

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

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

Suliaman 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.

Mast^{arc}

Absolute Returns from Commodities
Deferred Purchase Agreement
Series 2



INstreet

Product Disclosure Statement Issued on 13 August 2010

The Issuer of this Product Disclosure Statement is RBS Group (Australia) Pty Limited ABN 78 000 862 797 AFSL 247013

Broker to the Issuer: RBS Equities (Australia) Limited ABN 84 002 768 701 AFSL 240530

Guarantor to the Issuer: The Royal Bank of Scotland N.V. ABN 84 079 478 612 AFSL 238266

Important information

The Instreet Mast ARC Series 2 Deferred Purchase Agreement is designed to provide enhanced exposure to the Risk Stabilised Aquantum Pegasus EL1 Strategy Index over 3 years. Any positive returns over the 3 year Investment Term are paid in the form of cash Coupons.

Issuer

This Product Disclosure Statement (PDS) is dated 13 August 2010 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") No. 247013.

Distribution Manager

Instreet Investment Limited (ABN 44 128 813 016) ("Instreet") will be the Distribution Manager for investors into the Units and will coordinate your investment in the Units. Instreet is an authorised representative (ASIC Authorised Representative No. 322612) of EA Financial, LP under AFSL No. 246801. EA Financial, LP is responsible for overseeing the services of Instreet but does not guarantee or otherwise provide assurance in respect of the obligations of Instreet or the Issuer.

Instreet can be contacted at

Address: Level 34, 50 Bridge Street,
Sydney NSW Australia
Telephone: 1300 954 678

EA Financial, LP can be contacted at

Address: Level 11, 99 Elizabeth Street
Sydney NSW 2000

Telephone: (02) 9249 7375
Facsimile: (02) 9249 7349

Link Capital Investments Pty Ltd (ACN 138 072 429) ("Link Capital"), an authorised representative (ASIC Authorised Representative No. 340617) of EA Financial, LP under AFSL No. 246801, has been engaged by the Distribution Manager to structure this Offer.

None of Instreet, Link Capital nor EA Financial, LP are part of the RBS Group of companies. Instreet and Link Capital are not the agents or representatives of any member of the RBS Group of companies and act on behalf of EA Financial, LP. No person (including Instreet and Link Capital) 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.

Capitalised terms and Glossary

Capitalised terms in this PDS are defined in Section 11 "Glossary". Please also refer to the Offer Summary for the meaning of some terms.

Offer

This PDS invites you to apply for the Instreet Mast ARC Series 2 Deferred Purchase Agreements (the "Units") ("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 Distribution Manager 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 upon receipt of this PDS you should inform yourself of 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.instreet.com.au

A paper copy of the updated information is also available, free of charge, upon request. You may contact the Issuer for this information. 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. Any Supplementary Product Disclosure Statement will be available, free of charge, upon request.

No personal advice

Neither the Issuer or Distribution Manager, its related bodies corporate and their directors, officers or employees make any recommendation as to the suitability of the Units for any Investor or make 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 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 and taxation advisors, 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 4 "Risk Factors" of this PDS. A summary of the key risks is also provided on page 4 of this PDS.

Couterparty Risk

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 DPA or Guarantee. Please see Section 4 "Risk Factors" and Section 6 "Description of the Issuer and Guarantor".

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 Product Disclosure Statement 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 Reference Index Sponsor, or funds

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, Index Sponsor, or relevant funds or any endorsement of the indices and funds by the Issuer. None of the Sponsors have authorised, been involved in the preparation of, or caused the issue of, this PDS. The Sponsors do not take any responsibility for any part of this PDS.

Nature of the Units

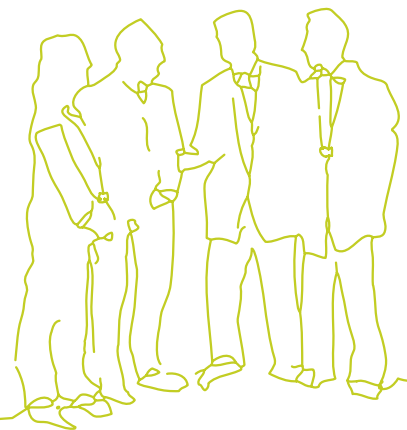
The Units are "warrants" and "securities" under the Corporations Act.

Please note "Units", when used in this PDS, mean 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 managed investment scheme.

Instreet

Instreet works closely with the financial advisor community to create and distribute investment products that harness inspiration, market insight and intelligent structuring.

After identifying advisor needs and market trends, Instreet builds investment products by sourcing quality wholesale providers from around the world. By doing so, Instreet makes institutional assets available to individual investors. Instreet's products are administered by recognised financial institutions and Instreet obtains ratings from research houses. The end result is a selection of investment products designed to better achieve the goals of the client and the advisor.



Overview

The Instreet Mast ARC Series 2 Deferred Purchase Agreements (the “Units”) offer an Australian Dollar (“AUD”) leveraged and actively managed enhanced exposure to an absolute return commodities index over 3 years and a facility to borrow 100% of the Investment Amount as a Limited Recourse Loan. The absolute return commodities index is market-neutral and does not necessarily rely on the market falling or rising to generate returns. Any positive returns over the 3 year Investment Term are paid in the form of cash Coupons.

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

An investment in Instreet Mast ARC Units may suit you if you:

- are seeking a leveraged investment through a Limited Recourse Loan, which is not subject to any personal credit enquiries;
- believe that the Reference Index will increase over the Investment Term and will provide you with returns greater than the Issue Price by the Maturity Date;
- want an investment with the potential to pay out gains in the form of cash Coupons during the 3 year Investment Term. The Coupons depend on the returns on the Reference Index over each year of the Investment Term (i.e. the First Period, Second Period and Third Period);
- want an investment with the potential to perform in all market conditions with un-correlated returns to equities and bond markets;
- want the option to walk-away from your investment prior to the Maturity Date; and/or
- are seeking an investment which is suitable for Self Managed Superannuation Funds.

An investment in the Instreet Mast ARC Units may **not** suit you if you:

- are seeking low-risk returns;
- do not believe the Reference Index will rise over the Investment Term;
- are seeking an unleveraged investment;
- are unwilling to pay interest on the Loan in advance on the Interest Payment Dates;
- are unwilling to take the risk that the performance of the Units will be insufficient to recover the Interest Payments; and/or
- do not have sufficient financial resources to bear the risks associated with an investment in these Units.

Before investing in Instreet Mast ARC Units you should consider carefully the risks that may affect the financial performance of the investment. For more information, please refer to Section 4 “Risk Factors”.

Benefits and Features

The Units offered under this PDS seek to provide you with the following benefits and features:

		For more information see:
Term	Approximately 3 years.	"Offer Summary"
Investment opportunities	<p>Units offer an Investor the opportunity to access the potential upside returns from the Risk Stabilised Aquantum Pegasus EL1 Strategy Index ("Reference Index").</p> <p>This investment exposure is subject to risks, limitations and conditions.</p>	<p>"Offer Summary"</p> <p>"Overview of the Units"</p> <p>Section 2 "Details of the Units"</p> <p>Section 4 "Risk Factors"</p>
Leveraged exposure	The Units provide a leveraged exposure to the Reference Index through the provision of a Limited Recourse Loan for 100% of your Investment Amount at an interest rate of 6.35% p.a.	<p>"Offer Summary"</p> <p>Section 3 "The Loan Facility"</p> <p>Section 4 "Risk Factors"</p>
Potential Coupon payments	<p>Investors may receive cash payments at the end of the First Period, Second Period and Third Period, based on the performance of the Reference Index during those periods, respectively.</p> <p>You will not receive a Coupon during a particular period if the Reference Index does not rise over that period.</p>	<p>"Offer Summary"</p> <p>Section 1.4 "Worked Examples"</p> <p>Section 2.2 "Coupon Payments"</p> <p>Section 4 "Risk Factors"</p>
Maturity Value	The Maturity Value per Unit at Maturity will be the Issue Price of \$1.00. However, if an Early Maturity Event occurs, you request an Issuer Buy-Back or you utilise the Annual Walk-Away feature you may receive less than the Issue Price of \$1.00 per Unit.	<p>Section 2.3 "Maturity Value"</p> <p>Section 2.5 "What happens at Maturity?"</p> <p>Section 2.9 "Early Maturity"</p> <p>Section 4 "Risk Factors"</p>
No Credit Enquiries	<p>Investors are not required to comply with any personal credit enquiries in relation to the Loan when applying for the Units.</p> <p>Investors may access Units by simply completing the Application Form attached to this PDS.</p>	<p>Section 3 "The Loan Facility"</p>
Annual Walk-Away	On each annual Interest Payment Date you can choose whether to continue or discontinue the Loan and your investment in the Units. If you choose to discontinue the Loan, your investment in the Units will be terminated and you will receive a payment reasonably determined by the Issuer acting in good faith and in a commercially reasonable manner as being the fair market value of the Units. Any amount received will be applied first in repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender. Additionally, in the event of an Investor requested Issuer Buy-Back, an Early Maturity Event or you elect to utilise the Annual Walk-Away feature you will not receive a refund of the Interest Payments. In respect of an Investor requested Issuer Buy-Back you may also incur significant Loan Break Costs.	<p>Section 2.8 "Annual Walk-Away"</p> <p>Section 13 "How to Invest"</p> <p>Section 3 "The Loan Facility"</p> <p>Section 4 "Risk Factors"</p>
Limited Recourse Loan	<p>The Loan is limited recourse to your interest in the Units (including any corresponding Delivery Assets or Sale Proceeds). This means that once you have paid the Interest Payment, even if your return on the Units is insufficient to repay the Loan, you will not be required to pay anything more (even on Early Maturity or Issuer Buy-Back).</p> <p>Investors are required to prepay interest annually on the Loan. Investors should note that there is no guarantee that returns on the Units will exceed the amount of any Interest paid.</p>	<p>"Offer Summary"</p> <p>Section 3 "The Loan Facility"</p> <p>Section 9 "Loan Agreement"</p>

For more information see:

Fixed charge	Your Units will be issued to, and held by the Custodian in a separate trust. The Custodian grants a Fixed Charge over each separate trust in favour of the Lender. You therefore acquire your Units subject to the Fixed Charge until your obligations under the Loan are satisfied in full.	Please read Section 9 for a description of the Fixed Charge.
Delivery Parcel	Investors will receive a Delivery Parcel at Maturity. The value of the Delivery Parcel will be the Maturity Value which is the Issue Price of \$1.00 per Unit. That is, the value of the Delivery Parcel is not subject to the performance of the Reference Index. All returns (if any) are paid as cash Coupons.	“Offer Summary” Section 1.4 “Worked Examples” Section 2.2 “Coupon Payments”
Foreign exchange	There is no foreign exchange risk where the Units are held to Maturity. However, if Investors exit the investment early (either because of Early Maturity, Issuer Buy-Back or Annual Walk-Away) they may be exposed to foreign exchange risk.	Section 4 “Risk Factors”

Key Risks

Some of the significant risks associated with investing in the Units are outlined below. Further information on the below listed risks as well as other significant risks and other risks which may be applicable to investing in the Units are outlined in Section 4 “Risk Factors”. Investors should ensure that they have closely read Section 4 “Risk Factors” of this PDS before investing.

For more information see:

Coupons	Investors may not receive a Coupon. There may be no Coupons where the level of the Reference Index remains constant or declines over the relevant period (i.e. First Period, Second Period, Third Period).	“Offer Summary” Section 2.2 “Coupon Payments” Section 1.4 “Worked Examples”
Maturity Value	The Maturity Value is the Issue Price of \$1.00 per Unit However, if an Early Maturity Event occurs, you request an Issuer Buy-Back or you utilise the Annual Walk-Away feature, you may receive less than the Issue Price of \$1.00 per Unit. Investors will not receive a refund of Interest Payments nor a guarantee of any investment returns. As the Loan is a Limited Recourse Loan, the Lender cannot take any action against Investors to recover any amount beyond the Investor’s interest in the Units. That is, even if your return on the Units is insufficient to repay the Loan, you will not be required to pay anything more.	Section 1.4 “Worked examples” Section 2.3 “Maturity Value” Section 10 “Terms of Issue”
Interest Payment	There is no guarantee that the Units will generate returns in excess of the Interest Payments on the Loan. Additionally, in the event of an Investor requested Issuer Buy-Back, an Early Maturity Event or you utilise the Annual Walk-Away feature you will not receive a refund of Interest Payments.	Section 1.4 “Worked Examples” Section 3 “The Loan Facility” Section 9 “Loan Agreement”

For more information see:

Leverage	<p>The Units are leveraged.</p> <p>This means that you will have magnified exposure to both increases and decreases in the Reference Index. This may have the potential for increased gains, and it may also magnify losses.</p>	<p>“Offer Summary”</p> <p>Section 1 “Overview of the Units”</p>
Counterparties Creditworthiness of the Issuer and Guarantor	<p>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 Deferred Purchase Agreement or Guarantee.</p>	<p>Section 6 “Description of the Issuer and Guarantor”</p>
Liquidity risk	<p>The liquidity of the Units may not be sufficient to meet your liquidity requirements.</p>	<p>Section 4 “Risk Factors”</p>
Early Maturity and Issuer Buy-Back risk	<p>The Units can mature early if an Early Maturity Event occurs, or if an Investor requests an Issuer Buy-Back. As a consequence, Expenses may be incurred.</p> <p>In the case of Early Maturity, the amount Investors receive may be significantly less than what they would have received had they held the Units to Maturity.</p> <p>If an Early Maturity Event occurs, the Loan Amount becomes immediately due and payable and the Fixed Charge granted by the Custodian becomes immediately enforceable. Any amounts received on Early Maturity or Issuer Buy-Back will first be applied to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender. Additionally, in the event of an Investor requested Issuer Buy-Back or an Early Maturity Event you will not receive a refund of the Interest Payments. In respect of an Investor requested Issuer Buy-Back you may also incur significant Loan Break Costs.</p>	<p>Section 2.9 “Early Maturity”</p>

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Offer Summary

Key information and dates

Instreet Mast ARC Deferred Purchase Agreements

For more information see:

Units	<p>Instreet Mast ARC Series 2 Deferred Purchase Agreements (the "Units") are 3 year securities that are linked to the performance of the Risk Stabilised Aquantum Pegasus EL1 Strategy Index (the "Reference Index"), which in turn is linked to an absolute return commodities index. The Reference Index is a rules-based methodology which provides enhanced exposure to a commodity market-neutral index, linked to the performance of an advanced quantitative commodities trading strategy. Please refer to Section 1.2 "Description of the Reference Index" for more detail.</p> <p>The Units are interests in 3 year deferred purchase agreements issued by the Issuer. The Units are designed to deliver at the Settlement Date the number of ASX Listed Securities which have a value equivalent to the Maturity Value at the Maturity Date. The Maturity Value of the Units will be the Investment Amount.</p>	<p>"Offer Summary"</p> <p>Section 1.2 "Description of the Reference Index"</p> <p>Section 1.4 "Worked Examples"</p> <p>Section 2 "Details of the Units"</p> <p>Section 4 "Risk Factors"</p>
Issuer	RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247013) (a subsidiary of the Guarantor).	Section 6 "Description of the Issuer and Guarantor"
Guarantor	The Royal Bank of Scotland N.V. (ABN 84 079 478 612)	Section 6 "Description of the Issuer and Guarantor"
Guarantee	All obligations of the Issuer to you are guaranteed by The Royal Bank of Scotland N.V. as the Guarantor.	Section 7 "Guarantee" Section 6 "Description of the Issuer and Guarantor"
Term	Approximately 3 years.	
Issue Price	\$1.00 per Unit.	
Minimum Investment	25,000 Units and thereafter in multiples of 5,000 Units.	
Currency	<p>The Units are Australian Dollar (AUD) investments.</p> <p>Returns of the Reference Index will be calculated without reference to foreign currency. Ultimate returns at the end of each of the First Period, Second Period and Third Period will be expressed in AUD so there is no foreign exchange exposure related to the Units, unless Early Maturity occurs, there is an Investor requested Issuer Buy-Back or an Investor utilises the Annual Walk-Away feature.</p>	Section 4 "Risk Factors"
Opening Date	13 August 2010.	Section 1 "Overview of the Units"
Closing Date	<p>30 September 2010.</p> <p>The Issuer reserves the right to shorten or extend the Offer period by varying the Opening Date, Closing Date and/or the expected Commencement Date (and any other relevant dates, such as the Maturity Date, as a result of an Early Maturity Event) without prior notice. Should a change in dates occur, the Issuer will notify Investors via the following website: www.instreet.com.au.</p>	

For more information see:

Issue of Units	The Units will be issued within 30 days of receipt of a complete Application, including an investor's Investment Amount. Investors should note that even if their Units are issued prior to the Commencement Date, the Units only gain exposure to the Reference Index on and from the Commencement Date.	
Commencement Date	15 October 2010, or as soon as reasonably practicable thereafter, as determined by the Issuer.	
Buy-Back Dates	Quarterly on the last Business Day of March, June, September and December, commencing March 2011. Investors must lodge their Buy-Back request no later than 10 Business Days before the relevant Buy-Back Date.	Section 10, clause 5 "Early Maturity" Section 4 "Risk Factors"
First Period	The Commencement Date to the First Period End Date, inclusive.	
First Period End Date	14 October 2011.	
Second Period	The Second Period Start Date to the Second Period End Date, inclusive.	
Second Period Start Date	14 October 2011.	
Second Period End Date	12 October 2012.	
Third Period	The Third Period Start Date to the Maturity Date, inclusive.	
Third Period Start Date	12 October 2012.	
Maturity Date	11 October 2013. The Units may mature early in the case of an Early Maturity Event, and Maturity may be extended in the case of a Market Disruption Event and/or an Early Maturity Event. The Maturity Date will only be varied by the Issuer and may be varied at the Issuer's discretion.	Section 4 "Risk Factors" Section 10, clause 5 "Early Maturity"
Coupon Payment Dates	10 Business Days after the First Period End Date, Second Period End Date and the Maturity Date.	
Reference Index	Risk Stabilised Aquantum Pegasus EL1 Strategy Index (Bloomberg Code: RBSAQLU1 <Index>). The Units provide leveraged exposure to the Reference Index over the Investment Term. The Reference Index provides a risk stabilisation overlay (which involves actively adjusting exposure depending on volatility) over a commodity market-neutral index linked to the performance of an advanced quantitative commodity trading strategy. For more information on the Reference Index, please refer to Section 1.2 "Description of the Reference Index". The Reference Index Calculation Agent applies the Formula in Section 12 "Formulae & Calculations" to calculate the Reference Index Value. The Reference Index Value is published daily at: www.futurevcindices.co.uk/showindex.cfm?id=166 . You can also access the historical Reference Index Values on this website. Please note that past valuation is not an indication of future valuation.	Section 1 "Overview of the Units" Section 1.4 "Worked Examples" Section 12 "Formulae & Calculations"

For more information see:

Participation Rate and volatility

The Reference Index has a feature that aims to protect against some of the inherent volatility exhibited by its underlying component(s) (i.e. the Participation Rate). When the term is used in respect of financial instruments, volatility is a measure of how much an instrument has deviated from its average over a defined time. Historical trends have shown that generally, volatility and performance have an inverse relationship – that is, market increases tend to be steady (low volatility) while market falls tend to be ‘short and sharp’ (high volatility).

The Reference Index provides a risk stabilisation overlay strategy which uses the Participation Rate 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 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 in Section 12 “Formulae & Calculations” will not change between the date of the PDS and the Commencement Date.

The Participation Rates can vary between 0% and 145% depending on the volatility.

If the Participation Rate 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. 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 and this may adversely impact returns on the Units.

Please refer to Section 12 “Formulae & Calculations” for the formula that shows how measured volatility is calculated.

Section 12
“Formulae & Calculations”

Reference Index Sponsor

The Royal Bank of Scotland plc.

Reference Index Calculation Agent

Future Value Consultants Limited

Minimum subscription amount

If the total Investment Amounts received from all Investors is less than A\$5,000,000, the Issuer may at its absolute discretion decide whether or not to proceed with the Offer. If the Issuer does not proceed with the issue, then all Application Monies will be refunded to Investors without interest within 5 Business Days of the expected Commencement Date.

Calculating your return – Coupon and Maturity Value

Coupons

The amount of the Coupon payable on each Coupon Payment Date will depend on the change in the Reference Index over the First Period, Second Period or Third Period, respectively.

Where the change in the Reference Index over the First Period, Second Period or Third Period is zero or negative, you will not receive a Coupon for that period.

The Coupon per Unit for each period can also be shown by the following formulae:

First Period Coupon = Max (First Period Return, 0);

Second Period Coupon = Max (Second Period Return, 0);

Third Period Coupon = Max (Third Period Return, 0);

Where the First Period Return, Second Period Return or Third Period Return is zero or negative, no Coupon will be payable for that period.

Where:

First Period Return = (Reference Index Value at First Period End Date – Reference Index Value at Commencement Date) / Reference Index Value at Commencement Date;

Second Period Return = (Reference Index Value at Second Period End Date – Reference Index Value at Second Period Start Date) / Reference Index Value at Second Period Start Date;

Third Period Return = (Reference Index Value at Maturity Date – Reference Index Value at Third Period Start Date) / Reference Index Value at Third Period Start Date;

The Reference Index Value is calculated in accordance with the formula set out in Section 12 “Formulae & Calculations” and is published by the Reference Index Calculation Agent daily at: www.futurevcindices.co.uk/showindex.cfm?id=166.

For more information see:

Section 1.4
“Worked Examples”

Section 2.2 “Coupon payments”

Section 12
“Formulae & Calculations”

Maturity Value

The Maturity Value on the Maturity Date will be the Issue Price of \$1.00 per Unit.

That is, the Maturity Value is not subject to the performance of the Reference Index.

Section 10, clause 5
“Early Maturity”

For more information see:**Delivery Mechanism**

Except in the case of an Issuer Buy-Back, utilisation of the Annual Walk-Away feature and an Early Maturity Event where the Issuer pays a Termination Payment or the use of the Agency Sale Arrangement upon Maturity, the Maturity Value will be satisfied by the delivery of ASX Listed Securities with a market value equivalent to the Maturity Value.

In each case, any returns or proceeds will be applied first to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender.

The ASX Listed Securities are approximately equal values of ordinary shares in the following companies:

Delivery Asset – Company Shares	ASX Code	Website
BHP Billiton Limited	BHP	www.bhp.com.au
Commonwealth Bank of Australia	CBA	www.commbank.com.au
Wesfarmers Limited	WES	www.wesfarmers.com.au
Westpac Banking Corporation	WBC	www.westpac.com.au
Woolworths Limited	WOW	www.woolworths.com.au

The settlement of the transfer of the ASX Listed Securities will occur on the Settlement Date, which is 10 Trading Days after the Maturity Date.

The ASX Listed Securities will be issued on the issuer sponsor sub-register of those securities. Investors may subsequently transfer the ASX Listed Securities into their own HIN.

Alternatively, you may request the Custodian to sell your ASX Listed Securities and pay you the Sale Proceeds (less any Delivery Costs and payment of the Loan Amount). To do this, use the Agency Sale Arrangement. This Delivery Mechanism may also apply in the event of Early Maturity, or alternatively the Issuer may pay you a Termination Payment being the fair market value of the ASX Listed Securities.

Any Distributions paid on the Portion of the ASX Listed Securities held by the Issuer or its nominee (which may include the Custodian) during the Investment Term will be paid to the Issuer. Please refer to Section 10, clause 9 of the Terms for details.

Section 10, clause 3
“Delivery Assets”

Section 10, clause 4
“Maturity and Settlement”

Section 1.4
“Worked Examples”

Section 2.5 “What happens
at Maturity?”

Section 2.6 “Agency
Sale Arrangement”

Section 4 “Risk Factors”

Maturity processes and secondary market

For more information see:**Annual Walk-Away**

The Units are designed to be held to Maturity. You should invest only if you can tie up your money for the full 3 year Investment Term as the value of the Units you may realise before Maturity could be significantly less than the Issue Price of the Units.

On each annual Interest Payment Date you can choose whether to continue or discontinue the Loan and your investment in the Units. If you choose to discontinue the Loan, your investment in the Units will be terminated and you will receive a Termination Payment determined

Section 2.8
“Annual Walk-Away”

Section 3 “The Loan Facility”

Section 4 “Risk Factors”

Section 9 “Loan Agreement”

For more information see:

by the fair market value of the Units. Please note that any amount received will be applied first to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender. In the event you take advantage of the Annual Walk-Away feature, you will not receive a refund of the Interest Payments.

Issuer Buy-Back

The Units are designed to be held to Maturity. You should invest only if you can tie up your money for the full 3 year Investment Term as the value of the Units you may realise before Maturity could be significantly less than the Issue Price of the Units.

Section 10, clause 5.3
“Investor Requested Issuer Buy-Back”

You may request that the Issuer buy back the full amount of your Units (an “Issuer Buy-Back”) on any Buy-Back Date. 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. Please note that any amount received will be applied first to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender.

In the Event of an Investor requested Issuer Buy-Back you will not receive a refund of your prepaid Interest.

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 determined by the Issuer acting in good faith and in a commercially reasonable manner and calculated by reference to the fair market value of the Units on the Buy-Back Date, less any reasonable Fees, Costs and Taxes and Expenses.

Investors can contact the Distribution Manager on 1300 954 678 for an estimate of the Buy-Back Price before requesting an Issuer Buy-Back. This is an estimate only and the actual Buy-Back Price may be significantly different.

Costs associated with Early Maturity and Issuer Buy-Back

The Issuer may deduct reasonable Expenses in relation to Early Maturity or an Issuer Buy-Back. The Expenses will form part of the calculation of the Buy-Back Price or Early Maturity Value as Expenses are part of the determination of fair market value. Withdrawals utilising the Annual Walk-Away feature will not be subject to Expenses.

Section 2.8
“Annual Walk-Away”

Section 10, clause 5
“Early Maturity”

Section 4 “Risk Factors”

Such amounts may include, but are not limited to, costs incurred in terminating the Issuer’s hedge positions, taxes or fees paid that are non-recoverable, administrative cost of processing the early termination, or loss of profits on the terminated positions. These costs will vary over time and are referable to the economic value that the Issuer achieves on the unwinding of its hedge positions so they cannot be determined with certainty at the time Investors acquire the Units.

For more information see:

Repayment of the Loan Amount	Any amount received on early withdrawal (i.e. Annual Walk-Away, Issuer Buy-Back or Early Maturity) will first be applied to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. If the amount is less than the Loan Amount outstanding then you will receive no additional return above the Coupons already received (if any) and, given the limited recourse nature of the Loan, you can walk away from your investment without any further obligations to the Lender.
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The Loan

Lender	RBS Group (Australia) Pty Limited.
The Loan	Investors are required to apply for a Loan from the Lender to fund 100% of the Issue Price on the Commencement Date.
Loan Term	Minimum of 1 year, maximum of 3 years.
Loan Drawdown Date	15 October 2010.
Loan Reset Dates	14 October 2011 and 12 October 2012.
Interest Payment Dates	30 September 2010, 30 September 2011 and 30 September 2012.
Limited Recourse Loan	<p>The Loan is limited recourse to your interest in the Units (including any corresponding Delivery Assets or Sale Proceeds). This means that once you have paid any Interest Payments, even if your return on the Units is insufficient to repay the Loan, you will not be required to pay anything more (even on Early Maturity or Issuer Buy-Back).</p> <p>Investors are required to prepay interest on the Loan annually on the Interest Payment Date, and should note that there is no guarantee that returns on the Units will exceed the amount of any Interest paid. Additionally, in the event of an Investor requested Issuer Buy-Back, an Early Maturity Event or you elect to utilise the Annual Walk-Away feature you will not receive a refund of the Interest Payments. In respect of an Investor requested Issuer Buy-Back you may also incur significant Loan Break Costs.</p>
Loan Amount (and Issue Price)	\$1.00 per Unit.
Minimum Loan Amount	\$25,000 and thereafter in multiples of \$5,000.
Interest Payments	<p>Interest is prepaid annually in advance. You must prepay the Interest Payment for the first year on the first Interest Payment Date for the Loan to be drawn down on the Loan Drawdown Date and the Units purchased.</p> <p>In the following years, you will have the choice whether or not to prepay interest for those following years.</p> <p>If you choose to continue the Loan, the amount of the Interest Payment in the given year will be automatically deducted from your nominated bank account by the Lender on the applicable Interest Payment Date. This allows the Loan to continue for the following year which commences on the next Loan Reset Date and extends to the Loan Reset Date a year later. Investors should make sure that there are sufficient funds in their nominated bank account to cover the Interest Payment.</p>

If the Lender has not received the Interest Payment, in a given year, from you on the applicable Interest Payment Date, the Loan shall automatically terminate on the next Loan Reset Date.

You may request the Lender to extend the Interest Payment Date, in a given year, up until the business day in Sydney immediately preceding the Loan Reset Date in that year. The decision of the Lender will be made in its absolute and sole discretion and will be final.

For each Interest Payment Date (Year) the Interest Payment is calculated as 6.35% p.a. * Loan Amount = \$0.0635 per Unit.

For an Investor who invests in the Units for the full Investment Term of 3 years, the total amount of Interest Payments payable is \$0.1905 per Unit. On the assumption an Investor holds 25,000 Units this would result in a total Interest Payment cost of \$4,762.50 over the Investment Term of 3 years.

Repayment of Loan

You must repay the Loan on or before the Maturity Date. If you do not repay the Loan on or before the Maturity Date, you will be deemed to have elected the Agency Sale Arrangement and you authorise the Acceptor to assume your rights and obligations under your Loan and authorise and direct the Custodian to apply the resulting Sale Proceeds to repay the Loan, with any surplus paid to you.

If you elect to repay your Loan at any time on or before the Maturity Date, then you will not be entitled to a refund of any Interest Payments.

It is recommended that Investors should not invest for less than the full Investment Term of the Units.

Your Units will be issued to, and held by the Custodian in a separate trust. The Custodian grants a Fixed Charge over each separate trust in favour of the Lender. Therefore, you acquire your Units subject to the Fixed Charge until your obligations under the Loan are satisfied in full.

Please read Section 9 "Loan Agreement" for a description of the Fixed Charge.

Other information relating to the issue

		For more information see:
Risks	Investment in the Units involves some risk. You should carefully consider the risk factors discussed in the Overview section and Section 4 "Risk Factors".	Section 1 "Overview of the Units" Section 4 "Risk Factors"
Tax	The Issuer recommends that you seek your own personal financial and taxation advice before investing in the Units or entering into any subsequent dealing in the Units.	Section 5 "Taxation"

1. Overview of the Units

Timeline of events¹

Opening Date	13 August 2010
Closing Date	30 September 2010
Commencement Date	15 October 2010, or as soon as reasonably practicable thereafter as determined by the Issuer.
First Period End Date	14 October 2011
Second Period Start Date	14 October 2011
Second Period End Date	12 October 2012
Third Period Start Date	12 October 2012
Interest Payment Dates	30 September 2010, 30 September 2011 and 30 September 2012
Maturity Date	11 October 2013
Loan Drawdown Date	15 October 2010
Loan Reset Dates	14 October 2011 and 12 October 2012
Buy-Back Dates	Quarterly on the last Business Day of March, June, September and December, commencing in March 2011. Investors must lodge their Buy-Back request no later than 10 Business Days before the relevant Buy-Back Date.
Maturity Notices sent to Investors	Between 20 and 30 Business Days prior to the Maturity Date.
Final day to return Maturity Notices to the Issuer	10 Business Days prior to the Maturity Date.
Settlement Date	10 Trading Days after the Maturity Date, or as soon as reasonably practicable thereafter.

¹If any date referred to in this PDS is not a Trading Day or Business Day, then the immediately following Trading Day or Business Day (or immediately preceding day which is both a Trading Day and a Business Day) will be used as appropriate. This timeframe of events is indicative only. The Issuer may, in its discretion, extend or shorten the offer period (i.e. by changing the Opening Date or Closing Date) 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 informing Applicants of the change on the following websites: www.instreet.com.au or www.rbs.com.au/structuredproducts. 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.

Applications and issue of Units

Units will be issued within 30 days upon receipt of a completed and approved Application 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 cannot be achieved on the Commencement Date, investors will be

refunded their total Application Monies without interest, and any Units already on issue will be terminated. If the total Investment Amounts received from all Investors is less than A\$5,000,000, the Issuer may at its absolute discretion decide whether or not to proceed with the Offer. If the Issuer does not proceed with the Issue, then all Application Monies will be refunded to Investors without interest within 5 Business Days of the expected Commencement Date.

1.1 Simulated Past Performance of the Reference Index

The table below shows the monthly returns based on the simulated past performance and actual past performance of the Reference Index. The Reference Index was first calculated on 28 October 2009. There is no actual historical performance for the Reference Index prior to 28 October 2009.

Simulated returns are shown for the period 6 October 1997 to 27 October 2009. Actual returns are for the period 28 October 2009 to 1 August 2010. The returns based on the actual historical past performance of the Reference Index are in **bold** in the table below.

The table below is provided to enable Investors to view the historical returns on the Reference Index based on the simulated and actual data specified above. **Investors should note that the simulated past performance and the actual past performance of the Reference Index is not a reliable indicator of future performance. The below table does not show the performance or return the Units would have generated.** The returns in the table below are based on the increase in the Reference Index over the specified month using either simulated past performance or actual past performance (refer above).

The **simulated** past performance of the Reference Index uses the historical values of the Risk Stabilised Aquantum

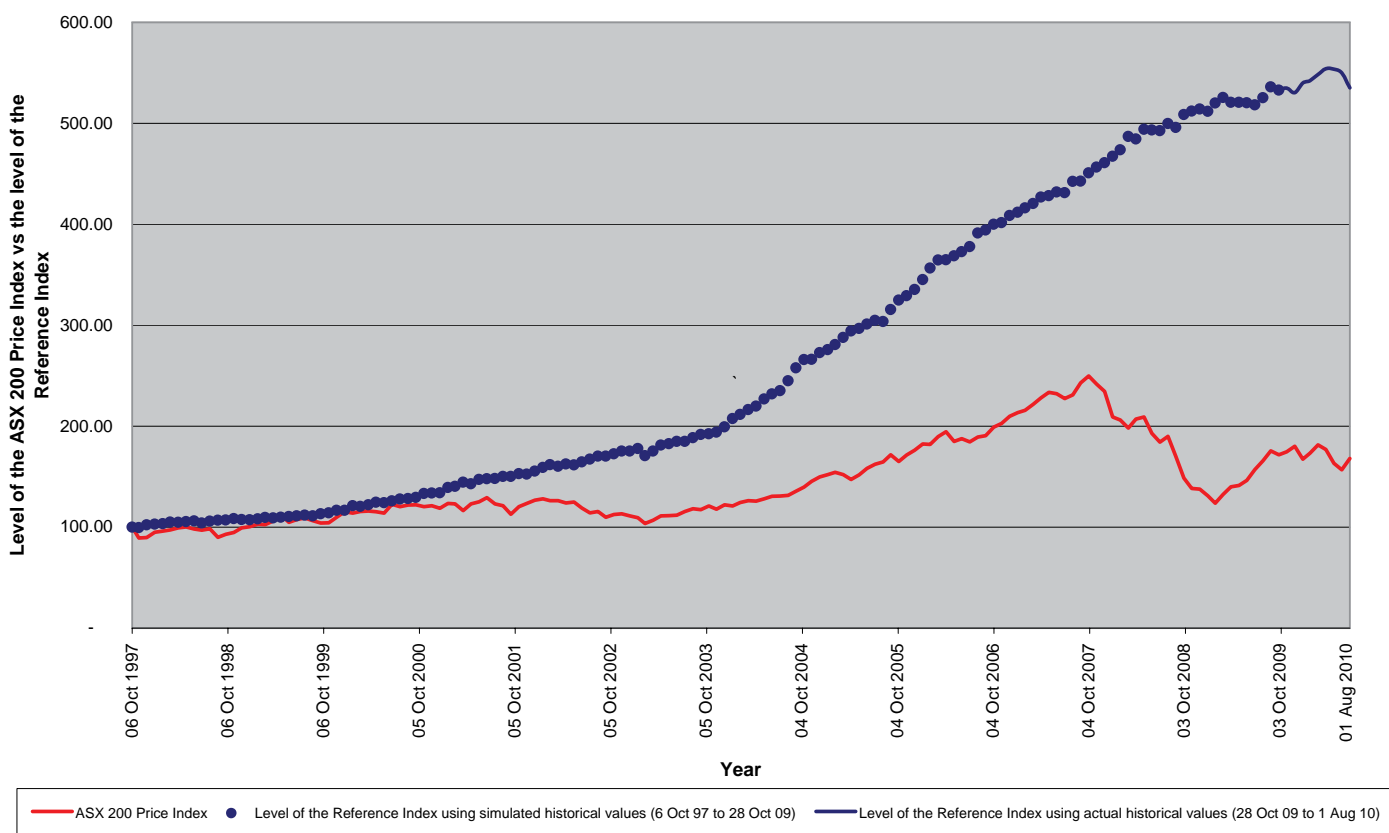
Pegasus EL 1 Strategy Index (USD) ("Reference Index") as published by Bloomberg prior to 28 October 2009. The **actual** past performance of the Reference Index uses the historical values of the Reference Index as published by Bloomberg from 28 October 2009.

Investors should note that the returns on the Reference Index in the table below have been calculated based on a backtest using simulated and actual historical data of the Underlying Index from the period 6 October 1997 to 1 August 2010.

All fees, costs and charges of the Underlying Index have been taken into account when calculating the simulated returns of the Reference Index. However, the Issuer has not taken into account any costs associated with an investor investing directly in the Reference Index. In addition, the simulation assumes that the Reference Index was not terminated by the Reference Index Calculation Agent and where there was a Market Disruption Event or other event which prevented the publishing of a Reference Index Value, the Issuer has used a level on the first succeeding day on which the Relevant Exchange and Related Exchange are scheduled to be open for trading during their regular trading sessions and which the Reference Index is scheduled to be published.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Monthly Average
2010	1.80%	0.41%	1.14%	1.05%	-0.09%	-0.65%	-2.70%						0.97%	0.14%
2009	-0.43%	1.61%	1.05%	-0.92%	0.02%	-0.11%	-0.36%	1.36%	2.01%	-0.60%	0.40%	-0.84%	3.18%	0.26%
2008	1.36%	1.38%	2.80%	-0.52%	1.97%	-0.12%	-0.15%	1.42%	-0.74%	2.58%	0.66%	0.38%	11.02%	0.92%
2007	0.77%	1.08%	1.05%	1.50%	0.34%	0.83%	-0.18%	2.61%	0.08%	1.84%	1.27%	0.96%	12.15%	1.01%
2006	2.90%	3.30%	2.28%	0.05%	1.04%	1.10%	1.39%	3.57%	0.76%	1.41%	0.39%	1.78%	19.98%	1.66%
2005	1.14%	1.77%	2.54%	2.21%	0.89%	1.46%	1.20%	-0.39%	3.97%	2.92%	1.34%	1.90%	20.94%	1.75%
2004	4.16%	1.95%	2.31%	1.60%	3.25%	2.20%	1.39%	4.11%	5.25%	3.20%	0.05%	2.48%	31.93%	2.66%
2003	1.45%	-3.96%	2.63%	3.38%	0.74%	1.27%	0.02%	1.92%	1.71%	0.41%	0.82%	2.63%	13.03%	1.09%
2002	2.24%	1.84%	-1.09%	1.42%	-0.53%	1.89%	1.62%	1.78%	0.04%	1.32%	1.51%	0.06%	12.10%	1.01%
2001	3.96%	0.80%	2.84%	-1.14%	3.05%	0.46%	0.14%	1.41%	-0.02%	1.94%	-0.28%	1.93%	15.09%	1.26%
2000	3.98%	-0.65%	1.47%	1.98%	-0.28%	1.43%	1.35%	0.48%	0.82%	2.92%	0.43%	0.20%	14.12%	1.18%
1999	0.74%	1.24%	-0.46%	0.71%	0.71%	0.57%	0.49%	-0.54%	1.89%	0.70%	2.29%	-0.04%	8.30%	0.69%
1998	0.38%	1.54%	-0.11%	0.51%	0.69%	-1.88%	1.74%	0.93%	0.17%	1.20%	-0.84%	-0.09%	4.24%	0.35%
1997										-0.55%	2.93%	0.63%	3.01%	1.00%

ASX 200 Price Index comparison with Reference Index (Risk Stabilised Pegasus EL1 Strategy Index)



The graph above shows the price comparison between the historical values of the S&P/ASX 200 Price Index and the simulated and actual historical values of the Reference Index from 6 October 1997 until to 1 August 2010. The graph has been rebased to 100 from 6 October 1997, based upon the closing levels of the S&P/ASX 200 Price Index, as published by Standard & Poor's on each Trading Day during the period.

The graph has been provided to enable Investors to compare the performance of the S&P/ASX 200 Price Index versus the

Reference Index on a historical basis. The graph does not show the performance or return the Units would have generated. **Investors should note that the simulated and actual past performance of the Reference Index and the historical levels of the S&P/ASX 200 Price Index are not a reliable indicator of future performance. Returns are not guaranteed.**

1.2 Description of the Reference Index

The Risk Stabilised Aquantum Pegasus EL1 Strategy Index (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 (Reference Index Sponsor).

The Reference Index aims to track a notional strategy that applies a risk stabilisation overlay to the Aquantum Pegasus EL Excess Return Index (USD) (Underlying Index).

The purpose of the risk stabilisation overlay is to actively adjust exposure to the Underlying Index after deduction of costs and fees based on the volatility.

The volatility is calculated as 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. The average is calculated as an arithmetic mean.

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 145%. 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 12 "Formulae & Calculations".

The Reference Index Value 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 Value 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 Value on the previous Calculation Date.

Please refer to Section 12 “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.

Information about the past performance of the Reference Index can be obtained from Bloomberg code RBSAQLU1 <Index> and at www.futurevcindices.co.uk/showindex.cfm?id=166.

A copy of the Reference Index rules and methodology will be available from the Opening Date until the Maturity Date upon request at the offices of the Issuer 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 Reference Index Sponsor.

Fees of up to a maximum of 3.65% p.a. are incorporated into the calculation of the Underlying Index. The fees include the following:

- Access Costs: these are the costs incurred by the Reference Index Sponsor in connection with investing in the Underlying Index.
- Licensee Management Fee: the fee charged by the Reference Index Sponsor to maintain the Reference Index (which includes, amongst other things, operation, administrative, licensing and personnel costs).
- Licensor Management Fee: the fee charged by the sponsor 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 is 10% above the previous high water mark, the performance fee charged will be 1.5% (10% * 15%). Investors do not have to pay an additional amount upfront to cover the Underlying Index Fees. 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.

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

The Aquantum Pegasus EL Excess Return Index (USD) (Underlying Index), sponsored by Aquantum SARL, 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 on each Business Day.

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%

Please note: The Reference Index is expressed in USD. However, in calculating the returns on the Units, the absolute value at the Reference Index Value is used and the currency is ignored. The Coupon and Maturity Value are calculated by reference to the absolute value increase in the Reference Index Value over the relevant investment term and therefore, there is no exposure to any foreign currency.

Please contact RBS if you would like information on the volatility of the Reference Index.

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 CFTC regulatory requirements. A committee (comprising members from Aquantum SARL and an employee of RBS Group) 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, occurs 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 3.5USD of each position.

The Underlying Index is owned by Aquantum SARL, a Luxembourg limited liability company. RBS N.V. acts as the hedging counterparty with respect to the securities linked to the Aquantum Pegasus EL Strategy Return Index.

Source: The Royal Bank of Scotland plc

1.3 Fees and Costs

The table below shows the fees and costs associated with the Units, some of which will be paid by the Issuer and others by Investors.

Fees and Costs	Amount	How and when paid
Entry Fees	Nil	N/A
Management Fees	Nil	N/A
Performance Fees	Nil	N/A
Transfer Costs	Nil to the Issuer	N/A
Advisor Fee	0.80% of the Issue Price per Unit per year (GST inclusive) pertaining to Units on issue as at the Loan Reset date for each applicable year.	Paid upfront each year by the Issuer to your financial advisor. This is not an additional fee payable by Investors and will not affect the return Investors receive from the Units. Where there is no Advisor, this fee may also be paid to the Distribution Manager.
Distribution Manager Fee	1.20% of the Issue Price per Unit per year (GST inclusive) pertaining to Units on issue as at the Loan Reset date for each applicable year.	Paid upfront each year by the Issuer to the Distribution Manager. This is not an additional fee payable by Investors and will not affect the return Investors receive from the Units.
Interest Payments	6.35% p.a. of the Loan Amount	Refer to section 3 "The Loan Facility"
Loan Establishment Fee	Up to 2.0% of the Loan Amount (GST inclusive). This amount is negotiated between you and your advisor.	Paid upfront by Investors. The Loan Establishment Fee is payable to and charged by the Lender. Assuming an investment of 100,000 Units (i.e. an Investment Amount of \$100,000), the Loan Establishment Fee will be \$2,000. The Loan Establishment Fee is a single upfront payment payable by direct debit from your nominated bank account at the same time as the initial Interest Payment.

Fees of up to a maximum of 3.65% p.a. are incorporated into the calculation of the Underlying Index. The fees include the following:

- Access Costs: these are the costs incurred by the Reference Index Sponsor in connection with investing in the Underlying Index.
- Licensee Management Fee: the fee charged by the Reference Index Sponsor to maintain the Reference Index (which includes, amongst other things, operation, administrative, licensing and personnel costs).
- Licensor Management Fee: the fee charged by the sponsor 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 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. Investors do not have to pay an additional

amount upfront to cover the Underlying Index Fees.

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.

Any additional fees or expenses of the Offer will be paid by the Issuer and will not affect the return Investors receive from the Units. These additional fees and expenses may include commissions and other fees payable to distributors or financial intermediaries in connection with the Units. If you acquire the Units through a financial planner or other distributor, you may wish to consider the Financial Services Guide or statement of advice provided to you by such person, which may describe any fees or expenses paid to them by the Issuer.

If the Units are disposed of at any time before the full 3 year Investment Term, Investors may receive less value for the Units than the Issue Price and will be obliged to pay any Expenses. For more information, see Section 2.14 "How do I close my investment?"

1.4 Worked Examples

The examples assume that:

- the Reference Index at the Commencement Date is 550;
- 100,000 Units are held;
- no Early Maturity Event occurs during the Investment Term;
- the Units are held until Maturity; and
- taxation implications for Investors are not considered (refer to Section 4 “Risk Factors” and Section 5 “Taxation”).

The returns shown in this example are fictitious and are used only to demonstrate how the features of the Units work. They are not a forecast, do not indicate past performance and are not a guarantee that similar returns will be achieved in the future. Returns are not guaranteed.

Where the First Period Return, Second Period Return or Third Period Return is zero or negative, no Coupon will be payable for that period.

Example 1: Calculation of the Coupons

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Commencement Date	550	550	550	550
First Period End Date	625	625	525	525
Second Period Start Date	625	625	525	525
Second Period End Date	675	675	575	500
Third Period Start Date	675	675	575	500
Maturity Date	725	600	575	475

Scenario 1

Year 1

$$\begin{aligned} \text{First Period Return} &= (\text{Reference Index Value at First Period End Date} - \text{Reference Index Value at Commencement Date}) / \text{Reference Index Value at Commencement Date} \\ &= (625 - 550) / 550 \\ &= 13.64\% \end{aligned}$$

$$\begin{aligned} \text{First Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max}(\text{First Period Return}, 0) \\ &= 1.00 * \text{Max}(13.64\%, 0) \\ &= 13.64\% \\ &= \$0.1364 \end{aligned}$$

The return to the investor at the end of the First Period Return in the form of the First Period Coupon, assuming a holding of 100,000 Units, is \$13,640. Since, the investor outlaid \$8,350 (made up of \$6,350 in interest and \$2,000.00 in Loan Establishment Fee) this translates to a profit of \$5,290.00 or 63.35% for the First Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 2

$$\begin{aligned} \text{Second Period Return} &= (\text{Reference Index Value at Second Period End Date} - \text{Reference Index Value at Second Period Start Date}) / \text{Reference Index Value at Second Period Start Date} \\ &= (675 - 625) / 625 \\ &= 8.00\% \end{aligned}$$

$$\begin{aligned} \text{Second Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max}(\text{Second Period Return}, 0) \\ &= 1.00 * \text{Max}(8.00\%, 0) \\ &= 8.00\% \\ &= \$0.080 \end{aligned}$$

The return to the investor at the end of the Second Period Return in the form of the Second Period Coupon, assuming a holding of 100,000 Units, is \$8,000. Since, the investor outlaid \$6,350 in interest this translates to a profit of \$1,650.00 or 25.98% for the Second Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 3

Third Period Return	=	(Reference Index Value at Maturity Date – Reference Index Value at Third Period Start Date) / Reference Index Value at Third Period Start Date
	=	(725 - 675) / 675
	=	7.41%
Third Period Coupon	=	Notional Exposure per Unit*Max (Third Period Return, 0)
	=	1.00 * Max (7.41%, 0)
	=	7.41%
	=	\$0.0741

The return to the investor at the end of the Third Period Return in the form of the Third Period Coupon, assuming a holding of 100,000 Units, is \$7,410. Since, the investor outlaid \$6350.00 in interest this translates to a profit of \$1060.00 or 16.69%.

Summary (Scenario 1)

Therefore, assuming a holding of 100,000 Units, you would receive the following Coupons and outlaid the following interest and fees:

	Coupon	Interest and Fees
First Period	\$13,640.00	\$8,350.00
Second Period	\$8,000.00	\$6,350.00
Third Period	\$7,410.00	\$6,350.00
Total	\$29,050.00	\$21,050.00

This translates to a profit of \$8,000.00 over the Investment Term. This is equivalent to a return of 12.67% p.a. of the Issue Price of the 100,000 Units held.

Scenario 2

Year 1

First Period Return	=	(Reference Index Value at First Period End Date – Reference Index Value at Commencement Date) / Reference Index Value at Commencement Date
	=	(625 - 550) / 550
	=	13.64%
First Period Coupon	=	Notional Exposure per Unit*Max (First Period Return, 0)
	=	1.00 * Max (13.64%, 0)
	=	13.64%
	=	\$0.1364

The return to the investor at the end of the First Period Return in the form of the First Period Coupon, assuming a holding of 100,000 Units, is \$13,640. Since, the investor outlaid \$8,350 (made up of \$6,350 in interest and \$2,000.00 in Loan Establishment Fee) this translates to a profit of \$5,290.00 or 63.35% for the First Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 2

Second Period Return	=	(Reference Index Value at Second Period End Date – Reference Index Value at Second Period Start Date) / Reference Index Value at Second Period Start Date
	=	(675 - 625) / 625
	=	8.00%
Second Period Coupon	=	Notional Exposure per Unit*Max (Second Period Return, 0)
	=	1.00 * Max (8.00%, 0)
	=	8.00%
	=	\$0.080

The return to the investor at the end of the Second Period Return in the form of the Second Period Coupon, assuming a holding of 100,000 Units, is \$8,000. Since, the investor outlaid \$6,350 in interest this translates to a profit of \$1,650.00 or 25.98% for the Second Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 3

$$\begin{aligned} \text{Third Period Return} &= (\text{Reference Index Value at Maturity Date} - \text{Reference Index Value at Third Period Start Date}) / \text{Reference Index Value at Third Period Start Date} \\ &= (600 - 675) / 675 \\ &= -11.11\% \end{aligned}$$

$$\begin{aligned} \text{Third Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max} (\text{Third Period Return}, 0) \\ &= 1.00 * \text{Max} (-11.11\%, 0) \\ &= 0 \\ &= \$0.00 \end{aligned}$$

The return to the investor at the end of the Third Period Return in the form of the Third Period Coupon, assuming a holding of 100,000 Units, is \$0. Since, the investor outlaid \$6,350.00 in interest this translates to a loss of \$6,350.00 or 100% for the Third Period.

Summary (Scenario 2)

Therefore, assuming a holding of 100,000 Units, you would receive the following Coupons and outlaid the following interest and fees:

	Coupon	Interest and Fees
First Period	\$13,640.00	\$8,350.00
Second Period	\$8,000.00	\$6,350.00
Third Period	\$0	\$6,350.00
Total	\$21,640.00	\$21,050.00

This translates to a profit of \$590.00 over the Investment Term. This is equivalent to a return of 0.93% p.a. of the Issue Price of the 100,000 Units held.

Scenario 3

Year 1

$$\begin{aligned} \text{First Period Return} &= (\text{Reference Index Value at First Period End Date} - \text{Reference Index Value at Commencement Date}) / \text{Reference Index Value at Commencement Date} \\ &= (525 - 550) / 550 \\ &= -4.54\% \end{aligned}$$

$$\begin{aligned} \text{First Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max} (\text{First Period Return}, 0) \\ &= 1.00 * \text{Max} (-4.54\%, 0) \\ &= 0 \\ &= \$0.00 \end{aligned}$$

The return to the investor at the end of the First Period Return in the form of the First Period Coupon, assuming a holding of 100,000 Units, is \$0. Since, the investor outlaid \$8,350 (made up of \$6,350 in interest and \$2,000.00 in Loan Establishment Fee) this translates to a loss of \$8,350.00 or 100% for the First Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 2

$$\begin{aligned} \text{Second Period Return} &= (\text{Reference Index Value at Second Period End Date} - \text{Reference Index Value at Second Period Start Date}) / \text{Reference Index Value at Second Period Start Date} \\ &= (575 - 525) / 525 \\ &= 9.52\% \end{aligned}$$

$$\begin{aligned} \text{Second Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max} (\text{Second Period Return}, 0) \\ &= 1.00 * \text{Max} (9.52\%, 0) \\ &= 9.52\% \\ &= \$0.0952 \end{aligned}$$

The return to the investor at the end of the Second Period Return in the form of the Second Period Coupon, assuming a holding of 100,000 Units, is \$9,520. Since, the investor outlaid \$6,350 in interest this translates to a profit of \$3,170 or 49.92% for the Second Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 3

$$\begin{aligned} \text{Third Period Return} &= (\text{Reference Index Value at Maturity Date} - \text{Reference Index Value at Third Period Start Date}) / \text{Reference Index Value at Third Period Start Date} \\ &= (575 - 575) / 575 \\ &= 0\% \end{aligned}$$

$$\begin{aligned} \text{Third Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max (Third Period Return, 0)} \\ &= 1.00 * \text{Max (0\%, 0)} \\ &= 0\% \\ &= \$0.00 \end{aligned}$$

The return to the investor at the end of the Third Period Return in the form of the Third Period Coupon, assuming a holding of 100,000 Units, is \$0. Since, the investor outlaid \$6,350.00 in interest this translates to a loss of \$6,350.00 or 100% for the Third Period.

Summary (Scenario 3)

Therefore, assuming a holding of 100,000 Units, you would receive the following Coupons and outlaid the following interest and fees:

	Coupon	Interest and Fees
First Period	\$0	\$8,350.00
Second Period	\$9,520.00	\$6,350.00
Third Period	\$0	\$6,350.00
Total	\$9,520.00	\$21,050.00

This translates to a loss of \$11,530.00 over the Investment Term. This is equivalent to a loss of 18.27% p.a of the Issue Price of the 100,000 Units.

Scenario 4

Year 1

$$\begin{aligned} \text{First Period Return} &= (\text{Reference Index Value at First Period End Date} - \text{Reference Index Value at Commencement Date}) / \text{Reference Index Value at Commencement Date} \\ &= (525 - 550) / 550 \\ &= -4.54\% \end{aligned}$$

$$\begin{aligned} \text{First Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max (First Period Return, 0)} \\ &= 1.00 * \text{Max (-4.54\%, 0)} \\ &= 0\% \\ &= \$0.00 \end{aligned}$$

The return to the investor at the end of the First Period Return in the form of the First Period Coupon, assuming a holding of 100,000 Units, is \$0. Since, the investor outlaid \$8,350 (made up of \$6,350 in interest and \$2,000.00 in Loan Establishment Fee) this translates to a loss of \$8,350.00 or 100% for the First Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 2

$$\begin{aligned} \text{Second Period Return} &= (\text{Reference Index Value at Second} \\ &\quad \text{Period End Date} - \text{Reference} \\ &\quad \text{Index Value at Second Period Start} \\ &\quad \text{Date}) / \text{Reference Index Value at} \\ &\quad \text{Second Period Start Date} \\ &= (500 - 525) / 525 \\ &= -4.76\% \end{aligned}$$

$$\begin{aligned} \text{Second Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max} \\ &\quad (\text{Second Period Return}, 0) \\ &= 1.00 * \text{Max} (-4.76\%, 0) \\ &= 0\% \\ &= \$0 \end{aligned}$$

The return to the investor at the end of the Second Period Return in the form of the Second Period Coupon, assuming a holding of 100,000 Units, is \$0. Since, the investor outlaid \$6,350 in interest this translates to a loss of \$6,350 or 100% for the Second Period.

At this point the investor may elect not to continue with their investment. If the investor elects to continue with an investment in 100,000 units they must pay \$6,350 in interest.

Year 3

$$\begin{aligned} \text{Third Period Return} &= (\text{Reference Index Value at Maturity} \\ &\quad \text{Date} - \text{Reference Index Value} \\ &\quad \text{at Third Period Start Date}) / \\ &\quad \text{Reference Index Value at Third} \\ &\quad \text{Period Start Date} \\ &= (475 - 500) / 500 \\ &= -5.00\% \end{aligned}$$

$$\begin{aligned} \text{Third Period Coupon} &= \text{Notional Exposure per Unit} * \text{Max} \\ &\quad (\text{Third Period Return}, 0) \\ &= 1.00 * \text{Max} (-5.00\%, 0) \\ &= 0\% \\ &= \$0.00 \end{aligned}$$

The return to the investor at the end of the Third Period Return in the form of the Third Period Coupon, assuming a holding of 100,000 Units, is \$0. Since, the investor outlaid \$6,350.00 in interest this translates to a loss of \$6,350.00 or 100%.

Summary (Scenario 4)

Therefore, assuming a holding of 100,000 Units, you would receive the following Coupons and outlaid the following interest and fees:

	Coupon	Interest and Fees
First Period	\$0	\$8,350.00
Second Period	\$0	\$6,350.00
Third Period	\$0	\$6,350.00
Total	\$0	\$21,050.00

This translates to a loss of \$21,050.00 over the Investment Term. This is equivalent to a loss of 100%.

Example 2: Calculation of the Maturity Value and the Delivery Parcel

The Maturity Value is the Issue Price of \$1.00 per Unit. That is, the value of the Maturity Value, and therefore the value of the Delivery Parcel, is not subject to the performance of the Reference Index the Maturity Value will be satisfied by the delivery of ASX Listed Securities with an aggregate market value equivalent to the Maturity Value.

The ASX Listed Securities are approximately equal values of ordinary shares of the following delivery assets:

ASX Listed Security

BHP Billiton Limited
Commonwealth Bank of Australia
Wesfarmers Limited
Westpac Banking Corporation
Woolworths Limited

At Maturity you will have the option to either take delivery of the Delivery Parcel or utilise the Agency Sale Option.

The number of each type of Delivery Asset that would be received by an Investor (i.e. the Delivery Parcel) is calculated as follows:

$$\frac{(MV \times N) - Costs}{CP}$$

Where:

MV = Maturity Value per Unit;

N = Number of Units held by each Investor;

CP = Average of the Closing Prices of the ASX Listed Securities;

Costs = Any applicable Costs and Taxes associated with delivering the ASX Listed Securities.

Therefore, on the assumption an Investor holds 100,000 Units, the number of each type of Delivery Asset is as follows:

Delivery Asset	Closing Prices	Number of ASX Listed Securities (Delivery Parcel)
BHP Billiton Limited	\$41.13	486
Commonwealth Bank of Australia	\$52.59	380
Wesfarmers Limited	\$31.53	634
Westpac Banking Corporation	\$23.62	846
Woolworths Limited	\$26.44	756

The Delivery Asset Prices for each of the Delivery Assets used for the purpose of this example only are the closing prices on the ASX on 6 August 2010. The above figures were calculated on the assumption that the Loan Amount has been repaid and that there were no Delivery Costs (as at the date of this PDS, it is not anticipated that Delivery Costs will apply). The number of Delivery Assets has been rounded to the nearest whole number and is valued at \$99,934.56. Therefore, there is a difference of \$65.44 (i.e. \$100,000 less \$99,934.56). As this amount is greater than \$20, this amount will be paid to your nominated account within 10 Business Days of the Settlement Date.

2. Details of the Units

2.1 What sort of investment is this?

If you purchase the Units, you enter into:

- a deferred purchase agreement with the Issuer on the Terms set out in Section 10 of this PDS; and
- a Loan Agreement with the Lender on the terms set out in Section 9 of this PDS.

As an integral part of the arrangement, each Investor in the Units will be entitled to a Beneficial Interest in a Portion of certain ASX Listed Securities that will be held for each Investor from time to time by the Issuer or its nominee (which may include the Custodian). The deferred purchase agreement gives you the right at Maturity to receive a number of ASX Listed Securities to represent the value of that Portion. The number of ASX Listed Securities you are entitled to receive at Maturity depends on the Maturity Value, and is calculated in accordance with the ASX Listed Security Formula (see Section 2.10 for more information).

The Units are “securities” and “warrants” as defined in the Corporations Act.

The Minimum Investment is detailed in the Offer Summary.

The Units create direct, unsecured, and unsubordinated obligations of the Issuer. The Units rank equally among themselves. The obligations of the Issuer under the Units rank equally with all other unsecured and unsubordinated obligations of the Issuer, except obligations preferred by law.

The returns (if any) deliverable on the Units are linked to the performance of the Reference Index over the Investment Term of the Units and are not subject to fluctuations in the value of the ASX Listed Securities.

Title to a Unit will be determined solely by who is entered on the Register in relation to that Unit. The Issuer will rely on the Register for the purpose of determining entitlements connected to the Units on the Maturity Date.

Both the Issuer and the Registrar are entitled to rely on the Register as constituting the sole and conclusive record of all the Units and as to the Investors in those Units. Neither the Issuer nor the Registrar shall be liable to any Investor for relying on the Register or for accepting in good faith as valid any detail recorded in the Register subsequently found to be forged, irregular or not authentic.

2.2 Coupon payments

There is the potential for Coupons to be paid within 10 Business Days of the First Period End Date, Second Period End Date and the Maturity Date. The amount of the Coupon per Unit is calculated by determining the greater of the change in the Reference Index over the relevant period and zero.

See the Offer Summary and Section 1 “Overview of the Units” for the strategies and methods by which the value of the Coupons is calculated. See Section 1.4 “Worked Examples” which demonstrates how the Coupons are Calculated. Investors should also refer to Section 4 “Risk Factors” for the risks associated with the Coupon Payments.

2.3 Maturity Value

The Maturity Value is the Issue Price of \$1.00 per Unit. That is, the Maturity Value, and therefore the value of the Delivery Parcel, is not subject to the performance of the Reference Index.

See the Offer Summary and Section 1 “Overview of the Units” for more information. See also Section 1.4 “Worked Examples.”

2.4 ASX Listed Securities

The ASX Listed Securities which you can receive at Maturity will consist of ordinary shares in the companies detailed in the Offer Summary.

If any of the ASX Listed Securities are unavailable for delivery at Maturity, the Issuer may delay delivery or substitute any other securities which are constituents of the S&P/ASX 200 Index or may deliver only the unaffected Delivery Assets.

2.5 What happens at Maturity?

At Maturity you will be entitled to receive a number of ASX Listed Securities, having an equivalent value to the Maturity Value. The Maturity Value is the Issue Price of \$1.00 per Unit. The securities delivered at Maturity will be the ASX Listed Securities listed in the Offer Summary (subject to any adjustment as a result of certain Adjustment Events and the ability for the Issuer to procure these shares for delivery). The ASX Listed Securities will be issued on the issuer sponsor sub-register of the ASX Listed Securities.

You will need to consider whether the ASX Listed Securities will be a suitable investment for you at Maturity. Alternatively, you can request that the Custodian arrange for the sale of your ASX Listed Securities and, therefore, receive a cash payment (the Sale Proceeds) under the Agency Sale Arrangement. This may have tax consequences based on your financial arrangements for your investment and you should consider the information about taxation in Section 5 of this PDS and consult your financial and taxation advisor before you invest and/or elect to use the Agency Sale Arrangement.

Following Maturity of the Units, you will no longer have any exposure to the Reference Index or the Underlying Index. You will receive physical delivery of the ASX Listed Securities on the Settlement Date and from that point in time have exposure to the ASX Listed Securities.

Please note that any amount received (either by Agency Sale Arrangement or in ASX Listed Securities) will be applied first to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender.

See Section 10, clause 4 “Maturity and Settlement” of the Terms for more information.

2.6 Agency Sale Arrangement

If you wish for the Custodian to arrange for the sale of your ASX Listed Securities, you may elect in your Maturity Notice (see below) to enter into the Agency Sale Arrangement with the Issuer. You will receive the Sale Proceeds within 10 Business Days of the Settlement Date, or as soon as reasonably practicable thereafter (bearing in mind that any amount received will be applied first to the repayment of the Loan Amount and to any reasonable fees and costs and the balance (if any) will be paid to you). As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender.

See Section 10, clauses 4 and 5 of the Terms for further information.

2.7 Maturity Notice

Investors will be sent a Maturity Notice between 20 and 30 Business Days prior to the Maturity Date. You must complete the Maturity Notice by specifying whether you wish to accept physical delivery of the ASX Listed Securities, or use the Agency Sale Arrangement and return it to the Issuer at least 10 Business Days prior to the Maturity Date.

If you do not return the Maturity Notice to the Issuer by this date, you will be deemed to have elected to take physical delivery of the ASX Listed Securities.

See Section 10, clause 4 of the Terms for more information.

2.8 Annual Walk-Away

On each annual Interest Payment Date you can choose whether to continue or discontinue the Loan and your investment in the Units. If you choose to discontinue the Loan, your investment in the Units will be terminated and you will receive a payment reasonably determined by the Issuer acting in good faith and in a commercially reasonable manner as being the fair market value of the Units. Any amount received will first be applied to repayment of the Loan Amount and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender.

Where you redeem your Units prior to the Maturity Date you will not receive the Maturity Value. The amount you receive will differ to the amount you would receive on the Maturity Date and may be significantly less. Any amount received will be first applied to repayment of the Loan Amount and to any reasonable fees and costs and the balance (if any) will be paid to you. If the amount is less than the Loan Amount and to any fees and costs outstanding then you will receive no additional return above the Coupons already received (if any) and, given the limited recourse nature of the Loan, you can walk-away from your investment without any further obligations to the Lender. Additionally, you will not receive a refund of the Interest Payments.

Prior to an Interest Payment Date the Issuer will provide you with:

- a notice outlining the Interest Payment applicable to that Interest Payment Date; and
- a standard redemption form.

You must inform the Issuer prior to the applicable Interest Payment Date whether you want to (a) continue with the Loan and your investment in the Units, or (b) discontinue the Loan and redeem your Units.

Should you choose (a) please refer to the notice outlining the Interest Payment in order to determine what is required to continue your investment in the Units.

Should you choose (b) please complete and return the standard redemption form in accordance with the instructions provided. The Issuer will determine your Termination Payment by reference to the fair market value of the Units on the next Loan Reset Date.

2.9 Early Maturity

There may be an Early Maturity where certain events occur for which the Issuer can nominate an Early Maturity Event (or allow the Units to continue in its reasonable discretion). The Issuer will issue an Early Maturity Notice which will specify whether the Early Maturity will occur by delivery of ASX Listed Securities or by Termination Payment.

Early Maturity Events generally arise in circumstances which prevent the Issuer being able to deliver on its obligations under the Terms. Early Maturity Events could include (but are not limited to), for example, circumstances where the Reference Index ceases to exist or a Change of 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.

If an Early Maturity Event occurs the Issuer may deduct reasonable Expenses. Expenses will form part of the calculation of the Buy-Back Price or Early Maturity Value as Expenses are part of the determination of fair market value. Please see the Offer Summary for more information.

Upon an Early Maturity, the Loan becomes immediately due and payable. Any amounts received, whether Early Maturity Value or Buy-Back Price, will be applied to repayment of the Loan Amount and to any fees and costs first, and any surplus paid to you. Additionally, in the event of an Investor requested Issuer Buy-Back, an Early Maturity Event or you elect to utilise the Annual Walk-Away feature you will not receive a refund of the Interest Payments. In respect of an Investor requested Issuer Buy-Back you may also incur significant Loan Break Costs.

See Section 4 "Risk Factors" and Section 10, clause 5 of the Terms for more information.

2.10 How do I receive my return?

At Maturity of the Units, you will be entitled to receive a number of ASX Listed Securities, having an equivalent value to the Maturity Value (i.e. the Issue Price of \$1.00 per Unit). If more than one ASX Listed Security is to be delivered, then the Issuer will deliver approximately equal values of each security. The number of ASX Listed Securities to be delivered by the Issuer to the Investor on the Settlement Date is determined by the following formula (the "ASX Listed Security Formula"):

$$\frac{(MV \times N) - Costs}{CP}$$

where:

MV = Maturity Value per Unit

N = Number of the Units held by each Investor

CP = Average of the Closing Prices of the ASX Listed Securities

Costs = Any applicable Costs and Taxes associated with delivering the ASX Listed Securities

The Issuer will deliver the ASX Listed Securities to you on the Settlement Date which is the 10th Trading Day after the Maturity Date, or such other date as necessary for the Issuer to fulfil its obligations under the Terms. If you elect to use the Agency Sale Arrangement, then the Issuer or its nominee will accept the ASX Listed Securities on your behalf, and will then sell the ASX Listed Securities. The Issuer or its nominee will deliver the Sale Proceeds to your nominated account (or if no account is nominated, by cheque) within 10 Business Days of the Settlement Date, or as soon as practicable thereafter.

2.11 Initial Applications

To apply for the Units, an Investor must complete the Application Form included at the back of this PDS. Completed Application Forms must be lodged with the Registrar as per the instructions in this PDS and/or on the Application Form. The first year's Interest Payment must be paid for in full by Direct Debit or cheque by the Closing Date to the Issuer as set out in the Application Form unless prior arrangements have been made with the Issuer.

Any Application received after the Closing Date may not be accepted. The Issuer may request additional information or documentation from the Applicant in order to verify the Applicant's identity or for any other purpose. The Issuer reserves the right to refuse any Application (including where an Applicant does not provide further information or documentation as requested by the Issuer) or to accept any Application in part only, without giving a reason. The Issuer may also elect at its complete discretion to change or defer the Opening Date or Closing Date.

In these circumstances, the Issuer will not be liable for any resulting loss.

If the Issuer rejects an Application in full or in part, the balance of the interest paid will be returned within five (5) Business Days of the expected Commencement Date. No interest will be paid on those refunds.

Further information on how to apply for the Units is set out in Section 13 "How to Invest."

2.12 Issue of Units

The Units will be issued to the successful Applicants upon acceptance of their Applications and within 30 days of receipt of Application Monies. The Issuer will advise successful Applicants of the acceptance of their Application as soon as practicable after the Commencement Date. Investors should note that Units may be issued prior to the Commencement Date – however, exposure to the Reference Index will only begin on the Commencement Date.

2.13 The Loan

Investors are required to apply for a loan from the Lender to fund 100% of the Issue Price on the Commencement Date.

The Loan is limited recourse to your interest in the Units (including any corresponding Delivery Assets or Sale Proceeds). This means that once you have paid any Interest Payments, even if your return on the Units is insufficient to repay the Loan, you will not be required to pay anything more (even on Early Maturity or Issuer Buy-Back).

Each Unit will be issued to, and held by the Custodian in a separate trust. The Custodian grants a Fixed Charge over each separate trust in favour of the Lender. You therefore acquire your Units subject to the Fixed Charge until your obligations under the Loan are satisfied in full.

The following events will result in the immediate enforcement of the Fixed Charge:

- an Early Maturity Event;
- an Event of Default;
- an Adjustment Event occurs and the Issuer elects to treat it as an Early Maturity Event in accordance with the Terms;
- a failure by the Investor to perform or observe an obligation under this PDS;
- a failure by the Investor to repay the Loan Amount when due and payable;
- where the Investor becomes insolvent or bankrupt as set out in clause 6.4 of Section 9 "Loan Agreement";
- any other event of default, early maturity or termination (however described) occurs under this PDS; or
- as otherwise permitted in the Fixed Charge.

Please read Section 9 "Loan Agreement" for a description of the Fixed Charge.

2.14 How do I close my investment?

The Issuer’s obligation to deliver the number of ASX Listed Securities having a value equivalent to the Maturity Value is illustrated in Section 1.4 “Worked Examples”.

Neither the Issuer nor any of its directors or employees or any other person accepts any liability or responsibility should any Applicant for the Units attempt to sell or otherwise deal with any Units before being advised by the Issuer of the number of Units (if any) allotted to them.

Please refer to Section 1.3 “Fees and Costs” for any applicable Fees associated with closing or transferring your Units.

The Issuer and the Registrar will be entitled to accept and assume the authenticity and genuineness of any Unit of transfer or other document, and will not incur any liability for registering any Unit of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such Unit of transfer.

Issuer Buy-Back

You may request an Issuer Buy-Back in respect of all of your Units. The Issuer has discretion to accept, reject or hold over a request for an Issuer Buy-Back. The Buy-Back will be executed on the Buy-Back Date which may depend in part on the Issuer’s ability to liquidate its hedging arrangement (if any). The Issuer will not accept a Buy-Back request while a Market Disruption Event is subsisting. The Buy-Back Price will be determined by the Issuer acting in good faith and in a commercially reasonable manner, to be calculated by reference to the fair market value of the Units on the Buy-Back Date, less any applicable reasonable Fees, Costs, Taxes and Expenses. Please note that any amount received will be first applied to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender. Additionally, in respect of an Investor requested Issuer Buy-Back you will not receive a refund of the Interest Payments and you may also incur significant Loan Break Costs.

Investors can contact the Distribution Manager on 1300 954 678 for an estimate of the Buy-Back Price before requesting a Buy-Back. This is an estimate only and the actual Buy-Back Price may be significantly different.

Factors that affect the Buy-Back Price may include the performance of the Reference Index, market prices of the Reference Index, price volatility, interest rates and the time to Maturity. However, it is difficult to predict the precise impact these factors may have. The table below illustrates how a change in these factors may affect the Buy-Back Price.

Price variable	Change in variable	Effect on Buy-Back Price
Performance and price of the Reference Index	↑	↑
Price volatility	↑	↓ or ↑
Interest rates	↑	↓
Time to expiry	↓	↓

2.15 Complaints

The Issuer has established a complaints handling and dispute resolution process for Investors. See Section 8.2 “What happens if there is a dispute concerning the Units?” for more information.

2.16 Governing Law

The issue of Units is subject to the laws of Victoria.

3. The Loan Facility

Investors must borrow 100% of the Issue Price on the Loan Drawdown Date. The Lender is RBS Group (Australia) Pty Limited. The Loan is a Limited Recourse Loan which means the Lender's recourse is limited to your Units (including without limitation, any Accretions, Delivery Parcels and Sale Proceeds). Otherwise, the Lender has no recourse against you for the Loan Amount (\$1.00 per Unit) or any other amount after the first year's Interest Payment is made. Interest on the Loan is prepaid annually in advance. The Loan is for a minimum term of 1 year and a maximum term of 3 years.

The Loan is drawn down on the Loan Drawdown Date and the Loan monies are applied directly to pay the Issue Price on your Units.

First Year's Interest Payment

Under the Loan, you are required to prepay interest for the first year on the first Interest Payment Date in order for the Loan to be drawn down and Units issued.

The Interest Payment per Unit for the first year is calculated as follows:

$$\text{Interest Payment} = 6.35\% \text{ p.a.} * \text{Loan Amount}$$

Therefore, per Unit, the Interest Payment which must be prepaid on the first Interest Payment Date is \$0.0635 per Unit (i.e. 6.35% p.a. * \$1.00).

Loan Establishment Fee

The Loan Establishment Fee is up to 2.0% of the Loan Amount. This fee is negotiated between you and your advisor. The Loan Establishment Fee is payable to and charged by the Lender and an amount up to the total Loan Establishment Fee is then paid by the Lender to your advisor. Assuming an investment of 100,000 Units (i.e. an Investment Amount of \$100,000), the Loan Establishment Fee will be up to \$2,000. The Loan Establishment Fee is a single upfront payment payable by direct debit from your nominated bank account at the same time as the initial Interest Payment.

No Credit Enquiries

You are not required to comply with any personal credit checking enquiries or procedures in order to apply for the Loan. You are only required to complete the Application Form attached to this PDS. For more information see Section 13 "How to Invest".

Continuation or Discontinuation of the Loan

On each annual Interest Payment Date, you must decide whether or not to prepay interest for the following year (i.e. you must choose whether or not you wish to continue the Loan and your investment in the Units).

If you choose to continue the Loan, the amount of the Interest Payment in the given year will be automatically deducted from your nominated bank account by the Lender on the Interest Payment Date. This allows the Loan to continue for the

following year which commences on the next Loan Reset Date and extends to the Loan Reset Date a year later. Investors should make sure there are sufficient funds in their nominated bank account to cover the Interest Payment.

You may request the Lender to extend the Interest Payment Date, in a given year, up until the business day in Sydney immediately preceding the Loan Reset Date for that year. The decision of the Lender will be made in its absolute and sole discretion and will be final.

If you do not pay the Interest Payment, in a given year, by the applicable Interest Payment Date (or any such later date in the Lender's discretion), the Loan will automatically terminate on the next Loan Reset Date. Your investment in the Units will also terminate on the Loan Reset Date and you will receive the fair market value of the Units, if any, after any such amount is applied to repayment of your Loan Amount.

Subsequent Years' Interest Payment

If you choose to continue with the Loan after the first year's prepaid interest, you will need to prepay the annual Interest Payment, in a given year, by the respective Interest Payment Date each year.

The Interest Payments for each Interest Payment Date (Year) are calculated as 6.35% p.a. * Loan Amount = \$0.0635 per Unit.

You will need to make the payment by the applicable Interest Payment Date (or any such later date in Lender's discretion).

Repayment of the Loan Amount

The Loan Amount is repaid as outlined in Section 9 "Loan Agreement".

Fixed Charge and Custodian

Each Unit will be issued to, and held by, the Custodian in a separate trust. The Custodian grants a Fixed Charge over each separate trust in favour of the Lender. You therefore acquire your Units subject to the Fixed Charge, and you appoint the Custodian to hold the Units on your behalf and subject to the Fixed Charge until your obligations under the Loan are satisfied in full.

Please read Section 9 "Loan Agreement" for a description of the Fixed Charge.

4. Risk Factors

Investments in the Units carry a degree of risk including, but not limited to, the risks referred to below.

Prospective investors should ensure they understand the investment and carefully study the risk factors set out in this PDS before they invest in the Units.

The information in this PDS is intended to provide Investors and their professional advisors with information they would reasonably require and expect to find for the purpose of making an informed assessment of the Units and the capacity of the Issuer to fulfil its obligations under the Units and the risks, rights and obligations associated with the Units. It is impossible for documents of this type to take into account the investment objectives, financial situation and particular needs of each Investor. Investors should consult their financial advisor before deciding whether to invest. Accordingly, nothing in this PDS should be construed as a recommendation by the Issuer or any other person concerning investment in the Units.

4.1 The Units

Coupons

The receipt of Coupons is not guaranteed. Investors may not receive a Coupon.

There will be no **First Period Coupon** if there has not been an increase in the Reference Index over the first year of the Investment Term (First Period). Where the Reference Index has remained constant or declined over this period, there will be no First Period Coupon paid and Investors will not be required to make any payment to the Issuer.

There will be no **Second Period Coupon** if there has not been an increase in the Reference Index over the second year of the Investment Term (Second Period). Where the Reference Index has remained constant or declined over this period, there will be no Second Period Coupon paid and Investors will not be required to make any payment to the Issuer.

There will be no **Third Period Coupon** if there has not been an increase in the Reference Index over the third year of the Investment Term (Third Period). Where the Reference Index has remained constant or declined over this period, there will be no Third Period Coupon paid and Investors will not be required to make any payment to the Issuer.

For an explanation of how the level of the Reference Index will impact on any possible Coupon payments please refer to the worked examples contained in Section 1.4.

Maturity Value

The Maturity Value is the Issue Price of \$1.00 per Unit. The Maturity Value only applies at Maturity. Where the aggregate of the Coupon payments does not exceed the total Interest Payments and the Loan Establishment Fee, the receipt of the Maturity Value may represent a loss to Investors. Should you only receive the Maturity Value, you may not receive any amount at Maturity because it is all applied to repayment of the Loan Amount.

If an Early Maturity Event occurs, you request an Issuer Buy-Back or you utilise the Annual Walk-Away feature, you may receive less than the Issue Price of \$1.00 per Unit. Investors will not receive a refund of Interest Payments nor a guarantee of any investment returns. As the Loan is a Limited Recourse Loan, the Lender cannot take any action against Investors to recover any amount beyond the Investor's interest in the Units – that is, even if your return on the Units is insufficient to repay the Loan, you will not be required to pay anything more. See Section 10 "Terms of Issue" and Section 3 "The Loan Facility".

Interest Payments

There is no guarantee that the Units will generate returns in excess of the Interest Payments on the Loan. Additionally, in the event of an Investor requested Issuer Buy-Back, an Early Maturity Event or you elect to utilise the Annual Walk-Away feature you will not receive a refund of the Interest Payments. In respect of an Investor requested Issuer Buy-Back you may also incur significant Loan Break Costs. See Section 1.4 "Worked Examples" and Section 3 "The Loan Facility" for further information.

Leverage

Because you only pay the first year's prepaid interest (\$0.0635 per Unit) to invest in the Units, but receive Units with an Issue Price of \$1.00 per Unit, your exposure to the Reference Index is considered leveraged. Additionally, your investment is also leveraged because of the Limited Recourse Loan and because your exposure to the Reference Index may be greater than 100% (due to the use of variable Participation Rates).

This means that you will have magnified exposure to both increases and decreases in the Reference Index. This may have the potential for increased gains, and it may also magnify losses.

Volatility control

The Reference Index has a feature that aims to protect against some of the inherent volatility exhibited by its underlying component(s) (i.e. the variable Participation Rate which aims to protect against volatility in the Reference Index). When the term is used in respect of financial instruments, volatility is a measure of how much an instrument has deviated from its average over a defined time. Historical trends have shown that generally, volatility and performance have an inverse relationship: market increases tend to be steady (low volatility) while market falls tend to be 'short and sharp' (high volatility).

The Reference Index's exposure to the Underlying Index will change depending on the volatility of those underlying component(s). An index's exposure to its underlying component(s) will proportionally reduce as the index's volatility increases above a certain percentage thresholds. When volatility decreases below certain percentage thresholds, the Index's exposure to its underlying

component(s) will proportionally increase. In periods of higher market volatility this feature may cushion the effect of market falls but constrain the benefit of market rises. The historic relationship between performance and volatility may not continue and this may have an impact on the performance of an index with a volatility control feature. The Participation Rates are outlined in Section 12 “Formulae & Calculations”

Value of the Units before the Maturity Date

The Maturity Value of the Units is the Issue Price of \$1.00 per Unit. Prior to Maturity, the value of the Units will be determined by many factors such as market value of the Reference Index, time to Maturity, Volatility, interest rates and other market factors. This value may be less than the \$1.00 per Unit at Maturity. Please see Section 2.14 “How do I close my investment?” for more information on how these factors can affect the Early Maturity Value.

If Investors exit the investment early (either because of Early Maturity, Issuer Buy-Back or Annual Walk-Away), they will not receive the Delivery Asset, but instead will receive a cash payment equal to the Early Maturity Value. Please note that any amount received will first be applied to repayment of the Loan Amount and to any fees and costs and the balance (if any), will be paid to you. Additionally, in the event of an Investor requested Issuer Buy-Back, an Early Maturity Event or you elect to utilise the Annual Walk-Away feature you will not receive a refund of the Interest Payments. In respect of an Investor requested Issuer Buy-Back you may also incur significant Loan Break Costs. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender. See Section 10 “Terms of Issue” and Section 3 “The Loan Facility”

Point to point return risk (Coupons)

The return on the Reference Index, in the case of the Coupons, is determined using the closing level of the Reference Index at the beginning and end of the First Period, Second Period and Third Period.

There is a risk that the Reference Index (or any component of the Reference Index) may perform poorly on the First Period End Date, Second Period End Date or the Maturity Date. Under these circumstances the Coupons would be lower than if the return on the Reference Index were calculated using the average of a number of observation dates taken either during or at the end of the First Period, Second Period or Third Period. Refer to the “Offer Summary” and Section 1.4 “Worked Examples” for further information.

Creditworthiness of the 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 Deferred Purchase Agreement or Guarantee. See Section 6 for further information on the Issuer and Guarantor.

Liquidity risk

The liquidity of the Units may not be sufficient to meet your liquidity requirements.

Early Maturity and Issuer Buy-Back risk

The Units can mature early if an Early Maturity Event occurs, or if an Investor requests an Issuer Buy-Back. As a consequence, Expenses may be incurred.

In the case of Early Maturity, the amount Investors receive may be significantly less than what they would have received had they held the Units to Maturity. If Investors exit the investment early (Early Maturity, Issuer Buy-Back, or Annual Walk-Away), they will not receive the Delivery Assets, but instead will receive a cash payment equal to the Early Maturity Value or the Buy-Back Price. The Early Maturity Value and the Buy-Back Price may be less than the Issue Price and may be zero.

If an Early Maturity Event occurs, the Loan Amount becomes immediately due and payable and the Fixed Charge granted by the Custodian becomes immediately enforceable. Any amounts received on Early Maturity or Issuer Buy-Back will first be applied to repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you. As the Loan is a Limited Recourse Loan, you will not be required to pay anything further to the Lender. Additionally, in the event of an Investor requested Issuer Buy-Back or an Early Maturity Event you will not receive a refund of the Interest Payments. In respect of an Investor requested Issuer Buy-Back you may also incur significant Loan Break Costs. See Section 2.9 “Early Maturity” for further information.

4.1.1 Risks to receiving returns

This is the risk that you will not receive the returns described in this PDS. This could happen because:

- **Counterparty risk:** If the Issuer or Guarantor is placed in liquidation or receivership (however described in any relevant jurisdiction) or statutory management, or is otherwise unable to meet its debts as they fall due. In this situation, the Investor could receive none, or only some, of the amount invested;
- **Insolvency risk:** No Investor in the Units will be liable to pay any further amounts to the Issuer or any other person in respect of the Units if each of the Issuer and Guarantor becomes insolvent.

The obligation to deliver the ASX Listed Securities on Maturity of the Units is a direct, unsecured and unsubordinated obligation of the Issuer guaranteed by the Guarantor. This means that in the case of a liquidation of the Issuer or Guarantor:

- (a) the Investors' rights to delivery of the number of ASX Listed Securities in respect of the Units will rank after the claims of:
- persons to whom preferential payments must be made; and
 - secured creditors (if any).
- (b) Investors' claims will thereafter rank equally among themselves and with all other unsecured and unsubordinated indebtedness of the Issuer or Guarantor;
- **Credit risk:** Credit risk is the risk that the Issuer or Guarantor will fail to perform its obligations to the Investors or that the credit quality of the Issuer or Guarantor deteriorates. The generation of any particular rate of return from investing in the Units is not guaranteed. Investors may not recover their initial investment or make any returns on the Units if the Issuer and Guarantor are put into liquidation or are unable to meet their obligations. Each Investor must make its own assessment of the ability of the Issuer or Guarantor to fulfil their respective obligations. A relevant factor for this assessment is the financial strength of the Issuer and the Guarantor. Financial information for the Issuer and Guarantor is available at www.investors.rbs.com/our_performance/results.cfm;
 - **General market risks:** Units will be exposed to one or more of the following markets: equity, credit, commodity, foreign exchange, interest rate and fixed income markets. Prospective investors should understand that investments in instruments relating to these markets may be negatively affected by global economic, financial, political and natural developments as well as general index movement, macroeconomic risks, supply and demand. Such developments, among other things, may have a material effect on the performance of the Units.
 - **Futures contract risk:** The Reference Index may reference the performance of futures contracts. Transactions in futures contracts involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of an investment. Futures contracts need to be rolled (i.e. when the existing futures contract approaches expiry it is sold and the next futures contract is simultaneously purchased). The price for which the existing futures contract is sold and the new one purchased may be different and this could adversely affect the value of the Reference Index and the return on your Units.
 - **Commodity risks:** The performance of the Reference Index is dependant on the performance of the Underlying Index, which itself depends on the performance of its components. The Underlying Index references a diversified portfolio of commodity futures. The level of the Underlying Index is subject to the performance of the individual commodity futures included in the index. Performance of the Underlying Index will be influenced by economic and industry conditions. In particular, investors should understand that investments in Units relating to commodity markets may be negatively affected by global economic, financial, natural, environmental and political events and developments, and that such events and developments, among other things, may have a material effect on the value of the Underlying Index and/or the performance of the Reference Index;
 - **Tax risk:** Changes are made to the taxation of either the Issuer or the Investors – a change in the tax treatment of the Units or returns from the Units may affect the returns. See Section 5 "Taxation" for more information; and
 - **Asset class risks:** The Units relate to a specific underlying asset. Returns from the underlying asset(s) may fluctuate significantly and affect the returns on the Maturity Date. The market price of the Units may be very volatile.
- The Units are a speculative investment and may produce less returns than other similar investments, or no return at all. Investors should not expect the return on their investment to be the same as a return on the equivalent investment in the actual asset(s) underlying the Reference Index. In many cases, the reference assets that are used in the Reference Index will not be perfectly correlated with an investment in the actual asset or market.
- Further, Investors will not receive dividends, distributions or any other rights in respect of the actual assets underlying the Reference Index.
- Adjustment Events and Market Disruption Events**
- If there is an Adjustment Event, the Issuer can take certain actions under the Terms of the Units, including substituting part or all of the affected underlying ASX Listed Securities, amending any variable, formula, amount or calculation, or suspend calculations referred to in the Terms. If in the reasonable opinion of the Issuer it is not possible to deal with the Adjustment Event in this manner, then the Issuer can nominate an Early Maturity Event.
- A further risk exists if there is a Market Disruption Event, including a suspension of trading on any of the markets for the relevant indices or assets, or if any of the relevant indices or assets cease to exist or fail to be calculated and published, or if the method of calculation materially changes or if the relevant indices or assets are otherwise materially modified. If there is a Market Disruption Event on any Calculation Date, then the relevant Calculation Date will be the following Trading Day on which a Market Disruption Event did not occur.

If there is a Market Disruption Event on the scheduled Maturity Date then the Maturity Date will be such other date as is determined by the Issuer, as reasonably necessary for the Issuer to fulfil its obligations under the Units or unwind and settle any hedging arrangements it has in place in respect of the Units. The Issuer must as soon as practicable (and in no event later than five Trading 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 the relevant Market Disruption Event.

As at the date of this PDS, the Issuer cannot determine the amount Investors would receive if a Market Disruption Event occurs.

Please refer to Section 10, clause 6 "Adjustment Events and Market Disruption Events" of the Terms for more detail.

4.1.2 Secondary market risks

There is a risk that Investors will lose some of their total Investment Amount due to:

- Investors being unable to easily sell all the Units due to lack of liquidity in any secondary market;
- Investors disposing of the Units before Maturity; and
- there being no assurance that the Issuer (or its nominee) will buy back your Units (and there is no obligation on the Issuer to do so). Buy-Back requests are irrevocable and the Issuer might not accept a request immediately but hold it over. This may delay the processing of an Investor's Buy-Back request and may impact the Buy-Back Price an Investor receives.

4.1.3 Other risks

Economic conditions

General economic factors such as economic activity, inflation, currency fluctuations, industrial disruption, interest rate fluctuations and changes in laws and government policy in jurisdictions where the Issuer or Guarantor conducts business may have an adverse impact on the Issuer's or Guarantor's business, financial condition and/or performance.

Changes in law

The conditions of the Units are based on Australian law in effect as at the date of this PDS. Changes in the law or its interpretation, including taxation and corporate regulatory laws, practice and policy, could have a negative impact on the returns to Investors.

In particular, the change of law risk in the context of income tax is discussed in Section 5 "Taxation." Investors should review the tax opinion with their own tax advisor.

Expenses

The Issuer may deduct reasonable Expenses in relation to Early Maturity or a Buy-Back. The Expenses will form part of the calculation of the Buy-Back Price or Early Maturity Value as

Expenses are part of the determination of fair market value. Expenses include all costs, expenses and losses reasonably incurred by the Issuer acting in a commercially reasonable manner 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. Expenses could be significant and may not be in your favour.

Fixed Charge

There is a risk that the Fixed Charge will become immediately enforceable. If an Early Maturity Event or other certain events occur (please see Section 2.13 "The Loan") the Fixed Charge will become enforceable and any amount owing to the Issuer may be satisfied by the Units (including any Coupon, Delivery Asset, Sale Proceeds or other amount payable to you under the Units).

If the Fixed Charge becomes enforceable, Investors may not receive Coupons, the Delivery Assets or other benefits relating to the Units.

Legal investment considerations may restrict certain investments

The investment activities of certain Investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisors to determine whether and to what extent;

- (a) the Units are legal investments for that Investor;
- (b) the Units can be used as collateral for various types of borrowing; and
- (c) other restrictions which apply to its purchase of any of the Units. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Units under any applicable risk-based capital or similar rules.

Substitution of the ASX Listed Securities

The Issuer may determine acting in good faith and in a commercially reasonable manner that in certain circumstances it is not reasonably possible to obtain or transfer one or more of the ASX Listed Securities on Maturity. If this happens, the Issuer may substitute one or more of the ASX Listed Securities with any other security listed and trading on the ASX that are part of the S&P/ASX 200 Index or may deliver the unaffected Delivery Assets.

Foreign exchange

The Units provide an Australian Dollar exposure. However, performance of the Reference Index may, amongst other things, be affected by currency movements. Ultimate returns at the end of each of the First Period, Second Period and Third Period will be expressed in Australian Dollars. However, there may be foreign exchange exposure where Early Maturity occurs, there is an Investor requested Issuer Buy-Back or an Investor utilises the Annual Walk-Away feature.

4.2 ASX Listed Securities

The Units, and (once you receive the ASX Listed Securities at Maturity) the ASX Listed Securities are subject to all the market risks and other risks inherent in ownership of listed securities. Such risks include but are not limited to a fall in market value, or illiquid trading following Maturity of the Units.

Before you take delivery of the ASX Listed Securities you should seek independent professional advice with regards to the future prospects of the ASX Listed Securities.

Some of the above considerations may result in the market value of the ASX Listed Securities transferred to you being less than the Maturity Value. If you do not want to bear these risks, you may wish to elect to receive the Sale Proceeds by entering into the Agency Sale Arrangement. However, you should consult your financial and taxation advisor about the taxation and financial consequences of doing so.

In particular, it may have consequences for deductibility of any financing of your investment in the Units.

4.3 Reference Index

Trading strategy

The Reference Index 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 Reference Index is appropriate in light of their individual circumstances and objectives.

No assurance can be given that the strategy employed by the Reference Index Sponsor will be successful, generate positive returns, outperform any benchmark or other indices or that the return on the Reference Index will be as projected or estimated.

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.

Investors should not invest in complex financial instruments unless they have the expertise to evaluate how such an instrument may perform under changing conditions, the resulting effects on the value of such instrument and the impact this investment will have on the Investor's overall investment portfolio.

Reference Index risk

The Reference Index may not be successful and may perform worse than alternative strategies (including a direct investment in the Underlying Index).

No recourse to assets

The Reference Index is purely synthetic and the exposure to the strategy and Underlying Index is notional and exists only in the records held by the Reference Index Sponsor.

There are no assets to which any person is entitled or in which any person has any ownership interest or which serve as collateral. No investor has any rights in respect of any components of the Underlying Index.

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 Reference Index Calculation Agent and/or the Reference 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.

Investors should also refer to section 2.9 "Early Maturity".

Termination of the Reference Index

The Reference Index Sponsor may terminate the Reference Index at any time. If the Reference Index ceases to exist the Issuer may choose to terminate the Units early if in the reasonable opinion of the Issuer it is not possible to deal with the event by making an adjustment under clause 6 of the Terms.

Index sponsor/calculation agent discretion

The Reference Index or the Underlying Index confers on a calculation agent and/or the sponsor of that index, as applicable, discretion in making certain determinations, calculations and corrections from time to time. The exercise of such discretion in the making of calculations, determinations and corrections may adversely affect the performance of an index and therefore the Units.

Underlying Index and simulated operating history

As at the date of this PDS actual performance data for the Underlying Index was only available for the period 28 October 2009 to 1 August 2010. Information prior to this has been simulated. The Reference Index Sponsor or the sponsor of the Underlying Index may have retrospectively calculated the closing levels of an index from an index base date. Such levels are simulated, hypothetical and illustrative only and may materially differ from actual performance of an index. Investors should note that historical performance (whether simulated or actual) of an algorithmic trading model, such as the Underlying Index, is not a reliable indicator of potential future performance.

There is a further risk that the performance may be reduced through a successful replication of the Underlying Index. The simulated performance has been validated by the Reference Index Sponsor and the Reference Index Calculation Agent, however, there is a risk that the validity may be subject to further interpretation.

4.4 Conflicts of interest

The Issuer and other RBS Group companies may conduct transactions as principal and as agent in various securities including the ASX Listed Securities or the financial products which comprise the Underlying Index and the Reference Index. These trading activities may affect (positively or negatively) the price at which the ASX Listed Securities trade, or the level of the Underlying Index, the Reference Index or the Units at any point in time.

The Issuer is responsible for the application of the Reference Index. The Reference Index Sponsor is also related to the Issuer. Actions of the Issuer, Reference Index Sponsor and the Issuer's related entities may affect the value of the Units. The Issuer and its related parties may have a conflict of interest in making relevant calculations and determinations, however, investors should note that these are done in accordance with the pre-determined Reference Index.

4.5 Exercise of discretion of RBS Group – Market Disruption Event and index change risk

Investors should note that a number of provisions of the Terms confer discretions on the Issuer, the Guarantor and their associates which could affect the value of the Units. These include the powers to calculate the value of the Reference Index.

Investors in the Units have no power to direct the Issuer concerning the exercise of any discretion.

4.6 Change in Terms

The Terms applicable to the Units may be changed, where:

- the variation is necessary or desirable in the opinion of the Issuer (including to comply with any statutory or other requirement of law or for any other reason provided that the change is not unfair (as defined in Section 12BG of the Australian Securities and Investments Commission Act 2001 ("ASIC Act")));
- the variation is desirable to correct any defect, manifest error or ambiguity if, in the Issuer's opinion, the variation is not unfair (as defined in section 12BG of the ASIC Act); or
- the change is determined by the Issuer as being required under either clause 5 or 6 of the Terms.

See Section 10, clause 13 "Amendment of Terms" for more information.

5. Taxation

This summary provides a general outline of the main Australian income tax implications arising for an Investor who:

1. will hold the Units until Maturity and will hold the ASX Listed ordinary shares (“Delivery Assets”) which are related to their Units post Maturity (i.e., without using the Agency Sale Option) and repay the Loan Amount by the Maturity Date;
2. will hold the Units and the Delivery Assets in their own capacity as capital assets; and
3. is an Australian resident operating from Australia for the purposes of this investment.

Investors who are engaged in a business of trading or investment of securities who acquire the Units for the purpose of resale at a profit; or 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.

This opinion does not discuss taxation consequences of early withdrawal (i.e. where an Investor does not hold their Units until the Maturity Date). Investors should seek their own professional taxation advice in relation to the taxation consequences of an early withdrawal.

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.

This tax section is based on the law as at 6 August 2010. It is necessarily general in nature and does not take into account the specific taxation circumstances of each individual investor. Investors must seek their own independent tax and general legal advice on this transaction before making any decision to invest in the Units. Investors must not rely on this opinion.

Investors should be aware that the ultimate interpretation of taxation law rests with the Courts and that the law, and the way the Commissioner of Taxation administers the law, may change at any time.

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

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.

5.1 Coupon Payments

The 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.

5.2 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).

In light of the terms of the Units, it is unlikely that an Investor will make a capital gain.

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 1 and 2, but not 3 (refer above).

Holding of Delivery Assets

The usual consequences of share ownership apply in respect of holding the Delivery Assets that are Australian securities. 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

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 the discount is 33 $\frac{1}{3}$ %. 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.

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 capital gains tax 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 an Investor may be taxed under the

ordinary income tax on any gain or loss made from using the Agency Sale Option, rather than under the CGT as described in the preceding paragraph. In such a situation the Investor would not be entitled to the CGT discount.

5.3 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.

5.4 Complying Superannuation Funds

In addition to the general discussion on interest deductions, below, complying superannuation funds must also consider the rules contained in the Superannuation Industry (Supervision) Act 1993 (Cth) and the Superannuation Industry (Supervision) Regulations 1994 (Cth) if they are considering borrowing to purchase the Units.

5.5 Interest Deductions - All Investors

Investors should seek their own independent advice as to their own individual ability to deduct any interest expenses and borrowing expenses related to borrowings to fund an investment in a Unit.

As a general rule, interest on money borrowed for the purpose of deriving assessable income is deductible as the liability accrues. However, this general rule is subject to various qualifications.

There are various exemptions to this rule. Those relevant to this investment are set out below.

Negative gearing

Investors should review the PDS to ensure that it is reasonably likely that (in aggregate) the expected assessable income (other than capital gains) from their investments will exceed the interest expense (and any other deductible expenses they incur in respect of their investment). If this is the case, the interest expense should be deductible in full. If the aggregate deductible expenditure exceeds the assessable income derived (excluding capital gains), the Commissioner may focus on the Investor's purpose for undertaking the investment. If the deficit can only be explained by reference to factors such as the reduction of tax or the making of capital gains, the excess expense may not be deductible.

Deductibility of prepaid interest

Under the Loan Agreement Investors are required to pay interest annually in advance.

For prepaid amounts in excess of \$1,000, Investors will be required to spread the deductible portion of any prepaid interest on a flat line basis over the period to which it relates.

Capital protected borrowing provisions

Division 247 of Part 3-10 of the 1997 Act was enacted for the purpose of treating part of the expense paid in relation to specified capital protected borrowings as attributable to the cost of the capital protection feature, deeming this cost to be non-deductible and included in the cost base of a relevant notional asset.

The loan is a capital protected borrowing as defined by Division 247 of the 1997 Act. However, we are instructed that:

- (a) the aggregate of the interest on the amount borrowed plus amounts paid for capital protection;
- (b) will not exceed the total interest that would have been incurred for the year if the interest rate on the amount borrowed had been the Reserve Bank of Australia's Indicator rate for Personal Unsecured Loans – Variable Rate (as determined when the interest rate is fixed – or, if the interest rate is variable, the average of the rates during the variable interest rate period).

If (a) exceeds (b), the excessive amount would not be deductible (but is instead capitalised into the cost base of a notional put option deemed to be acquired by the Investor).

We are instructed that the aggregate of the interest and any capital protected cost (in any year) is not expected to exceed the Reserve Bank of Australia's Indicator Rate benchmark. As such, these capital protected borrowing provisions in Division 247 as currently enacted should not have any practical application to this investment.

On 13 May 2008 the Federal Treasurer announced in the Federal Budget a proposed change to the capital protected borrowing rules in Division 247. The Treasurer has proposed to amend the benchmark interest rate to the Reserve Bank of Australia's Indicator Variable Rate for Standard Housing Loans. Relevantly, it is proposed that this Budget announcement will apply to arrangements entered into after 7.30 pm (AEST) on 13 May 2008. As at the date of this advice, this announcement had not been enacted into legislation and therefore it will be necessary to review this law once it is enacted to determine its application to this investment.

We are instructed that the aggregate interest and capital protection cost would not exceed this lower benchmark. As such, even if this proposed amendment is enacted in its current form as proposed, these capital protected borrowing provisions in Division 247 should not have any practical application to this investment.

Section 51AAA

For completeness we note that as an Investor may earn a capital gain from its investment, it is necessary to consider the impact of section 51AAA of the 1936 Act. This provision denies deductions for amounts incurred solely for the purpose of earning a capital gain. However, if one of the main purposes of the investment is to earn income (and not merely capital gains), section 51AAA should have no application.

5.6 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.

Therefore, the application of Part IVA of the 1936 Act depends on whether, viewed objectively, an Investor would be taken to have 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 investing in the Unit - including those set out in this PDS - against the tax benefits referred to above.

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

5.7 Fixed Charge

Should the Fixed Charge be enforced it is recommended that Investors seek independent professional taxation advice.

5.8 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 advice as to the possible application of the TOFA regime to their investment in a Unit.

6. Description of the Issuer and Guarantor

Introduction

The viability of the Units depends upon the ability of RBS Group (Australia) Pty Limited, as the Issuer, to fulfil its obligations under the Terms (or the ability of the Guarantor to perform its obligations under the Guarantee) to deliver the relevant number of ASX Listed Securities to Investors. Or, if it fails to perform that obligation, to make the appropriate payment in respect of the value of those securities. **The credit worthiness and stability of the Issuer and the Guarantor are factors which prospective Investors must consider before making any investment decision.** A brief description of the Issuer and the Guarantor are set out in this Section.

About RBS

The Royal Bank of Scotland Group is a large international banking and financial services company. Headquartered in Edinburgh, the Group operates in the United Kingdom, Europe, the Middle East, the Americas and Asia, serving over 30 million customers. The Group provides a wide range of products and services to personal, commercial and large corporate and institutional customers through its two principal subsidiaries, The Royal Bank of Scotland and NatWest, as well as through a number of other well-known brands including, Citizens, Charter One, Ulster Bank, Coutts, Direct Line and Churchill.

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.

Financial information for RBS is available at www.rbs.com.

No other information

No circumstance has arisen and no other information has become available as at the date of the 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. Applications for Units will only be accepted on the Application Form attached to or accompanying the PDS.

Copies of this PDS may be obtained by contacting Instreet on 1300 954 678 or RBS on 1800 450 005.

Aquantum

Aquantum SARL (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 Luxembourg, 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 optimisation 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.

7. Guarantee

7.1 Access to Deed of Guarantee

The Royal Bank of Scotland N.V. entered into a Deed Poll dated on or about the date of this PDS, which is governed by and interpreted in accordance with the laws of New South Wales. The Guarantee under the Deed Poll will remain in force until the earlier date occurring 12 months after the:

- (a) Maturity of the Units; and
- (b) date on which the Units terminate under the Terms (Expiry Date).

Investors may require that the Guarantor produces the Deed Poll, but the Guarantor is not obliged to execute more than one original counterpart of the Deed Poll.

7.2 Guarantee

The Guarantor unconditionally and irrevocably guarantees to each Investor:

- (a) the due and punctual delivery by the Issuer to the Investor of the number of ASX Listed Securities having a value equivalent to the Maturity Value on the Maturity Date (bearing in mind that any amount received will first be applied to the repayment of the Loan Amount and to any fees and costs and the balance (if any) will be paid to you); and
- (b) the due and punctual performance by the Custodian of its obligations under the Terms of the Units.

These are the Guaranteed Obligations.

7.3 Payment

The Guarantor must, on written demand from any Investor from time to time, satisfy the Guaranteed Obligations in the same manner and currency as the:

- (a) Issuer is required to satisfy its Guaranteed Obligations under and in respect of the relevant Units; and
- (b) Custodian is required to satisfy its Guaranteed Obligations in respect of the relevant Units.

7.4 Expiry

An Investor in the Units may not make any demand on the Guarantor under the Deed Poll after the Expiry Date and the Guarantor has no liability under the Deed Poll to an Investor who purports to make a demand after the Expiry Date thereunder.

7.5 Continuing Guarantee

The Guarantee is a continuing Guarantee and extends to all the Guaranteed Obligations and all other obligations, including any money payable, under the Terms of the Units. The Guarantor unconditionally and irrevocably waives any right which it may have now, or in the future, of requiring the

Investor to first commence proceedings or enforce any other right against the Issuer, the Custodian or any other person before claiming from the Guarantor under the Deed Poll.

7.6 Several rights

The Guarantor's obligations contained in the Deed Poll are binding upon it and are owed to and are for the benefit of each Investor severally and each Investor is entitled severally to enforce each obligation against the Guarantor.

7.7 Preservation of Investor's rights

The liabilities of the Guarantor under the Deed Poll and the rights of each Investor under the Deed Poll are not affected by anything which may otherwise affect those liabilities or rights at law or in equity, including one or more of the following (with or without the consent of a person):

- (a) an Investor or other person granting time or other indulgence (with or without the imposition of an additional burden) to, compounding or compromising with or wholly or partially releasing the Issuer, the Custodian, any other Guarantor or another person in any way;
- (b) laches, acquiescence, delay, acts, omissions, mistakes or any conduct on the part of an Investor or other person or both an Investor and other person;
- (c) any variation or novation of a right of an Investor or any person, or material alteration of a document, in respect of the Issuer, the Custodian, the Guarantor or other person;
- (d) the transaction of business, expressly or impliedly with, for or at the request of the Issuer, the Custodian, the Guarantor or other person;
- (e) the death of any person or an Insolvency Event occurring in respect of any person;
- (f) a change in the legal capacity, rights or obligations of a person;
- (g) the fact that a person is a Custodian, nominee, joint owner, joint venturer or a member of a partnership, firm or association;
- (h) a judgment against the Issuer, the Custodian or another person;
- (i) the receipt of a dividend after an Insolvency Event or the payment of a sum or sums into the account of the Issuer, the Custodian or another person at any time (whether received or paid jointly, jointly and severally or otherwise);
- (j) any part of the Guaranteed Obligations being incapable of satisfaction;
- (k) an assignment of rights in connection with the Guaranteed Obligations;

- (l) the acceptance of repudiation or other termination in connection with the Guaranteed Obligations;
- (m) the invalidity or unenforceability of an obligation or liability of a person other than the Guarantor;
- (n) invalidity or irregularity in the execution of the Deed Poll by the Guarantor or any deficiency or irregularity in the exercise of the Guarantor's powers to enter into or observe its obligations under the Deed Poll; or
- (o) any obligation of the Issuer, the Custodian or any other Guarantor being discharged by operation of law or otherwise.

7.8 Suspension of Guarantor's rights

For so long as the Guaranteed Obligations continue or remain to be satisfied, the Guarantor must not without the express written consent of an Investor:

- (a) reduce its liability under the Deed Poll by raising a defence, set-off or counter-claim available to itself, the Issuer, the Custodian or a co-surety or co-indemnifier against that Investor, or claiming a set-off or making a counter-claim against that Investor;
- (b) prove in competition with that Investor if an Insolvency Event occurs in respect of the Issuer, the Custodian or any other Guarantor, whether in respect of an amount paid by the Guarantor under the Deed Poll, in respect of another amount applied by the Investor in reduction of the Guarantor's liability under the Deed Poll, or otherwise; or
- (c) claim to be entitled by way of contribution, indemnity, subrogation, marshalling or otherwise to the benefit of a right, interest, power or arrangement which provides security for the payment or satisfaction of a debt, obligation or liability including under a bill of sale, mortgage, charge, lien, pledge, trust, power, deposit, hypothecation or arrangement for retention of title, and includes an agreement to grant or create any of those things or guarantee, or a share in either of them, now or subsequently held for the Guaranteed Obligations.

7.9 Other securities and obligations of the Guarantor

Each Investor's rights under the Deed Poll are additional to and do not merge with or affect and are not affected by:

- (a) any Security Interest now or subsequently held by that Investor from the Issuer, the Custodian, the Guarantor or any other person; or
- (b) any other obligation of the Guarantor to that Investor, notwithstanding any rule of law or equity or any statutory provision to the contrary.

7.10 Reinstatement of Investor's rights

If a claim is made that all or part of a payment, obligation, settlement, transaction, conveyance or transfer in connection with the Guaranteed Obligations or any other money payable under the Deed Poll is void or voidable under law relating to an Insolvency Event or the protection of creditors and the claim is upheld, conceded or compromised, then:

- (a) each Investor is entitled immediately as against the Guarantor to the rights in respect of the Guaranteed Obligations and all other money payable under the Deed Poll to which it would have been entitled if all or part of that payment, obligation, settlement, transaction, conveyance or transfer had not taken place; and
- (b) on request from an Investor, the Guarantor agrees to promptly do any act and sign any document to restore to the Investor any right held by it from the Guarantor immediately prior to that payment, obligation, settlement, transaction, conveyance or transfer.

7.11 Suspense account

If an Insolvency Event occurs in respect of the Issuer, the Custodian or the Guarantor, the Guarantor unconditionally and irrevocably authorises each Investor:

- (a) to prove for all monies which the Guarantor shall have paid under this clause for the account of the relevant Investor; and
- (b) to retain and to carry into the suspense account and to appropriate at the discretion of the relevant Investor any dividends received as a result of such Insolvency Event of the Issuer or the Custodian and all other monies received in respect of the Guaranteed Obligations (including those received under this clause), until the relevant Investor has been satisfied in full in respect of the Guaranteed Obligations.

7.12 Ranking

All obligations of the Guarantor under the Deed Poll rank and will rank at least equally with all other unsecured and unsubordinated obligations of the Guarantor, other than obligations preferred by mandatory provisions of law.

7.13 Taxation

Except as may be required by law, all payments made by the Guarantor under the Deed Poll will be made free and clear and without deduction for any present or future Taxes.

If a law requires the Guarantor to withhold or deduct Taxes from a payment so that the Investor would not actually receive for its own benefit on the due date the full amount provided for under this Guarantee, then:

- (a) the amount payable is increased so that, after making that deduction and deductions applicable to additional amounts payable under this clause, the Investor is

entitled to receive the amount it would have received if no deductions had been required;

- (b) the Guarantor must make the deductions; and
- (c) the Guarantor must pay the full amount deducted to the relevant authorities in accordance with applicable law.

7.14 Interest on overdue amounts

- (a) Subject to paragraph (c) below, the Guarantor must on demand from time to time, pay interest on any amount payable by it under the Deed Poll during the period that the amount first became due for payment until the amount is paid in full.
- (b) Such interest shall accrue from day to day, commencing on the due date, up to the date of actual payment before and (as a separate independent obligation) after judgment. Interest shall be compounded daily at a rate calculated by adding 2% per annum to the average mid rate for bills of exchange with a 30-day tenor displayed on the page designated "BBSW" of the Reuters monitor system on that day.
- (c) The Guarantor will not be liable for any payment of interest for monies not paid to an Investor by virtue of a failure to present, or any delay in presenting, the Units.

7.15 Notices to the Guarantor

A notice by an Investor to the Guarantor:

- (a) must be given by the Investor if the Investor is an individual or otherwise by an officer of the Investor;
- (b) must be in writing; and
- (c) must be left at the registered office address of the Guarantor or sent to the Issuer (as agent for the Guarantor) at the address set out below or such other addresses which the Guarantor may notify to the Investor.

The Royal Bank of Scotland N.V.
Level 29, RBS Tower
88 Phillip Street
Sydney NSW 2000

Attention: Company Secretary
Fax: (02) 8259 5412

7.16 Effective upon receipt

Unless a later time is specified in it, a notice to the Guarantor takes effect from the time it is delivered or received.

7.17 Receipt

A notice is taken to be received by the Guarantor when:

- (a) (delivery in person) delivered, received or left at the address notified as provided above;
- (b) (facsimile transmission) recorded on the transmission result report, unless:
 - (i) within 24 hours of that time the Guarantor informs the Investor that the transmission was received in an incomplete or garbled form; or
 - (ii) the transmission result report indicates an unsuccessful, faulty or incomplete transmission; and
- (c) (post) on the third Business Day (seventh Business Day if posted from a place outside Sydney) after the date on which the notice is accepted for posting by the relevant postal authorities.

If delivery or receipt is after 5:00pm or not on a Business Day, the notice will be taken to have been given on the next Business Day.

8. Additional Information

8.1 Consents

Baker & McKenzie has given, and has not, at the date of this PDS, withdrawn its consent to the inclusion of the taxation summary in Section 5 "Taxation" of this PDS in the form and context in which it is included and to be named in this PDS.

Registries Limited has given, and has not, at the date of this PDS, withdrawn its consent to be named in this PDS in the form and context in which it is so named.

The Royal Bank of Scotland N.V. has given, and has not, at the date of this PDS, withdrawn its consent to be named in this PDS in the form and context in which it is so named.

Instreet Investment Limited has given and, as at the date of this PDS, not withdrawn its consent to be named in this PDS in the form and context in which it has been named.

Link Capital Investments Pty Limited has given and, as at the date of this PDS, not withdrawn its consent to be named in this PDS in the form and context in which it has been named.

EA Financial, LP has given and, as at the date of this PDS, not withdrawn its consent to be named in this PDS in the form and context in which it has been named.

8.2 What happens if there is a dispute concerning the Units?

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).

8.3 Privacy policy

RBS is committed to ensuring the confidentiality of your information. RBS recognises that you are concerned about your information. RBS recognises that you are concerned about your privacy and about the confidentiality and security of your information that RBS may hold.

RBS is bound by the National Privacy Principles contained in the Privacy Act 1988 (Cth). The Privacy Act and general law place strict requirements on us to treat any information that we hold about you as confidential.

Information we collect

RBS collects your personal information only if it is necessary for one or more of our functions or activities.

We may collect the following information from you:

- your name and contact details;
- your tax file number;
- your bank account details; and
- details of your assets and any debts you may have.

Purpose of collecting information

RBS may use your information to:

- open an account for you or maintain your account;
- process transactions on your behalf;
- send you information;
- respond to any specific requests you may contact us for;
- notify you of any products that may be of interest to you;
- update your personal files; and
- enable us to meet our obligations under certain laws.

Access to information

You are entitled at any time to request access to the personal information RBS holds about you and to ask us to correct this information where you believe it is incorrect.

To do this, please contact RBS in writing or by telephoning us on 1800 450 005.

Disclosure to third parties

RBS may disclose your information to the following organisations for the purposes specified:

- to RBS offices located overseas for administrative purposes and for any internal credit approval, maintenance of some of our data systems and processing transactions;

- to the ASX to process transactions;
- to share registries to allow them to record your shareholding details;
- to our bank when depositing funds to your account; and
- to companies that provide services to us (for example, maintenance of our data systems); and
- government agencies and/or regulatory bodies.

RBS Group may also disclose information we hold about you if you consent to the disclosure or if the disclosure is required by law.

Privacy Contact

You may at any time request a copy of our Privacy Policy by accessing it from www.rbs.com.au or www.instreet.com.au, or by calling one of our representatives on 1800 450 005 or 1300 954 678.

8.4 Anti-money Laundering and Counter-Terrorism Requirements

We are required by the Commonwealth *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* to complete certain due diligence on any prospective investor and obtain additional information as to their identity, source of funds and similar matters.

Applications made without providing this information cannot be processed until all the necessary information has been provided. There are also ongoing customer due diligence obligations under the AML/CTF legislative regime, which may require the Issuer to collect further information. The Issuer is obliged under the AML/CTF legislative regime to take and maintain copies of any information collected from you.

We will keep records of that information and we may be obliged by law to disclose that information. Otherwise, we will keep the information confidential. For example, the Issuer may be required to share collected information with the Australian Transaction Reports and Analysis Centre (AUSTRAC) and may be prohibited from informing you of such disclosures. The Issuer may also share collected information with related entities.

Under the AML/CTF legislative regime, the Issuer has an obligation to report suspicious matters to AUSTRAC. This obligation may require the collection of further information from investors. The Issuer may be prohibited from informing investors that reporting to AUSTRAC has taken place.

The Issuer has the right to not accept Buy-Back requests or transfers or pay benefits under this product where there are reasonable grounds to believe that doing so would breach an Australian law or sanction (or the laws or sanctions of any other country) and the Issuer is not liable for any resulting loss.

By applying for Units, you are acknowledging that the Issuer may, at its absolute discretion, not issue Units to you, cancel

any Units previously issued to you, delay, block or freeze any transactions or redeem any Units issued to you if it believes it necessary to comply with the AML/CTF legislative regime. In the above circumstances, the Issuer will not be liable to you for any resulting loss.

8.5 Reference Index and Underlying Index disclaimers

The Reference 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 Reference Index Sponsor will obtain information for inclusion in or for use in the calculation of the Reference Index from sources which the Reference Index Sponsor considers reliable, the Reference 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 Reference Index Sponsor is under no obligation to advise any person of any error in the Reference Index.

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

The Reference Index Sponsor is not 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 and is not responsible for the performance of the Reference Index.

Investors in Units need to evaluate Aquantum SARL'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 SARL'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 Reference Index Sponsor, the Reference Index Calculation Agent and Aquantum SARL have not authorised, been involved in the preparation of, or caused the issue of, this PDS. The Reference Index Sponsor, the Reference Index Calculation Agent and Aquantum SARL do not take any responsibility for any part of this PDS.

This is the form of Loan Agreement entered into between a successful Applicant of the Units and the Lender.

9. Loan Agreement

1. Operative provisions

1.1 Definitions

Terms which are capitalised and not defined in this Loan Agreement are defined in Section 11 "Glossary" of the PDS.

1.2 Acknowledgement

Each Investor acknowledges that by entering into the Loan Agreement, it may only use the Loan for the purposes of investing in the Units.

1.3 Interpretation

Clause 8 and clauses 11 to 14 (inclusive) (other than clauses 14.6, 14.9 and 14.12) of the Terms apply to this Loan Agreement, as if references to "the Terms of the Deferred Purchase Agreement" or "these Terms" were references to this Loan Agreement, and reference to the "Issuer" were references to the "Lender".

2. Loan

2.1 Lender to fund

- (a) By submitting the Application Form, you apply for a Loan from the Lender.
- (b) On and from the Commencement Date the Lender will make a Loan to you in an amount equal to A\$1.00 per Unit.
- (c) Each Investor irrevocably directs and authorises the Lender to draw down the Loan Amount and pay the amount directly to the Issuer in satisfaction of the Investor's obligation to pay the Investment Amount to the Issuer under clauses 1.1(b) and 3.2 of the Terms.

2.2 Limited Recourse Loan

The Loan is a limited recourse facility whereby the Lender's recourse against the Investor for repayment of the Loan is limited to the interest of the Investor in the Units purchased using the Loan Amount. The Lender will not take any action against the Investor or the Acceptor (as defined in clause 7(c) if any) in relation to the Loan to recover any amount beyond enforcing the Fixed Charge.

3. Using the Loan

3.1 Initial advance

You are automatically taken to have requested an advance on the Commencement Date of the Loan for the Loan Amount on that date.

4. Interest

4.1 Interest

- (a) By Offer Close, you must prepay to the Lender the first year's prepaid interest calculated in accordance with paragraph (d)(i) below.

- (b) On or before each subsequent Interest Payment Date, you must prepay to the Lender the Interest Payment, for the period from the Loan Reset Date to the next Loan Reset Date (both inclusive). If you do not pay this amount by the Interest Payment Date (or such later date as the Lender allows in their sole discretion), the Loan will be automatically terminated in accordance with clause 4.3.

- (c) You may request the Lender to extend the Interest Payment Date up until the Business Day in Sydney immediately preceding the relevant Loan Reset Date. The decision of the Lender will be made in its absolute and sole discretion and will be final.

- (d) The Interest Payment for each Interest Payment Date is calculated as follows:

- (i) for the first Interest Payment Date:

$$\begin{aligned} \text{Interest Payment} &= 6.35\% \text{ p.a.} * \text{Loan Amount} \\ &= \$0.0635 \text{ per Unit} \end{aligned}$$

- (ii) for each subsequent Interest Payment Date:

$$\begin{aligned} \text{Interest Payment} &= 6.35\% \text{ p.a.} * \text{Loan Amount} \\ &= \$0.0635 \text{ per Unit.} \end{aligned}$$

4.2 No entitlement to refund on the prepaid Interest

The Investor will not be entitled to any refund of any Interest Payment in any circumstances (including, without limitation, in the case of an Early Maturity Event, where the Investor repays the Loan on or prior to the Maturity Date or if an Issuer Buy-Back occurs).

4.3 Automatic Termination of the Loan

- (a) If, on an Interest Payment Date (or such later date as the Lender allows in their sole discretion), you do not pay to the Lender, the Interest Payment due under clause 4.1(b), then
 - (i) the Loan will be automatically terminated on the next Loan Reset Date;
 - (ii) your investment in the Units will terminate on the next Loan Reset Date, which will be deemed to be the Early Maturity Date;
 - (iii) a Termination Payment will be calculated in accordance with clause 5.4 of the Terms, applied first to repayment of the Loan Amount and any costs and fees and the surplus, if any, to you;
 - (iv) the Fixed Charge becomes enforceable, if necessary.

- (b) You may request the Lender to extend the Interest Payment Date up until the Business Day in Sydney immediately preceding the relevant Loan Reset Date. The decision of the Lender will be made in its absolute and sole discretion and will be final.

5. Repaying

5.1 Repayment of Loan

- (a) Subject to clause 6.3, an Investor must repay the Loan on the Maturity Date (but no earlier than the Maturity Date) unless the Issuer determines that Early Maturity occurs under the Terms or the Investor requests an Issuer Buy-Back, in which case the Investor must repay the Loan on or before the Early Maturity Date or the Buy-Back Date (respectively). If Early Maturity occurs, the Early Maturity Value is applied to the outstanding Loan Amount and any fees and costs incurred reasonably by the Lender and the Fixed Charge is enforceable;
- (b) If the Investor requests an Issuer Buy-Back, the Investor will receive the Buy-Back Price less the Loan Amount outstanding on the Buy-Back Date. The Lender will provide the Investor with an estimate of the amount outstanding on the Loan, calculated by the Lender acting reasonably, and subject to interest rates, liquidity, Loan Break Costs and other relevant factors, upon request from the Investor. The Investor may use this estimate to decide whether or not to proceed with early repayment of the Loan but should note that it is only an estimate and the final amount may vary;
- (c) If you request an Issuer Buy-Back or if Early Maturity occurs, you irrevocably direct the Lender, the Issuer and the Custodian to pay any Buy-Back Price or Early Maturity Value first to the Lender in satisfaction of the Loan Amount. Any Buy-Back Price or Early Maturity Value in excess of the Loan Amount remains payable to you. If the Buy-Back Price or Early Maturity Value are less than the Loan Amount and any fees and costs incurred by the Lender, then you can walk-away from your investment and nothing further is payable by you. If you are a superannuation fund, this direction is revocable. However, if you revoke, this will be a breach of the Loan Agreement and the Fixed Charge will be immediately enforceable.

5.2 Loan repayable upon Early Maturity

Upon Early Maturity the Loan is immediately payable, the Early Maturity Value is applied to pay the Loan Amount and any fees and costs reasonably incurred by the Lender, and the Fixed Charge is enforceable.

6. Security

6.1 Granting a Fixed Charge over the Units

- (a) Each Investor acknowledges that the Custodian will grant the Lender a fixed charge (the "Fixed Charge") over each of the Investor's Units and rights relating to the Units (including the Delivery Parcel and the Sale Proceeds, but excluding the Beneficial Interest in the Portion of the Delivery Assets) (the "Secured Property") on the terms of the Fixed Charge, as more fully described in Annexure A to this Loan Agreement;

- (b) Each Investor acknowledges and agrees that its interest in the Secured Property under the Custody Deed is subject to the interest of the Lender under the Fixed Charge and that the Lender's interest ranks in priority to the Investor's interest. Each Investor agrees not to give any direction to the Custodian that would cause the Custodian to breach the Fixed Charge. The Investor irrevocably authorises the Lender to direct the Custodian to do anything (including, without limitation, buy-back a Unit or one or more Delivery Assets) that the Lender would be entitled to do pursuant to the Fixed Charge or the Terms;
- (c) Each Investor agrees to direct the Custodian if requested by the Lender, and irrevocably authorises the Lender to direct the Custodian on its behalf, to do anything that in the opinion of the Lender is necessary or desirable for the purposes of giving effect to a provision of the Fixed Charge or the Terms.

6.2 Role of the Custodian

Each Investor acknowledges and agrees that:

- (a) the Custodian will be issued the Units to hold on behalf of an Investor pursuant to the terms of the Custody Deed (as more fully described in Annexure B to this Loan Agreement);
- (b) it is bound by the terms of the Custody Deed and that (despite any provision of the PDS) so long as the Custodian is the holder of its Units, the Custodian is the only person with rights against the Issuer in respect of those Units;
- (c) the Investor, and not the Custodian, is responsible for performing all obligations to the Issuer and the Lender relating to the Units (including the Delivery Parcel) held by the Custodian on its behalf, and the Custodian authorises it to perform all those obligations on its behalf;
- (d) the Issuer will give all notices required to be given by the Issuer to the Custodian as holder of the Investor's Units directly to the Investor.

The Investor irrevocably authorises and directs the Custodian to apply any amount received under a Unit (including any Early Maturity Value, Buy-Back Price, Termination Payment, value of the Delivery Asset, any Sale Proceeds, Accretions or Coupons) first to the repayment of the Loan Amount (including any interest payable under the Loan and any fees and costs reasonably incurred by the Lender) and second, the surplus (if any) to the Investor. If you are a superannuation fund, this direction is revocable. However, if you revoke, this will be a breach of the Loan Agreement and the Fixed Charge will be immediately enforceable.

6.3 Gaining legal title to the Units

- (a) Superannuation Fund Investors can at any time acquire legal title to the Units by repaying the Loan to the Lender together with any enforcement costs and other amounts payable to the Lender under the Fixed Charge;

- (b) A Superannuation Fund Investor may only exercise its right to repay the Loan and obtain legal title before the Maturity Date, and by providing 5 Business Days' prior notice to the Issuer. After the Investor exercises its rights under this clause and repays the outstanding Loan Amount in full, the Custodian will transfer the legal title to the Units into name of the Investor and will have no further obligations or liabilities to the Investor in connection with this agreement or the Units;
- (c) If a Superannuation Fund Investor repays the Loan in accordance with clause 6.3(a) the Investor must continue to pay the Interest Payment to the Lender on each Interest Payment Date as an access fee so as to continue their Units' exposure to the Reference Index. If the Interest Payment is not paid on the Interest Payment Date then the Units will be automatically terminated, will cease to have exposure to the Reference Index and the Superannuation Fund Investor will receive the Termination Payment calculated in accordance with clause 5.4 of the Terms, ignoring the deduction of the Loan Amount as it will have been paid.
- (c) The Acceptor may (by notice in writing to the Lender) assume the obligations of the Investor under the Loan Agreement with effect from the time specified in the notice ("**Effective Time**") in which case with effect on and from the Effective Time:
 - (i) the Acceptor is substituted for the Investor under the Loan Agreement as if a party to the Loan Agreement on the terms of this paragraph (c);
 - (ii) the Acceptor assumes all of the obligations of the Investor under the Loan Agreement arising on or after the Effective Time and the obligation to repay the Loan Amount;
 - (iii) the Investor assigns all of its rights title and benefits under the Loan Agreement arising on or after the Effective Time to the Acceptor; and
 - (iv) every reference in the Loan Agreement to Investor is to be read as if it were a reference to the Acceptor.
- (d) With effect from the Effective Time, the Lender releases the Investor from all its obligations and liabilities under the Loan Agreement arising on or after the Effective Time and the obligation to repay the Loan Amount. Nothing in paragraph (c) or this paragraph (d) has the effect that the Acceptor assumes any obligations or liabilities of the Investor that have arisen before the Effective Time (other than the obligation to repay the Loan Amount) or discharges or otherwise affects any rights, obligations or liabilities of the Investor which have accrued or arisen before the Effective Time (other than the obligation to repay the Loan Amount).

6.4 Investor's Liability

Where the Investor:

- (a) does not repay the Loan Amount (if any) when due and payable; or
- (b) becomes bankrupt or insolvent,

the Lender may, in its absolute discretion, declare all amounts owing under the Loan to be due and payable and/or direct the Custodian to exercise its power of sale in respect of the Units the subject of the Fixed Charge.

The liability of the Investor in relation to the Loan or any charge on the Loan may be enforced by the Lender against the Investor only by exercising its rights under the Fixed Charge or any other rights it has in relation to the Units or other Secured Property. This clause does not limit any proceedings being brought or other action being taken by the Lender to establish the Investor's liability or the Lender's rights under the Fixed Charge or otherwise in relation to the Units or such other Secured Property.

7. Transfer of the Loan

- (a) The Lender may novate, assign or subparticipate the Loan and any or all of its rights under the Loan at any time, provided that the terms of the Loan Agreement and the limited recourse nature of the Loan continue and are not amended and provided that the transfer is not unfair (as defined in Section 12BG of the Australian Securities and Investments Commission Act 2001) to an investor;
- (b) If an Investor transfers their Units under the Terms, then the Loan must be transferred with the Units and the transferee must agree to the terms of the Loan Agreement;

8. Set off Rights

- (a) All monetary obligations imposed on the Investor under this Loan Agreement are absolute, free of any right to counterclaim or set off and may only be satisfied once the payment has cleared;
- (b) The Lender (whether in its capacity as Lender or 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 or the Custodian against any amount payable by the Lender (whether in its capacity as Lender or Issuer) to the Investor or the Custodian (on the Investor's behalf) whether payable under this Loan, the Terms or otherwise. The Lender may withhold any amount payable by it (whether in its capacity as Lender or Issuer) to the Investor (or the Custodian on behalf of the Investor) in satisfaction of any amount payable to it (whether in its capacity as Lender or Issuer) by the Investor.

9. General

- (a) The Lender may exercise a right or remedy or give or refuse its consent under this Loan Agreement in any way it considers appropriate (including by imposing conditions);

- (b) The Lender is not liable for any loss caused by the exercise or attempted exercise of, failure to exercise or delay in exercising a right or remedy under this Loan Agreement;
- (c) The rights and remedies of the Lender under this Loan Agreement are in addition to other rights and remedies given by law independently of this Loan Agreement;
- (d) Rights given to the Lender under this Loan Agreement and the Investor's liabilities under it are not affected by anything which might otherwise affect them at law;
- (e) The Investor agrees to do anything the Lender asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):
 - (i) to bind the Investor and any other person intended to be bound under this Loan Agreement;
 - (ii) to show whether the Investor is complying with this Loan Agreement.

10. Taxes

- (a) The Lender and the Custodian are not liable for any taxes or other charges:
 - (i) payable by the Investor in relation to or in connection with this Loan Agreement; or
 - (ii) payable by the Lender or the Custodian or any other person on, as a consequence of, or in connection with any supply to the Investor under or in connection with this Loan Agreement; 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 this Loan Agreement; or
 - (ii) pay an additional amount to the Lender and the Custodian on demand equal to any applicable taxes (including GST) and other charges for which the Lender or the Custodian or any other person becomes liable on, as a consequence of, or in connection with any supply to the Investor under or in connection with this Loan Agreement.

Annexure A – Fixed Charge

The Investor agrees and acknowledges that:

- (a) Under the Fixed Charge the Custodian (as "Chargor") agrees to charge to the Lender all of its present and future rights, title and interests in, under or derived from the Units, including any Coupons, Delivery Assets or Sale Proceeds in relation to the Unit ("Secured Property") in respect of each Separate Trust created under the Custody Deed in relation to the Units except

for the Beneficial Interest in the Portion of Delivery Assets which is expressly excluded from the Fixed Charge. The Secured Property is charged as security for the payment of all debts and liabilities secured in respect of each Separate Trust (the "Secured Monies") and all other obligations of the Chargor and each Investor in respect of each Separate Trust under the Fixed Charge, Custody Deed, PDS and any other transaction document as agreed between the Chargor and Chargee (including the Chargor's obligations under the Agency Sale Arrangement) (together with the Secured Monies, the "Secured Obligations"). The Chargor may receive all distributions in respect of the Secured Property in connection with each Separate Trust unless an event of default occurs and is permitted to give the direction that Coupon Amount payments will be made directly to the beneficiary of the relevant Separate Trust (i.e. the Investor) provided that the Interest Payment has been paid in full;

- (b) The Lender's recourse (as "Chargee") in respect of the Secured Obligations under the Fixed Charge in relation to each Separate Trust is limited to the amount the Chargee can obtain by enforcing the Chargee's rights in respect of the relevant Secured Property under the Fixed Charge;
- (c) The Fixed Charge takes priority over all other encumbrances of the Chargor in relation to the Secured Property (except those preferred by law). The Chargor must not create or allow to exist or agree to any encumbrance over or sell, assign or otherwise dispose of, deal with or part with possession of any of the Secured Property except to the extent permitted by the Chargee. The Fixed Charge is granted over the future property of each of the Separate Trusts at the time that each Separate Trust is established.
- (d) The Investor must pay or repay the Secured Monies to the Lender in accordance with the Fixed Charge and the terms of the Loan Agreement. At the request of the Investor, but subject to the terms of the Loan Agreement, the Lender must discharge the Fixed Charge in connection with a Separate Trust if the Secured Monies of that Separate Trust have been paid and the Chargor and the Investor have performed their obligations under the Fixed Charge and the Terms. Following the settlement of all obligations after the Maturity Date, the Chargee will release the Fixed Charge following the full satisfaction of the Secured Obligations. The Chargee may release part of the Secured Property of each of the Separate Trusts when there is a reduction in the Secured Obligations and when the Secured Property in respect of a Separate Trust is delivered to the Chargee;
- (e) The Chargor or the Investor must fully and punctually perform the Secured Obligations and must ensure that no event of default or (to the extent possible) event resulting in early maturity occurs;

- (f) The Fixed Charge becomes enforceable in relation to a Separate Trust, immediately upon the occurrence of an event of default or event resulting in early maturity however described whether in this Loan Agreement, the Terms, Fixed Charge, Custody Deed or otherwise in this PDS (without the need for any demand or notice to be given to the Chargor or any or any other person). Upon the occurrence of an event of default or event resulting in early maturity, the Secured Monies are immediately due and payable by the Chargor in relation to that Separate Trust without the need for any demand or notice to be given by the Chargor or any other person;
- (g) Upon the Fixed Charge becoming enforceable, the Chargee has wide powers i.e. the power to do all acts and things and exercise all rights, powers and remedies that the Chargor could do or exercise in relation to the relevant Secured Property, including the power to take possession and assume control of the Secured Property, collect and get in and give receipts for the Secured Property and sell or agree to sell the Secured Property on terms the Chargee considers fit;
- (h) The Custodian acknowledges the Fixed Charge and agrees not to act contrary to it. In addition the Custodian will follow the instructions of the Chargee. The Lender may assign its rights under the Fixed Charge and each collateral security without the consent of the Chargor. The Chargor may not assign any of its rights under the Fixed Charge or any collateral security without the prior consent of the Lender;
- (i) If the Chargor or Investor defaults in fully and punctually performing any obligation contained or implied in the Fixed Charge, PDS (including this Loan Agreement or the Terms), Custody Deed and any other transaction document as agreed between the Chargor and Chargee, the Chargee may, without prejudice to any of their powers under these documents, do all things necessary or desirable, in the opinion of the Chargee, to make good or attempt to make good that default to the satisfaction of the Chargee;
- (j) Anything which must be done by the Chargor under the Fixed Charge, whether or not at the request of the Chargee, must be done at the cost of the Chargor and therefore at the cost of the Investor. Where the Chargor fails to act in accordance with the Fixed Charge or to the satisfaction of the Chargee, the Chargee may do or cause to be done things which must be done by the Chargor under the Fixed Charge.

Where the Investor elects, or is deemed to have elected, to use the Agency Sale Arrangement, the Lender will release the Fixed Charge in respect of the Delivery Parcel only to the extent required to effect the Agency Sale Arrangement.

A copy of the Fixed Charge is available to Investors on request.

Annexure B – Custody Deed

The Investor agrees and acknowledges that:

- (a) The Custody Deed is a deed poll to be entered into by the Custodian on or about the date of this PDS in favour of the Lender and each person who is at any time the registered holder of a Unit;
- (b) Under the Custody Deed the Custodian holds certain property on trust from time to time;
- (c) The Custodian is entitled to a fee as agreed between the Lender and the Custodian. This fee is payable by the Lender from its own funds;
- (d) The Custodian holds the Units in respect of which Investors receive a Beneficial Interest. The appointment of the Custodian in relation to these Units is irrevocable until RBS notifies the Custodian that all obligations in relation to the applicable Units have been satisfied. The Custodian holds these Units for Investors, subject only to the Fixed Charge. The Custodian must, at all times, act in accordance with the Fixed Charge in favour of the Chargee. The Custodian must not accept, and must not act, on any proper instructions contradictory to the Fixed Charge;
- (e) If the Custodian receives notice in writing from the Chargee that an event of default or an event of early maturity, however described in any of the Fixed Charge; Custody Deed, Terms or Loan Agreement has occurred, the Custodian will, and is authorised by the each Investor to:
 - (i) act solely in accordance with the requests and instructions of the Chargee or each authorised person specified in writing by the Chargee to the Custodian from time to time (notwithstanding any contrary instruction from the Investor) as if the Chargee were in all respects the legal and beneficial owner of the Units; and
 - (ii) not be under a duty to enquire whether an event of default or an event of early maturity, however described in any of the Fixed Charge; Custody Deed, Terms or Loan Agreement has occurred or that the Chargee may validly give any request or instructions.
- (f) Each Trust is a separate trust for each Unit and is separate from the trust on which the Custodian holds each other Unit (and any Coupons, Delivery Assets, Sale Proceeds or other distributions in relation to the Unit). Each Trust is for the personal benefit of that Investor, subject only to the Fixed Charge and the interest of the beneficiaries from time to time of any trust as trustee of which the Investor expressly makes the Application. If the Custodian receives a direction from the Investor to deal with any Unit (or Coupons, Delivery Assets, Sale Proceeds or other distributions in relation to that Unit) held under the Trust, the Custodian must act in accordance with that direction provided that, amongst

other things, the Custodian considers that the action would not result in a breach of the terms of issue of the Unit or the Fixed Charge, and provided that the Lender has consented to the direction;

- (g) The Custodian has no liability under the Custody Deed to an Investor for:
- (i) any loss suffered as a result of any act or omission of the Custodian or any other person, other than a loss caused by the fraud or wilful misconduct of the Custodian or the Custodian's negligent failure to comply with a direction given to the Custodian with which the Custodian is bound to comply; or
 - (ii) for consequential or indirect damages arising out of or in relation to the services provided by the Custodian under the Custody Deed, any delay or other failure in supplying these services including without limitation, lost profits and damage suffered as a result of claims by any third person;
- (h) Each Investor jointly and severally indemnify the Custodian against all liabilities, losses, costs and expenses which are incurred by the Custodian as a result of the Custodian acting on proper instructions given by the Investor or the Chargee. To the extent that the Custodian is not fully indemnified, the Investor shall indemnify the Custodian against all liabilities, losses, costs and expenses which are incurred by the Custodian as a result of the Custodian acting on proper instructions given by the Chargee;
- (i) The Custodian may amend the terms of the Custody Deed and that amendment will not affect the terms of any subsisting Trust unless the relevant Applicant or holder (as applicable) first consents to it or if, in the opinion of the Custodian, the amendment is to correct a manifest error or will not materially prejudice the rights of the beneficiary of the relevant trust or is made to comply with applicable law;
- (j) A Trust terminates upon the Custodian ceasing to hold any property on the terms of that Trust (other than on the appointment of a replacement custodian under the Custody Deed).

A copy of the Custody Deed is available to Investors on request.

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 "Glossary" section of this PDS. Any reference to 'Reference Asset' in this Section 10 includes a reference to 'Reference Index'.

10. Terms of Issue

1. Applications and Acceptance

1.1 Offer by the Investor

An Investor may make an offer to the Issuer and the Custodian to acquire a Unit, and its corresponding Delivery Parcel from the Issuer on a deferred basis (and to have the Units issued to the Custodian to hold on trust for the Investor on the terms of the Custody Deed and subject to the Fixed Charge) in accordance with these Terms:

- (a) by completing and returning a valid Application Form to the Issuer by the Closing Date; and
- (b) by ensuring that an amount equal to the Investment Amount is received by the Issuer in cleared funds by the Closing Date; and
- (c) by ensuring that the first Interest Payment is received by the Lender in cleared funds by the Closing Date.

1.2 Investor bound by Terms

- (a) 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 as made and notified to Investors in accordance with these Terms;
- (b) By signing the Application Form and lodging it with the Issuer, the Investor also agrees and acknowledges that the Custodian will be appointed pursuant to the terms of the Custody Deed and that the Custodian will grant a charge pursuant to the Fixed Charge. Each Unit issued by the Issuer will be subject to the terms of the Custody Deed and the Fixed Charge, as varied by the Issuer and the Custodian and notified to Investors provided that the variation is not unfair to Investors (as defined in Section 12BG of the Australian Securities and Investments Commission Act 2001 ("ASIC Act")).

A summary of the Fixed Charge and Custody Deed is included in Section 9 and a copy of the Fixed Charge and Custody Deed is available upon request.

1.3 Acceptance of the offer by the Issuer

- (a) The Issuer and the Custodian may decide in their absolute discretion whether or not they will accept the Investor's offer to acquire the Delivery Parcel from the Issuer and whether or not to issue the Units;
- (b) If the Issuer and Custodian decide that they will accept an Application and provided that the Issuer has received the Investment Amount and the first Interest Payment in cleared funds by the 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, the agreement and the terms of the Custody Deed 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 Units. For each multiple of the Issue Price paid the Investor will be entitled to one Unit.

1.4 Issue of Units

The Units will be Issued if the Issuer accepts an Application under clause 1.3(a). Units are issued within one month of an Application being accepted. Economic exposure for the Units commences on the Commencement Date. Each Unit will be issued by the Issuer to the Custodian to hold on trust for you on the terms of the Custody Deed and subject to the terms of the Fixed Charge. 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 for any reason, then the Issuer will terminate any Units already issued, return the interest paid without interest, and the Loan is terminated and no drawdown will be made.

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 Investment Amount (which will be paid by the Investor in accordance with clause 3.2). The Issuer will deliver the Delivery Parcel to the Custodian on behalf of the Investor on the Settlement Date in accordance with clause 4.

3.2 Payment of the Investment Amount

- (a) The Investor must pay the Investment Amount to the Issuer in cleared funds by the Closing Date (or such other time if otherwise accepted by the Issuer in its discretion). The Lender is authorised to pay the Investment Amount on behalf of the Investor;
- (b) The Minimum Investment for which an Application will be accepted by the Issuer and the Custodian under these Terms is the minimum amount set out in the "Offer Summary" section of the PDS.

3.3 Coupons and payments

- (a) The Issuer will pay the First Coupon, the Second Coupon and the Third Coupon 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) In the event the Issuer or Custodian is required by law to make any deduction or withholding from the payment of any Coupon, the Issuer or Custodian will make the required deduction or withholding and pay the Coupon to the Investor after such deduction or withholding.

3.4 Offer features and Maturity Value

The Maturity Value is equal to the Issue Price of \$1.00 per Unit.

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 Arrangement 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 Arrangement; or
- (b) the Investor has failed to repay the Loan when due, in which case the Investor is deemed to have elected to use the Agency Sale Arrangement.

4.3 Physical delivery of the Delivery Assets to the Investor

Provided that the Investor has repaid the Loan Amount 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 Custodian 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);
- (b) the Custodian will take delivery of and hold the Delivery Assets on the terms of the Custody Deed and will procure

(either itself or through a nominee) 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 as soon as reasonably possible after the Settlement Date, 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);

- (c) in respect of ASX listed Delivery Assets, the Investor irrevocably authorises the Custodian, the Issuer and any of their nominees, at the option of the Issuer or the Custodian, 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
- (d) 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 Arrangement

4.4A Where Loan Amount not repaid on or before the Maturity Date

If the Investor does not repay the Loan Amount on or before the Maturity Date, the Investor is deemed to have elected to use the Agency Sale Arrangement and:

- (a) the Investor will assign its rights under the Loan Agreement to the Acceptor, and the Acceptor will assume all of the Investor's obligations under the Loan Agreement (including the Investor's obligation to repay the Loan Amount);
- (b) in consideration of the assumption by the Acceptor under paragraph (a), the Investor directs the Custodian to hold the Delivery Parcel on the terms of paragraphs (c) and (d);
- (c) the Issuer (either itself or through a nominee) will procure the delivery of the Delivery Parcel as follows:
 - (i) the Custodian or its nominees are irrevocably authorised to accept physical delivery of the Delivery Parcel for and on behalf of the Investor on the terms of the Custody Deed;
 - (ii) 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 Custodian 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);

(iii) the Investor irrevocably authorises the Custodian or its nominees to sell or procure the sale, and irrevocably directs and authorises the Custodian or any of its nominees to take all actions necessary or desirable to effect the sale, or procure the sale, by the Custodian or its nominees of the Delivery Parcel for and on behalf of the Investor;

(d) the Custodian or its nominees on behalf of the Custodian will pay the lesser of:

- (i) the Sale Proceeds less any Delivery Costs; and
- (ii) the Loan Amount as at the time the Acceptor assumed the obligations of the Investor under the Loan Agreement;

to the Lender to be applied in full and final discharge of the Acceptor's obligation to repay the Loan Amount under the Loan Agreement with any surplus to the Investor's Nominated Account (or pay by cheque to the Investor if no Nominated Account is nominated); and

(e) the Investor acknowledges and agrees that:

- (i) the Custodian 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 Custodian and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Arrangement, except to the extent that such loss, cost or expense arises as a direct result of the Custodian's or the nominee's negligence, wilful default, fraud or dishonesty; and
- (iii) if, for any reason whatsoever, the Custodian 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 Custodian and its nominees to sell or procure the sale of, the relevant Delivery Parcel as soon as reasonably practicable for the market price applicable at the time of sale.

4.4B Where Loan Amount repaid on or before the Maturity Date

If the Loan Amount is repaid on or before the Maturity Date and the Investor elects to use the Agency Sale Arrangement, then, the Issuer (either itself or through a nominee) will procure the delivery of the Delivery Parcel as follows:

- (a) the Custodian or its nominees are irrevocably authorised to accept physical delivery of the Delivery Parcel for and on behalf of the Investor on the terms of the Custody Deed;
- (b) 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 Custodian 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);

(c) the Investor irrevocably authorises the Custodian or its nominees to sell or procure the sale, and irrevocably directs and authorises the Custodian or any of its nominees to take all actions necessary or desirable to effect the sale, or procure the sale, by the Custodian or its nominees of the Delivery Parcel for and on behalf of the Investor;

(d) the Custodian or its nominees on behalf of the Custodian will pay the Sale Proceeds less any Delivery Costs 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

(e) the Investor acknowledges and agrees that:

- (i) the Custodian 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 Custodian and its nominees are not responsible for any loss, costs or expense incurred by the Investor as a result of using the Agency Sale Arrangement, except to the extent that such loss, cost or expense arises as a direct result of the Custodian's or the nominee's negligence, wilful default, fraud or dishonesty;
- (iii) If, for any reason whatsoever, the Custodian 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 Custodian and its nominees to sell or procure the sale of, the relevant Delivery Parcel as soon as reasonably practicable for the market price applicable at the time of sale.

4.5 Satisfaction of obligations

Upon delivery of the Delivery Assets to the Investor in accordance with clause 4.3 or payment of Sale Proceeds (if any) to an Investor in accordance with clause 4.4(d), or if, following deduction of the Loan Amount, no Sale Proceeds or Delivery Assets are payable or deliverable, the Issuer's and the Custodian's obligations to the Investor under these Terms and terms of the Custody Deed and the Fixed Charge are satisfied in full and discharged, and the Fixed Charge will be released.

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 the Custodian on behalf of 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 Custodian on behalf of 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 or the Custodian 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 which are constituents of 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, acting reasonably, at any time nominate (including on the Maturity Date) 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;
- (b) the Issuer does not receive any of the amounts due to the Issuer under any arrangements entered into by the Issuer in order to hedge the Issuer's obligations in respect of the Units;
- (c) 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;

- (d) a Change in Law occurs;
- (e) 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;
- (f) if the Issuer receives written notice from the Lender that you have failed to pay when due any interest or the outstanding Loan Amount;
- (g) the Investor is, or becomes, bankrupt or insolvent;
- (h) if the Issuer receives notice that you have terminated or attempted to terminate the Custodian's appointment or issued instructions to the Custodian contrary to the Fixed Charge or revoked or sought to revoke a direction to pay;
- (i) the Fixed Charge becomes enforceable for any reason whatsoever;
- (j) the Calculation Agent cannot or does not continue to calculate the volatility and an appropriate replacement cannot be found in the appropriate time; or
- (k) any actual or proposed event that may, in the Issuer's reasonable opinion acting in good faith and in a commercially reasonable manner, be expected to lead to any of the events referred to in paragraphs (a) to (k) 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, acting in good faith and in a commercially reasonable manner, treat that event as either an Adjustment Event or Early Maturity Event and notify the Investor accordingly.

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 (on behalf of the Custodian) 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) 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;

- (b) The Issuer will in its reasonable 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 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;
- (c) Settlement of an Issuer Buy-Back will take place by payment of the Buy-Back Price less any Loan Amount outstanding on the Buy-Back Date (which will be used to repay the Loan Amount) to the Investor in cash;
- (d) Upon settlement of the Issuer Buy-Back, the Issuer will arrange for an Investor's name and details to be removed from the Register and for the Custodian's holding to be adjusted, and the Fixed Charge will be released.

5.4 Early Maturity Mechanism

- (a) Early Maturity will occur automatically and the Early Maturity Date will be deemed the date the Issuer receives notice or becomes aware of an Early Maturity Event under clause 5.1(f), (g), (h) or (i). Otherwise, If the Issuer determines that there will be an Early Maturity, the Early Maturity will take place as follows:
 - (i) The Issuer will, 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. If Early Maturity occurs under clause 5.11(f) to (i), the Issuer will not provide prior notice of the Early Maturity Date. The Early Maturity Date is the date the Early Maturity Event under clause 5.1(f) to (i) occurs. 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);
 - (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 the references to the 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 less any Loan Amount outstanding (if the Investor has not repaid the Loan prior to the Early Maturity Date) on the Early Maturity Date 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 the Custodian (or their nominee) pays the Investor the Termination Payment (if any) in accordance with clause 5.4(a)(iii) or if the Termination Payment is negative and the Investor is not entitled to receive anything as a result of an Early Maturity Event occurring, all obligations of the Issuer and the Custodian to the Investor under these Terms, the terms of the Custody Deed and the Fixed Charge are deemed to be satisfied in full, the Fixed Charge is released and the Issuer is discharged from its obligations under these Terms. This clause does not discharge the Issuer or the Custodian of its obligations under the Privacy Act or the terms of its privacy policy;
- (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 "Glossary" section of the PDS and in the "Offer Summary" section of the PDS is amended by replacing "Maturity Value" with "Early Maturity Value".

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

- (a) The minimum Maturity 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 reasonably incurs acting in a commercially reasonable manner in relation to the Early Maturity or Issuer Buy-Back, including without limitation, Delivery Costs, Break Costs (including Loan 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 Custodian (on behalf of the Investor) a Delivery Parcel based on the Maturity 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 Repayment of Loan

The Investor authorises and directs the Custodian to apply any amount received under a Unit (including any Early Maturity Value, Buy-Back Price, Termination Payment, value of the Delivery Asset, any Sale Proceeds, Accretions

or Coupons) first to the repayment of the Loan Amount (including any interest payable under the Loan and any fees and costs incurred by the Lender). Failure to do so or any revocation of this direction will be considered an event of default under the Fixed Charge and the Fixed Charge will become immediately enforceable.

5.8 Adjustments to this clause

Subject to clause 13, where the Issuer reasonably 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 reasonably considers to be appropriate provided that the alteration is not unfair (as defined in Section 12BG of the ASIC Act).

6. Adjustment Events and Market Disruption Events

6.1 Adjustment Events

If an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, the Issuer may in its reasonable discretion elect to do any or all of the following:

- (a) substitute part or all of the affected Reference Index with any other asset or index;
- (b) substitute the affected Delivery Asset with any other security quoted and trading on the ASX which are constituents of S&P/ASX 200 Index;
- (c) adjust or amend any variable, formula, amount or calculation as set out or used in these Terms (including the PDS);
- (d) adjust, amend or substitute the definition of Reference Index or Delivery Asset and/ or vary any of the terms referred to in the PDS;
- (e) determine to suspend, delay, defer or bring forward any of the necessary calculations, or any date on which a calculation, valuation or payment is due to be made, referred to in these Terms as appropriate until reliable values can be obtained;

either:

- (i) in a manner consistent with any adjustment or change made to the Issuer's hedging arrangement; or
- (ii) 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.

If in the reasonable opinion of the Issuer it is not possible 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 if it is not possible to notify before the adjustment, 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, any Calculation Date, or on any Observation 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 reasonably 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 10 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 acting in a commercially reasonable manner determine the observation to be recorded for the calculation of the Reference Index Closing Price, 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 five 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 acting in good faith and in a commercially reasonable manner 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 and the Loan Agreement;
- (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) With the exception of clause 6.1(a) of the Loan Agreement, 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) With the exception of clause 6.1(a) of the Loan Agreement, 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 Proceeds 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 Loan Amount.

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 Custodian and the Issuer in its capacity as Issuer and Lender (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, the Custodian 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 or the Custodian has 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. For the avoidance of doubt, "Terms" in this clause 12.1 refers to this Section 10 and Section 9 'Loan Agreement'.

12.2 Superannuation Funds and Trusts

By signing the Application Form and lodging it with the Issuer an Investor which is the trustee of a trust or fund ("Fund") including without limitation one 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, and still is properly appointed as trustee of the Fund and the trustee is not in breach of the trust;
- (d) the terms of the governing rules (as that term is defined in the SIS Act for superannuation funds) ("Governing Rules") or the constitution for other trusts empower and authorise the trustee (i) to invest in the Units; and (ii) to borrow (and in relation to a superannuation fund, 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 or constitution 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 (whether in its capacity as Lender or Issuer) by the Investor against any amount payable by the Issuer (whether in its capacity as Issuer or Lender) to the Investor or the Custodian (on the Investor's behalf) whether payable under these Terms, the Loan Agreement or otherwise. The Issuer may withhold any amount payable by it (whether in its capacity as Issuer or Lender) to the Investor (or the Custodian on behalf of the Investor) in satisfaction of any amount payable to it (whether in its capacity as Lender or Issuer) by the Investor.

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; and
 - (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; and
 - (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 reasonably 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 and provided that the change is not unfair (as defined in Section 12BG of the ASIC Act).

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 the "Offer Summary" section of the PDS. All calculations will be performed in the currency specified as the "Currency" in the "Offer Summary" section of the PDS.

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, the Custodian and their nominees and any of their 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) necessary to give effect to, execute, register or enforce the Fixed Charge or Custody Deed;
- (c) that the Investor is obliged to do under these Terms;
- (d) which, in the reasonable opinion of the Issuer or the Custodian (as the case may be), are necessary or desirable in connection with:
 - (i) the Maturity process, including without limitation, if an Early Maturity Event occurs;
 - (ii) any Issuer Buy-Back;
 - (iii) the Delivery Assets, including without limitation the delivery or sale of the Delivery Assets;
 - (iv) the repayment of the Loan Amount;
 - (v) the Fixed Charge including without limitation perfection and enforcement of the Fixed Charge;

For the avoidance of doubt, "Terms" in this clause 14.6 means both this Section 10 and Section 9 'Loan Agreement'.

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) Each of the Issuer, the Custodian and the Lender may transfer its rights and obligations, under these Terms at any time by giving notice to the holder of the Units;
- (b) 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 provided that the transfer is not to the detriment of the Investor and is otherwise not unfair within the meaning of Section 12BG of the ASIC Act;
- (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 and the Custodian (or any officer of the Issuer or Custodian 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 and Custodian

All amounts payable by the Issuer and the Custodian under these Terms or the Custody Deed 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 or Custodian 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 and the Custodian are discharged of their obligations under these Terms and the terms of the Custody Deed.

14.13 Governing law and jurisdiction

These Terms are governed by the laws of Victoria. The Investor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria 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 made 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).

14.18 Early repayment of the Loan

If an Investor who is a Superannuation Fund repays the Loan and requests that the Units are transferred to the Investor then:

- (a) the Issuer and the Custodian will do all things necessary to ensure the Investor is recorded as the owner of the Units on the Register;
- (b) references to the Custodian or the Custodian acting on behalf of the Investor in clauses 3.1, 4.3(a), 4.6, 5.3(d), 5.6 are deemed to be references to the Investor;
- (c) clause 4.3(b), 4.4(b), 4.4(d)(i) will not apply;
- (d) references to Custodian in clauses 4.3(c), 4.5, 5.3, 5.4(a)(iv) and 13 are omitted;
- (e) references to Custodian in clauses 4.4(a), 4.4(c), 4.4(d) and 4.4(e) are deemed to be references to the Issuer;
- (f) references to the terms of the Custody Deed in clauses 4.4(a), 4.5, and 5.4(a)(iv) are omitted.

11. Glossary

Acceptor

means RBS Nominees Pty Limited (ABN 35 094 599 989) or such other related entity of the Issuer as may be nominated by the Issuer for the purposes of clause 4.4A of the Terms from time to time.

Access Cost

means the costs incurred by the Reference Index Sponsor in connection with investing in the Underlying Index.

Accretions

means all rights, accretions and entitlements attaching to the Units or the ASX Listed Securities 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 Units or the ASX Listed Securities.

Adjustment Event

means in relation to the Reference Index or the Underlying Index, (both the "Relevant Asset") any of the following:

- (a) where the Relevant Asset is an Index:
 - (i) the Relevant Asset is suspended or ceases to be published for a period of 24 hours or more;
 - (ii) the Relevant Asset is not calculated and announced by the Index Sponsor, but is calculated and announced by a successor to the Index Sponsor;
 - (iii) the Relevant 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 Relevant Asset or the basket constituents of the index or in any way materially modifies the Relevant Asset;
- (b) any actual or proposed event that may in the Issuer's reasonable opinion be expected to lead to any of the events referred to in paragraph (a);
- (c) where any force majeure event occurs, or any other event occurs which the 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;
- (d) a Hedging Disruption or Increased Cost of Hedging or any termination of the Issuer's hedging arrangement or the adjustment or change of the Issuer's hedging arrangements occurs;
- (e) the Issuer's hedging arrangements are suspended, 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;
- (f) where the Relevant Asset is the Reference Index:
 - (i) any adjustment is made to the Reference Index to ensure that the Reference Index complies with the requirements of the Council Directive of 20 December 1985 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (No 85/611/EEC), as amended from time to time, and supplemented in similar laws or regulations for financial indices;
 - (ii) any adjustment is made to the Reference Index that was required to reflect a change in economic circumstances to implement the Underlying Index;
 - (iii) the Reference Index Calculation Agent ceases or advises that it will cease, for any reason, to calculate the Reference Index;
 - (iv) any adjustment made to the Reference Index required for clarification or for minor or technical reasons including (without limitation) to correct any manifest or proven error or to cure, correct or supplement any ambiguity or defective provision contained in the methodology or rules relating to the Reference Index;
 - (v) other adjustments made to the Reference Index necessary to ensure the integrity of the Reference Index; or
 - (vi) any other amendments, changes or variations to the Reference Index;
- (g) a Change in law occurs;
- (h) 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;
- (i) information about the Relevant Asset is not published or provided as required;
- (j) trading in the Relevant Asset is suspended or restricted;
- (k) the Relevant 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 Relevant Asset;
- (l) there is an event in respect of the Relevant 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;
- (m) 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 Arrangement

means the agreement by the Issuer to sell the ASX Listed Securities for and on behalf of, at the direction of and as agent for, the Investor on the Settlement Date in accordance with clause 4.4 of the Terms.

AML/CTF legislative regime

means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and any subordinate legislative instruments under the act.

Annual Walk-Away

has the meaning given in the Offer Summary.

Applicant

means a person who completes an Application Form and lodges it with the Issuer.

Application

means an offer by the Investor to the Issuer to acquire the ASX Listed Securities on a deferred basis on the terms and conditions set out in the Terms.

Application Form

means the application form attached to or accompanying this PDS.

Application Monies

means the first prepaid Interest Payment.

ASIC

means the Australian Securities and Investments Commission.

ASIC Act

means the Australian Securities and Investments Commission Act 2001 (Cth).

ASTC Settlement Rules

means the settlement rules of the ASX Settlement and Transfer Corporation Pty Limited as amended or substituted from time to time.

ASX

means the Australian Securities Exchange as operated by ASX Limited ABN 98 008 624 691.

ASX Listed Securities

has the meaning given to it in the Offer Summary, as adjusted pursuant to any Adjustment Event, or if such securities are not available for delivery at Maturity, such other securities or Units in a fund listed and trading on the ASX which are constituents of the S&P ASX 200 Index.

ASX Listed Security Formula

means the number of ASX Listed Securities to be delivered by the Issuer to the Investor on the Settlement Date, which is determined by the following formula:

$$\frac{(MV \times N) - Costs}{CP}$$

where:

MV = Maturity Value per Unit;

N = Number of Units held by each Investor;

CP = Average of the Closing Prices of the ASX Listed Securities; and

Costs = Any applicable Costs and Taxes associated with delivering the ASX Listed Securities.

AUSTRAC

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

BBSW

means the interest rate which appears on the Reuters screen page BBSW as the average ask rate for Australian Dollar bills of exchange having a tenor of 180 days (being a rate which may vary on a daily basis).

Beneficial Interest

means the beneficial interest per the Units which an Investor acquires in the Portion of one or more of the ASX Listed Securities upon entering into the agreement to purchase the ASX Listed Securities and the Issuer accepting the Application in accordance with clause 9 of the Terms.

Break Costs

means all costs, expenses and losses reasonably incurred by the Issuer acting in a commercially reasonable manner (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; and
- (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

see "Issuer Buy-Back"

Buy-Back Date

means the date specified as such in the Offer Summary.

Buy-Back Price

means the amount determined by the Issuer acting in good faith and in a commercially reasonable manner in respect of the buy-back of the Units in accordance with clause 5.5(b) of the Terms.

Calculation Date

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

Change in 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).

Closing Date

has the meaning given to it in the Offer Summary.

Closing Price

means 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 reasonable discretion acting in a commercially reasonable manner, nominate another time or period of time to determine the average weighted price at which the Issuer obtains the ASX Listed Security.

Commencement Date

means the date on which economic exposure to the Reference Index is achieved.

Commodity or Commodities

means a commodity or commodities listed in Section 1.2.

Corporations Act

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

Costs and Taxes

means any incidental costs or expenses reasonably incurred by the Issuer acting in a commercially reasonable manner in relation to the transfer of any ASX Listed Securities 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 ASX Listed Securities on Maturity or Early Maturity.

Coupon

means the cash distribution per Unit as calculated in accordance with the coupon formula set out in the Offer Summary and Section 12 "Formulae & Calculations".

Coupon Payment Date

has the meaning provided in the Offer Summary.

Custodian

means RBS Nominees Pty Limited (ABN 35 094 599 989, AFSL 246795).

Custody Deed

see Section 9 "Loan Agreement"

Deal

means to acquire or dispose of any legal or beneficial interest, or mortgage, charge or in any way encumber or alienate.

Deed Poll

means the Deed Poll executed by the Guarantor and dated as specified in Section 4 of this PDS.

Deferred Purchase Agreement or DPA

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.

Delivery Asset

has the meaning given in the Offer Summary and is determined by the Issuer in accordance with the Terms.

Delivery Asset Price

means, as calculated by the Issuer in its reasonable 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 Early Maturity, the Early Maturity Date), unless it is not possible or practicable to determine the price of the Delivery Asset at that time, in which case the Issuer may, in its reasonable discretion acting in a commercially reasonable manner, 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 reasonably incurred by the Issuer acting in a commercially reasonable manner 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 Taxes incurred as a result of transferring the Delivery Assets on Maturity or Early Maturity.

Delivery Parcel

has the same meaning as ASX Listed Security Formula.

Distributions

means any distributions or income received in respect of the ASX Listed Securities.

Distribution Manager

means Instreet Investment Limited ABN 44 128 831 016.

Early Maturity

means any event which results in the early maturity, redemption, buy-back or termination of the Units, including any accelerated maturity in accordance with clause 4 of the Terms.

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 the Terms.

Early Maturity Notice

means the notice provided by the Issuer to the Investor notifying the Investor of the occurrence of an Early Maturity Event (if relevant) in respect of the Units and that an Early Maturity will take place on the specified Early Maturity Date.

Early Maturity Value

means the fair economic value of the Unit at or around 5:00pm Sydney time on the Early Maturity Date as determined by the Issuer acting in good faith and in a commercially reasonable manner, 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.

Event of Default

has the meaning given to it in the Fixed Charge.

Expenses

means any costs, expenses or liabilities of the Issuer determined reasonably by the Issuer acting in good faith and in a commercially reasonable manner including, but not limited to, incidental or indirect costs and costs, unwinding of hedging arrangements, amounts paid or incurred on account of GST to the extent that input tax credit are not available and any upfront selling fees that may be applicable, incurred by the Issuer as a result of terminating the Units 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;
- (b) the termination or reversal of any arrangements or hedge position entered into by the Issuer in connection with the Units which is terminated early; or
- (c) any loss of profits that the Issuer may suffer by reason of an early termination.

Expiry Date

has the meaning given in Section 7 of this PDS.

Expiry Date

has the meaning given in section 7 "Guarantee".

Fees

means the costs and fees set out in Section 1.3 of this PDS.

First Period Coupon

means the cash distribution per Unit as calculated in accordance with the formula set out in the Offer Summary.

First Period End Date

has the meaning given to it in the Offer Summary.

First Period

has the meaning given to it in the Offer Summary.

First Period Return

means the amount calculated in accordance with the formula in the Offer Summary.

Fixed Charge

means the charge granted by the Custodian to the Lender.

GST

means the Goods and Services Tax.

Guaranteed Obligations

has the meaning given in Section 7 of this PDS.

Guarantee

means an irrevocable and unconditional guarantee by the Guarantor in respect of claims made before the date 12 months after the Units mature in accordance with the Terms a summary of which is set out in Section 7 of this PDS.

Guarantor

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

Hedging Disruption

means a situation where 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, the Issuer is unable, 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).

Holder Identification Number or HIN

has the meaning given in the ASTC Settlement Rules.

Increased Cost of Hedging

means a situation where 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, the Issuer would 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 shall not be deemed an Increased Cost of Hedging.

Index Sponsor

Aquantum SARL, a Luxembourg limited liability company.

Insolvency Event

means any of the following events:

- (a) an application is made to a court of competent jurisdiction for an order or an order is made that a body corporate be wound up;
- (b) an application is made to a court of competent jurisdiction for an order appointing a liquidator or provisional liquidator in respect of a body corporate, or one of them is appointed, whether or not under an order;
- (c) a body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any creditor;
- (d) a body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate while solvent or is otherwise wound up or dissolved;
- (e) a body corporate is or states that it is insolvent;
- (f) as a result of the operation of Section 459F(1) of the Corporations Act, a body corporate is taken to have failed to comply with a statutory demand;
- (g) a body corporate is, or makes a statement from which it may be reasonably deduced that the body corporate is, the subject of an event described in Section 459C(2)(b) or Section 585 of the Corporations Act;
- (h) a body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to a body corporate;
- (i) a person becomes insolvent under administration as defined in Section 9 of the Corporations Act or action is taken which could result in that event; or
- (j) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

Instreet

means Instreet Investment Limited ABN 44 128 813 016.

Interest Payment Date

has the meaning given to it in the Offer Summary.

Interest Payment

has the meaning given to it in the Offer Summary.

Investment Amount

means the amount you invest in the Units.

Investor

means the person whose name is entered into the Register from time to time as the holder of the Units.

Investment Term

means a period from the Commencement Date until the Maturity Date, as specified in the Offer Summary.

Issue Price

has the meaning given to it in the Offer Summary.

Issuer or We

means RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL: 247013).

Issuer Buy-Back

means an Investor requested Buy-Back of the Units by the Issuer.

Lender

has the meaning given to it in the Offer Summary.

Licensee Management Fee

means the fee charged by the Reference Index Sponsor to maintain the Reference Index (which includes, amongst other things, operation, administrative, licensing and personnel costs).

Licensor Management Fee

means the fee charged by the sponsor of the Underlying Index.

Limited Recourse Loan

has the meaning given to it in the Offer Summary.

Loan

has the meaning given to it in the Offer Summary.

Loan Agreement

means the terms of the Loan as set out in Section 9.

Loan Amount

has the meaning given to it in the Offer Summary.

Loan Break Costs

means all costs, expenses and losses reasonably incurred by the Issuer acting in a commercially reasonable manner and notified by the Issuer as payable by the Investor as a result of:

- (a) the Loan being repaid early;
- (b) the termination or reversal of any arrangements, service contracts or hedge position entered into by the Issuer in connection with the Loan which is terminated early; or
- (c) any loss of profits that the Issuer may suffer by reason of the early termination of the Loan.

Loan Drawdown Date

means the date specified as such in Section 1 "Overview of the Units".

Loan Establishment Fee

means the fee set out in Section 1.3 "Fees and Costs".

Loan Reset Dates

has the meaning given to it in the Offer Summary.

Loan Term

has the meaning given to it in the Offer Summary.

Market Close

means 5:00pm AEST, or such other time as the Issuer may determine.

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:
 - (i) applications and redemptions of Units; or
 - (ii) trading in securities generally on the ASX, a market associated with the Reference Index or the Underlying Index, a Relevant Exchange or a Related Exchange; or
- (b) the Reference Index or Underlying Index 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 any Related Exchange is located; or
- (d) the inability of the Issuer to unwind its hedge or related trading position relating to the Units due to illiquidity.

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 any 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 will constitute a Market Disruption Event; and (3) issues of materiality are to be determined in the reasonable discretion of the Issuer.

Maturity

means the completion by the Investor of the deferred purchase of the ASX Listed Securities in accordance with clauses 3 and 4 of the Terms, and "complete" has a corresponding meaning.

Maturity Date

has the meaning given to it in the Offer Summary, unless there is an Early Maturity under clause 5 of Section 10 "Terms of Issue" Section 8.4 of the Terms in which case the Maturity Date will be the Early Maturity Date.

Maturity Notice

means a notice issued by the Issuer in accordance with clause 4.1 of the Terms.

Maturity Value

has the meaning given to it in the Offer Summary.

Minimum Investment

has the meaning given to it in the Offer Summary.

Minimum Loan Amount

has the meaning given to it in the Offer Summary.

Nominated Account

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

Observation Date

has the meaning given in Section 12 "Formulae & Calculations"

Offer

means the invitation made by the Issuer to apply for an issue of the Units pursuant to this PDS.

Offer Summary

means the summary of the Offer at the front of this PDS.

Offer Close Time or Offer Close

means 5:00pm Sydney time on the Closing Date or such other time as determined by the Issuer.

Opening Date

has the meaning given to it the Offer Summary.

Participation Rate

has the meaning given to it in the Offer Summary.

PDS

means this Product Disclosure Statement (including any supplementary Product Disclosure Statement) issued by RBS Group (Australia) Pty Limited in relation to the Offer as it may be updated, supplemented, varied or replaced from time to time.

Portion

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(c) of

Section 10 "Terms of Issue," in which an Investor acquires a Beneficial Interest on the Commencement Date.

Price Source

means the Bloomberg page AQUAPELE Index or such other successor or replacement page. If such a source is unavailable, any alternative price source selected by the Reference Index Sponsor.

RBS

means RBS Group (Australia) Pty Ltd (ABN 78 000 862 797)

RBS Group

means RBS Group (Australia) Pty Ltd (ABN 78 000 862 797) together with its affiliates (including its parent entity), The Royal Bank of Scotland plc and subsidiaries, and RBS N.V. and subsidiaries

RBS N.V.

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

Realised Volatility

means the realised volatility calculated as described in the Offer Summary and the formula set out in Section 12.

Reference Index

means the index referred to in the Offer Summary or Section 1 of this PDS.

Reference Index Calculation Agent

has the meaning given in the Offer Summary.

Reference Index Closing Price

means, with respect to the Reference Index, the level of the Reference Index at the Valuation Time.

Reference Index Fees

means the fees associated with the dynamic management of the Reference Index and described in Section 1.2 "Description of the Reference Index"

Reference Index Sponsor

has the meaning given to it in Section 1.2 "Description of the Reference Index"

Reference Index Value

means the value of the Reference Index calculated in accordance with the formula set out in the Offer Summary and Section 12.

Register

means the registers and/or sub-registers of Investors to be kept pursuant to the Corporations Act.

Registrar

means Registries Limited ABN 003 209 836.

Relevant Asset

has the meaning given to it under Adjustment Event as outlined in this Glossary.

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 the primary exchange upon which the index or financial products which primarily constitute that index are traded, as determined in the absolute discretion of the Issuer.

Sale Proceeds

means the proceeds of the sale of the ASX Listed Securities obtained by the Issuer (or its nominee) on behalf of the Investor under the Agency Sale Arrangement, in accordance with clause 4.4 of the Terms, less any Costs and Taxes and Expenses applicable to the sale of the ASX Listed Securities.

Second Period Coupon

means the cash distribution per Unit as calculated in accordance with the formula set out in the Offer Summary.

Second Period End Date

has the meaning given to it in the Offer Summary.

Second Period

has the meaning given to it in the Offer Summary.

Second Period Return

means the amount calculated in accordance with the formula in the Offer Summary

Second Period Start Date

has the meaning given to it in the Offer Summary.

Secured Property

has the meaning given to it in Annexure A of the Loan Agreement.

Separate Trust

has the meaning given to it in the Fixed Charge.

Series

means a varied class of Unit with the particular features specified in the Offer Summary of this PDS that applies to the relevant class or "Series".

Settlement Date

means the date on which Investors take delivery of the ASX Listed Securities, being on or about the 10th Trading Day after the Maturity Date, or such later date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under the Terms.

Sponsors

means the Reference Index Sponsor and the Index Sponsor.

Supplementary PDS

means any PDS issued in accordance with Part 7.9 Subdivision D of the Corporations Act.

Suspension

means any temporary cessation of the trading or quotation of the ASX Listed Securities, including a trading halt on the ASX, a Relevant Exchange or a Related Exchange (as the context requires).

Tax or Taxes

means any income tax, capital gains tax, goods and services tax, stamp, financial institutions, registration and other duties, and other related taxes, levies, imposts, deductions, interest, penalties, charges, fees or other amounts payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of, or the completion of the purchase and sale of any ASX Listed Securities.

Termination Payment

means the fair value amount determined by the Issuer acting in good faith and in a commercially reasonable manner. Without limiting the foregoing, in determining the Termination Payment, the Issuer may adjust the Termination Payment for any costs, losses or expenses that it reasonably incurs acting in a commercially reasonable manner in relation to the Early Maturity, including without limitation, Fees, Costs, Taxes, Expenses, 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 Issue and the Terms of the Loan Agreement (and either or both of them as the context requires) which are set out in Sections 9 and 10 of this PDS on which the Investor agrees to acquire the Delivery Parcel from the Issuer and enter into the Loan with the Lender.

Third Period Coupon

means the cash distribution per Unit as calculated in accordance with the formula set out in the Offer Summary.

Third Period End Date

has the meaning given to it in the Offer Summary.

Third Period

has the meaning given to it in the Offer Summary.

Third Period Return

means the amount calculated in accordance with the formula in the Offer Summary.

Third Period Start Date

has the meaning given to it in the Offer Summary.

Trading Day

means (a) with respect to the Reference Index, any day on which the Reference Index Sponsor calculates and publishes the closing level of the Reference Index according to its rules, and (b) with respect to the trading of the Units on the ASX, any day on which the ASX is open for trading.

Underlying Index

has the meaning given to it in Section 1.2.

Unit(s)

has the meaning given to it in the Offer Summary, and as constituted by the agreement under which the Investor agrees to purchase the ASX Listed Securities from the Issuer on a deferred basis on the Terms set out in Section 10 of this PDS.

Valuation Time

means, (a) with respect to the Reference Index or Underlying Index, the time with reference to which the Reference Index Sponsor or the Index Sponsor calculates and publishes the closing level of the Reference Index or Underlying Index, and (b) with respect to a Commodity, the time at which the Relevant Exchange or Index publishes the daily closing price.

Volatility

means the effective realised volatility calculated as described in Section 12 "Formulae & Calculations".

You or your

means Applicant or Investor as the context requires.

12. Formulae & Calculations

Reference Index

Reference Index Value_t = Reference Index Value_{t-1} * [1 + Participation Rate_{t-2} * Final Underlying Price_t / Final Underlying Price_{t-1} - 1]

Where:

Reference Index Value_t is the Reference Index Closing Price on Calculation Date **t**

Reference Index Value_{t-1} is the Reference Index Closing Price on the Calculation Date before Calculation Date **t**

Participation Rate_{t-2} is the Participation Rate on the Calculation Date 2 Calculation Dates prior to Calculation Date **t**

Final Underlying Price_t is the Final Underlying Price on Calculation Date **t**

Final Underlying Price_{t-1} is the Final Underlying Price on the Calculation Date prior to Calculation Date **t**

Participation Rate

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%	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%

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:

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

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 21 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 FP_t on Observation Date **v** (where **v** ranges from and including Calculation Date **t-4** to and including Calculation Date **t**) calculated by observing the 21 historical daily closing levels of FP_t up to and including the closing level on Calculation Date **v** in accordance with the following formula:

$$RV_t = \sqrt{\frac{\sum_{j=0}^{19} [\text{LogRtn}_{t-j} - \text{MeanLogRtn}_t]^2}{19}} \times 252$$

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:

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

MeanLogRtn_t is calculated using the following equation:

$$\text{MeanLogRtn}_t = \frac{1}{20} \sum_{j=0}^{19} \text{LogRtn}_{t-j}$$

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:

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

less

2. 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 Reference Index 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", being the management fee payable to The Royal Bank of Scotland plc, and, as of the date of publication of this PDS is equal to 0.95% per annum. The Licensee Management Fee can vary from 0.75% to 1.40% per annum.

$MF_{Licensor}$ is the "Licensor Management Fee", being the management fee payable to the sponsor of the Underlying Index, and, as of the date of publication of this PDS 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 .

First Coupon

The First Coupon is calculated as follows:

$$\text{First Coupon} = \text{Max (First Period Return, 0)}$$

provided that if this calculation would produce a negative result, no Coupon will be payable.

Where:

(Reference Index Value at First Period End Date – Reference Index Value at Commencement Date) / Reference Index Value at Commencement Date.

Second Coupon

The Second Coupon will be an amount per Unit calculated as follows:

$$\text{Second Coupon} = \text{Max (Second Period Return, 0)}$$

provided that if this calculation would produce a negative result, no Coupon will be payable.

Where:

(Reference Index Value at Second Period End Date – Reference Index Value at Second Period Start Date) / Reference Index Value at Second Period Start Date.

Third Coupon

The Third Coupon will be an amount per Unit calculated as follows:

$$\text{Third Coupon} = \text{Max (Third Period Return, 0)}$$

provided that if this calculation would produce a negative result, no Coupon will be payable.

Where:

(Reference Index Value at Maturity Date – Reference Index Value at Third Period Start Date) / Reference Index Value at Third Period Start Date.

Maturity Value

Maturity Value per Unit at Maturity will be the Issue Price of \$1.00.

13. How to Invest

To apply for the Units, you must complete the Application Form in this PDS and send it, together with your payment or Direct Debit Request, to the Registrar.

The Issuer reserves the right to reject Applications for the Units without giving any reason or to allot to an Applicant fewer Units than applied for.

Interest Amounts received in relation to the Units which are not issued will be refunded without interest when confirmations of the Unit holdings are sent to successful applicants. Cheques for such refunds will be sent as soon as possible after the final close of the Offer.

Prior to allocation of Units, any amounts received will be held on trust for you by the Issuer. The Issuer will be entitled to any interest earned on the Application Money which will not form part of your Application Money that is applied to acquire the Units.

The Loan Establishment Fee is payable to your advisor on your total investment made on the Units under this Application Form. However, this fee is paid separately by RBS Group. Your advisor may elect to rebate a portion of this fee. In this case, the total amount you pay for your investment will be reduced by the amount of the rebate. Please note that the Units are not issued in fractions.

By completing the Application Form, you acknowledge and agree that you have read and understood, and agree to accept the Units on the Terms set out in this PDS. In particular, you acknowledge that you understand the ownership restrictions that may apply to Holdings of the ASX Listed Securities as discussed in this PDS and represent that when the ASX Listed Securities are delivered to you those restrictions on ownership will not be breached.

You further acknowledge that by reason of the restrictions on ownership applicable in respect of the ASX Listed Securities if:

- (a) the Issuer or the Trustee is prevented from delivering the ASX Listed Securities to you;
- (b) you are prevented from taking delivery of the ASX Listed Securities; or
- (c) you are required to divest any or all of the ASX Listed Securities,

the Issuer will not be required to make any payment to you in substitution for the ASX Listed Securities and will not otherwise be liable to you for damages or otherwise.

Your guide to the Application Form

Please use CAPITAL LETTERS and a black ball point 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 for the Units is 25,000 Units at the Issue Price shown in the "Offer Summary". To calculate the Investment Amount and the first year's prepaid Interest Payment follow the instructions on the Application Form.

Cash is not accepted. Where payment is made by direct debit, they should complete the bank account details and Direct Debit Request 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 certifying the applicant's identity to:

By post:

**RBS Group (Australia) Pty Limited
– Instreet Mast ARC Series 2 DPA**

c/- Registries Limited
GPO Box 3993
Sydney NSW 2001

In person:

**RBS Group (Australia) Pty Limited
– Instreet Mast ARC Series 2 DPA**

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 13 August 2010 and cleared funds. Applicants must ensure they sign 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

Application Form content

As part of the Issuer's and the Registrar's obligations to comply with anti-money laundering legislation, we need to adequately identify you by collecting certain details. Depending on what type of investor you are (for example, an individual, company, Trustee or otherwise) there is different information you will need to complete.

TYPE OF INVESTOR	COMPLETION INSTRUCTIONS	CORRECT FORM OF REGISTERABLE TITLE	INCORRECT FORM OF REGISTERABLE TITLE
Individual	Use names in full, not initials	Mrs Jane Louise Chapman	J Chapman
Minor (a person under the age 18)	Use the name of a responsible adult, do not use the name of the minor	Mrs Sally Hamilton < Henry Hamilton >	Master Henry Hamilton
Company	Use company's full title, not abbreviations	EAI Pty Ltd	EAI P/L EAI Co.
Joint Holdings	Use full and complete names	Mr James Alexander Peters Mrs Lucy Susan Peters	James Alexander & Lucy Susan Peters
Trusts	Use Trustee(s) personal name(s), do not use the name of the Trust	Mr Brian George Smith < Brian Smith A/C >	Brian Smith Family Trust
Estate of Deceased	Use executor(s) personal name(s), do not use the name of the deceased	Ms Sophia Garnet Post < Est Harold Post A/C >	Estate of late Harold Post or Harold Post Deceased
Partnerships	Use partners' personal name(s), do not use the name of the partnership	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith < Fred Smith and Son A/C >	John Smith & Son
Long Names		Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/ Business	Use office bearer(s) personal name(s). Do not use the name of the club, etc	John Smith < Vintage Wine Club A/C >	Vintage Wine Club
Superannuation Funds	Use name of Trustee of the Fund, do not use the name of the Fund	XYZ Pty Ltd < Super Fund A/C >	XYZ Pty Ltd Superannuation Fund

14. 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 advisor's 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
– Instreet Mast ARC Series 2 DPA

c/- Registries Limited
GPO Box 3993
Sydney NSW 2001

In person:

RBS Group (Australia) Pty Limited
– Instreet Mast ARC Series 2 DPA

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

This Application Form includes 'Section J – Execution Page'

This is an Application Form for Units and the Loan in the Instreet Mast ARC Series 2 Deferred Purchase Agreements issued by RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247 013). This Application Form accompanies the PDS dated 13 August 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 and the Loan. 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:

1. the Minimum Investment is 25,000 Units (i.e. \$25,000) and in multiples of 5,000 Units thereafter (i.e. \$5,000);
2. the first year's prepaid interest at 6.35%p.a. is prepaid at the time of application (i.e. an Interest Payment of \$0.0635 per Unit);
3. a Loan Establishment Fee of 2.0% of the Issue Price per Unit may also be payable at the time of Application (i.e. \$0.02 per Unit) – this is negotiated between you and your advisor; and
4. the Application Form must be received by the Registrar by 5:00pm in order to be processed that day.

Privacy: The Issuer, Registrar and the Distribution Manager will not use information provided in this application in order to send you information regarding future investment opportunities.

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**
- Australian Corporate – **must complete 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 (Individual Trustees), A2 (Company Trustees), 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)

All individuals must provide certified copies of photo identification, such as passports, driver's licences or similar government-issued photo ID

Title	Given Names (in full)	Surname	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Date of Birth (dd/mm/yyyy)	Country of Citizenship		
<input type="text"/>	<input type="text"/>		
Are you an Australian resident for tax purposes?	<input type="checkbox"/> yes	<input type="checkbox"/> no	
If no, please specify your country of tax residence	<input type="text"/>		
Australian Tax File Number	<input type="text"/>	or	<input type="checkbox"/> Exempt from quoting a tax file number
Exemption details (if applicable)	<input type="text"/>		
Residential Address	<input type="text"/>		
	<input type="text"/>		
City/Suburb/Town	State	Postcode	Country
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Email	<input type="text"/>		
Telephone (home)	Area code	Number	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Telephone (business hours)	Area code	Number	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Mobile	<input type="text"/>		
Fax	Area code	Number	
<input type="text"/>	<input type="text"/>	<input type="text"/>	

INVESTOR 2 (Your name MUST match your ID exactly)

All individuals must provide certified copies of photo identification, such as passports, driver's licences or similar government-issued photo ID

Title Given Names Surname
(in full)

Date of Birth (dd/mm/yyyy) Country of Citizenship

Residential Address

City/Suburb/Town State Postcode

Country Email

Are you an Australian resident for tax purposes? Yes No

If no, please specify your country of tax residence

Australian Tax File Number or Exempt from quoting a tax file number

Exemption details (if applicable)

Telephone (home) Area code Number

Telephone (business hours) Area code Number

Mobile

Fax Area code Number

COMPLETE THIS PART IF INDIVIDUAL IS A SOLETRADER

Full Business name ABN
(if any)

Principal Place of Business (if any) (PO Box is NOT acceptable)

City/Suburb/Town State Postcode

Country Email

Telephone (home) Area code Number

Telephone (business hours) Area code Number

Mobile

Fax Area code Number

One Director of an Australian Corporate (or Corporate Trustee) Applicant must complete Section A1.

A2 AUSTRALIAN CORPORATIONS & CORPORATE TRUSTEES

Must provide a certified copy of an ASIC search on the company name or certificate of registration

Full name of the company ABN
as registered by ASIC

Details of any regulatory License (eg AFSL)

Registered office address

City/Suburb/Town State Postcode

Principal Place of Business (if any) (PO Box is NOT acceptable)

City/Suburb/Town State Postcode

Country Email

Telephone (home) Area code Number

Telephone (business hours) Area code Number

Mobile

Fax Area code Number

COMPANY TYPE

Public – note each Director must also complete A1 Proprietary – complete Director details below and each Director must also complete A1

How many directors are there?

Each Director's 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

Are you an Australian resident for tax purposes? Yes No

If no, please specify your country of tax residence

Australian Tax File Number Or Exempt from quoting a tax file number

Exemption details (if applicable)

A3 TRUSTS or SUPER FUND DETAILS

Must provide certified copy of the first few pages of the Trust Deed or ATO website extract or ATO communication. The Trustees Declaration Form attached to this Application Form must also be completed by the Trustee (unless the Applicant is a Trustee of a SMSF).

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)

Note: individual Trustees MUST complete A1; corporate Trustees MUST complete A2.

TYPE OF TRUST

Regulated Trust (SMSF)

Registered managed investment scheme

Unregistered managed investment scheme with only wholesale clients which does not make small-scale offerings under Section 1012E of the Corporates Act 2001 under Section 1012E of the Corporations Act 2001

Government Superannuation Fund established by a statute

Other

Are you an Australian resident for tax purposes? Yes No

If no, please specify your country of tax residence

Australian Tax File Number or Exempt from quoting a tax file number

Exemption details (if applicable)

Relevant Statute:

Self Managed Super Fund (SMSF)

Other: If other, please specify (e.g. family, unit, charitable, estate):

PLEASE NOTE:

(1) 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 13 'How to Complete the Application Form'.

(2) The Issuer only recognises the Trustee(s) as the investor and not the beneficiary, therefore the Trustee(s) details must be given above. However the Issuer is also required to record the individual beneficiary details or, if the terms of the trust identify the beneficiaries by reference to class, the details of the class.

BENEFICIARY 1

Name

ABN (if applicable)

BENEFICIARY 2

Name

ABN (if applicable)

BENEFICIARY 3

Name

ABN (if applicable)

BENEFICIARY 4

Name

ABN (if applicable)

Class Details of Beneficiaries

A4 PARTNERSHIPS

Full Name of the 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:

Are you an Australian resident for tax purposes? Yes No

If no, please specify your country of tax residence

Australian Tax File Number or Exempt from quoting a tax file number

Exemption details (if applicable)

Each Partner's details (in CAPITALS)

Full Name	Full Residential Address	Partnership Share

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)

Please indicate your preferred account contact details:

Same as Section A

Joint investors with different residential addresses must elect just one address:

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

City/Suburb/Town State Postcode

Country

Telephone Number Home Work

Mobile Email

SECTION C – INVESTMENT DETAILS (Must complete)

DETAILS OF THE UNITS TO BE PURCHASED AND THE LOAN APPLIED FOR

Instreet Mast ARC Series 2 DPA (Units)	Issue Price per Unit or Loan Amount	Number to be Purchased (minimum 25,000 Units)	Loan Establishment Fee (2.0%)	Interest Payment (6.35% p.a.)	Total Investment Amount Payable
Example	A\$1.00	25,000	A\$0.02	A\$0.0635	$25,000 \times (A\$0.02 + A\$0.0635) = A\$2,087.50$
Mast ARC Series 2 Units	A\$1.00		A\$0.02	A\$0.0635	$\times (A\$0.02 + A\$0.0635) = A\$$
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

Cheque – Please make cheque payable to: "RBS Group (Australia) Pty Limited" and cross it "Not Negotiable"

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			
City/Suburb/Town	State	Postcode	
Country			
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 any two 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 Instreet or RBS 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/or
- 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 10 'Terms of Issue';
3. declare that you have read and agree to the terms of Section 9 'Loan Agreement';
4. agree to the collection, use and disclosure of your personal information provided in the Application Form;
5. 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;
6. declare that all information provided in the Application Form or any other information provided in support of the Application is true and correct;
7. 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;
8. acknowledge that none of the Issuer, Guarantor, Acceptor or the Custodian 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;
9. declare that if the Application Form is signed under power of attorney, you have no knowledge of the revocation of that power of attorney;
10. declare that you have the power to make an investment and Application for the Loan in accordance with the Loan Agreement and the terms of this PDS;
11. declare that you have read and understood the Direct Debit Request Service Agreement also attached to this PDS;
12. confirm and make the declarations set out in the Direct Debit Request Service Agreement;
13. declare that sole signatories signing on behalf of a company are signing as sole director or as a sole director/secretary of the company;
14. acknowledge that an investment in the Units is subject to risks including possible delays in repayment and possible loss of capital invested;
15. 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 10 'Terms of Issue', and as amended from time to time;
16. 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;
17. declare that if investing and applying for the Loan 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 (Cth);
18. 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;
19. 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;
20. acknowledge the Issuer has entered into custodial arrangements with RBS Nominees (Australia) Pty Limited and that you are aware that the transaction is entered into with a related entity and, to the extent required by law, consent to the terms of the custodial arrangements the entering into such arrangements between the Issuer and RBS Nominees (Australia) Pty Limited;
21. acknowledge that the Custodian will hold your Units subject to the Fixed Charge in accordance with the terms of the Loan Agreement and the Custody Deed;
22. irrevocably direct and authorise the Lender to draw down the Loan Amount and pay the amount directly to the Issuer in satisfaction of your obligation to pay your Investment Amount;
23. irrevocably direct and authorise the payment of the Buy-Back Price, Early Maturity Value, Sale Proceeds or any amount received in relation to the Units to be paid firstly to the Lender in repayment of the Loan Amount;
24. if you fail to pay the Loan Amount, you irrevocably direct and authorise the Custodian to sell the Delivery Assets and apply the proceeds to the Loan Amount in accordance with the Terms;
25. 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 Arrangement); 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);
26. 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.

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 13 August 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 City
State Postcode Country

Surname or Company Name Given Name or ABN
Postal Address City
State Postcode Country

request and authorise RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247013) or Registeries 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 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 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 Name
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;
- I/We declare that the credit to be provided to me/us and any Loan paid to me/us by RBS Group (Australia) Pty Limited is to be applied wholly or predominantly for business or investment purposes (or for both purposes); 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 (ABN 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 the Instreet Mast ARC Series 2 Deferred Purchase Agreements.

"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 falls 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:

You may be charged a fee and/or interest by your Financial Institution;

You may also incur fees or charges imposed or incurred by us; and

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:

- 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;
- Your account details which you have provided to Us are correct by checking them against a recent account statement; and
- 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:
- to the extent specifically required by law; or
 - 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 Address	City	State	
Postcode	Country		
Advisor Phone (business hours)	Area Code	Number	
Advisor Email			

Loan Establishment Fee (Up to 2%) - Advisor Fee Adjustment (Multiples of 1%) = Net Advisor Fee

	-		=	
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ADVISOR STAMP

Dealer Group name			
Dealer Group branch (Suburb, State)			
Dealer Postal Address	City		
State	Postcode	Country	
Dealer Phone (business hours)	Area Code	Number	
Dealer Group Email			
AFS License		ABN	

TRUSTEE DECLARATION (only required for Trust Applicants and not for SMSF Applicants)

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 Instreet Mast ARC Series 2 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 Instreet Mast ARC Series 2 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; and
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 Instreet Mast ARC Series 2 Deferred Purchase Agreements and the PDS dated 13 August 2010.

Print name
(Trustee)

Signature

Date

ADVISOR AND OFFICE 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 Declaration in Section H 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;
- c) If requested, the verification and identity record, made in accordance with Section 112(2) of the AML/CTF Act will be made available to RBS; and
- d) Details of identity document(s) sighted such as the document number are noted below.

APPLICANT #1

Given Name(s)	<input type="text"/>	Surname	<input type="text"/>
Type of Document	<input type="text"/>	Type of Document	<input type="text"/>
Document Number	<input type="text"/>	Document Number	<input type="text"/>
Expiry Date	<input type="text"/>	Expiry Date	<input type="text"/>

APPLICANT #2

Given Name(s)	<input type="text"/>	Surname	<input type="text"/>
Type of Document	<input type="text"/>	Type of Document	<input type="text"/>
Document Number	<input type="text"/>	Document Number	<input type="text"/>
Expiry Date	<input type="text"/>	Expiry Date	<input type="text"/>

Signature	<input type="text"/>	Date	<input type="text"/>
Name	<input type="text"/>		
Job Title	<input type="text"/>		
Organisation	<input type="text"/>		

(Only complete this form to request an Issuer Buy-Back. Do not include this form with your Application.)

This is an Issuer Buy-Back Form for Units in the Instreet Mast ARC Series 2 Deferred Purchase Agreements issued by RBS Group (Australia) Pty Limited (ABN 78 000 862 797, AFSL 247013). This Issuer Buy-Back Form accompanies the PDS dated 13 August 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 on one of the Buy-Back Dates (prior to Maturity). You may only request an Issuer Buy-Back in relation to all your Units.

SECTION A – INVESTOR DETAILS

I/We hereby apply for my/our entire holding of Instreet Mast ARC Series 2 Deferred Purchase Agreements Units issued by RBS Group (Australia) Pty Limited pursuant to the PDS dated 13 August 2010 to be transferred from me/us to the Issuer.

Name of Seller (if a company, please provide full name and ABN/ACN/ARBN):

Residential Address

City/Suburb/Town

State

Postcode

Country

Telephone Number

Email

SECTION B – DETAILS OF THE UNITS TO BE SOLD

Instreet Mast ARC 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

Sole Director

Director

Secretary

Signature of Unitholder 2

Name of Unitholder 2

Date

Tick capacity – mandatory for companies

Sole Director

Director

Secretary

Directory

Issuer

RBS Group Australia Pty Limited
Level 29, RBS Tower
88 Phillip Street
Sydney NSW 2000
or
GPO Box 4675
Sydney NSW 2001

Guarantor

The Royal Bank of Scotland N.V.
Level 29, RBS Tower
88 Phillip Street
Sydney NSW 2000

Distribution Manager

Instreet Investment Limited
PO Box R380
Royal Exchange NSW 1225
Email: info@instreet.com.au
Tel: 1300 954 678
Fax: (02) 8216 0701
www.instreet.com.au

Structurer

Link Capital Investments Pty Ltd
PO Box R1050
Royal Exchange NSW 1225
Email: info@linkcapital.com.au
Tel: (02) 8216 0850

Registrar

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Legal and Tax Advisor to the Issuer

Baker & McKenzie
Level 27, AMP Centre
50 Bridge Street
Sydney NSW 2000



INstreet

Instreet Investment Limited can be contacted at Level 34, 50 Bridge Street, Sydney NSW 2000 Australia, by telephone 1300 954 678 and email info@instreet.com.au. Our web address is www.instreet.com.au and if you need to fax +61 2 8216 0701.