 decimal places.

Number of Contracts	<p>The number of contracts contained in the Rolling Future may change on any Adjustment Day. On an Adjustment Day, the new number of contracts relating to the Near Month Contract is calculated as below:</p> $Q_k = Q_{k-1} * C_{k-1} / C_k$ <p>Where:</p> <p>Q_{k-1} is the number of contracts currently invested in the relevant Front Month Contract (rounded to 8 decimal places). The Rolling Future will notionally divest from these contracts on the Adjustment Day.</p> <p>Q_k is the number of contracts invested in the corresponding Near Month Contract (rounded to 8 decimal places). This contract will become the next relevant Front Month Contract. The Rolling Future will notionally invest into these contracts on the Adjustment Day, a whole number of futures contract.</p> <p>C_k is the official Closing Price of the Near Month Contract on the Adjustment Day at the Adjustment Time.</p> <p>C_{k-1} is the official Closing Price of the currently relevant Front Month Contract on the Adjustment Day at the Adjustment Time.</p>
Initial Reference Index Value	Reference Index Value ₀ or the value of the Reference Index at Commencement Date.
Final Reference Index Value	The quarterly averaged performance over the final year of the Investment Term as determined on the Maturity Averaging Dates.
Variable Coupon(t) t = 1 to 6	<p>Variable Coupon (t) = Max [0, 40% x (A – B – C)] x Issue Price</p> <p>Where:</p> <p>A = Reference Index Value (t) / Initial Reference Index Value as calculated on the relevant Coupon Determination Date.</p> <p>B = High Water Mark (t) / Initial Reference Index Value Where the High Water Mark at time (t) is the highest Reference Index Value as at any of the previous Coupon Determination Dates. On the first Coupon Determination Date “B” is equal to the Initial Reference Index Value.</p> <p>C = the Hurdle Rate, being 5% of the Issue Price</p>
Aggregate Variable Coupons	The aggregate amount of the Variable Coupons paid during the Investment Term.
Final Value	<p>The amount determined on the Maturity Date in accordance with the following formula:</p> <p>Final Value = Minimum Final Value + Issue Price x [Max (0, (Final Reference Index Value / Initial Reference Index Value - 1) – Aggregate Variable Coupons – Final Hurdle)]</p>

Participation Rate and volatility

The Participation Rate is a mechanism designed to manage market risk associated with the performance of the Reference Index. It operates by varying the exposure that the Units will have to the Reference Index depending on the volatility of the Reference Index. The higher the volatility, the lower the Participation Rate (and hence the lower the exposure to the Reference Index) and vice versa.

The Participation Rate is determined on each Business Day by reference to the volatility of the Reference Index over the previous 20 Business Days. The levels of volatility and corresponding Participation Rates expressed in the table below are indicative only and are the levels which would have applied if the date of the PDS had been the Commencement Date. The actual levels of volatility could be lower or higher than those provided in the table below, and will be confirmed on or around the Commencement Date and published at www.rbs.com.au/structuredproducts.

Although the Participation Rates will vary, they will be set on the Commencement Date between 0% and 150% so that Investors know that the lowest exposure to the Reference Index, depending on volatility, they may have is 0% and the highest is 150%. If the Participation Rates cannot be set to a level satisfactory to the Issuer, for example if there is a significant movement in its cost of hedging prior to the Commencement Date, then the Issuer may use its discretion not to proceed with the offer.

The table below shows the factors that affect volatility. The level of volatility applicable to each Participation Rate will be reset on or around the Commencement Date, and will be affected by changes in these factors between the date of the PDS and the Commencement Date.

Factor	Level	Volatility
Volatility	↑	↑
Interest rates	↑	↓

On each Calculation Date, the table below will be used to calculate the applicable Participation Rate depending on the Volatility:

Lower	Upper	Participation Rate
0.00%	9.00%	150.00%
9.00%	14.00%	100.00%
14.00%	19.00%	73.68%
19.00%	24.00%	58.33%
24.00%	29.00%	48.28%
29.00%	34.00%	41.18%
34.00%	44.00%	31.82%
44.00%	54.00%	25.93%
>54.00%		0.00%

Investors should note that historical volatility levels of the Reference Index are not indicative of the future levels of volatility. Specifically, Investors should note that there may be a risk that the level of volatility will remain high throughout the majority or whole of the Investment Term. Should this occur, the Participation Rate may never reach 100% exposure to the Reference Index.

Formulae and calculations (Series 2)

Reference Index Value $\text{Reference Index Value}_t = \text{Reference Index Value}_{t-1} * [1 + \text{Participation Rate}_{t-2} * \text{Final Underlying Price}_t / \text{Final Underlying Price}_{t-1} - 1]$

Where

$\text{Reference Index Value}_t$ means the Reference Index Closing Price on Calculation Date t

$\text{Reference Index Value}_{t-1}$ means the Reference Index Closing Price on the Calculation Date before Calculation Date t

$\text{Participation Rate}_{t-2}$ means the Participation Rate on the Calculation Date 2 Calculation Dates prior to Calculation Date t

$\text{Final Underlying Price}_t$ means the Final Underlying Price on Calculation Date t

$\text{Final Underlying Price}_{t-1}$ means the Final Underlying Price on the Calculation Date prior to Calculation Date t

Final Underlying Price The Final Underlying Price on Calculation Date t is calculated by multiplying the Final Underlying Price on the Calculation Date prior to Calculation Date t by:

a. the increase in the Net Underlying Price between Calculation Date t and the Calculation Date prior to Calculation Date t

less

b. the Performance Fee multiplied by the greater of:

i. zero, and

ii. the Net Underlying Price at Calculation Date t less the High Water Mark, all divided by the Net Underlying Price at the previous Calculation Date

The High Water Mark at Calculation Date t is the maximum of the High Water Mark and the Net Underlying Price at the previous Calculation Date.

The calculation of the Final Underlying Price can be expressed using the following formula:

$$FP_t = FP_{t-1} \times \left[\frac{NP_t}{NP_{t-1}} - PF \times \max\left(\frac{NP_t - HWM_t}{NP_{t-1}}, 0\right) \right]$$

where

On the Calculation Date that is August 7, 1997: $FP_t = 100.00$;

NP_t is the Net Underlying Price determined on Calculation Date t in accordance with the formula below;

PF is the "Performance Fee" and, as of the date of publication of this Description, is equal to 15%; and

" HWM_t " is the "High Water Mark" on Calculation Date t and is determined in accordance with the formula:

$$HWM_t = \max(HWM_{t-1}, NP_{t-1})$$

where

On the Calculation Date that is August 7, 1997: $HWM_t = 100.00$.

On the Calculation Date that is July 13, 2009, HWM_t will be equal to the Net Underlying Price on July 10, 2009 (or $NP_{t=July\ 10,\ 2009}$)

Net Underlying Price

The Net Underlying Price on Calculation Date t is calculated by multiplying the Net Underlying Price on the Calculation Date prior to Calculation Date t by:

- a. the increase in the Underlying Index between Calculation Date t and the Calculation Date prior to Calculation Date t

less

- b. the Access Cost plus the Licensee Management Fee plus the Licensor Management Fee multiplied by the number of calendar dates from and the Calculation Date prior to Calculation Date t to and including Calculation Date t

The calculation of the Net Underlying Price can be expressed using the following formula:

$$NP_t = NP_{t-1} \times \left[\frac{P_t}{P_{t-1}} - (AC + MF_{Licensee} + MF_{Licensor}) \times \frac{t - (t-1)}{365} \right]$$

where

On the Calculation Date that is August 7, 1997: $NP_t = 100.00$;

P_t is the value of the Underlying (the “**Underlying Price**”) obtained by the Calculation Agent from the Price Source on Calculation Date t ;

AC the “**Access Cost**” and, as of the date of publication of this Description, is equal to 1.20% per annum. The Access Cost can vary from 1.00% to 1.75% per annum;

$MF_{Licensee}$ is the “**Licensee Management Fee**” and, as of the date of publication of this Description, is equal to 1.15% per annum. The Licensee Management Fee can vary from 1.00% to 1.40% per annum;

$MF_{Licensor}$ is the “**Licensor Management Fee**” and, as of the date of publication of this Description, is equal to 0.35% per annum. The Licensor Management Fee can vary from 0.30% to 0.50% per annum; and

t-(t-1) means the number of calendar dates from and excluding Calculation Date $t-1$ to and including Calculation Date t .

Volatility

The Volatility on a Calculation Date is the maximum Realised Volatility measured by observing the Realised Volatility on that specific Calculation Date and the previous four Calculation Dates.

The Volatility can be calculated using the formula below:

$$ERV_t = MAX [RV_v]_{v=t}^{t-4}$$

where

ERV_t means the Volatility on Calculation Date t , and is the maximum Realised Volatility measured by observing the Realised Volatility (or “RV”) on that specific Calculation Date and the previous four Calculation Dates (each an “**Observation Date**” v);

The Realised Volatility on an Observation Date is calculated by observing the 20 historical daily closing levels of the Final Underlying Price up to and including the Calculation Date in accordance with the following formula:

RV_v means the Realised Volatility of FPT on Observation Date v (where v ranges from and including Calculation Date t-4 to and including Calculation Date t) calculated by observing the 20 historical daily closing levels of FPT up to and including the closing level on Calculation Date v in accordance with the following formula:

$$RV_t = \sqrt{\frac{\sum_{j=0}^{19} [LogRtn_{t-j} - MeanLogRtn_t]^2}{19}} \times \sqrt{252}$$

where

j is the number of Calculation Dates before Calculation Date t, and varies from 0 to 19;

$LogRtn_{t-j}$ is calculated using the following equation:

$$LogRtn_{t-j} = \ln\left(\frac{FP_{t-j}}{FP_{t-j-i}}\right)$$

$MeanLogRtn_t$ is calculated using the following equation:

$$MeanLogRtn_t = \frac{1}{20} \sum_{j=0}^{19} LogRtn_{t-j}$$

Initial Reference Index Value	Reference Index Value ₀ or the value of the Reference Index at Commencement Date.																																	
Final Reference Index Value	The quarterly averaged performance over the final year of the Investment Term as determined on the Maturity Averaging Dates.																																	
Variable Coupon(t) t = 1 to 6	<p>Variable Coupon (t) = Max [0, 40% x (A – B – C)]</p> <p>Where:</p> <p>A = Reference Index Value (t) / Initial Reference Index Value as calculated on the relevant Coupon Determination Date</p> <p>B = High Water Mark (t) / Initial Reference Index Value Where the High Water Mark at time (t) is the highest Reference Index Value as at any of the previous Coupon Determination Dates. On the first Coupon Determination Date “B” is equal to the Initial Reference Index Value.</p> <p>C = the Hurdle Rate, being 5% of the Issue Price</p>																																	
Aggregate Variable Coupons	The aggregate amount of the Variable Coupons paid during the Investment Term.																																	
Final Value	<p>The amount determined on the Maturity Date in accordance with the following formula:</p> <p>Final Value = Minimum Final Value + Issue Price x [Max (0, (Final Reference Index Value / Initial Reference Index Value - 1) – Aggregate Variable Coupons)]</p>																																	
Participation Rate and Volatility	<p>On each Calculation Date, the table below will be used to calculate the applicable Participation Rate depending on the volatility:</p> <p>Volatility between:</p> <table border="1"> <thead> <tr> <th>Lower</th> <th>Upper</th> <th>Participation Rate</th> </tr> </thead> <tbody> <tr> <td>0.00%</td> <td>4.00%</td> <td>145.00%</td> </tr> <tr> <td>4.00%</td> <td>5.00%</td> <td>120.00%</td> </tr> <tr> <td>5.00%</td> <td>6.00%</td> <td>100.00%</td> </tr> <tr> <td>6.00%</td> <td>7.50%</td> <td>80.00%</td> </tr> <tr> <td>7.50%</td> <td>10.00%</td> <td>60.00%</td> </tr> <tr> <td>10.00%</td> <td>15.00%</td> <td>40.00%</td> </tr> <tr> <td>15.00%</td> <td>20.00%</td> <td>30.00%</td> </tr> <tr> <td>20.00%</td> <td>30.00%</td> <td>20.00%</td> </tr> <tr> <td>30.00%</td> <td>40.00%</td> <td>10.00%</td> </tr> <tr> <td>>40.00%</td> <td></td> <td>0.00%</td> </tr> </tbody> </table>	Lower	Upper	Participation Rate	0.00%	4.00%	145.00%	4.00%	5.00%	120.00%	5.00%	6.00%	100.00%	6.00%	7.50%	80.00%	7.50%	10.00%	60.00%	10.00%	15.00%	40.00%	15.00%	20.00%	30.00%	20.00%	30.00%	20.00%	30.00%	40.00%	10.00%	>40.00%		0.00%
Lower	Upper	Participation Rate																																
0.00%	4.00%	145.00%																																
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14. Reference Index Disclaimers

Series 1

The Units are not sponsored, endorsed, sold or promoted by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") or its third party licensors. Neither S&P nor the Australian Securities Exchange ("ASX") makes any representation or warranty, express or implied, to the owners of the Units or any member of the public regarding the advisability of investing in securities generally or in the Units particularly or the ability of the Risk Stabilised SPI 200 Index Future Strategy (the "Index") to track general stock market performance. S&P's and ASX's only relationship to the Licensee is the licensing of certain trademarks and trade names of S&P and ASX, and of the Index which is determined, composed and calculated by S&P without regard to the Licensee or the Units. S&P and ASX have no obligation to take the needs of the Licensee or the owners of the Units into consideration in determining, composing or calculating the Index. S&P and ASX are not responsible for and have not participated in the determination of the prices and amount of the Units or the timing of the issuance or sale of the Units or in the determination or calculation of the equation by which the Units are to be converted into cash. S&P and ASX have no obligation or liability in connection with the administration, marketing or trading of the Units.

NEITHER S&P, ITS AFFILIATES NOR ASX GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P, ITS AFFILIATES AND ASX SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P AND ASX MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MARKS, THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P, ITS AFFILIATES OR ASX BE **LIABLE** FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL **DAMAGES**, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

Series 2

The Index Sponsor makes no express or implied representations or warranties concerning whether or not the Reference Index may achieve any particular level or meet or correlate with any particular objective or fit any particular purpose in relation to the Reference Index. Although the Index Sponsor will obtain information for inclusion in or for use in the calculation of the Reference Index from sources which the Index Sponsor considers reliable, the Index Sponsor will not independently verify such information and does not guarantee the accuracy and/or completeness of the Reference Index or any data included therein. The Index Sponsor is under no obligation to advise any person of any error in the Reference Index.

The Index Sponsor accepts no legal liability to any person in connection with the Reference Index and the publication and dissemination of the Reference Index.

Neither the Index Sponsor nor is responsible for the level of performance of the Reference Index. The Reference Index represents a notional strategy investment and no actual investment in the Reference Index is made. There can be no assurance that the Reference Index will attain the investment objective of the Units. The Reference Index Calculation Agent's role is limited to the calculation and publication of the Reference Index.

Aquantum Algorithmic Limited is a company which was established recently as a creator of the Underlying Index and neither Aquantum Algorithmic Limited nor any individuals engaged with the management of the Underlying Index on behalf of Aquantum Algorithmic Limited have a track record in this area of practice. Consequently, investors in Units need to evaluate Aquantum Algorithmic Limited's management ability to achieve a positive performance of the Underlying Index very carefully. Prospective investors of the Units should be aware that the Issuer has not investigated Aquantum Algorithmic Limited's management ability and acts only in its capacity as the Issuer of the units. The Issuer does not accept any responsibility for the performance of the Underlying Index.

The Index Sponsor, the Reference Index Calculation Agent and Aquantum Algorithmic Limited have not authorised, been involved in the preparation of, or caused the issue of, this PDS. The Index Sponsor, the Reference Index Calculation Agent and Aquantum Algorithmic Limited do not take any responsibility for any part of this PDS.

15. Managing the Investment

Who can invest?

The Offer of Units under this PDS is available to both retail and wholesale clients as those terms are defined under the Corporations Act.

Please note that the Issuer can only accept Applications submitted within Australia.

Minimum investment, minimum balance and minimum withdrawal amounts

The Minimum Investment Amount is 20,000 Units which requires and upfront investment of \$16,000.

The minimum number of Units for an Issuer Buy Back is 1,000 Units or if an Investor's holding is less than 1,000 Units that Investor's entire holding.

How to invest

Complete the attached Application Form and forward it together with the Initial Instalment Payment (plus any fees and costs) as instructed on the Application Form. Investors can elect to have their funds direct debited on the Issue Closing Date.

Processing Applications and issue of Units

The Issuer will deliver the Application Forms to the Registrar who will accept and process Applications for the Issuer. The acceptance of Applications will however be at the Issuer's discretion.

Units will be issued within one month upon receipt of Application monies from an investor. The Unit's economic exposure to the Reference Index, will begin on the Commencement Date. If a Unit is issued prior to the Commencement Date it will have no economic exposure until the Commencement Date.

If for any reason the exposure to the Reference Index or the Minimum Subscription Amount cannot be achieved on the Commencement Date, or the issue does not proceed, the Issuer will return the Investment Amount, and the Issue will not proceed.

Once an Application to invest in the Units is accepted, and Units are issued to the Investor, the Investor will receive a confirmation detailing the particulars of their investment. The Issuer will confirm all subsequent transactions Investors make regarding their Units. No interest will be payable in respect of Application amounts received before the Commencement Date.

Cooling off

No cooling off rights apply in respect of an investment in the Units.

Transfer of Units

Investors may request a transfer of their Units which may or may not be accepted by the Issuer in its absolute discretion. Investors should contact the Issuer for the relevant transfer form.

16. How to Complete the Application Form

Complete the information required in the Application Form. Please read Section 1 below for further instructions.

Provide the identification and verification documents listed in Section 2 below. These documents are required under the Anti-Money Laundering & Counter-Terrorism Financing legislative regime in Australia.

Section 1 – General

Please use CAPITAL LETTERS and a black ball point pen when completing the forms. For joint investors the Issuer requires the usual residential address of each investor. Applicants may only elect one postal address for all notices and correspondence. The applicant's usual residential address cannot be the applicant's financial advisor's address or a PO Box. Company Applications should include a contact name and ACN, ABN, or ARBN as applicable. For company Applications the Issuer requires the full address of the registered office, plus principal place of business. Individual applicants should be 18 years of age or over. Investors can invest on a minor's behalf by putting their name in the account designation box. The unit holder will not, however, be the minor. If an applicant has an existing account and would like to add to the account, they should note their existing account number.

Application Instructions

The Minimum Investment Amount for the Units is 20,000 Units at the Initial Instalment Payment shown in Section 3.2 'Key Information'. To calculate the Investment Amount, multiply the Initial Instalment Payment per Unit by the number of Units to be purchased.

Cash is not accepted. If payment is made by EFT the Investment Amount should be sent to the bank account details of which are set out in Section C of the Application Form. If an applicant would like to pay by direct debit, they should complete the bank account details and direct debit authority in Section I and J of the Application Form.

Please note that direct debits may be made any time between the date Investors lodge their Application and the Commencement Date. Investors should ensure that the account they nominate for a direct debit has adequate funds during this time to avoid any dishonour fees.

Account operation instructions

The applicant must specify how they would like their account to be operated. In the case of joint accounts, applicants may request joint signatures or allow either signatory to sign. Company or Trustee applicant should indicate their operation instructions by ticking the appropriate box. See Section E of the Application Form.

Cash Payment Amount

Any payments of cash in respect of an Early Maturity or Issuer Buy-Back will be paid directly into the Investor's bank account specified in Section D. Applicants must ensure they complete all details of the institution in full.

Signature(s)

Applicants should ensure that they have read the attached PDS in full before signing the Application Form. Joint applications must be signed by all persons. If the Application is being signed under power of attorney a certified copy of the power of attorney and appropriate photo identification of the attorney must be enclosed.

Lodging the Application

Please mail the completed Application form, along with the documents to certifying the applicant's identity to:

By post:

RBS Group (Australia) Pty Limited
c/- Registries Limited
GPO Box 3993
Sydney NSW 2001

In person:

RBS Group (Australia) Pty Limited
c/- Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Please ensure payment is made in full.

Units will only be issued on receipt of a properly completed Application Form, issued together with the PDS dated 23 April 2010 and cleared funds. Applicants must ensure they sign in Section J of the Application Form.

If applicants have any queries they should call their financial advisor, the Registrar (see details at the back of this PDS) or contact RBS at:

Internet: www.rbs.com.au/structuredproducts

Email: productsupport.au@rbs.com

Telephone: 1800 450 005

Examples of Correct Names and Account Designations

Type of investor	Correct name	Incorrect name	Signature(s) required
Individual/joint holding Use full name of each applicant, not initials	Luke John Smith Susan Mary Smith	Luke J Smith Susan M Smith	Each applicant
Company holding Use full company name	ZYX Pty Ltd	ZYX inc ZYX Co ZYX p/l	2 directors OR a director & secretary OR a single director (if a sole director company)
Minors Use full name of each applicant, not initials. Use minor name as beneficiary.	Susan Mary Smith a/c designation <Josh Smith>	Josh Smith	Each Applicant (not minor)
Superannuation Funds/ Trusts – individual Trustee(s) Use Trustee(s) personal name(s). Use Fund/Trust name as beneficiary.	Susan Mary Smith a/c designation <Susan Smith Trust> <Susan Smith Super Fund>	S M Smith Trust S M Smith Super Fund	Each Trustee
Superannuation Funds/ Trusts – corporate Trustee Use Trustee company name. Use Fund/Trust name as beneficiary.	ZYX Pty Ltd <ZYX Trust> <ZYX Super Fund>	ZYX Trust ZYX Super Fund	Trustee – as per company holding above

Section 2

The following provides information regarding the supporting documentation required for identification purposes under the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislative regime.

1. Individuals, joint or sale trader

1.1 What information must be verified

- (a) the client's full name; and
- (b) either:
 - i. the client's date of birth; or
 - ii. the client's residential address.

1.2 Documents used to verify individuals identity

An individual's identity must be verified using reliable and independent documents or electronic data or combination of both.

Using reliable and independent documents you can verify the client's name and either:

- (a) the client's residential address;
- (b) or date of birth, or both, from:
 - i. an original or certified copy of a primary photo identification document; or
 - ii. both:
 - A. an original or certified copy of a primary non photo identification document; and
 - B. an original or certified copy of a secondary identification document;

and

- (c) verify that any document produced by the customer has not expired (other than in the case of a passport issued by the Commonwealth that expired within the preceding two years).

1.3 Primary Photo Identification

Primary Photo identification includes:

- (a) an Australian driver's licence issued or equivalent authority of a foreign country that contains a photograph of the person in whose name the document is issued; or
- (b) an Australian passport; or
- (c) a Foreign passport or similar document issued for the purpose of international travel that:
 - i. contains a photograph and signature of the person in whose name the document is issued;
 - ii. is issued by a foreign government, the United Nations or an agency of the United Nations; and
 - iii. if the document is not in English it is to be accompanied by an English translation prepared by an accredited translator; or
- (d) a Proof of Age card issued by a State or Territory government for the purpose of proving the person's age which contains a photograph of the person in whose name the document is issued; or
- (e) a national identity card issued for the purpose of identification, that:
 - i. contains a photograph and the signature of the person in whose name the document is issued;
 - ii. is issued by a foreign government, the United Nations or an agency of the United Nations; and
 - iii. if the document is not in English it is to be accompanied by an English translation prepared by an accredited translator.

1.4 Primary Non Photo identification document

Primary non photo identification documents means any of the following:

- (a) an Australian birth certificate; or
- (b) a citizenship certificate issued by a foreign government.
If the certificate is not in English it must be accompanied by an English translation prepared by an accredited translator; or
- (c) a birth certificate issued by a foreign government, the United Nations or an agency of the United Nations, if not in English the certificate must be accompanied by an English translation prepared by an accredited translator; or
- (d) a pension card issued by Centrelink that entitles the person in whose name the card is issued, to financial benefits.

1.5 Secondary Identification document

Secondary identification document means any of the following:

- (a) a notice that was issued to an individual by the Commonwealth, a State or Territory within the preceding twelve months that:
 - i. contains the name of the individual and his or her residential address; and
 - ii. records the provision of financial benefits to the individual under a law of the Commonwealth, State or Territory;
- (b) a notice that:
 - i. was issued to an individual by the Australian Taxation Office within the preceding 12 months;
 - ii. contains the name of the individual and his or her residential address; and
 - iii. records a debt payable to or by the individual by or to (respectively) the Commonwealth under a Commonwealth law relating to taxation;
- (c) a notice that:
 - i. was issued to an individual by a local government body or utilities provider within the preceding three months;
 - ii. contains the name of the individual and his or her residential address; and
 - iii. records the provision of services by that local government body or utilities provider to that address or to that person; and
- (d) In relation to a person under the age of 18, a notice that:
 - i. was issued to a person by a school principal within the preceding three months;
 - ii. contains the name of the person and his or her residential address; and
 - iii. records the period of time that the person attended at the school.

2. Australia Corporate

2.1 Information to be verified

- (a) the full name of the company as registered by ASIC;
- (b) whether the Company is Proprietary or Public;
- (c) the ACN or ABN;
- (d) the names and address of each beneficial owner; and
- (e) the name and address of one director.

2.2 Documents used to verify Beneficial Owners

Beneficial owners need to meet the document verification standards of Individuals set out at 1.2-1.6 above.

3. Trusts (including SMSF)

3.1 Information to be verified

- (a) the full name of the trust;
- (b) the full name of each trustee;
- (c) for one trustee either their date of birth or address; and
- (d) the full name of each beneficiary.

3.2 Documents used to verify Trust Name

- (a) a trust deed; and
- (b) certified copy or certified extract of the trust deed.

3.3 Documents used to verify a Trustee or Beneficiary

Trustees and Beneficiaries need to meet the document verification standards of Individuals set out at 1.2-1.6 above.

4. Persons authorised to certify a copy of documents used to verify individual's identity

- (a) A member of:
 - i. the Institute of Chartered Accountants in Australia; or
 - ii. the Australian Society of Certified Practising Accountants; or
 - iii. the National Institute of Accountants.
- (b) A legal practitioner (however described) of a Federal, State or Territory court.
- (c) A diplomatic or consular officer of an Australian Embassy, High Commission or Consulate, in Australia or overseas.
- (d) A justice of the peace of a State or Territory.
- (e) A notary public.

17. How to Complete the Issuer Buy-Back Form

General

Please use CAPITAL LETTERS and a black ball point when completing the form.

Investor Details

For joint investors the Issuer requires the usual residential address of each investor.

The applicant's usual residential address cannot be their financial advisors address or a PO Box.

Company requests should include a contact name and ACN, ABN, or ARBN as applicable.

For company requests the Issuer requires the full address of the registered office, plus principal place of business.

Details of the Units to be Sold

Please complete this section by selecting the investment to be sold and the number of Units to be sold.

Signature(s)

Joint Applications must be signed by all persons. If the Issuer Buy-Back Form is being signed under Power of Attorney please enclose a certified copy of the Power of Attorney and appropriate photo identification of the attorney.

Lodging the Issuer Buy-Back Form

Please mail the completed form to:

By post:

**RBS Group (Australia) Pty Limited
c/- Registries Limited
GPO Box 3993
Sydney NSW 2001**

In person:

**RBS Group (Australia) Pty Limited
c/- Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000**

Requests will only be processed on receipt of a properly completed Issuer Buy-Back Form.

Applicants must ensure they sign in Section C of the Buy-Back Form.

If applicants have any queries they should call their financial advisor, the Registrar (see details at the back of this PDS) or contact RBS at:

Internet: www.rbs.com.au/structuredproducts

Email: productsupport.au@rbs.com

Telephone: 1800 450 005

Application Form

This Application Form includes 'Section J – Execution Page'

This is an Application Form for the Series 1 and/or Series 2 Units in the Re-Strike Deferred Purchase Agreements issued by RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247013). This Application Form accompanies the PDS dated 23 April 2010 and any supplementary PDS issued for the Units. It is important that you read the PDS in full and the acknowledgements contained in this Application Form before applying for the Units. The Issuer will provide you with a paper copy of the PDS including any supplemental PDS and the Application Form, on request without charge.

A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the PDS including any supplemental PDS.

Please see the instructions on how to complete this Application Form in the PDS.

Investors should note the following that the Minimum Investment Amount is 20,000 Units or \$16,000 and in multiples of \$1,000 thereafter (i.e. 800 Units).

Privacy: The Issuer will not use information provided in this application in order to send you information regarding future investment opportunities.

Wealth Focus Pty Ltd
PO Box 760
Manly
NSW 1655
Tel: 1300 559869
AFSL: 314872

Section A – Investor Details

What type of person or entity is applying? Please tick one box only.

- Individual, joint or sole trader – must complete Section A1, B, C, D, E, F, G, H, I and J
- Partnership – must complete A1, A4, B, C, D, E, F, G, H, I and J
- Australia Corporate – must complete A1, A2, B, C, D, E, F, G, H, I and J
- Trust / Super Fund with Individuals as Trustee – must complete A1 (Trustees) A3, B, C, D, E, F, G, H, I and J
- Trust / Super Fund with Corporate Trustee – must complete A1 (Directors), A2 (Company), A3, B, C, D, E, F, G, H, I and J
- Other:
For other entities, including foreign companies, please contact us for an appropriate Application Form.

A1 Individual Investor Details (including individuals acting as Trustee)

Investor 1 (Your name MUST match your ID exactly.)

Title	Surname	
Given Names (in full)		
Date of Birth (dd/mm/yyyy)	Country of Citizenship	
Residential Address		
City/ Suburb/ Town	State	Postcode
Country	Telephone Number	
Email		

Australian Tax File Number or Exemption

(Tax information not required if you are providing information as Trustee of a Fund.)

Investor 2

Title	Surname	
Given Names (in full)		
Date of Birth (dd/mm/yyyy):	Country of Citizenship	
Residential Address		
City/ Suburb/ Town	State	Postcode
Country	Telephone Number	
Email		
Australian Tax File Number or Exemption (Tax information not required if you are providing information as Trustee of a Fund)		

Complete this part if individual is a sole trader

Full Business Name (if any ABN)	ABN	
Principal Place of Business (if any) (PO Box is NOT acceptable)		
City/ Suburb/ Town	State	Postcode
Country	Telephone Number	

One Director of an Australian Corporate (or Corporate Trustee) Applicant must complete Section A1.**A2 Australian Corporations & Corporate Trustees**

Full Name of Company (as registered by ASIC)	ABN	
Details of any regulatory Licence (e.g. AFSL)		
Registered office address	State	
Country	Postcode	
Principal Place of Business (if any) (PO Box is NOT acceptable)		
City/ Suburb/ Town	State	Postcode
Country	Telephone Number	

Company Type

<input type="checkbox"/> Public	<input type="checkbox"/> Proprietary
How many directors are there?	
Each Directors' name in full (in CAPITALS)	

Name and residential address of any individual who owns through one or more shareholdings more than 25% of the issued capital on the company

Australian Tax File Number or Exemption
(Tax information not required if you are providing information as Trustee of a Fund.)

A3 Trust or Super Fund Details

Name of Trust or Fund	ABN
Country of establishment	ARSN (if registered)
Regulator (if regulated)	Licence (if regulated)
Business name of the Trustee (if any)	
Identified Trustee's name	

Note: individual Trustees must complete A1; corporate Trustees must complete A2 (but not the tax sections).

Type of Trust

- Regulated Trust (ADF or Super Fund)
- Registered managed investment scheme
- Unregistered managed investment scheme with only wholesale clients which does not make small-scale offerings under Section 1012E of the Corporations Act 2001
- Government Superannuation Fund established by a statute

Relevant Statute

- Self-Managed Super Fund (SMSF)
- Other: If other, please specify (e.g. family, unit, charitable, estate)

If SMSF or 'other', you must provide the full name of each beneficiary and/or details of any specified class of beneficiary

Australian Tax File Number or Exemption

(Tax information not required if you are providing information as Trustee of a Fund.)

Please note Trustees must provide a certified copy of the Trust Deed, Trustee Declaration Form attached to the back of this Application Form and for each Trustee and Beneficiary of the Trust, identification documents in accordance with Section 16 'How to Complete the Application Form'.

A4 Partnerships

Full Name of Partnership

Full business name of Partnership registered in any State or Territory (if applicable):

Business of Partnership

Country of Establishment

Date of Establishment

Regulating professional association

Membership details

If the partnership is not regulated by a professional association, you must provide the full name and residential address of each partner.

Each Partner's details (in CAPITALS)

Australian Tax File Number or Exemption

(Tax information not required if you are providing information as Trustee of a Fund.)

NB: One Partner **must** complete A1, whether or not the partnership is regulated by a professional association.

Section B – Account Contact Details (Please indicate your preferred account contact details) Same as Section A Joint investors with different residential addresses must select one: Investor 1 Investor 2 Other. Please complete the following if contact details are different from those provided in Section A.

We will not accept your financial advisor's address.

Account Designation (optional)

Main Contact

Postal address

State

Country

Postcode

Telephone Number

Home

Work

Mobile

Email

Section C – Investment Details (Must complete)**Details of the Units to be purchased**

Investment in Units	Initial Instalment Payment (per Unit)	Number to be Purchased (minimum 20,000 units)	Total Investment Amount Payable
Examples:	A\$0.80	20,000	Example: 20,000 x A\$0.80 = A\$16,000
Series 1 Units	A\$0.80		Series 1: x A\$0.80 =
Series 2 Units	A\$0.80		Series 2: x A\$0.80 =
Total:			= A\$

Investors: Please tick the box below to advise how your payment will be made. Direct Debit – Please complete Bank Account Details and Direct Debit Request in Section I.
A Direct Debit Dishonour Fee will apply if insufficient funds are available in your nominated account. Electronic Funds Transfer (EFT) – Please provide a clear reference when EFT funds.**Bank** National Australia Bank**BSB** 082-067**A/C Number** 873386854**Account Name** RBS Group (Australia) Pty Limited – Structured Products 2

Reference

(Please provide clearly the Trust, Company or Investor's Name you will be using as your EFT reference.)

Please ensure that you include the name of the "Investor" in the EFT reference field.

Wealth Focus Pty Ltd
PO Box 760
Manly
NSW 1655
Tel: 1300 559869
AFSL: 314872

Section D – Bank Account Details

Investors must complete this section by providing details of an Australian banking institution for Coupon Payments, Issuer Buy Backs and other payments made by the Issuer.

Bank Name/Institution

Branch Name and Address

State

Country

Postcode

BSB

Account Number

Account Name

Section E – Operating Authority

When giving instructions to us about your investment please indicate who has authority to operate your account.

Individual/Joint Accounts

Any one to sign

Both to sign

(If no box is ticked we will assume all can sign.)

Company, Trust, Super Fund Accounts

Any one to sign

Both to sign

All to sign

Other:

(If no box is ticked all future written instructions must be signed by two directors/Trustees, director and secretary, or the sole director.)

Section F – Privacy

The Issuer may wish to contact you about future investment opportunities that may be of interest. Please tick the box if you do NOT wish to be contacted for this purpose:

I/We do not wish to receive information from RBS Group (Australia) Pty Limited regarding future investment opportunities.

Section G – Providing Identification

I/We confirm I/we have attached certified copies of the required proof of identification with this application form for each investor/applicant.

Persons authorised to certify a copy of documents used to verify individual's identity

- (a) A member of:
- i. the Institute of Chartered Accountants in Australia;
 - ii. the Australian Society of Certified Practising Accountants; or
 - iii. the National Institute of Accountants
- (b) A legal practitioner (however described) of a Federal, State or Territory court;
- (c) A diplomatic or consular officer of an Australian Embassy, High Commission or Consulate, in Australia or overseas;
- (d) A Justice of the Peace of a State or Territory; and
- (e) A notary public.

Section H – Declarations & Signatures

You should read the PDS in full before signing this Application Form

By completing the Application Form you:

1. declare that you have read and understood this PDS;
2. declare that you have read and understood Section 11 'Terms of the Deferred Purchase Agreement';
3. agree to the collection, use and disclosure of your personal information provided in the application form;
4. declare that you have received this PDS personally, or a print-out of it, accompanied by or attached to the application form before signing the form;
5. declare that all information provided in the Application Form or any other information provided in support of the application is true and correct;
6. declare if you have received the PDS from the internet or other electronic means, that it was received either personally or a printout accompanied the application form before making an application for Units;
7. acknowledge that none of the Issuer, Guarantor or the Capital Protection Provider or any member of their respective groups or any of their directors or associates or any other entity guarantees the performance of or the repayment of capital invested in, or income from the Units;
8. declare that if the Application Form is signed under power of attorney, you have no knowledge of the revocation of that power of attorney;
9. declare that you have the power to make an investment in accordance with the terms of this PDS;
10. declare that you have read and understood the Direct Debit Request Service Agreement also attached to this PDS;
11. confirm and make the declarations set out in the Direct Debit Authority;
12. declare that sole signatories signing on behalf of a company are signing as sole director or as a sole director/secretary of the company;
13. acknowledge that an investment in the Units is subject to risks including possible delays in repayment and possible loss of capital invested;
14. agree to be bound by the provisions of the terms and conditions of the Units set out in the PDS, specifically those contained in Section 11 'Terms of the Deferred Purchase Agreement', and as amended from time to time;
15. acknowledge that this PDS does not constitute an offer in any jurisdiction in which, or to any person of whom, it would be unlawful to make the offer;
16. declare that if investing as a Trustee on behalf of a Superannuation Fund or Trust you are acting in accordance with your designated powers and authority under the Trust Deed. In the case of Superannuation Funds, you also confirm that the funds are complying funds under the Superannuation Industry (Supervision) Act 1993;
17. acknowledge that all information relating to this Application Form for investment or any subsequent information relating to this investment may be disclosed to any service provider and to your advisor. This authority will continue unless revoked in writing by you;
18. if you use the facsimile or email facility you:
 - (a) release, discharge and agree to indemnify the Issuer and their agents, including the registrar and their respective officers from and against all losses, liabilities, actions, proceedings, accounts, claims and demand arising from instructions received under the facility;
 - (b) agree that a payment made in accordance with the conditions of the facility shall be in complete satisfaction of all obligations to you for a payment, notwithstanding it was requested, made or received without your knowledge or authority;
19. irrevocably appoint for valuable consideration the Issuer, its related bodies corporate and each of their respective employees whose title includes the word "director" jointly, and each of them severally as my/our true and lawful agent to do:
 - (a) everything necessary or expedient to bind you to the Terms, complete any blanks in the Terms and date and execute the Terms on your behalf;
 - (b) anything which you must do under or in relation to the Terms or any other agreement or arrangement between you and RBS relating to the Units (including arranging physical delivery of the Delivery Assets or acting in accordance with the Agency Sale Option); and
 - (c) anything incidental or necessary in relation to the above (including, but not limited to, completing any blanks in this Application Form and appointing any person as sub-agent to do any of the above);
20. indemnify the agent against all claims, losses, damages and expenses suffered or incurred as a result of anything done in accordance with the above agency appointment.
21. authorise the Issuer to provide evidence of any Issuer Buy-Back request by you to the Capital Protection Provider.

Section I – Direct Debit Request (Complete only if paying by Direct Debit)

This Direct Debit Request includes this page and the next section entitled 'Section J – Execution Page'.

Important Note: Bank account name(s) must match the Applicant name(s) in the Application Form attached to the Product Disclosure Statement (PDS) dated 23 April 2010 and be signed by that person(s). In the case of joint accounts, both signatures are required. If a company or corporate Trust is applying, this form must be signed by either the sole director (if there is only one) OR two directors or a director and secretary (if there are two or more).

Request and Authority to Debit

I/We

Surname or Company Name	Given Name or ABN
Postal Address	State
Country	Postcode
Surname or Company Name	Given Name or ABN
Postal Address	State
Country	Postcode

request and authorise RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247013) or Registries Limited (ABN 14 003 209 836) (or its nominee, assignee, transferee, participant, sub-participant as required), until further notice in writing, to arrange, through its own financial institution, for any amount that RBS Group (Australia) Pty Limited or Registries Limited may properly charge me/us to be debited from my/our nominated account via the Bulk Electronic Clearing System at the financial institution shown below and paid to RBS Group (Australia) Pty Limited or Registries Limited subject to the terms and conditions of the Direct Debit Request Service Agreement in this PDS. The Investment Amount may be deducted at any time from when you lodge this Application Form and the Commencement Date. You should ensure that sufficient funds are in the nominated account during that time to prevent any dishonour fees.

Account Details

Name of Account

Note: The account name must match the name(s) given in the Application Form contained in the PDS.

Name and Branch of Financial Institution

BSB

Account Number

Section J – Execution Page

This execution page forms part of the Application Form and the Direct Debit Request.

Acknowledgments

I/We understand and acknowledge that by signing below:

- I/We have read and understood, and agree to, the terms and conditions governing the direct debit arrangements between me/us and RBS Group (Australia) Pty Limited as set out in the Direct Debit Request Service Agreement of this PDS; and
- I/We make the declarations set out in Section H of this Application Form.

Signature of Unitholder 1

Name of Unitholder 1	Date
Address of Unitholder 1	State
Country	Postcode

Tick capacity: (mandatory for companies) Sole Director Director Secretary

If you are not signing this form in your own personal capacity then please state your name and the capacity in which you are signing e.g. James West, director of West Pty Limited as Trustee of the West Family Trust.

Signature of Unitholder 2

Name of Unitholder 2	Date
Address of Unitholder 2	State
Country	Postcode

Tick capacity (mandatory for companies) Sole Director Director Secretary

If you are not signing this form in your own personal capacity then please state your name and the capacity in which you are signing e.g. James West, director of West Pty Limited as Trustee of the West Family Trust.

Direct Debit Request Service Agreement

Between the Investor, RBS Group (Australia) Pty Limited (ABN 87 000 862 787) and Registries Limited (ABN 14 003 209 836).

1. Definitions

The following definitions apply in this agreement.

"Account" means the account held at Your Financial Institution from which We are authorised to arrange for funds to be debited.

"Agreement" means this Direct Debit Request Service Agreement between you and us.

"Banking Day" means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

"Debit Day" means the day that payment by you to us is due.

"Debit Payment" means a particular transaction where a debit is made.

"Direct Debit Request" means the Direct Debit Request between us and you.

"Our, Us or We" means RBS Group (Australia) Pty Limited 78 000 862 787 ("RBS") or Registries Limited (ABN 14 003 209 836), which you have authorised by signing a Direct Debit Request.

"PDS" means the document to which this Agreement was attached and which sets out the terms of the offer of ReStrike Deferred Purchase Agreements Series 1 and Series 2 Units.

"You or Your" means the person(s) who has signed or authorised by other means the Direct Debit Request.

"Your Financial Institution" is the financial institution where you hold the Account that You have authorised us to arrange to debit.

2. Debiting Your Account

2.1 By signing an Application Form that contains the Direct Debit Request, You have authorised Us to arrange for funds to be debited from your account. You should refer to the Direct Debit Request and this agreement for the terms of the arrangement between us and you.

2.2 We will only arrange for funds to be debited from your Account as authorised in the Direct Debit Request.

2.3 If the Debit Day fails on a day that is not a Banking Day, We may direct your Financial Institution to debit Your Account on the following Banking Day.

2.4 If You are unsure about which day your Account has or will be debited you should ask your Financial Institution.

3. Amendments by us

3.1 We may vary any details of this Agreement or a Direct Debit Request at any time by giving you at least fourteen (14) days written notice.

4. Amendments by You

4.1 You may change, stop or defer a debit payment, or terminate this agreement by providing us with at least fourteen (14) days notification by writing to: Unit Registry

**RBS Group (Australia) Pty Limited
c/o Registries Limited
GPO BOX 3993
Sydney NSW 2001**

or

by telephoning us on 1300 737 760 during business hours;

or

arranging it through your own financial institution.

5. Your Obligations

5.1 It is your responsibility to ensure that there are sufficient clear funds available in your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.

5.2 If there are insufficient clear funds in your Account to meet a Debit Payment:

(a) You may be charged a fee and/or interest by your Financial Institution;

(b) You may also incur fees or charges imposed or incurred by us; and

(c) You must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in your Account by an agreed time so that We can process the Debit Payment.

5.3 You should check your account statement to verify that the amounts debited from your Account are correct

5.4 If We are liable to pay goods and services tax ("GST") on a supply made in connection with this Agreement, then you agree to pay us on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

6. Dispute

6.1 If you believe that there has been an error in debiting your Account, You should notify us directly and confirm that notice in writing with us as soon as possible so that We can resolve your query more quickly. Alternatively, you can take it up with your Financial Institution direct.

6.2 If we conclude as a result of our investigations that your Account has been incorrectly debited we will respond to your query by arranging for your Financial Institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your Account has been adjusted.

6.3 If we conclude as a result of our investigations that your Account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.

7. Accounts

You should check:

- (a) with your Financial Institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions;
- (b) Your account details which you have provided to Us are correct by checking them against a recent account statement; and
- (c) with your Financial Institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.

8. Confidentiality

8.1 We will keep any information (including your account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

8.2 We will only disclose information that we have about you:

- (a) to the extent specifically required by law; or
- (b) for the purposes of this agreement (including disclosing information in connection with any query or claim).

9. Notice

- 9.1 If you wish to notify us in writing about anything relating to this agreement, you should write to your Account Manager.
- 9.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the Application Form to the PDS.
- 9.3 Any notice will be deemed to have been received on the third banking day after posting. Execution by you of the Application Form that contains the Direct Debit Request deems you to have read and understood the terms of this Direct Debit Request Service Agreement.

Advisor Use Only

Advisor Name (in full)

Advisor Postal Residential Address

State

Country

Postcode

Advisor Phone (business hours)

Area Code

Number

Advisor Code

Advisor Email

Advisor Stamp

Wealth Focus Pty Ltd
 PO Box 760
 Manly
 NSW 1655
 Tel: 1300 559869
 AFSL: 314872

Dealer Group name

Dealer Group branch (Suburb, State)

Dealer Postal Residential Address

State

Country

Postcode

Dealer Phone (business hours)

Dealer Code with Client Asset Management (if known)

Dealer Group Email

AFS Licence

ABN

Advisor Use Only

Know Your Client – Investor Application Signoff by your Financial Advisor

This form is to be completed by all financial advisors and returned to RBS together with the completed Application form and any required attachments.

1. Insert subscription application number (if applicable).
2. I confirm the following:
 - (a) The application form is completed and signed;
 - (b) The Execution Page in Section J is completed and signed;
 - (c) For Trustee applicants (that is not a SMSF) the Trustee Declaration is completed and signed; and
 - (d) For Trustee applicants (that is not a SMSF) a certified copy of the dated and stamped Trust Deed together with any amendments, or other document evidencing the terms of the Trust, is enclosed.
3. I confirm:

That in accordance with the requirements of the AML/CTF Act:

 - (a) The applicant's identity has been verified;
 - (b) The methods and procedures used in relation to the verification and identification of the client have been carried out in accordance with AML/CTF Legislation and Regulations; and
 - (c) If requested the verification and identity record, made in accordance with Section 112(2) of the AML/CTF Legislation and Regulations; and
 - (d) Details of identity document(s) sighted such as the document number are noted below or copies are attached.

Applicant #1

Given Name(s)	Surname
Type of Document	Type of Document
Document Number	Document Number
Expiry Date	Expiry Date

Applicant #2

Given Name(s)	Surname
Type of Document	Type of Document
Document Number	Document Number
Expiry Date	Expiry Date

Signature Date

Name

Job Title

Organisation

Trustee Declaration

This form must be provided to the Issuer by you, as Trustee of the Trust named in the Application Form (the "Trust"), if you are applying for Series 1 and/or Series 2 Units in the Re-Strike Deferred Purchase Agreements.

Dear Sir / Madam,

This Trustee's Declaration is provided to the Issuer (and each of its related bodies corporate) in connection with the issue of the Series 1 and/or Series 2 Units in the Re-Strike Deferred Purchase Agreements.

I am the Trustee of the Trust and am familiar with the documents constituting the Trust (the "Trust Documents") (and as amended if applicable) purporting to establish, and relating to, the Trust.

I hereby declare and confirm that:

1. The Trust and the Trust Documents to have been validly constituted and is subsisting at the date of this declaration.
2. I am empowered and authorised by the terms of the Trust Documents examined by me to enter into and bind the Trust to the transactions contemplated by the Terms of the Series 1 and/or Series 2 Units in the Re-Strike Deferred Purchase Agreements and the PDS dated 23 April 2010.

PRINT Name

(Trustee)

Signature

Date

Issuer Buy-Back Form

This is an Issuer Buy-Back Form for Series 1 and/or Series 2 Units in the Re-Strike Deferred Purchase Agreements issued by RBS Group (Australia) Pty Limited (ABN 78 0008 62 799, AFSL 247013). This Issuer Buy-Back Form accompanies the PDS dated 23 April 2010 and any supplementary PDS issued for the Units (PDS). This form is to be used if you are an Investor in the Units and wish to request an Issuer Buy-Back prior to Maturity. Please see the instructions on how to complete this Form in the PDS. This Buy-Back Request Form must be received by the Registrar by 2:00pm in order to be processed that day.

Section A – Investor Details

I/We hereby apply for the following Units issued by RBS Group (Australia) Pty Limited pursuant to the PDS dated 23 April 2010 to be transferred from me/us to the Issuer.

Name of Seller (If a company, please provide full name and ABN/ACN/ARBN.)	ABN/ACN/ARBN (if applicable)
Address	State
Country	Postcode
Telephone Number	

Section B – Details Of The Units To Be Sold

Series 1 Units
Series 2 Units
Total Number of Units to be Sold

** This must be greater than or equal to the Minimum Buy-Back Amount (i.e. 1,000 Units) and must not result in you continuing to hold less than 1,000 Units.

Section C – Declarations & Signatures

I/We the registered unitholder(s) request the Issuer Buy-Back the Units specified above, subject to the conditions contained in the PDS on which I/we held those Units at the time of signing of this form.

I/We have full legal power to request this Issuer Buy-Back and do so free of any encumbrance or security (whether registered or not).

Signature of Unitholder 1

Name of Unitholder 1	Date
Tick capacity (mandatory for companies)	<input type="checkbox"/> Sole Director <input type="checkbox"/> Director <input type="checkbox"/> Secretary

Signature of Unitholder 2

Name of Unitholder 2	Date
Tick capacity (mandatory for companies)	<input type="checkbox"/> Sole Director <input type="checkbox"/> Director <input type="checkbox"/> Secretary

Directory

Issuer

RBS Group (Australia) Pty Limited
Level 29, RBS Tower
88 Phillip Street
SYDNEY NSW 2000

Registrar

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Issuer's Legal and Tax Advisor

Baker & McKenzie
Level 27, AMP Centre
50 Bridge Street
Sydney NSW 2000



To find out more about the Re-Strike Deferred Purchase Agreements Series 1 & 2,
Log on to www.rbs.com.au/structuredproducts or call 1800 450 005

