

## IMPORTANT NOTICE

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# **SMART ABS Series 2019-1 Trust**

## **A\$1,176,500,000**

Asset Backed Pass-Through Floating Rate Securities

PERPETUAL TRUSTEE COMPANY LIMITED ABN 42 000 001 007  
in its capacity as the trustee of the SMART ABS Series 2019-1 Trust  
***Issuer***

**A\$1,000,000,000 CLASS A NOTES**

**AAAsf (S&P) / AAAsf (Fitch)**

**A\$176,500,000 SELLER NOTES**

**Unrated**

### ***Arranger***

Macquarie Bank Limited  
ABN 46 008 583 542

### ***Joint Lead Managers and Bookrunners***

Macquarie Bank Limited  
ABN 46 008 583 542

Australia and New Zealand Banking Group Limited  
ABN 11 005 357 522

Commonwealth Bank of Australia  
ABN 48 123 123 124

National Australia Bank Limited  
ABN 12 004 044 937

Westpac Banking Corporation Limited  
ABN 33 007 457 141

**This Information Memorandum is dated 15 March 2019.**

### **No Guarantee by Macquarie entities**

The Notes do not represent deposits or other liabilities of Macquarie Leasing Pty Limited ABN 38 002 674 982 ("Macquarie Leasing"), Macquarie Securitisation Limited ABN 16 003 297 336 (the "Manager"), Macquarie Bank Limited ABN 46 008 583 542 ("Macquarie") or Macquarie Group Limited ABN 94 122 169 279 ("MGL") or any of their associated entities.

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

None of Macquarie Leasing, Macquarie, MGL or the Manager or any of their associated entities guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the Assets of the Series Trust.

In addition, none of the obligations of the Manager are guaranteed in any way by Macquarie Leasing, Macquarie or MGL or any of their associated entities and no party guarantees in any way the performance of any other party.

### **No Guarantee by any other party**

In addition to the statement above, the Notes also do not represent deposits or other liabilities of Australia and New Zealand Banking Group Limited ABN 11 005 357 522 ("ANZ"), Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA"), National Australia Bank Limited ABN 12 004 044 937 ("NAB"), Westpac Banking Corporation ABN 33 007 457 141 ("Westpac"), Perpetual Trustee Company Limited ABN 42 000 001 007 ("Perpetual") in its personal capacity or as trustee of any other trust, P.T. Limited ABN 67 004 454 666 ("PTL") in its personal capacity, as security trustee or as security trustee of any other trust or any of their associated entities.

None of ANZ, CBA, NAB, Westpac, Perpetual (in its personal capacity or as trustee of any trust) or PTL (in its personal capacity or as trustee of any trust) or any of their associated entities guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the Assets of the Series Trust.

In addition, none of the obligations of the Manager are guaranteed in any way by ANZ, CBA, NAB, Westpac, Perpetual (in its personal capacity or as trustee of any trust) or PTL (in its personal capacity or as trustee of any trust) or any of their associated entities and no party guarantees in any way the performance of any other party.

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# 1 Important Notice

## 1.1 Terms

References in this Information Memorandum to various documents are explained in Section 14. Unless defined elsewhere, all other terms are defined in the Glossary in Section 15. Sections 14 and 15 should be referred to in conjunction with any review of this Information Memorandum.

## 1.2 Purpose

This Information Memorandum relates solely to a proposed issue of the Class A Notes (the "**Offered Notes**") and together with the Seller Notes, the "**Notes**") by Perpetual Trustee Company Limited ABN 42 000 001 007, in its capacity as trustee of the SMART ABS Series 2019-1 Trust (the "**Trustee**"). The sole purpose of this Information Memorandum is to assist the recipient to decide whether to proceed with a further investigation regarding whether it should invest in the Offered Notes. This Information Memorandum does not relate to, and is not relevant for, any other purpose. In particular, but without limiting the generality of the foregoing, nothing herein contained should be construed as constituting an offer to subscribe for or purchase or an invitation to subscribe for or buy any Seller Notes which it is proposed will be issued by the Trustee contemporaneously with the issue of the Offered Notes.

When used in this Information Memorandum the references to "**Offered Noteholders**" and "**Noteholders**" will be construed in accordance with the definitions set out above.

## 1.3 Limited Responsibility for Information

The Manager has prepared and authorised the distribution of this Information Memorandum and has accepted sole responsibility for the information contained in it.

None of Macquarie Leasing, the Trustee, P.T. Limited ABN 67 004 454 666 (the "**Security Trustee**"), ANZ, CBA, NAB, Westpac, MGL or Macquarie has authorised, caused the issue of, or has (and expressly disclaims) any responsibility for, or made any statement in, any part of this Information Memorandum. Furthermore, neither the Trustee nor the Security Trustee has had any involvement in the preparation of any part of this Information Memorandum (other than where parts of this Information Memorandum contain particular references to Perpetual Trustee Company Limited or P.T. Limited in their corporate capacity).

Whilst the Manager believes the statements made in this Information Memorandum are accurate, neither it nor Macquarie Leasing, the Trustee, the Security Trustee, ANZ, CBA, NAB, Westpac, MGL or Macquarie, nor any external adviser to any of the foregoing makes any representation or warranty, express or implied, as to, nor assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation.

## 1.4 Date of this Information Memorandum

This Information Memorandum has been prepared as at 15 March 2019 (the "**Preparation Date**"), based upon information available, and the facts and circumstances known, to Macquarie Leasing at that time.

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

- (a) there has been no change since the Preparation Date in the affairs or financial condition of the SMART ABS Series 2019-1 Trust (the "**Series Trust**"), the Trustee, Macquarie, MGL, Macquarie Leasing, ANZ, CBA, NAB, Westpac, the Manager or any other party named in this Information Memorandum; or
- (b) the information contained in this Information Memorandum is correct at such later time.

None of the Manager, Macquarie, MGL, Macquarie Leasing, ANZ, CBA, NAB, Westpac nor any other person accepts any responsibility to holders of the Notes (the "**Noteholders**") or prospective Noteholders

to update this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

## 1.5 Summary Only

THIS INFORMATION MEMORANDUM IS ONLY A SUMMARY OF THE TERMS AND CONDITIONS OF THE OFFERED NOTES AND THE SERIES TRUST AND SHOULD NOT BE RELIED UPON BY INTENDING SUBSCRIBERS OR PURCHASERS OF THE OFFERED NOTES. INSTEAD, THE DEFINITIVE TERMS AND CONDITIONS OF THE OFFERED NOTES AND THE SERIES TRUST ARE CONTAINED IN THE TRANSACTION DOCUMENTS. IF THERE IS ANY INCONSISTENCY BETWEEN THIS INFORMATION MEMORANDUM AND THE TRANSACTION DOCUMENTS, THE TRANSACTION DOCUMENTS SHOULD BE REGARDED AS CONTAINING THE DEFINITIVE INFORMATION. A COPY OF THE TRANSACTION DOCUMENTS MAY BE INSPECTED BY INTENDING SUBSCRIBERS OR PURCHASERS OF THE NOTES, ON THE CONDITIONS CONTAINED IN SECTION 14, AT THE OFFICE OF THE TRUSTEE REFERRED TO IN THE DIRECTORY AT THE BACK OF THIS INFORMATION MEMORANDUM.

## 1.6 Independent Investment Decision

This Information Memorandum is not intended to be, and does not constitute, a recommendation by the Manager, Macquarie Leasing, the Trustee, the Security Trustee, ANZ, CBA, NAB, Westpac, MGL or Macquarie (with Macquarie, ANZ, CBA, NAB, Westpac each being a “**Joint Lead Manager**” and together the “**Joint Lead Managers**”) that any person subscribe for or purchase any Notes. Accordingly, any person contemplating the subscription or purchase of the Notes must:

- (a) make their own independent investigation of the terms of the Notes and the financial condition, affairs and creditworthiness of the Series Trust, after taking all appropriate advice from qualified professional persons; and
- (b) base any investment decision on the investigation and advice referred to in paragraph (a) and not on this Information Memorandum.

Accordingly, each person receiving this Information Memorandum, by its investment in any Notes, is deemed to acknowledge, agree and represent for the benefit of each of the Manager, Macquarie Leasing, the Trustee, the Security Trustee, ANZ, CBA, NAB, Westpac, MGL and Macquarie that in forming a decision to invest in the Notes, it has not relied on, and will hold each of the Manager, Macquarie Leasing, the Trustee, the Security Trustee, ANZ, CBA, NAB, Westpac, MGL and Macquarie harmless in respect of, any information, or any representation or warranty, provided to it by or on behalf of any of the persons referred to in this Information Memorandum, other than to the extent of the information contained in those sections of this Information Memorandum for which such persons expressly assume responsibility.

Each of the Arranger and each Joint Lead Manager has no responsibility to, liability for, and does not owe any duty to, any person who purchases or intends to purchase Notes in respect of this transaction, including without limitation in respect of the preparation and due execution of the Transaction Documents, the power, capacity or due authorisation of any other party to enter into and execute the Transaction Documents and the enforceability of any of the obligations set out in the Transaction Documents.

No person is authorised to give any information or to make any representation which is not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of Macquarie Leasing, Macquarie or the Manager or the Joint Lead Managers.

Additionally, no recipient of this Information Memorandum can assume that any person referred to in it has conducted any investigation or due diligence concerning, or has carried out or will carry out any independent audit of, or has independently verified or will verify, the information contained in this Information Memorandum. Each person receiving this Information Memorandum is deemed to acknowledge and represent for the benefit of each of the Manager, Macquarie Leasing, the Trustee, the Security Trustee, ANZ, CBA, NAB, Westpac, MGL and Macquarie that:



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

### **1.7 Distribution to Professional Investors only**

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

### **1.8 Issue Not Requiring Disclosure to Investors under the Corporations Act**

No action has been taken or will be taken which would permit a public offering of the Notes, or possession or distribution of this Information Memorandum in any country or jurisdiction where action for that purpose is required.

This Information Memorandum is not a "Product Disclosure Statement" for the purposes of Chapter 7 of the Corporations Act and is not required to be lodged with the Australian Securities and Investments Commission under the Corporations Act as each offer for the issue, any invitation to apply for the issue, and any offer for sale of, and any invitation for offers to purchase, the Notes to a person under this Information Memorandum will be made in a manner which does not require disclosure to investors under Part 6D.2 of the Corporations Act. No such offer will be made to a person who is a Retail Client.

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

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

### **1.9 Selling Restrictions**

The distribution of this Information Memorandum and the offering and sale of the Notes in certain foreign jurisdictions may be restricted by law. The Notes may not be offered or sold, directly or indirectly, and this Information Memorandum nor any circular, prospectus, form of application, advertisement or other material may be issued, distributed or published in any country or jurisdiction, unless permitted under all applicable laws and regulations. Each Joint Lead Manager has agreed to comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Information Memorandum, any circular, prospectus, form of application, advertisement or other material. For further information see Section 13.

### **1.10 Offshore Associates Not to Acquire Notes**

Under present law, the Offered Notes will not be subject to Australian withholding tax if they are issued in accordance with the public offer test and the prescribed conditions set out in section 128F of the Income Tax Assessment Act 1936 (Cth) (the "**Tax Act**") and they are not acquired directly or indirectly by Offshore Associates of the Trustee (subject to certain exceptions). The Joint Lead Managers have agreed with the Trustee to offer the Offered Notes for subscription or purchase in accordance with certain agreed procedures contained in the Dealer Agreement. It is intended that the Trustee will be able to demonstrate that the public offer tests under section 128F will be satisfied in relation to the issue and sale of the Offered Notes. Accordingly, persons who are Offshore Associates of the Trustee, Macquarie or Macquarie Leasing should not, except in certain circumstances, acquire the Offered Notes.

## 1.11 Disclosure of Interests

Each of Macquarie Leasing, the Manager, ANZ, CBA, NAB, Westpac, MGL and Macquarie discloses that it and its respective related bodies corporate or affiliates, directors, officers and employees:

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

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

No such person will be required to retain any Notes acquired by it and any such person may realise a gain by selling Notes acquired by it in the secondary market.

Each Joint Lead Manager discloses that, in addition to the arrangements and interests it will or may have with respect to any Joint Lead Manager, Macquarie Leasing, the Manager, the Trustee and the Security Trustee (together, the "**Group**"), as described in this Information Memorandum (the "**Transaction Document Interests**") it, its respective related bodies corporate or affiliates, directors, officers and employees:

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

(the "**Note Interests**").

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

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

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

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

### **1.12 Limited Recovery**

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

None of the Trustee, the Security Trustee, Macquarie Leasing, ANZ, CBA, NAB, Westpac, MGL, the Manager, or any other member of the Macquarie Group guarantees the success of the Notes issued by the Trustee or the repayment of capital or any particular rate of capital or income return in respect of the investment by Noteholders in the Notes.

### **1.13 Australian Financial Services Licence**

Perpetual Trustee Company Limited has obtained an Australian financial services licence under Part 7.6 of the Corporations Act (Australian financial services licence No. 236643). Perpetual Trustee Company Limited has appointed P.T. Limited to act as its authorised representative under that licence (Authorised Representative Number 266797).

Macquarie Securitisation Limited has obtained an Australian financial services licence under Part 7.6 of the Corporations Act (Australian financial services licence No. 237863).

### **1.14 Securities Act**

The Offered Notes have not been, and will not be, registered under the Securities Act or the Securities Laws of any State of the United States or other jurisdiction and the Offered Notes may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except in accordance with Regulation S under the Securities Act pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable State or local securities laws. In order to be eligible to access this Information Memorandum or make an investment decision with respect to the Offered Notes described herein, you and any entity that you represent either must be outside the United States or not be a "U.S. person" within the meaning of Regulation S or the Securities Act.

## 1.15 US Risk Retention Requirements

The Notes sold on the Closing Date may not be purchased by, or for the account or benefit of, persons that are not "U.S. persons" as defined in Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**") (such persons, "**Risk Retention U.S. Persons**") and each purchaser of Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed, and, in certain circumstances, will be required to represent and agree that it (1) is not a U.S. person as defined in the U.S. Risk Retention Rules (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules. See further Section 5.3.13.

## 1.16 EU Securitisation Regulation

Macquarie, as an originator, will retain on an ongoing basis a material net economic interest of not less than 5% in the securitisation in accordance with the text of Article 6(1) of Regulation (EU) No 2017/2402 (the "**EU Securitisation Regulation**") (which does not take into account any relevant national measures). As at the Closing Date, such interest will be comprised of Macquarie holding 100% of the shares in Boston Australia Pty Limited (ABN 31 004 680 004) ("**Boston Australia**") which will, alone or together with Macquarie, hold an interest of not less than 5% in the first loss tranche (being the Seller Notes) in accordance with Article 6(3)(d). Following the Closing Date, the manner in which such interest is held will be confirmed to the Offered Noteholders on a monthly basis through the monthly noteholder reports to be prepared by the Manager, or a person nominated by the Manager.

Macquarie will undertake (in each case with reference to the EU Securitisation Regulation):

- (a) to retain, as an originator for the purposes of the EU Securitisation Regulation, on an ongoing basis, a material net economic interest of not less than 5% in the SMART ABS Series 2019-1 Trust securitisation transaction in accordance with the text of Article 6(1) of the EU Securitisation Regulation (the "**Retention**");
- (b) that, as at the Closing Date, the Retention will be comprised of an interest in the first loss tranche (being the Seller Notes) in accordance with Article 6(3)(d) of the EU Securitisation Regulation;
- (c) not to change the manner in which it retains the Retention, except as permitted under the EU Securitisation Regulation;
- (d) not to dispose of, assign, transfer or create or cause to exist any lien over, its interest in Boston Australia or the Retention, except as permitted by the EU Securitisation Regulation;
- (e) not to utilise or enter into credit risk mitigation techniques, any short positions or any other hedge against the credit risk of its interest in the Retention, except as permitted under the EU Securitisation Regulation; and
- (f) that the status of its holding of the Retention will be confirmed on a monthly basis through the monthly noteholder reports.

Boston Australia will undertake (in each case with reference to the EU Securitisation Regulation):

- (a) that it will continue to hold, on an ongoing basis, the Retention unless otherwise instructed by Macquarie in accordance with the EU Securitisation Regulation;
- (b) not to issue any further shares in addition to those that are on issue to Macquarie as at the Closing Date;

- (c) not to utilise or enter into credit risk mitigation techniques, any short positions or any other hedge against the credit risk of its interest in the Retention, except as permitted under the EU Securitisation Regulation;
- (d) to immediately notify Macquarie if it fails to comply with any of its obligations under (a) to (c) above. To the extent that no notice is provided to Macquarie in accordance with this sub-paragraph (d), Macquarie shall be entitled to assume (without further enquiry) compliance by Boston Australia with sub-paragraphs (a) to (c) above and include a statement to that effect in each monthly report provided to noteholders.

Prospective investors who are uncertain as to the requirements of the European Securitisation Regulation which apply to them in respect of their relevant jurisdiction should seek guidance from their advisors and / or regulator.

In particular, prior to acquiring any interest in any of the Notes, each prospective investor which is an “institutional investor” within the meaning of the EU Securitisation Regulation is required to verify the matters described in Article 5(1) of the EU Securitisation Regulation and to carry out a due-diligence assessment in accordance with Article 5(3) of the EU Securitisation Regulation (and, in each case any corresponding national measures which may be relevant) and none of Boston Australia, Macquarie, Macquarie Leasing, Macquarie Securitisation Limited, the Trustee, the Manager nor the Joint Lead Managers or its related bodies corporate makes any representation that the information described above, in this Information Memorandum, any on-going reporting (including the monthly investor reports to be provided by the Manager) or other information which may be made available to investors (if any) is or will be sufficient for such purposes. Satisfaction of the Article 5 requirements (and any other aspects of the EU Securitisation Regulation that apply to such institutional investors) is the sole responsibility of any such institutional investors.

For further information on the requirements referred to above and the corresponding risks, please refer to the Risk Factor entitled "EU Securitisation Regulation" in Section 5.3.12.

### **1.17 References to Ratings**

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

Credit ratings in respect of the Offered Notes are for distribution only to persons who are not “retail clients” within the meaning of section 761G of the Corporations Act and are also sophisticated, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 or Part 7.9 of the Corporations Act and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.

### **1.18 Prohibition of sales to EEA Retail Investors**

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

or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**1.19 MiFID Product Governance/Professional Investors and ECPs only Target Market**

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

**1.20 Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA")**

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Notes are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## 2 Summary of the Issue

### 2.1 Summary Only

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

### 2.2 General Information regarding the Notes

<b>Issuer:</b>	The Trustee in its capacity as trustee of the Series Trust.
<b>General Description:</b>	The Notes are secured, pass-through, floating rate debt securities.
<b>Classes:</b>	<p>The Notes are divided into 2 classes: the Class A Notes and the Seller Notes.</p> <p>The Class A Notes will rank pari passu between themselves, and ahead of the Seller Notes, for payment of Coupon.</p> <p>Both prior to (provided that the Pro Rata Paydown Test (as defined in Section 4.3.2) is not satisfied) and following the enforcement of the Security under the Master Security Trust Deed and the General Security Deed, available Principal Collections will be applied towards repayment of principal on each class of Notes on a sequential basis.</p> <p>Prior to the enforcement of the Security under the Master Security Trust Deed and the General Security Deed, to the extent that the Pro Rata Paydown Test is satisfied, available Principal Collections will be applied towards repayment of principal on each class of Notes on a pro-rata basis.</p> <p>Accordingly, as a result of the determination of the Pro Rata Paydown Test, lower ranking Notes may receive part of their principal before higher ranking Notes have been repaid in full. For further details on repayment of principal, see Sections 2.4, 4.3 and 7.5.</p> <p>The Seller Notes will not be offered pursuant to this Information Memorandum. For the purposes of this Information Memorandum, the Class A Notes are referred to as the "<b>Offered Notes</b>".</p>
<b>Cut-Off Date:</b>	28 February 2019.
<b>Pricing Date:</b>	On or around 14 March 2019, or such other date that the Manager and the Joint Lead Managers agree.
<b>Issue Date/Closing Date:</b>	Subject to the satisfaction of certain conditions precedent, 22 March 2019.
<b>Determination Date:</b>	The day which is 3 Business Days before each Distribution Date.
<b>Distribution Date:</b>	The 14th day of each calendar month (or if such day is not a Business Day, the next Business Day). The first Distribution Date is 14 May 2019 (or if such day is not a Business Day, the next Business Day).
<b>Maturity Date:</b>	The Distribution Date occurring in April 2027.

**Aggregate of the Invested Amounts of the Class A Notes on the Closing Date:** \$1,000,000,000

**Aggregate of the Invested Amounts of the Seller Notes on the Closing Date:** \$176,500,000

**Denomination:** Each Note will have an Initial Invested Amount of:

- (a) \$10,000, in the case of each Class A Note; and
- (b) \$1,000, in the case of each Seller Note,

or such other amount as the Manager determines.

**Issue Price:** The Notes will be issued at par value.

**Rating:** It is expected that the Class A Notes will be rated AAAsf by Fitch Ratings and AAAsf by S&P.

The Seller Notes will not be rated by Fitch Ratings or S&P.

**Joint Lead Managers and Bookrunners:** Macquarie, ANZ, CBA, NAB and Westpac.

### 2.3 Coupon on the Notes

**Calculation of Coupon on the Notes:** Coupon on the Notes for each Coupon Period will be calculated based on the aggregate of the BBSW on the first day of that Coupon Period plus the applicable Margin for the applicable class of Notes. The Margin for each class of Notes will be determined on the Pricing Date by agreement between the Manager, the Joint Lead Managers and Macquarie Leasing.

For further details on the calculation of Coupon on the Notes, see Section 4.2.4.

**Payment of Coupon on the Notes:** Commencing 14 May 2019, subject to there being sufficient funds for this purpose, Noteholders will be entitled to receive payments of Coupon on the Notes monthly in arrears on each Distribution Date.

For further details on payment of Coupon on the Notes, see Sections 4.2.5 and 7.4.3.

### 2.4 Repayment of Principal on the Notes

**Repayment of Principal:** To the extent that Principal Collections are sufficient for this purpose (see Section 7.5), repayments of principal on the Notes will be made on each Distribution Date to Noteholders.

On each Distribution Date prior to the enforcement of the Security under the Master Security Trust Deed and the General Security Deed, to the extent that the Pro Rata Paydown Test is not and for so long as it continues to not be satisfied immediately following any payments or allocations to be made on that Distribution Date, available Principal Collections will be applied towards repayment of principal on the Notes on a sequential basis.

On each Distribution Date prior to the enforcement of the



Security under the Master Security Trust Deed and the General Security Deed, the balance following the distribution of the available principal for that Distribution Date in accordance with the Pro Rata Paydown Test, or all of the available principal for that Distribution Date if the Pro Rata Paydown Test is satisfied, will be distributed on a pro rata basis.

Accordingly, as a result of the determination of the Pro Rata Paydown Test, lower ranking Notes may receive part of their principal before higher ranking Notes have been repaid in full.

For further details on repayment of principal, see Sections 4.3 and 7.5.

**Clean-Up and  
Extinguishment:**

Upon the aggregate principal outstanding (see Section 7.8) on the SMART Receivables on the last day of a Monthly Period, when expressed as a percentage of the aggregate principal outstanding on the SMART Receivables as at the Closing Date, being below 10%, the Seller may exercise its rights under the Clean-Up and Extinguishment by repurchasing the remaining SMART Receivables. The repurchase price (if the Seller elects to repurchase the remaining SMART Receivables) (the "**Clean-Up Settlement Price**") will be their Fair Market Value. If the Clean-Up Settlement Price is insufficient to ensure the Noteholders will receive the aggregate of the Invested Amount of the Notes and the Coupon payable on the Notes, the repurchase will be subject to approval by way of an Extraordinary Resolution of the Noteholders (see Section 8.3.3). Further details on the Clean-Up and Extinguishment are contained in Section 9.2.8.

**Call Option:**

The Trustee may, on the direction of the Manager (and after it has given 2 Business Days' notice to the Noteholders), redeem all of the Notes on any Distribution Date falling on or after the date (being the "**Call Date**") on which the aggregate principal outstanding on the SMART Receivables which are then assets of the Trust, when expressed as a percentage of the aggregate principal outstanding on the SMART Receivables which were assets of the Series Trust on the Closing Date, is below 10%.

Further details on the Call Option are contained in Section 4.3.4.

**Transfer of SMART  
Receivables to another  
SMART Trust**

A transfer to another Series Trust (as defined in the Master Trust Deed) of some or all of the SMART Receivables may occur on a date nominated by the Manager (the "**Assignment Date**"). The transfer price of those SMART Receivables (if the Manager directs the Trustee to transfer those SMART Receivables) will be the sum of:

- (a) the Transfer Amount, being the aggregate principal outstanding on those SMART Receivables as at the close of business on the Business Day immediately preceding the cut-off date specified in the Transfer Proposal for that transfer or such other amount as determined by the Manager and notified to the Trustee, which the Manager has confirmed with the Rating Agency will not result in a reduction, qualification or withdrawal of any ratings assigned to the Notes; and
- (b) the Adjustment Advance (if any is specified in the relevant Transfer Proposal), being any accrued and unpaid interest on those SMART Receivables less any

accrued and unpaid costs in respect of those SMART Receivables during the period until the Assignment Date.

## 2.5 The SMART Receivables

### **Purchase of SMART Receivables:**

On the Closing Date, the Trustee will use the proceeds from the issue of the Notes to purchase a pool of hire purchase receivables, lease contracts, loan contracts and chattel mortgages relating to vehicles (the "**SMART Receivables**") and related Retained Title Rights, mortgages and collateral securities. These SMART Receivables will be purchased from the Seller and the Trustee as trustee of the Disposing Trusts and the purchase price for the SMART Receivables will be equal to the total principal balance outstanding as at the Cut-Off Date in respect of the purchased SMART Receivables.

Further details in relation to the SMART Receivables are contained in Section 6.

### **Assignment of SMART Receivables:**

The SMART Receivables, the Retained Title Rights and collateral securities will be initially assigned to the Trustee in equity. If a Perfection of Title Event occurs under the Series Supplement the Trustee may be required to take certain actions to perfect its legal title to the SMART Receivables and the related Retained Title Rights, mortgages and collateral securities. For further details on perfection of title, see Section 9.2.9.

### **Custody of SMART Receivable Documents:**

Unless a Document Transfer Event occurs, Macquarie Leasing will be the custodian of the SMART Receivable Documents on behalf of the Trustee from the Closing Date. Macquarie Leasing may appoint a Custodial Delegate as custodian of the SMART Receivable Documents. For further details on custody of the SMART Receivable Documents, see Section 10.1.

### **Servicing:**

Macquarie Leasing has been appointed as the initial Servicer under the Master Sale and Servicing Deed. For further details on the Servicer, see Sections 6.9 and 9.5.

### **Collections:**

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

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

(See Section 7.8 as to the notional allocation of receipts between principal and interest for SMART Receivables which are Hire Purchase Contracts or Lease Contracts).

Moneys due by Obligor under the terms of the SMART Receivables will be collected by the Servicer on behalf of the Trustee.

Whilst the Collections Account is permitted to be maintained with Macquarie (see Section 2.6), the Servicer may retain the Collections it receives in respect of a Monthly Period until 1 Business Day before the next following Distribution Date (the "**Transfer Date**"), when it must deposit them into the

Collections Account together with, in certain circumstances, interest earned on those Collections during the period they are held with Macquarie.

If the Collections Account is not permitted to be maintained with Macquarie (see Section 2.6) the Servicer and the Seller must deposit into the Collections Account each Collection in respect of the Series Trust received by the Servicer or the Seller, or otherwise payable by the Servicer or the Seller after the Closing Date:

- (a) in the case of each Collection received by the Servicer or the Seller before the Closing Date, on, or within 2 Business Days after, the Closing Date;
- (b) in the case of each Collection received by the Servicer or the Seller on or after the Closing Date, within 2 Business Days after receipt of such Collection; or
- (c) where Collections are not received by the Servicer but are otherwise payable by the Servicer or the Seller in accordance with this Deed, within 2 Business Days of when they fall due for payment to the Trustee from the Servicer or the Seller,

provided that, for so long as Macquarie is an Eligible Depository and the Servicer is Macquarie Leasing, the Seller or the Servicer must make the deposits under paragraphs (a), (b) and (c) above within 4 Business Days rather than 2 Business Days.

The Servicer may, in its sole discretion, deposit amounts into the Collections Account in prepayment of its obligations to pay Collections into the Collections Account in these circumstances. Such prepaid amounts ("**Outstanding Prepayment Amounts**") are, to the extent they are standing to the credit of the Collections Account, secured to the Servicer under the Master Security Trust Deed and the General Security Deed (see Section 8.3.1).

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

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

## 2.6 Structural Features

### **Excess Income Collections:**

The Noteholders' first level of structured protection is the monthly excess of the cash flow generated by the SMART Receivables (after taking into account the operation of the swap under the Hedge Agreement) over the interest payments to be made on the Offered Notes and other outgoings ranking pari passu with or in priority to these Notes. To the extent that there is such an excess in cash flow (the "**Excess Income Collections**") available in relation to a Distribution Date, it will be used:

- (a) first, to reimburse any unreimbursed Liquidity Reserve Draws (see Section 7.4.2);
- (b) second, reimburse any unreimbursed Principal Draws (see Section 7.4.2);
- (c) third, to the extent that there are any amounts remaining, reimburse any Defaulted Amounts (see Section 7.5.4);
- (d) fourth, to the extent that there are any amounts remaining, to apply as Total Principal Collections to reimburse any unreimbursed Charge-Offs, other than Seller Charge-Offs, (on a pari passu and rateable basis among Noteholders of the same class of Notes, and in the ranking order among classes of Notes) (see Section 7.6.2);
- (e) fifth, to the extent that there are any amounts remaining, and only if a Hedge Provider is in default under the Fixed Rate Swap, in payment to the Hedge Provider of the net amounts payable under the Fixed Rate Swap (note that such amounts will rank in priority to the Offered Notes if no such default is subsisting);
- (f) sixth, to the extent that there are any amounts remaining, to make payment to the Seller of the Accrued Interest Adjustment;
- (g) seventh, to the extent that there are any amounts remaining, make the interest payments to be made on the Seller Notes;
- (h) eighth, to the extent that there are any amounts remaining, reimburse any unreimbursed Seller Charge-Offs (see Section 7.6.2); and
- (i) finally, to the Income Unitholder.

For a more detailed description of these cash flows, see Section 7.

**Allocation of Charge-Offs:**

Charge-Offs will be allocated as follows:

- (a) first, to the extent that there is a loss on a SMART Receivable which is not satisfied by application of Excess Income Collections, to the Seller Notes. The amount of the loss will be allocated pari passu to the Seller Notes, reducing the Stated Amount of the Seller Notes until their Stated Amount is zero; and
- (b) second, to the extent that there are any amounts outstanding after the application of paragraph (a), to the Class A Notes. The amount of the loss will be allocated pari passu to the Class A Notes, reducing the Stated Amount of the Class A Notes until their Stated Amount is zero.

Accordingly, each class of Noteholders will have the benefit of Charge-Offs against any lower ranking classes of Notes.

**Collections Account:**

After the date of the Series Supplement and before the Closing Date, the Trustee will establish an account (or accounts) (the

"Collections Account") into which all Collections received in respect of the Series Trust must be paid. The Collections Account must be maintained with an Eligible Depository and may be held with Macquarie if Macquarie is an Eligible Depository. Where Macquarie is not an Eligible Depository, the Collections Account may still be maintained with Macquarie provided that:

- (a) Macquarie's obligations to credit to, and to repay from, in accordance with normal banking practice, moneys deposited and to be deposited to the Collections Account are supported by a standby guarantee in a form acceptable to each Rating Agency; or
- (b) the Manager has issued a Rating Notification in relation to the Collections Account being held with Macquarie.

Interest will be earned on the amount standing to the credit of the Collections Account except, whilst the Collections Account is held with Macquarie on any amount deposited into the Collections Account in circumstances where:

- (a) on the immediately preceding Determination Date the Manager determined (without taking into account any interest that would, but for this paragraph, otherwise be payable on any amount deposited in the Collections Account) that an amount referred to in Section 7.4.3(m) would be paid to the Income Unitholder on the next Distribution Date; and
- (b) an Insolvency Event does not exist in relation to Macquarie.

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

If the Collections Account is established with a financial institution other than Macquarie following the Closing Date, at any time after that date the Manager and the Servicer may agree to establish a new interest bearing Collections Account with Macquarie and transfer funds standing to the credit of the old Collections Account to the new Collections Account.

**Liquidity Reserve Balance:**

From the proceeds of the issue of the Notes, the Trustee will apply an amount equal to the greater of \$300,000 and 1% of the aggregate initial Invested Amount of the Notes to the Liquidity Reserve Balance.

If there is a Liquidity Shortfall, the Trustee will make a Liquidity Reserve Draw and apply amounts up to the Liquidity Reserve Balance to Available Income on each Distribution Date.

For further details on the Liquidity Reserve Balance, see Section 8.2.

**Hedge Agreement:** In order to hedge the mismatch between the rates of interest (or fixed rental payments) on the SMART Receivables and the Trustee's floating rate obligations under the Notes, the Trustee and the Manager will enter into the Fixed Rate Swap with a Hedge Provider.

Macquarie will be the initial Hedge Provider for the Fixed Rate Swap.

The Fixed Rate Swap will be governed by the terms of the Hedge Agreement.

For further details in relation to the Fixed Rate Swap, see Section 8.1.

**Master Security Trust Deed and the General Security Deed:** The obligations of the Trustee in respect of the Notes (among other obligations) are secured by a:

- (a) security interest over the Assets of the Series Trust which are subject to the PPSA; and
- (b) floating charge over all other Assets of the Series Trust,

in favour of the Security Trustee pursuant to the Master Security Trust Deed and the General Security Deed. The Master Security Trust Deed and the General Security Deed and the order of priority in which the proceeds of enforcement of the Security are to be applied are described in Section 8.3.

## 2.7 Further Information

**Transfer:** Following their issue, the Offered Notes may (unless lodged with Austraclear) only be purchased or sold by execution and registration of a Note Transfer. For further details, see Sections 4.8 and 4.9.

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

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

**Austraclear:** Following issue, the Offered Notes will be lodged with Austraclear. For further details, see Section 4.9.

**Stamp Duty:** None of the issue, the transfer or redemption of the Offered Notes will currently attract stamp duty in any jurisdiction of Australia. For further details, see Section 11.9.

**Withholding Tax and TFNs:** Payments of principal and interest on the Offered Notes will be reduced by any applicable withholding taxes. The Trustee is not obligated to pay any additional amounts to the Offered Noteholders to cover any withholding taxes.

Under present law, the Offered Notes will not be subject to Australian withholding tax if they are issued in accordance with

certain prescribed conditions set out in section 128F of the Tax Act. The Joint Lead Managers have agreed with the Trustee to offer the Offered Notes for subscription or purchase in accordance with certain agreed procedures contained in the Dealer Agreement. It is intended that the Trustee will be able to demonstrate that the public offer tests under section 128F will be satisfied in relation to the issue and sale of the Offered Notes.

One of these conditions is that the Trustee must not know or have reasonable grounds to suspect that an Offered Note, or an interest in an Offered Note, was being, or would later be, acquired directly or indirectly by any Offshore Associates of the Trustee. Accordingly, subject to limited exceptions, Offshore Associates of the Trustee, Macquarie or Macquarie Leasing should not acquire the Offered Notes. For further information see Section 11.2.

Further, payments of principal and interest on the Offered Notes will be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or the intergovernmental agreement between the United States and Australia facilitating the implementation thereof (or any law implementing such intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Offered Notes, and no additional amounts will be paid on the Offered Notes with respect to any such withholding or deduction.

Under current tax law, withholding tax will be deducted from interest payments to an Offered Noteholder acquiring the Offered Notes through their non-Australian operations, subject to the application of any exemption.

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

Further information on potential withholding taxes is provided in Sections 11 and 12. Offered Noteholders and prospective Offered Noteholders should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Offered Notes.

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### **3 Credit Rating**

It is expected that the Class A Notes will be rated AAAsf by Fitch Ratings and AAAsf by S&P.

The Seller Notes will not be rated by Fitch Ratings or S&P.

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

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## **4 Description of the Notes**

### **4.1 General Description of the Notes**

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

The Notes have been divided into 2 classes: the Class A Notes and the Seller Notes.

### **4.2 Coupon on the Notes**

#### **4.2.1 Period for which the Notes accrue interest**

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

- (a) the date on which the Stated Amount of that Note is reduced to zero (other than where the Stated Amount of that Note is reduced to zero by way of Charge-Offs which is then reimbursed, in whole or part, on a subsequent Payment Date); and
- (b) the date on which that Note is deemed to be redeemed as described in Section 4.3.3.

#### **4.2.2 Coupon Periods**

The period during which a Note accrues interest (as described above) is divided into periods (each a "**Coupon Period**"). The first Coupon Period commences on (and includes) the Closing Date and ends on (but does not include) the first Distribution Date (being 14 May 2019, or if that date is not a Business Day, the next Business Day). Each succeeding Coupon Period commences on (and includes) a Distribution Date and ends on (but does not include) the next Distribution Date. The final Coupon Period ends on (but does not include) the date on which interest ceases to accrue on the Notes (as described in Section 4.2.1).

#### **4.2.3 Coupon Rates**

The Coupon Rate for each Coupon Period in respect of the Notes is the BBSW for the Coupon Period (or in the case of the initial Coupon Period, the Interpolated Rate for the Coupon Period) plus the applicable Margin for that class of Notes. The Margin for each class of Notes will be determined on the Pricing Date by agreement between the Manager and each Joint Lead Manager.

The Margins will be notified to prospective Noteholders by the Joint Lead Managers.

#### **4.2.4 Calculation of Coupon on the Notes**

Coupon on each class of Notes, is calculated for each Coupon Period:

- (a) on the Invested Amount of that class on the first day of the Coupon Period (after taking into account any reductions in the Invested Amount on that day);
- (b) at the Coupon Rate for that class for that Coupon Period; and
- (c) on the actual number of days in that Coupon Period and based on a year of 365 days.

#### **4.2.5 Coupon Payment on each Distribution Date**

If Available Income is sufficient for this purpose, Coupon on the Notes will be paid on each Distribution Date in arrears in respect of the Coupon Period ending on that Distribution Date.

If the Available Income available for payment of Coupon on the Notes is insufficient for the payment in full of Coupon on the Notes on a Distribution Date, the amount available will be applied first in satisfying on a pari passu and rateable basis the Coupon due on the relevant Distribution Date in respect of the Class A Notes and any Coupon in respect of the Class A Notes remaining unpaid from prior Distribution Dates.

A failure to pay Coupon in relation to the then highest ranking class of Notes which remains outstanding (determined by reference to the order of priority on enforcement) within a specified period of time (see Section 8.3.2) will be an Event of Default under the Master Security Trust Deed and the General Security Deed. The events of default and the remedies available to Noteholders are detailed in Sections 8.3.2 and 8.3.3. A failure to pay Coupon in relation to a class of Notes will not be an Event of Default under the Master Security Trust Deed and the General Security Deed while any Notes of a higher ranking class are outstanding.

No interest accrues on the amount of any Coupon shortfall.

The method for calculating whether there is sufficient Available Income available on a Distribution Date for the payment of Coupon on the Notes for the Coupon Period then ended (and any shortfalls of Coupon from previous Coupon Periods) is set out in Section 7.

The Trustee or any person making payments on behalf of the Trustee may deduct interest withholding tax imposed by the Commonwealth of Australia from payments of interest in respect of the Notes where the Trustee, or such person, considers this is required in accordance with the Tax Act or make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature required by any applicable law (including any FATCA Withholding). Neither the Trustee nor any person making payments on behalf of the Trustee will be obliged to make any additional payments to the Noteholders in respect of the relevant Notes in relation to that withholding or deduction.

### **4.3 Principal Repayments on the Notes**

#### **4.3.1 Final Redemption**

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

#### **4.3.2 Repayment of Principal on the Notes**

On each Distribution Date prior to the enforcement of the Security under the Master Security Trust Deed and the General Security Deed, to the extent that Total Principal Collections are sufficient for this purpose (after payment of prior ranking distributions of Total Principal Collections), Total Principal Collections will be applied towards principal repayments on the Notes as follows:

- (a) to the extent that the Pro Rata Paydown Test is not satisfied, available Total Principal Collections for the relevant Distribution Date will be applied towards repayment of principal on the Notes on a sequential basis; and
- (b) to the extent that the Pro Rata Paydown Test is satisfied or becomes satisfied following repayment of principal on the Notes on a sequential basis as described in paragraph (a) above, the remaining available Total Principal Collections for the relevant Distribution Date will be applied towards repayment of principal on the Notes on a pro rata basis.

Accordingly, as a result of the determination of the Pro Rata Paydown Test, lower ranking Notes may receive part of their principal before higher ranking Notes have been repaid in full.

The "**Pro Rata Paydown Test**" will be satisfied at any time on a Distribution Date if each of the following is satisfied:

- (a) the Subordination Percentage at that time (after any application of Total Principal Collections prior to that Distribution Date and prior to that time on that Distribution Date) is greater than or equal to 19.9%; and

- (b) the aggregate Stated Amount of the Notes on the immediately preceding Determination Date when expressed as a percentage of the aggregate Initial Invested Amount of the Notes is greater than 10%,

and otherwise the Pro Rata Paydown Test is not satisfied at that time.

The priority of allocation of Total Principal Collections to the Class A Notes and the Seller Notes is explained in Section 7.5.3. The method for calculating the amount of Total Principal Collections available on a Distribution Date for the payment of principal in relation to the Notes is set out in Section 7.5.

#### **4.3.3 Redemption on Final Payment**

Upon a final distribution being made in respect of the Notes in the circumstances described in Section 9.6.4 or under the Master Security Trust Deed, the Notes will be deemed to be redeemed and discharged in full and any obligation to pay any accrued but unpaid interest, any then unpaid Stated Amount or any other amounts in relation to the Notes will be extinguished in full. Thereafter the Notes will cease to exist and the Noteholders will have no further rights or entitlements in respect of their Notes.

#### **4.3.4 Call Option**

The Trustee may, on the direction of the Manager (and after it has given 2 Business Days' notice to the Noteholders), redeem all of the Class A Notes and the Seller Notes on any Distribution Date falling on or after the Call Date.

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

The rights of the Seller described in Section 9.2.8 may, but need not, be exercised by the Seller in conjunction with the exercise by the Trustee of the Call Option in respect of the Notes.

#### **4.3.5 No Payment in Excess of Stated Amount**

Subject to Section 4.3.4, no amount of principal will be paid to a Noteholder in excess of the Stated Amount applicable to the Notes held by that Noteholder.

### **4.4 Payments**

#### **4.4.1 Method of Payment**

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

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

#### **4.4.2 Rounding of Coupon and Principal Payments**

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

#### 4.5 **Electronic Reporting of Pool Data**

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

- (a) the Invested Amount and the Stated Amount of the Notes;
- (b) the Coupon Rates (if disclosed);
- (c) the Note Factors;
- (d) arrears statistics; and
- (e) default statistics.

#### 4.6 **The Register of Noteholders**

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

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

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

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

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

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

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

#### 4.7 **Note Certificates**

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

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

## 4.8 Transfer of Notes

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

- (a) if the offer for sale or invitation to purchase to the proposed transferee by the Noteholder:
  - (i) is not made to a Retail Client; and
  - (ii) complies with any applicable laws in all jurisdictions in which the offer or invitation is made; and
- (b) unless lodged with Austraclear as explained in Section 4.9, all transfers of Notes must be effected by a Note Transfer. Note Transfers are available from the Trustee's registry office. Every Note Transfer must be duly completed, duly stamped (if applicable), executed by the transferor and the transferee and lodged for registration with the Trustee accompanied by the Note Certificate for the Notes to which it relates.

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

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

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

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

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

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

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

## 4.9 Lodgement of Notes in Austraclear

On the Closing Date, the Offered Notes will be lodged into the Austraclear system and Austraclear Limited will become the registered holder of those Offered Notes in the Register. While those Offered Notes remain in the Austraclear system:

- (a) all payments and notices required of the Trustee and the Manager in relation to those Offered Notes will be directed to Austraclear Limited; and

- (b) all dealings and payments in relation to those Offered Notes within the Austraclear system will be governed by the Austraclear Limited Regulations.

#### **4.10 Limit on Rights of Noteholders**

Apart from any security interest arising under the Master Security Trust Deed (as to which see Section 8.3), the Noteholders do not own and have no interest in the Series Trust or any of its assets. In particular, but without prejudice to the rights and powers of the Noteholders under the Master Security Trust Deed and the General Security Deed, no Noteholder in its capacity as such is entitled to:

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

#### **4.11 Notices to Noteholders**

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

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

#### **4.12 Joint Noteholders**

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

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

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## 5 Some Risk Factors

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

### 5.1 Risks associated with the Issuer and the Notes

#### 5.1.1 Limited Liability Under the Notes

The Notes are debt obligations of the Trustee exclusively in its capacity as trustee of the Series Trust. The Notes are issued with the benefit of, and subject to, the Master Trust Deed, the Trust Creation Deed, the Series Supplement, the Master Security Trust Deed and the General Security Deed. The Notes do not represent an interest in or obligation of the Trustee in its individual capacity or of any of the other parties to the transaction. The Assets of the Series Trust will be the sole source of payments on the Notes. The Trustee's liability in respect of the Notes is limited to, and can be enforced against the Trustee only to the extent to which it can be satisfied out of, the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability except to the extent the Trustee is held to be fraudulent, negligent or to have acted in wilful default of the Trustee's obligations under the Transaction Documents (see Section 9.3.11).

There can be no assurance that the Assets of the Series Trust will be sufficient to make all Coupon and principal payments on the Notes. If the Assets of the Series Trust are insufficient to pay the Coupon and principal on your Notes when due, there will be no other source from which to receive these payments and you may experience a loss or receive a lower yield on your investment than you expected.

#### 5.1.2 Secondary Market Risk

There is currently no secondary market for the Notes. Each Joint Lead Manager has undertaken in the case of the Class A Notes only to use reasonable endeavours, subject to market conditions, to assist Noteholders of such Notes so requesting it to locate potential purchasers of such Notes from time to time in order to facilitate liquidity in the Notes. A secondary market for the Notes may not develop even though some of the Notes may be quoted on the Australian Securities Exchange. There is no assurance that as a result of this action any secondary market will develop or, if one does develop, that it will provide liquidity of investment or will continue for the life of the Notes. No assurance can be given that it will be possible to effect a sale of the Notes; nor can any assurance be given that, if a sale takes place, it will not be at a discount to the acquisition price such that the Noteholder may suffer a loss of some or up to all of the entire Invested Amount of the Notes. The market value of the Notes may be affected by a number of factors including, but not limited to:

- (a) the value and volatility of the Assets of the Series Trust;
- (b) market interest and yield rates; and
- (c) the time remaining to any redemption date or the relevant Maturity Date,

and such fluctuation could result in losses to Noteholders.

In addition, the value of the Notes may depend on a number of interrelated factors, including economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the exchange(s) on which any Notes, similar notes, Assets of the Series Trust or similar assets or interests in such notes or assets may be traded. The historical prices of any Assets of the Series Trust should not be taken as an indication of such assets' future performance during the term of any Note.



Over the past several years, major disruptions in the global financial markets caused a significant reduction in liquidity in the secondary market for asset-backed securities. There can be no assurance that future events will not occur that could have a similar adverse effect on the liquidity of the secondary market. If the lack of liquidity in the secondary market reoccurs, it could adversely affect the market value of Notes and/or limit the ability of a Noteholder to resell their Notes.

### **5.1.3 Equitable Assignment**

The SMART Receivables will initially be assigned to the Trustee in equity. If the Trustee declares that a Perfection of Title Event has occurred under the Master Sale and Servicing Deed (see Section 9.2.9), the Trustee and the Manager must, amongst other things, take all such steps as are necessary to perfect the Trustee's legal title in the SMART Receivable Rights (see Section 9.2.9 for further details on Perfection of Title Events). Until such time, the Trustee is not to take any such steps to perfect legal title and, in particular, it will not notify the Obligor or any security providers of the assignment of the SMART Receivables.

The delay in the notification to an Obligor of the assignment of the SMART Receivables to the Trustee may have the following consequences:

- (a) until an Obligor, guarantor or security provider has notice of the assignment, such person is not bound to make payment to anyone other than the Seller and can obtain a valid discharge from the Seller. However, the Seller is obliged to deal with all moneys received from Obligor in accordance with the Series Supplement and the Master Sale and Servicing Deed and pay such amounts into the Collections Account;
- (b) for so long as the Trustee holds only an equitable interest in the SMART Receivables, the Trustee's interest in the SMART Receivables may become subject to the interests of third parties created after the creation of the Trustee's equitable interest but prior to it acquiring a legal interest. To reduce this risk, the Servicer has undertaken not to consent to the creation or existence of any security interest over the SMART Receivable Rights securing the SMART Receivables; and
- (c) for so long as the Trustee holds only an equitable interest in the SMART Receivables, the Seller must be a party to any legal proceedings against any Obligor, guarantor or security provider in relation to the enforcement of any SMART Receivable. In this regard, the Servicer undertakes to service (including enforce) the SMART Receivables in accordance with the Servicing Standards.

In addition, section 80(7) of the Personal Property Securities Act 2009 (Cth) ("**PPSA**") provides that an obligor in relation to a receivable will be entitled to make payments to, and obtain a good discharge from, the seller of a receivable rather than directly to, and from, the purchaser of the receivable until such time as the obligor receives a notice of the assignment of the relevant receivable that complies with the requirements of section 80(7)(a) of the PPSA (including a statement that payment is to be made to the purchaser of the receivable). If, however, an obligor receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the seller of the receivable, the obligor requests the purchaser of the receivable to provide proof of the assignment and the purchaser of the receivable fails to provide that proof within 5 business days of the request, the obligor may continue to make payments to the seller. Accordingly, after a Perfection of Title Event has occurred and legal title to the SMART Receivable has been transferred to the Trustee, an Obligor in relation to a SMART Receivable may in certain circumstances nevertheless make payments to Macquarie Leasing and obtain a good discharge from Macquarie Leasing notwithstanding the legal assignment of the relevant SMART Receivable to the Trustee, if the Trustee fails to comply with these notice requirements. However, this risk is mitigated by the fact that Macquarie Leasing will provide the Trustee with a power of attorney to permit it to give notice of such an assignment of the SMART Receivable to the relevant Obligor in the name of Macquarie Leasing.

### **5.1.4 Ability of the Trustee to Redeem the Notes**

The ability of the Trustee to redeem all the Notes at their aggregate Stated Amounts whilst any of the SMART Receivables are still outstanding will depend upon whether the Trustee is able to collect or otherwise obtain an amount sufficient to redeem the Notes and to pay its other obligations in the order explained in Section 7. Following the enforcement of the Master Security Trust Deed and the General

Security Deed and the crystallisation of the floating charge in favour of the Noteholders and other Secured Creditors, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of the priority set out in the Master Security Trust Deed and the General Security Deed (described in Section 8.3). The moneys available to the Security Trustee for distribution may not be sufficient to satisfy in full the claims of all or any of the Noteholders and neither the Security Trustee nor the Trustee will have any liability to the Noteholders in respect of any such deficiency. Although the Security Trustee may seek to obtain the necessary funds by means of a sale of the outstanding SMART Receivables, there is no guarantee that there will be at that time an active and liquid secondary market for such SMART Receivables or the asset or assets the subject of such SMART Receivables. Further, if there was such a secondary market, there is no guarantee that the Security Trustee will be able to sell the SMART Receivables or the asset or assets the subject of those SMART Receivables for the principal amount then outstanding under such SMART Receivables.

Accordingly, the Security Trustee may be unable to realise the value of the SMART Receivables or the asset or assets the subject of those SMART Receivables, or may be unable to realise the full value of the SMART Receivables or the asset or assets the subject of those SMART Receivables which may impact upon its ability to redeem all outstanding Notes at that time.

#### **5.1.5 U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Notes**

Whilst the Notes are held within the Austraclear system, in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") will affect the amount of any payment received by Austraclear. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Trustee's payment obligations under the Notes are discharged once it has made payment to, or to the order of, Austraclear and the Trustee therefore has no responsibility for any amount thereafter transmitted through the Austraclear system and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. Prospective investors should refer to Section 12.

#### **5.1.6 Ratings of the Notes do not ensure their payment and withdrawal of any ratings may affect the value of the Notes**

It is a condition to the issuance of the Notes that the Notes are assigned the ratings referred to in Section 3. A rating is not a recommendation to purchase, hold or sell the Notes, inasmuch as such rating does not address the market price or the suitability for a particular investor of a security. The rating of the Notes addresses the likelihood of the payment of principal and interest on the Notes pursuant to their terms. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant Rating Agency, if in its judgment circumstances in the future so warrant. Any action taken by a Rating Agency to lower or withdraw the rating on a Note could adversely affect the value of that Note on resale. In addition, if a Rating Agency or another rating agency issues a rating lower than the solicited rating, changes its rating or withdraws its rating, no one has any obligation to provide additional credit enhancement or to restore the original rating.

The ratings of the Notes will be based primarily on the creditworthiness of the SMART Receivables, the availability of excess interest Collections after payment of interest on the Notes and the Series Trust's expenses and the creditworthiness of the swap provider. The ratings may not reflect the potential impacts of all risks discussed in this Section 5. Proposed investors in Notes should make their own evaluation of an investment in the Notes and not rely solely on the ratings on the Notes.

### **5.1.7 Investment in the Notes may not be suitable for all investors**

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

If borrowers refinance or pay out their receivables as a result of lower interest rates, Noteholders will receive an unanticipated payment of principal. As a result, Noteholders are likely to receive more money to reinvest at a time when other investments generally are producing a lower yield than that on the Notes and are likely to receive less money to reinvest when other investments generally are producing a higher yield than that on the Notes. Holders will bear the risk that the timing and amount of distributions on the Notes will prevent Noteholders from attaining the desired yield.

### **5.1.8 Lower Ranking Notes provide only limited protection against losses**

Credit enhancement in the form of subordination of lower ranked Notes to the relevant higher ranked Notes and excess interest Collections are intended to absorb anticipated losses on the SMART Receivables, but there can be no assurance that such credit enhancement will be sufficient to absorb any or all actual losses on the SMART Receivables comprising the Assets of the Series Trust.

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

### **5.1.9 The use of Principal Collections to cover liquidity shortfalls may lead to principal losses**

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

## **5.2 Risks associated with the Receivables and the Servicer**

### **5.2.1 Timing of Principal Distributions**

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

- (a) receipt by the Trustee of voluntary prepayments in excess of the Obligor's contractual payment obligation made by an Obligor in respect of a SMART Receivable;
- (b) enforcement proceeds received by the Trustee due to an Obligor having defaulted on its contract;
- (c) receipt of insurance proceeds by the Trustee in relation to an insurance claim in respect of property subject to a Mortgage or Retained Title Rights in relation to a SMART Receivable;
- (d) receipt of proceeds by the Trustee of repurchases of SMART Receivables by the Seller as a result of any one of the following occurring:
  - (i) the discovery by the Trustee that any of the representations and warranties made by the Seller in respect of a SMART Receivable were incorrect when given (see Sections 9.2.4 and 9.2.6);
  - (ii) there being a change in law which leads to the Series Trust being terminated early and the SMART Receivables are then repurchased by the Seller or sold to a third party (see Section 9.6); or

- (iii) the Seller exercising its option to repurchase the balance of the SMART Receivables:
  - A. in accordance with the Seller's right of first refusal on or following the termination of the Series Trust (see Section 9.6.3); or
  - B. upon the aggregate principal outstanding on the SMART Receivables on the last day of a Monthly Period, when expressed as a percentage of the aggregated principal outstanding on the SMART Receivables at the Closing Date, is first below 10% (see Section 9.2.8);
- (e) the Servicer is obliged to service the SMART Receivables in accordance with the Servicing Standards which are set out in the Operations Manual or, to the extent not covered by the Servicing Standards, the standards and practices of a prudent financier in the business of financing purchases of vehicles or commercial equipment in Australia. There is no definitive view as to whether the standards and practices of a prudent financier in the business of financing purchases of vehicles or commercial equipment in Australia do or do not include the Servicer's own franchise considerations. If those considerations are included the Servicer would be entitled to consider its own reputation and future business writing prospects in making a determination as to how current SMART Receivables are administered. Such a course may result in a delay of principal returns to Noteholders. The Servicer is, however, required to give undertakings as to how it will administer the SMART Receivables (see Section 9.5.1) and comply with the express limitations in the Series Supplement and the Master Sale and Servicing Deed; and
- (f) in the case of a SMART Receivable which is a Loan Contract, the mortgage which secures the SMART Receivable may also secure other financial accommodation provided by the Seller. If the Obligor is in default under that other financial accommodation and the Seller enforces the relevant mortgage, the proceeds of enforcement will be made available to the Trustee (in priority to the Seller) for repayment of the SMART Receivable. This may in turn result in the relevant SMART Receivable being prepaid earlier than would otherwise be the case. This may occur notwithstanding there being no default under the SMART Receivable.

Each of the above factors makes it difficult to reliably predict the actual rate of prepayment of the SMART Receivables or the rate and timing of payments of principal on Notes. There is no guarantee that the actual rate of prepayment on the SMART Receivables, or the actual rate of prepayments on the Notes, will conform to any particular model or that a Noteholder will achieve the yield it expects on its investment in the Notes. If a Noteholder bought Notes for more than their face amount, the yield on those Notes will drop if principal payments on those Notes occur at a faster rate than expected. If a Noteholder bought Notes for less than their face amount, the yield on those Notes will increase if principal payments on those Notes occur at a slower rate than expected.

## **5.2.2 Prepayment then Non-Payment**

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

The failure of Obligors to make payments when due after an amount has been prepaid under their SMART Receivables may affect the ability of the Trustee to make timely payments of Coupon and principal to Noteholders. If the above situation arises, or if the Trustee otherwise has insufficient funds to pay Coupon on the Notes, the Trustee will make a Liquidity Reserve Draw for the amount of the deficiency (as to which, see Section 8.2) up to the Liquidity Reserve Balance. The Liquidity Reserve Balance mitigates the risk of such a deficiency but may not be sufficient to cover the whole of the deficiency.

### 5.2.3 Consumer Credit Protection Regime

Obligors in respect of Consumer Receivables and Small Business Receivables may avail themselves of certain legislative protections that could adversely impact upon the Trustee's ability to make full and timely payments in respect of the Notes.

Australia's consumer credit protection regime consists primarily of the following pieces of legislation enacted at a federal level: the NCCP Act (Schedule 1 of which contains the National Credit Code), the Australian Consumer Law (the "ACL") contained at Schedule 2 of the Australian Competition and Consumer Act 2010 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth) (the "ASIC Act"). A SMART Receivable, and the provision of credit in respect of a SMART Receivable relating to a Lease Contract, a Hire Purchase Contract or a Loan Contract, will be subject to Australia's consumer credit protection regime if it is a Consumer Receivable or (in the case of those consumer credit protection provisions contained in the ASIC Act only) if it is a Small Business Receivable. No Consumer Receivables originate from Lease Contracts or Hire Purchase Contracts.

#### *National Credit Code*

##### *Obligations imposed upon Macquarie Leasing or the Trustee*

The NCCP Act requires that any person who engages in credit activities (such as providing credit under a loan contract entered into by an individual or strata corporation where such credit is wholly or predominantly provided for a particular purpose, including for personal, domestic or household purposes or to purchase, renovate or improve residential property for investment purposes) must either hold an Australian Credit Licence issued by the ASIC, be an employee or director of a licensee or of a Related Body Corporate of a licensee, be an authorised representative of a licensee or qualify for an exemption from the licensing requirement. Macquarie Leasing holds an Australian Credit Licence.

Additionally, any person who engages in credit activities is required to comply with certain "responsible lending" obligations which, in the case of the SMART securitisation programme, would generally oblige Macquarie Leasing to provide a prospective Obligor with a copy of its credit guide and to make a determination as to whether the relevant credit product is not unsuitable for the Obligor.

If the Trustee perfects its legal title to a SMART Receivable, the Trustee, rather than Macquarie Leasing, will be considered as the person who is engaging in credit activity in respect of that SMART Receivable. Accordingly, obligations previously imposed by the NCCP Act, including the National Credit Code, upon Macquarie Leasing will be imposed upon the Trustee (including as to licensing) and the paragraphs below should be read in this context.

##### *Remedies available to Obligors*

The NCCP Act, including the National Credit Code, provides certain non-contractual remedies to obligors in respect of Consumer Receivables. Specifically, in addition to any contractual remedies which may be available to an Obligor, in certain circumstances an Obligor may have a right under the NCCP Act, including the National Credit Code, to apply to a court to:

- vary the terms of the relevant Loan Contract on the grounds of financial hardship;
- vary the terms of the relevant Loan Contract on the grounds that those terms are unjust;
- reduce or cancel any interest rate or finance charge payable in respect of the relevant Loan Contract on the grounds that the interest rate or finance charge has increased in accordance with the terms of the contract to a rate or amount which is unconscionable;
- have certain provisions of the relevant Loan Contract which are in breach of the legislation declared void or unenforceable;
- obtain restitution or compensation from Macquarie Leasing in relation to any breaches of the NCCP Act, including the National Credit Code, in relation to the Loan Contract; or

- seek various other remedies for other breaches of the NCCP Act, including the National Credit Code.

Any such action in respect of a Consumer Receivable may adversely affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments on the Notes).

The NCCP Act also sets out certain required procedures and grace periods which would apply in circumstances where the relevant Obligor in respect of a Consumer Receivable is in default and the Servicer wishes to take enforcement action. Generally, the relevant provisions of the NCCP Act provide that upon default, upon taking possession of the relevant motor vehicle or equipment and following sale of the relevant motor vehicle or equipment, certain notices must be given to the relevant Obligor and the Obligor must be permitted to exercise certain rights (including to require the relevant motor vehicle or equipment to be returned to it or to nominate an alternate buyer for the relevant motor vehicle or equipment at an equivalent price to that which the lessor, lender or mortgagee estimates it will receive, or has been offered) within a finite and specified time period if it satisfies certain conditions (including, where the obligor wishes to require the relevant motor vehicle or equipment to be returned to it, by paying all amounts in respect of which the relevant contract is in arrears together with reasonable enforcement costs incurred). Such requirements may affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments on the Notes).

Breaches of the NCCP Act, including the National Credit Code, may also lead to civil penalties or criminal fines being imposed on Macquarie Leasing or, if it has perfected its legal title to the relevant Consumer Receivable, the Trustee. Any such civil penalties or criminal fines imposed upon the Trustee will be repayable to the Trustee out of the assets of the Series Trust as expenses of the Series Trust and may adversely affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments on the Notes).

#### ***Unfair Contract Terms***

The terms of a Consumer Receivable or a Small Business Receivable may be subject to review for being "unfair" under Part 2 of the ASIC Act.

Small Business Receivables will only be subject to the ASIC Act regime to the extent entered into, renewed or varied on or after 12 November 2016.

Under the ASIC Act, unfair terms in standard form consumer contracts and small business contracts will be void. However, a contract will continue to bind the parties to the contract to the extent that the contract is capable of operating without the unfair term. Relevantly and Loan Contracts documenting Consumer Receivables will be considered standard form contracts and Lease Contracts, Hire Purchase Contracts and Loan Contracts documenting Small Business Receivables will be considered standard form contracts.

Under the ASIC Act, a term of a standard-form consumer contract or small business contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract, is not reasonably necessary to protect the supplier's legitimate interests and would cause detriment to the consumer or small business (as applicable) if it were relied on. Therefore the effect of this provision will depend on the actual term of the contract that was declared unfair.

Although the relevant legislation outlines examples of what is considered to be unfair terms in contracts, to date there is limited case law as to how the courts will interpret these provisions.

Any determination by a court or tribunal that a term of a Consumer Receivable or a Small Business Receivable is void under the ASIC Act due to it being unfair may adversely affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments under the Notes).

#### **5.2.4 Delinquency and Default Risk**

The Trustee's obligations to pay Coupon and principal on the Notes in full is limited by, amongst other things, receipts under or in respect of the outstanding SMART Receivables. For payment on their Notes, Noteholders must rely upon payments being made by the Obligors under the SMART Receivables and, if

and to the extent available, money available to be drawn from the Liquidity Reserve Balance, amongst other things (see Section 8.2).

If Obligors fail to make their payments when due (other than when the Obligor has prepaid principal under its SMART Receivable, as to which see Section 5.4), there is a possibility that the Trustee may have insufficient funds to make full payments of Coupon on the Notes and eventual payment of principal to the Noteholders. A wide variety of local or international developments of a legal, social, economic, financial, political or other nature could conceivably affect the performance of Obligors under their SMART Receivables.

If an Obligor defaults on payments to be made under a SMART Receivable and the Servicer seeks to enforce any mortgage securing the SMART Receivable and repossess, repair (as necessary) in preparation for re-sale and sell the asset underlying the SMART Receivable, many factors may affect the length of time before the asset the subject of the mortgage is sold and the proceeds of sale (if any) are realised. In such circumstances, the sale proceeds are likely to be less than if the sale was carried out by the Obligor in the ordinary course. Any such delay and any loss incurred as a result of the realised proceeds of the sale of the property being less than the principal amount outstanding at that time under the SMART Receivable may affect the ability of the Trustee to make payments under the Notes.

Although an Obligor under a finance lease or novated lease is required to pay the shortfall by which the residual value of the leased asset exceeds the market re-sale price of such asset at the end of the lease, such obligation is secured only to the extent of the collateral security. If the Servicer is not able to fully recover the residual values of the leased assets, there could be delays and/or reductions in the collections available to make payments under the Notes.

There can be no assurance that delinquency and default rates affecting the SMART Receivables will remain in the future at levels corresponding to historic rates of assets similar to the SMART Receivables.

In particular, a decline in Australian economic conditions may result in Obligors failing to make payments when due under a SMART Receivable, which may result in increased delinquency and default rates in respect of the SMART Receivables and cause delays in payment and/or losses on your Notes. Noteholders will bear the investment risk resulting from the delinquency and default experience of the SMART Receivables.

#### **5.2.5 Adverse conditions or actions taken by motor vehicle manufacturers may adversely affect the Notes**

Adverse conditions affecting one or more of the motor vehicle manufacturers whose vehicles are financed through the SMART Receivables may affect the payments on the Notes. A period of economic slowdown could adversely affect the financial condition and business prospects of these motor vehicle manufacturers. In addition, manufacturer vehicle recalls and other actions that these manufacturers may take or have taken may adversely affect consumer demand for and values of motor vehicles produced by these manufacturers, which may depress the price at which repossessed motor vehicles may be sold or delay the timing of those sales. If the prices at which the related vehicles may be sold decline or the performance by the Obligors on the related receivables deteriorates, Noteholders may experience losses with respect to their Notes.

#### **5.2.6 Servicer Risk**

The appointment of the Servicer may be terminated in certain circumstances which are outlined in Section 9.5.4. While a Servicer Default is subsisting of which the Trustee is actually aware, the Trustee must, by notice to the Servicer, the Manager and the Rating Agency, immediately terminate the Servicer.

If the appointment of the Servicer is terminated, the Trustee is obliged to find another entity to perform the role of Servicer for the Series Trust. The Servicer may also retire as Servicer by giving not less than 3 months' notice in writing to the Trustee and the Rating Agencies (or, if the Servicer, the Manager, the Trustee and the Rating Agencies have agreed to a lesser period of notice, that lesser period). For further details see Section 9.5.5. If the Servicer resigns, the Trustee may appoint a substitute Servicer nominated by the outgoing Servicer or, if no substitute Servicer is proposed by the outgoing Servicer by the date one month prior to its proposed retirement, appoint a substitute Servicer in relation to the Series Trust.

The appointment of a substitute Servicer will only have effect once the Manager has issued a Rating Notification in relation to such appointment and the substitute Servicer has executed a deed under which it agrees to service the SMART Receivables and related securities upon the same terms as originally agreed to by the Servicer. However, there is no assurance that a substitute Servicer will be found who

would be willing to service the SMART Receivables and related securities on the same terms agreed to by the Servicer.

Because the Servicing Fee is structured as a percentage of the aggregate Invested Amount of the Notes as at the beginning of the Coupon Period preceding each Distribution Date, the amount of the Servicing Fee may be considered insufficient by potential substitute Servicers if the related servicing is required to be transferred at a time when much of the aggregate Invested Amount of the Notes has been repaid. Due to this reduction in the Servicing Fee, it may be difficult to find a substitute Servicer. Consequently, the time it takes to effect the transfer of servicing to a substitute Servicer under such circumstances may result in delays and/or reductions in the Coupon and principal payments on Notes.

If the Trustee is unable to locate a suitable substitute Servicer, the Trustee must act as the substitute Servicer, and will continue to act in this capacity until a suitable substitute Servicer is found. If the Trustee is required to act as the Servicer, the processing of payments on the SMART Receivables and information relating to Collections could be delayed. This could cause payments on your Notes to be delayed and/or result in reductions in the Coupon and principal payments on your Notes.

In the event that Macquarie's credit rating is downgraded to or below BBB by Fitch Ratings, the Servicer undertakes to use all reasonable endeavours to enter into a stand-by servicing agreement and must notify the Rating Agency.

The Servicer will be required to remit Collections on the SMART Receivables within two Business Days of receipt if the Collections Account is not maintained with Macquarie or may retain the Collections until the Business Day prior to the relevant Distribution Date if the Collections Account is maintained with Macquarie. Prior to remittance, the Servicer may use Collections at its own risk and for its own benefit and may commingle Collections on the SMART Receivables with its own funds. If the Servicer does not remit these amounts to the Collection Account by the next Distribution Date (which could occur if the Servicer becomes insolvent), payments on your Notes could be reduced or delayed.

### **5.2.7 Breach of Representation and Warranty**

Any SMART Receivable acquired by the Trustee will be acquired either from the Seller or from Perpetual Trustee Company Limited as trustee of a Disposing Trust.

In relation to SMART Receivables acquired by the Trustee from Perpetual Trustee Company Limited as trustee of a Disposing Trust, the Seller has previously given to Perpetual Trustee Company Limited as trustee of the Disposing Trusts certain representations and warranties (as at the relevant cut-off date relating to the initial transfer from the Seller to Perpetual Trustee Company Limited as trustee of the relevant Disposing Trust (the "**Relevant Date**")) in relation to each SMART Receivable to be assigned to the Series Trust (see Section 9.2.4). The rights of the relevant Disposing Trustee to these representations and warranties, as given on the applicable Relevant Date, will be assigned to the Trustee. The Seller will not be repeating the representations and warranties on the Cut-Off Date or the Closing Date and so the rights of the Trustee in respect of these representations and warranties are limited to the rights of the relevant Disposing Trustee being assigned (including in respect of the date on which the representations and warranties were given by the Seller, being the applicable Relevant Date). The Seller has represented to the Trustee that it is not aware as at the date of the Series Supplement that any of the representations made by it to a Disposing Trustee, in relation to any of the SMART Receivables assigned or to be assigned to the Trustee by that Disposing Trustee was incorrect when the relevant representation was given by the Seller to that Disposing Trustee.

In relation to SMART Receivables acquired by the Trustee directly from the Seller, the Seller makes certain representations and warranties as at the Cut-Off Date to the Trustee in relation to those SMART Receivables (see Section 9.2.4).

The Trustee has not investigated or made any enquiries regarding the accuracy of the representations and warranties. Under the Master Sale and Servicing Deed, the Trustee is under no obligation to test the truth of the representations and warranties and is entitled to rely entirely upon the representations and warranties being correct unless it is actually aware of any breach (see Section 9.2.5). The Seller has agreed in the Master Sale and Servicing Deed to repurchase any SMART Receivable if the Seller gives notice to the Manager and the Trustee of the Series Trust of the breach or receives notice of the breach from either of them not later than 5 Business Days before the end of a 120-day Prescribed Period commencing on the date on which the Seller sold the SMART Receivables to the Trustee of the relevant



Disposing Trust. The Seller has also agreed to indemnify the Trustee for any damages, losses or costs incurred by the Trustee as a result of any one of the representations and warranties given by the Seller being incorrect when given if the breach is discovered after the day that is 5 Business Days before the end of the 120-day Prescribed Period described above. However, the amount of such damages, losses or costs cannot exceed the principal amount outstanding and accrued but uncollected interest and any outstanding fees in respect of the SMART Receivables. Besides this remedy and the repurchase remedy described above, there is no other express remedy available to the Trustee in respect of a breach of the representations and warranties given in respect of the SMART Receivables. If the Seller fails to repurchase any SMART Receivable or fails to pay damages in respect of any SMART Receivables as to which the representations and warranties have been breached, or the amount of such damage is not sufficient to compensate the Trustee for such breach, including in a case where the Seller is experiencing financial difficulties, you may suffer a loss on your Notes. The rights of the Trustee in respect of any representation or warranty being incorrect are described in more detail in Section 9.2.6.

### **5.2.8 Changes to the tax treatment of SMART Receivables**

Obligors in respect of SMART Receivables may have entered into such SMART Receivables on the expectation of a certain treatment under applicable tax laws. Any changes to such applicable tax laws may increase the total cost of a SMART Receivable to the relevant Obligor and/or decrease the attractiveness of the SMART Receivable. The reaction of Obligors to any change to tax laws being announced or becoming effective is uncertain. Some Obligors may seek to retain their SMART Receivables for longer than previously and not seek to prepay. In these circumstances, lower than anticipated rates of prepayment on the SMART Receivables may lead to principal being repaid to Noteholders slower than expected. Other Obligors may seek to prepay their SMART Receivables. In these circumstances, higher than anticipated rates of prepayment on the SMART Receivables will cause principal to be repaid to the Noteholders faster than expected. At this time, all material tax considerations relevant to the SMART Receivables, including proposed material tax reforms, are set out in Sections 11 and 12.

## **5.3 Other Risks**

### **5.3.1 Conflicts of Interest**

Macquarie Group and certain of the parties to this offering including, without limitation, Perpetual Trustee Company Limited, the Manager, the Joint Lead Managers, Macquarie Leasing and Macquarie, may effect transactions in which they may have, directly or indirectly, a material interest or a relationship of any description with another party to such transaction or a related transaction, which may involve a potential conflict with an existing contractual duty to the Trustee under this offering, or with another transaction party, including a Noteholder and could adversely affect the value and return of the Notes. Initially the Collections Account will be established with Macquarie at its Sydney branch.

### **5.3.2 A decline in Australian economic conditions may lead to losses on your Notes**

Global market conditions are subject to periods of volatility and change, which can negatively impact economic conditions. Since 2008, global debt and equity markets have experienced particularly difficult conditions. These challenging market conditions have resulted in periods of extreme volatility, decreased liquidity and declining asset prices, as well as increased funding costs, constrained access to funding and a decline in equity and capital market activity, all of which has impacted on levels of activity and transaction flow which could adversely affect the business of the Servicer, both directly and indirectly.

Market conditions also led to the failure of a number of financial institutions and the intervention of government authorities and central banks around the world. Notwithstanding some improvement in global economic conditions, conditions remain difficult and there is no assurance that the market conditions will continue to improve or that they will not deteriorate again. Further, it is difficult to assess what the full effect of the global economic crisis might be and the impact it may have in relation to markets in general, counterparties and the Notes. A recovery in global or regional economies will depend on a number of factors including improved liquidity, a restored positive economic outlook and a period of stability in asset prices. Since the global economic crisis, there have been concerted efforts and unprecedented stimulus actions from governments across the globe to support world economies, however it is not yet clear that these actions will result in a sustained stabilisation of financial markets.

The Obligors are located in Australia. As a consequence, if the Australian economy were to experience a decline in economic conditions, an increase in unemployment rates, an increase in inflation or an

increase in interest rates or any combination of these factors, delays, delinquencies or losses on the SMART Receivables might increase, which might cause delays in payment and/or losses on the Notes.

### **5.3.3 Voting Secured Creditors Must Act to Effect Enforcement of the Security**

Following the occurrence of an Event of Default, to commence enforcement of the Master Security Trust Deed and General Security Deed the Voting Secured Creditors must act by Extraordinary Resolution to direct the Security Trustee to take one or more of the following actions: declare the Notes immediately due and payable, appoint a receiver over the Secured Property, instruct the Security Trustee to sell and realise the Secured Property or take such other action as they may specify. Such an Extraordinary Resolution generally requires the consent of Voting Secured Creditors owning at least 75% of the aggregate outstanding amount of the Notes voting at a meeting of the Voting Secured Creditors or a written consent by all the Voting Secured Creditors. The Security Trustee is not required to act in relation to the enforcement of the Security unless its liability is limited in a manner reasonably satisfactory to it or it is adequately indemnified. If the Voting Secured Creditors have not by Extraordinary Resolution directed the Security Trustee, enforcement will not occur and the priority of payments will not shift to the post-enforcement priorities, unless the Security Trustee determines that the delay required to obtain direction from the Voting Secured Creditors would be prejudicial to the Voting Secured Creditors and determines to take action.

### **5.3.4 Conflicts between Secured Creditors**

Under the Master Security Trust Deed, the Security Trustee agrees to exercise all discretions vested in it by the Transaction Documents having regard to the interests of the Secured Creditors as a class. If at any time with respect to enforcement or the exercise of any of the Security Trustee's duties, powers or discretions, a conflict between the interests of any Secured Creditor or class of Secured Creditor (on the one hand) in relation to the Series Trust and the interests of the Noteholders as a whole (on the other hand) in relation to the Series Trust arises, the Security Trustee must give priority to the interests of the Noteholders as a whole. However, if there is a conflict between the interest of a Noteholder or class of Noteholders (on the one hand) and any other Noteholder or class of Noteholders (on the other hand), the Security Trustee must give priority to the interests only of the Noteholders of the highest ranking class of Notes. Accordingly, the Security Trustee may in some instances be required to give priority to the duties owed to the Class A Noteholders over those owed to the Seller Noteholders.

### **5.3.5 Capacities of Macquarie Group**

Entities within the Macquarie Group act in various capacities in this transaction, including Macquarie, as a Joint Lead Manager and a Hedge Provider, Macquarie Securitisation Limited, as Manager and Macquarie Leasing, as Seller and Servicer. There can be no assurance that if any entity within the Macquarie Group must be replaced in respect of any one of these capacities, it will not also be necessary to replace any other entity of the Macquarie Group in any of its other capacities. There can be no assurance that replacing any entities of the Macquarie Group in various capacities at the same time will not result in any adverse consequences to Noteholders.

### **5.3.6 The sale of the SMART Receivables may be recharacterised as a loan**

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

If Perpetual Trustee Company Limited in its personal capacity or in its capacity as trustee of any other series trust were to become insolvent, a liquidator or other person that assumes control of Perpetual Trustee Company Limited could attempt to recharacterise the sale of the SMART Receivables to the Series Trust as a loan or to consolidate the SMART Receivables with the assets of Perpetual Trustee Company Limited. Any such attempt could result in a delay in or reduction of collections on the SMART Receivables available to make payments on the Notes.

### 5.3.7 **A third party may acquire an interest in a SMART Receivable or a security interest in a SMART Receivable**

If either Macquarie Leasing or the trustee of a Disposing Trust breaches its contractual obligations, through inadvertence or otherwise, and as a result of that breach a third party acquires:

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

For the purpose of protecting the Trustee's interests and security interests in the SMART Receivables, each of Macquarie Leasing and the Manager has agreed to do all things reasonably necessary to permit any security interest held by the Trustee in relation to the SMART Receivables to be perfected by registration on the PPS register. However, if such registration is not completed or is completed incorrectly, the Trustee's security interest in relation to a SMART Receivable may not be perfected and a third party may be able to take an interest in that SMART Receivable free of any interest held by the Trustee or take a security interest which ranks in priority to any security interest of the Trustee.

### 5.3.8 **Anti-Money Laundering**

The Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ("**AML/CTF Act**") regulates reporting entities. Reporting entities are identified by reference to a list of various designated services. These include making a loan in the course of carrying on a loans business or the issuing or selling of a security (e.g., a share or debenture) by a company other than a security in the company itself.

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

- (a) registering with the regulator Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and paying relevant fees;
- (b) adopting and complying with an AML/CTF programme in managing compliance with their AML/CTF obligations and in verifying customer identities;
- (c) verifying customer identities and collecting account holder information;
- (d) reporting of suspicious transactions, significant cash transactions (being transfers of A\$10,000 or more) and international funds transfer instructions;
- (e) retaining records; and
- (f) conducting ongoing due diligence of customers in relation to money laundering and financing of terrorism risks.

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

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

### 5.3.9 Sanctions

Payments by an Australian resident (which includes the Trustee) to, or transfers to, or dealings with, by the order of, or on behalf of, certain proscribed entities, persons or assets are prohibited or restricted under relevant Australian legislation and regulations:

- (a) Under the Australian Charter of United Nations Act 1945 (Cth), sanctions imposed by the United Nations Security Council, including under United Nations Security Council Resolutions regarding terrorism, are implemented into Australian law. It is a criminal offence to make assets available to, or deal with assets owned or controlled by, persons or entities designated or proscribed by the United Nations Security Council or the Minister of Foreign Affairs without authorisation from the Department of Foreign Affairs.
- (b) Under Sections 102.6 and 102.7 of the Australian Criminal Code (Cth), a person commits a criminal offence if the person intentionally receives funds from, makes funds available to, or provides support or resources to a terrorist organization. Certain organizations are prescribed as terrorist organizations in the Australian Criminal Code Regulations 2002 (Cth).
- (c) Under the Australian Autonomous Sanctions Act 2011 (Cth) and the Australian Autonomous Sanctions Regulations 2011 (Cth), sanctions are imposed against certain specifically identified persons and entities associated with particular countries, currently including North Korea, Zimbabwe, the former Yugoslavia, Myanmar, Syria, Libya, Iran, Russia and Ukraine, and certain transactions involving the named persons or entities may only be conducted with specific approval from the Minister of Foreign Affairs. Contravention of these sanctions constitutes a criminal offence.

Proscribed entities, persons and assets are subject to change from time to time.

### 5.3.10 Hedge Agreements

To provide a hedge against the fixed rates payable on the fixed rate SMART Receivables and the floating rate of interest payable by the Trustee on the Notes, the Trustee will exchange payments calculated by reference to the weighted average fixed rate charged on the SMART Receivables for variable rate payments based on BBSW. If the Fixed Rate Swap is terminated or the Hedge Provider fails to perform its obligations under the Fixed Rate Swap, Noteholders will be exposed to the risk that the Trustee will not be able to enter into a replacement Fixed Rate Swap and will not receive sufficient funds to pay interest on the Notes when due. Continuance of such failure for 10 days will cause an Event of Default under the Master Security Trust Deed and the General Security Deed.

If the ratings of the Hedge Provider are reduced below certain levels prescribed by the Rating Agency, the Fixed Rate Swap may be terminated, or a Hedge Provider Event of Default may occur, if the Hedge Provider fails to do one or more of the following:

- (a) assign its rights and obligations under the Fixed Rate Swap to a replacement Hedge Provider;
- (b) post collateral; and/or
- (c) make other arrangements satisfactory to the Rating Agency within certain grace periods.

If the Fixed Rate Swap is terminated, or the Hedge Provider fails to perform its obligations (whether following a ratings downgrade or otherwise) under the Fixed Rate Swap there is no assurance that the Trustee would be able to enter into a replacement Fixed Rate Swap. Further, if the Trustee is required to make a termination payment to the Hedge Provider upon the termination of the Fixed Rate Swap, the Trustee (as directed by the Manager) will make the termination payment from the Assets of the Series Trust. Prior to an Event of Default and provided that a Hedge Provider Event of Default is not subsisting, that payment to the Hedge Provider will be made prior to any payment of Coupon on any of the Notes. Thus, there may not be sufficient funds remaining to pay interest on the Notes on the next Distribution Date, and the principal on the Notes may be repaid slower or may not be repaid in full.

### 5.3.11 Fees

The fees payable to the Trustee, the Servicer, the Manager, the Custodian and the Security Trustee may be adjusted without the consent of the Noteholders (but subject to notifying the Rating Agency) and will be paid in their entirety prior to payments on your Notes. Further, all indemnities and reimbursements payable by the Trustee under the Transaction Documents will be paid prior to payments on your Notes. The cash flows do not cap such fees, indemnities and reimbursements.

### 5.3.12 EU Securitisation Regulation

Investors should be aware of the revised EU risk retention and due diligence requirements which have recently been implemented under Article 5 of the EU Securitisation Regulation (the “**EU Investor Requirements**”) and apply in respect of various types of EU regulated investors including (each an “**EU Institutional Investor**”) credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision.

The EU Investor Requirements are applicable regardless of whether or not the originator, sponsor or securitisation special purpose entity (“**SSPE**”) is established in the EU.

The EU Investor Requirements provide that, prior to investing in (or otherwise holding an exposure to) a securitisation, an EU Institutional Investor, other than the originator, sponsor or original lender must, among other things: (a) verify that the originator or the original lender of the underlying exposures of the securitisation is in compliance with the Article 9 of the EU Securitisation Regulation, or, where the originator or original lender is established in a third country (that is, not within the EU or the EEA), the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor’s creditworthiness, (b) verify that the originator, the original lender or the sponsor in respect of the relevant securitisation is in compliance with the EU Retention Requirement, or, if established in a third country, the originator, sponsor or original lender retains on an ongoing basis a material net economic interest which, in any event, shall not be less than 5%, determined in accordance with Article 6 of the EU Securitisation Regulation, and discloses the risk retention to institutional investors, (c) verify that the originator, sponsor or SSPE (has, where applicable, made available the information required by Article 7 of the EU Securitisation Regulation (which sets out transparency requirements for originators, sponsors and SSPEs) in accordance with the frequency and modalities provided for in Article 7, and (d) carry out a due-diligence assessment in accordance with the EU Securitisation Regulation which enables the EU Institutional Investor to assess the risks involved, considering at least (i) the risk characteristics of the securitisation position and the underlying exposures, and (ii) all the structural features of the securitisation that can materially impact the performance of the securitisation position.

In addition, the EU Investor Requirements oblige each EU Institutional Investor to (a) establish appropriate written procedures in order to monitor, on an ongoing basis, compliance with the certain aspects of the EU Securitisation Regulation and the performance of the securitisation position and of the underlying exposures, (b) regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures, (c) ensure internal reporting to its management body to enable adequate management of material risks, and (d) be able to demonstrate to its regulatory authorities that it has a comprehensive and thorough understanding of the securitisation position and its underlying exposures and has implemented written policies and procedures for managing risks of the securitisation position and maintaining records of the foregoing verifications and due diligence and other relevant information.

If any EU Institutional Investor fails to comply with the EU Investor Requirements, it may be subject (where applicable) to an additional regulatory capital charge with respect to any securitisation position acquired by it or on its behalf, and it may be subject to other regulatory sanctions.

Certain aspects of the EU Investor Requirements are to be further specified in regulatory technical standards to be adopted by the European Commission as delegated regulations. Such regulatory technical standards have not yet been adopted by the European Commission or published in final form. It remains unclear, in certain respects, what will be required for EU Institutional Investors to demonstrate compliance with the EU Investor Requirements.

In addition, there is a relative level of uncertainty at the current time as to the precise format of certain reporting and provision of information requirements under Article 7 of the EU Securitisation Regulation, particularly with respect to the reporting of certain loan-level data.

Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Trustee, Macquarie Leasing (in its capacity as the Seller and the Servicer), Boston Australia, the Manager nor any Joint Lead Manager makes any representation that the information described above or otherwise made available to investors or prospective investors is sufficient in all circumstances for such purposes.

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

### 5.3.13 U.S. Risk Retention Rules

Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Risk Retention Rules**”) came into effect on 24 December 2016 and generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The transaction described in this Information Memorandum will not involve risk retention by the Seller (or any other person) for the purposes of the U.S. Risk Retention Rules and the issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the “ABS interests” (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Information Memorandum as “**Risk Retention U.S. Persons**”); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h)(ii) below, which are different than the comparable provisions in Regulation S. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and Risk Retention U.S. Person as used in this Information Memorandum) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;

- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether the absence of retention by the Seller for the purposes of the U.S. Risk Retention Rules may give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitization market generally is uncertain, and the absence of retention by the Seller for the purposes of the U.S. Risk Retention Rules could therefore materially and adversely affect the market value and secondary market liquidity of the Notes.

Each purchaser of Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed to have made, and in certain circumstances will be required to make, certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

None of the Arranger, the Joint Lead Managers, the Trustee, Macquarie Leasing (in its capacity as the Seller and the Servicer) nor the Manager or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Information Memorandum comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### 5.3.14 **Insolvency proceedings and subordination provisions**

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

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the US Bankruptcy Court has held (in the **BNY decision**) that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. While the U.S. Bankruptcy Court subsequently rejected certain findings of the BNY decision in *Lehman Brothers Special Financing Inc. v Bank of America National Association, et al* (In re *Lehman Brothers Holdings Inc.*) (case no. 10-03547 (Bankr. S.D.N.Y.)), and this 2016 decision was affirmed by the U.S. District Court in 2018, aspects of the BNY decision remain relevant and, in particular, it continues to be the case that certain flip clauses may constitute an unenforceable ipso facto clause. The implications of the conflict remain unresolved at this time. Further, Australia has recently

introduced legislation that makes certain ipso facto clauses unenforceable – see Section 5.3.17 for further discussion.

If a creditor of the Trustee (such as the Hedge Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the United States), and it is owed a payment by the Trustee, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Australian Capital Territory law governed Transaction Documents (such as a provision of the priority of payments which refers to the ranking of the Hedge Provider's payment rights in respect of Subordinated Termination Payments). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as the Hedge Provider, including US established entities and certain non-US established entities with assets and/or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Trustee to satisfy its obligations under the Notes.

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

### **5.3.15 Personal Property Securities Act 2009**

A personal property securities regime commenced operation throughout Australia on 30 January 2012 pursuant to the Personal Property Securities Act 2009 (Cth) ("**PPSA**"). The PPSA adopts a "functional approach" to security interests. This means that the PPSA regulates any interest in relation to personal property that, in substance, secures payment or performance of an obligation.

Finance leases, hire purchase contracts and loan contracts in respect of personal property, including motor vehicles and equipment, are regulated under the PPSA. Accordingly, mortgages, finance leases and hire purchase agreements relating to motor vehicles and equipment entered into after 30 January 2012 should comply with the new PPSA regime in order to obtain the intended security and priority position. Security interests in personal property should be registered on the PPS register, to preserve intended security and priority rights. If, as a result of human or systemic error a security interest in personal property is not registered on the PPS register, there is a risk that the intended priority will not be attained and that other persons with competing interests in the personal property may take free of that security interest because it will not have been perfected. In addition, if the security interest is unperfected, the holder of the security interest or the owner of the personal property may not be able to enforce that security interest or claim title to the personal property (as the case may be) if the lessee or other security provider becomes insolvent. Additionally, as the personal property security regime is new to the Australian security landscape, there is uncertainty as to its implementation from a legal and practical perspective. As a result, there could be delays and/or reductions in collections on the SMART Receivables available to make payments on your Notes.

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



The PPSA was the subject of statutory review which concluded in 2015. The terms of reference for this review were generally aimed at simplification and clarification of certain aspects of the PPSA. The final report prepared pursuant to this review was released publicly in March 2015. At this stage, there is uncertainty as to whether any or all of the recommendations made by the review will ultimately be adopted and result in changes to the PPSA and, if ultimately adopted, the timing and impact of such changes.

### **5.3.16 You may not be able to repo your Notes with the RBA**

Notwithstanding that the Manager has undertaken to:

- (a) make an application to the RBA for the purposes of ensuring that the Class A Notes are accepted as "eligible securities" which may be lodged as collateral in relation to a repurchase agreement entered into with the RBA; and
- (b) if that application is successful, take such other action that the Manager may determine is commercially reasonable and in line with current market practice to maintain the "eligible securities" status of the Class A Notes,

there is no certainty (and no person guarantees) that such an application will be successful or, assuming that the application is successful, that the Manager will be able to maintain the "eligible securities" status of the Class A Notes.

If such an application is successful and the Class A Notes are accepted by the RBA as "eligible securities", you should be aware that:

- (a) certain holders of Class A Notes may not be entitled to access the RBA's repurchase arrangements on the basis that they are not considered by the RBA to be an "eligible counterparty". Investors should consult their own advisers as to whether they would qualify as an "eligible counterparty";
- (b) certain holders of Class A Notes may be considered by the RBA to be a "related counterparty" on the basis that they are related to or provide facilities to the structure that issues, or are otherwise involved in the issue of, the Class A Notes. The RBA sets out on its website examples of the types of activities which, if undertaken by a holder of the Class A Notes, would result in it being classified as a "related counterparty". "Related counterparties" may not be entitled to access the RBA's repurchase arrangements or may be subject to adverse adjustments in the applicable margin ratio. Investors should consult their own advisers as to whether they would qualify as an "related counterparty";
- (c) the RBA implemented a new asset backed securities reporting regime from 30 June 2015 and it applies to the Class A Notes. Failure by the Manager to comply with new reporting regime may mean that the Class A Notes will cease to be "eligible securities"; and
- (d) the RBA's rules and policy (including in relation to repurchase agreements, "eligible securities", "eligible counterparties" and "related counterparties") is subject to change without notice.

Accordingly, there is no certainty (and no person guarantees) that you will be entitled to use any of your Notes as collateral in relation to a repurchase agreement entered into with the RBA.

### **5.3.17 Ipso Facto Moratorium**

The Corporations Act has recently been amended to introduce reforms to Australian insolvency laws (the "**ipso facto reforms**"). In summary, the ipso facto reforms provide that any right under a contract, agreement or arrangement (such as a right entitling a creditor to terminate a contract, to accelerate a payment under a contract and/or enforce a security interest in relation to that contract) arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act (i.e. "**ipso facto rights**"), will only be enforceable after a prescribed moratorium period. The ipso facto reforms are relevant to Noteholders because:

- (a) the Notes and the Transaction Documents; and
- (b) the Lease Contracts, Hire Purchase Contracts and Loan Contracts comprised in the Assets of the Series Trust,

each contain ipso facto rights.

The ipso facto reforms took effect on 1 July 2018 and apply in relation to ipso facto rights arising under contracts, agreements or arrangements entered into at or after that date, subject to certain exclusions. Those exclusions (the “**Exclusions**”) are specified in the Corporations Regulations 2001 (Cth) and include:

- (c) a contract, agreement or arrangement that is, or governs securities, financial products, bonds or promissory notes;
- (d) a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes; and
- (e) a contract, agreement or arrangement that involves a special purpose vehicle, and that provides for securitisation.

Aspects of the ipso facto reforms and the Exclusions are ambiguous and unclear and, as they are new to the insolvency regime in Australia, they have not been the subject of any significant judicial interpretation. If the Exclusions are determined not to exclude the Notes and the Transaction Documents from their operation, ipso facto rights contained in the Notes and the Transaction Documents will only be enforceable after the prescribed moratorium period. This may adversely affect the timing or amount of any payments of interest or principal payments under the Notes, and/or the ability to replace certain counterparties to the transaction.

The ipso facto rights contained in the Lease Contracts, Hire Purchase Contracts and Loan Contracts comprised in the Assets of the Series Trust are not subject to any Exclusion. Accordingly, to the extent that the Obligor under any such contract is a company, neither of the Servicer nor the Trustee will be entitled to enforce any such ipso facto rights against that Obligor until after the prescribed moratorium period, although rights other than ipso facto rights arising under any such contract (for example, a right to terminate, accelerate and/or enforce a security interest following a payment default and lapse of any applicable grace period) will not be subject to the prescribed moratorium period. This may adversely affect the timing or amount of any payments under the Lease Contracts, Hire Purchase Contracts and Loan Contracts comprised in the Assets of the Series Trust (which may in turn affect the timing or amount of interest or principal payments under the Notes).

### **5.3.18 Discontinuance of, or change to the methodology for, BBSW may result in reduced liquidity and/or losses on the Notes**

Interest rate benchmarks (such as BBSW and other interbank offered rates) are the subject of national and international proposals for reform. In relation to BBSW, recent reforms include the replacement of the Australian Financial Markets Association as the BBSW administrator with ASX Limited and the publication of the ASX BBSW Trade and Trade Reporting Guidelines, which allows for the benchmark to be calculated directly from a wider set of market transactions. Additionally, the Treasury Laws Amendment (2017 Measures No. 5) Act 2018 (Cth) has recently amended the Corporations Act to, among other things, establish a licensing regime for administrators of significant financial benchmarks (including BBSW) and enable ASIC to make rules relating to the generation and administration of such benchmarks. ASIC issued the ASIC Financial Benchmark (Administration) Rules 2018 and Regulatory Guide 268 – Licensing regime for financial benchmark administrators in June of 2018.

While such reforms are intended to ensure that BBSW remains a robust benchmark, there is a risk that BBSW may cease to exist. BBSW is used to determine the amount of Coupon payable on the Notes and amounts payable by the Hedge Provider to the Trustee under the Fixed Rate Swap. If BBSW is unavailable for these purposes, investors should be aware that the fallback rates may not be the same.

The International Swaps and Derivatives Association (“**ISDA**”) has released a consultation on fallback rates for a number of global interest rate derivative benchmarks, including BBSW. This is part of a global initiative for benchmark reform led by the Financial Stability Board (“**FSB**”) and its Official Sector

Steering Group (“OSSG”) to ensure that fallback arrangements included in contractual documentation are robust enough to minimise market disruption in the event of permanent discontinuation of a significant financial benchmark.

At this stage, it is not possible to comment on the scope, nature and effect of further changes affecting global interest rate benchmarks and associated market practices or the discontinuance of BBSW, and accordingly the consequences of those initiatives is unknown at this time. However, it is possible that such changes could have a material adverse effect on the value and liquidity of the Notes.

**5.3.19 The scope, nature and effect of regulatory or other initiatives in the Australian banking and financial services sector, and their consequences, are unknown at this time**

There is currently heightened political and regulatory scrutiny of the Australian banking and financial services sector, including The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which was established on 14 December 2017 by the Governor-General of the Commonwealth of Australia and for which the final report was issued on 4 February 2019 (“**The Royal Commission Final Report**”). Other recent regulatory initiatives in the automotive finance sector include ASIC’s ban on flex commissions and ASIC’s review of responsible lending in the automotive consumer finance sector. Further regulatory and investigatory initiatives may occur from time to time.

At this stage, it is unclear which (if any) of the recommendations made in The Royal Commission Final Report will be adopted, nor is it possible to comment more generally on the scope, nature and effect of any these initiatives referred to above, and accordingly the consequences of these initiatives, and their potential impacts on the Notes or the Servicer, is unknown at this time.



## **6 SMART Receivables**

### **6.1 Description of the Macquarie Group**

Macquarie Group Limited is listed in Australia (ASX:MQG; ADR:MQBKY) and is regulated by APRA, the Australian banking regulator, as a non-operating holding company of Macquarie Bank Limited, an authorised deposit-taking institution. Macquarie Group Limited and its subsidiaries' (together "**Macquarie Group**") activities are also subject to supervision by various other regulatory agencies around the world. In the UK Macquarie Bank International Limited is a subsidiary within Macquarie Group, which is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Macquarie Group's breadth of expertise covers asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities. The diversity of its operations, combined with a strong capital position and robust risk management framework, has contributed to Macquarie Group's 49 year record of unbroken profitability.

Macquarie Group acts primarily as an investment intermediary for institutional, corporate government and retail clients and counterparties around the world, generating income by providing a diversified range of products and services to its clients. It has established leading market positions as a global specialist in a wide range of sectors, including resources and commodities, green energy, conventional energy, financial institutions, infrastructure and real estate and has a deep knowledge of Asia-Pacific financial markets.

Macquarie Group's client-focused business features alignment of interests, demonstrated by the willingness to both invest alongside clients and closely align the interests of its shareholders and staff.

Founded in 1969, Macquarie Group now employs over 15,000 people globally. At 30 September 2018, Macquarie Group had assets under management of \$A551.0 billion.

More information about Macquarie Group and its businesses can be found at [www.macquarie.com](http://www.macquarie.com).

### **6.2 Macquarie Securitisation Limited**

The Manager, Macquarie Securitisation Limited, is a registered Australian company which is registered for an ACL (registration number 361802) and is a wholly owned subsidiary of Macquarie Bank Limited. The principal activity of Macquarie Securitisation Limited is origination, servicing and securitisation of loan, lease and other assets. The Manager's registered office is at 50 Martin Place, Sydney, New South Wales, Australia.

### **6.3 Macquarie Leasing Pty Limited**

Macquarie Leasing is a limited liability company incorporated under the Australian Corporations Act 2001 (Cth) and is a wholly owned subsidiary of Macquarie Bank and part of Macquarie Group's Banking and Financial Services Group. Macquarie Leasing's registered office is located at Level 6, 50 Martin Place, Sydney, New South Wales 2000, Australia.

Macquarie Leasing commenced operations in 1998 with a mandate to establish a motor vehicle and equipment financing business. Macquarie Leasing's initial focus was to provide financing principally to small and medium sized enterprises and through novated leasing to employees of government and large corporates. Since November 2008, Macquarie Leasing has also provided financing directly to consumers. In July 2011, Macquarie Leasing began offering dealer floorplan financing.

Deal management is managed out of Macquarie Leasing's Sydney-based head office with responsibility for strategic development, systems, lending, collections and enforcement, accounting and customer support, including receivables servicing. Macquarie Leasing has an experienced management team and maintains a strong focus on credit, arrears and cost control.

Macquarie Leasing's deal origination operations focus on sourcing via finance brokers, proprietary distribution channels (such as accounting associations, mortgage brokers and financial planning organisations), salary packaging companies, motor vehicle dealers and direct origination.

Macquarie Leasing entered into an agreement with an outsource provider in late 2015 to support the Operations team to deliver certain services across payment reminder services, settlements, sales administration support and client management. Macquarie Leasing continues to maintain onshore staff performing the same and more complex tasks as those performed by the outsource provider and therefore has the ability to bring the functions back to Australia if required. All activities are completed in accordance with Macquarie Leasing's policies and procedures and performance is continually and closely monitored.

As of 31 December 2018, Macquarie Leasing managed approximately 550,000 receivables contracts denominated in Australian Dollars. Its retail receivables under management totalled approximately A\$15.3 billion.

## **6.4 Origination and Credit Approval Process**

### **Origination Channels**

#### *Commercial Lending*

Macquarie Leasing provides financing for a wide range of new and used motor vehicles and equipment to small to medium sized enterprises with transaction sizes ranging from A\$5,000 to more than A\$1,000,000 though the average new transaction size for the year ending 31 December 2018 was approximately A\$37,000 for motor vehicles. Macquarie Leasing predominately finances motor vehicles, including commercial and consumer vehicles and also finances equipment.

Macquarie Leasing provides finance services to a wide range of industries. The key sectors covered are property and business services, personal and other services, transport and storage, construction and manufacturing.

Macquarie Leasing currently offers motor vehicle and equipment finance to small and medium sized enterprises. In determining whether to extend financing to obligors under its commercial lending platform, Macquarie Leasing assesses the profitability of the enterprise and the tenure of the business and expects it to have a strong performance record. Novated leasing is also available to employees of government and large corporates. Financing to commercial obligors is available via four products:

- Lease Contracts in the form of finance leases;
- Lease Contracts in the form of novated leases;
- Hire Purchase Contracts; and
- Loan Contracts.

Where the obligor under a novated lease is an employee, his or her employer debits the employee's salary or wages and remits payments via salary packages to Macquarie Leasing. If the employee ceases to work for the employer and is not employed by another employer who assumes the contract, the employee remains responsible for payment.

#### *Consumer Lending*

Macquarie Leasing also provides motor vehicle, recreational vehicle and solar equipment finance directly to individual retail consumers in circumstances where the relevant motor vehicle or equipment will be used wholly or predominantly for personal, domestic or household purposes. Financing to consumer obligors is available via the Loan Contract product, is generally considered "consumer" in nature and are subject to the National Consumer Credit Code and responsible lending obligations.

#### *Source of Business*

Business is sourced on an arm's-length basis. This is predominantly through third party introducers and since 2010 a small proportion through a direct business channel targeting both commercial and consumer obligors.

Third party introducers include brokers, accounting associations, mortgage brokers and financial planning organisations, salary packaging companies (in respect of novated leases), the car dealer network and other retailers. The introducer's network is well established with more than 11,500 introducers. No introducing party is given any credit authority and Macquarie Leasing is responsible for all credit decisions. No Macquarie Group entity holds a significant ownership interest in any third party introducer.

To be eligible to introduce asset finance transactions, each introducer must be accredited by Macquarie Leasing. The accreditation process involves a company search and other relevant due diligence by Macquarie Leasing on the introducer. Accreditation can only be processed and approved through Macquarie Leasing's head office. Introducers may be remunerated at the time a transaction is settled with Macquarie Leasing and incentivised through a combination of a brokerage, volume bonuses and trailing commissions.

Macquarie Leasing also operates a number of principal and agency agreements where Macquarie Leasing may be the undisclosed financier of the deal. Deals introduced as a result of these arrangements are subject to the usual Macquarie Leasing credit approval process.

### **Credit Approval Process**

Macquarie Leasing's credit and risk management procedures adhere to the guidelines of the Macquarie Group and Macquarie Leasing reports to Macquarie Group's Risk Management Group via its credit watch committee and through the Banking and Financial Services Risk team.

Credit decisions are based on a full assessment of the applicant's ability to pay and must adhere to guidelines set out in the Macquarie Leasing lending manual. The lending manual addresses the following specific areas:

- assessment of the application with the five major principles of credit lending being character, capacity, capital, conditions and collateral;
- verification of the financial strength and capability of the client;
- knowledge of the asset being financed;
- strength of client (and guarantors, if any) should default occur;
- Responsible Lending obligations (Consumer);
- financing terms must be within lending guidelines; and
- completion of a standard application form.

In assessing the specific areas above, the guidelines require the assessment and consideration of, among other factors, the applicant's intent and ability to make the loan or lease payments, employment history, income level, living expenses, home ownership and credit history. In the majority of cases for commercial applicants, the profitability of the applicant's business and the applicant's real estate ownership, existing indebtedness level, and where relevant financial statements will be assessed. A matrix approval is also used for certain applicants in limited circumstances.

When Macquarie Leasing receives a credit application, the basic application information (such as the applicant's name, address, residential status, relevant income and expenses, assets and liabilities, as well as the description of the assets being financed) is entered into Macquarie Leasing's application origination system.

The credit process is transaction specific and performed by a Credit Scoring platform and experienced credit personnel subject to strict delegations. The Credit Scoring platform includes an automated rule suite that applies the relevant documented policies for credit, fraud, AML and compliance (Responsible Lending).

Scorecards have been applied as an additional rule suite within the Credit Scoring decision engine. Applications are graded based on a proprietary model of independent factors such as credit bureau score, loan to value ratio and residential status. This score is used in conjunction with existing credit and

compliance policies to allow Macquarie Leasing to systematically rank credit applications from high to low credit risk. Only applicants with a high credit score are eligible for automated approval. Scorecards have been used for consumer applications since December 2016. Commercial applications are also graded using credit scoring models however are not currently eligible for auto-approval.

Applications which have not been automatically approved are referred to a credit officer and are assessed in line with lending policies and guidelines in the same way as other applications that are not eligible for automated approval. The manual credit process is transaction specific and performed by experienced credit personnel who will obtain a credit report on an applicant which will disclose whether the applicant has any negative credit history, such as default or bankruptcy, and how frequently credit inquiries have been performed on the applicant.

Macquarie Leasing's manual approval process is based on a strictly controlled system of delegated authorities with specified credit limits for different levels of credit personnel. Within these limit guidelines, specific limits are set for each individual in light of their employment experience. Limits may also apply to specific equipment types. Credit limits to individual personnel must be approved by either the Banking and Financial Services Risk team (up to A\$500,000) or Macquarie Group's Risk Management Group. To the extent that a credit application exceeds the credit limit authority of an individual employee, that employee must seek approval from a supervisor with appropriate authority level in order to approve the application.

Before approving an application, credit personnel will also confirm the invoice price of the asset being financed, conduct property searches to ensure the asset is free and clear of prior liens if the asset is not supplied by a licensed dealer (with the exception of new motor vehicles), and consider the affordability and suitability of the financing product being approved for the applicant. In the case of automatically approved applications, the final confirmation of documentation is performed by the settlements department.

Due to third party introducers' awareness of Macquarie Leasing's credit standards, there is a low rejection rate of approximately 10% of all referred commercial transactions. With regard to consumer applications, the rejection rate is approximately 18%. Approximately 81% of all referred applications are settled once approved.

The lending manual is reviewed annually and updated for all changes in underwriting policy. Hindsight review of settled deals is performed across all business channels and is in line with responsible lending requirements for consumer loans. The process has been designed to ensure that Macquarie Leasing maintains credit quality and identifies business trends. Sample sizes are sufficient to provide comfort to the business in the underwriting process. A report is presented at a monthly management meeting, with feedback then provided to relevant departments as necessary. Action is undertaken to rectify any issues raised and any actions deemed necessary from the hindsight review are investigated. A quarterly report is also prepared and presented to members of senior management and Banking and Financial Service's Risk Team.

### **Settlement**

Following an application's approval, each SMART Receivable is documented pursuant to Macquarie Leasing's form of standard terms and conditions for that product using standard Macquarie Leasing documents. Before settlement, Macquarie Leasing verifies that all required documentation is complete. In some cases evidence of the notation of Macquarie Leasing on required insurance policies must be provided to Macquarie Leasing in advance of settlement of the relevant SMART Receivables.

At settlement of a SMART Receivable, Macquarie Leasing pays funds directly to the relevant motor vehicle or equipment supplier.

Upon each settlement, arrangements are made for Macquarie Leasing's security interest in the asset underlying the SMART Receivable and all Chattel Mortgages to be registered on the PPS register.

### **Origination Quality Control Measures**

Macquarie Leasing makes extensive use of integrated information systems in connection with application assessment, account management and document filing. Macquarie Leasing's internet-based application origination system drives consistency in matters relating to new transactions and enables automatic

uploading of settled deals into Infolease, Macquarie Leasing's receivables management and servicing system. Following the automatic uploading of details of settled deals into Infolease, all data and files are validated in connection with post-settlement verification processes.

Macquarie Leasing's Infolease system is used in connection with managing Macquarie Leasing-originated SMART Receivables and enables automated testing of SMART Receivables contracts against Macquarie Leasing's quantifiable eligibility criteria.

Specialist staff handle bad debt litigation and manage receivables with obligors who have declared bankruptcy or are insolvent. External lawyers are also used for debt recovery litigation as and when required.

The accounts team processes payments and is responsible for all reconciliations of such payments.

## **6.5 Service, Collections and Enforcement**

### **Macquarie Leasing's Service, Collections and Enforcement Operations**

#### **Contact Centre**

The customer service unit is responsible for all borrower inquiries that may occur 'in-life' and this can range from payout figure and document requests to payment deferral and updating details. Customer Service provides multi-channel assistance to clients and aims to answer 70% of telephone inquiries within 30 seconds and all email inquiries within two business days. Some low complexity servicing activities are provided through an outsourced provider.

Macquarie Leasing uses integrated processes in servicing the SMART Receivables. These processes include handling inquiries; accounting for SMART Receivable transactions; developing and managing computer systems relating to SMART Receivables and the collection of payments; and developing enforcement procedures for delinquent SMART Receivables. The combination of an automatic transfer of information from the origination system to the Infolease servicing system, direct crediting to Macquarie Leasing's accounts and automatic uploading of details ensures that the system is highly automated.

#### **Collection and Enforcement Procedures**

Macquarie Leasing's collections team is currently headed by the Head of Operations. The team includes collection officers, debt recovery specialists and hardship associates. All activities are completed in accordance with Macquarie Leasing's policies and procedures. The total portfolio of receivables is split into designated areas based on aging buckets and collection teams are allocated to these areas. The collection process is broken into two main areas: novated leases and non-novated leases. A number of daily and monthly reports are generated by Macquarie Leasing to effectively manage its collections process, including overdue payment reports and direct debt dishonours.

Pursuant to the terms of the SMART Receivables, obligors are required to make scheduled repayments on a regular basis, being fortnightly, monthly, quarterly, semi-annually or annually. Repayments on the SMART Receivables are predominantly required on a monthly basis. Approximately 90% of repayments on Macquarie Leasing originated receivables are made via the direct debit from the obligor's account (other than novated lease repayments, which are aggregated by novated leasing companies, salary packaging companies or employers on a weekly or monthly basis and remitted directly to Macquarie Leasing on a weekly or monthly basis). Balloon or residual payments may be remitted by cheque, direct debit or wire transfer to a designated bank account of Macquarie Leasing, and are automatically uploaded into the Infolease receivables management and servicing system

The terms of the SMART Receivables require that obligors maintain the outstanding principal balance of the applicable SMART Receivable at or below the "Scheduled Principal Balance", which is the regularly scheduled loan amortisation balance of that SMART Receivable. Obligor may prepay an amount of principal under their SMART Receivables and may skip making scheduled payments under the terms of their SMART Receivables for a time period to the extent of prepayments (although commercial obligors ordinarily continue to make the scheduled payments).

A Lease Contract, a Hire Purchase Contract or a Loan Contract in respect of the related underlying asset is not considered to be delinquent or in arrears until such time as the outstanding principal balance of the



SMART Receivable exceeds the Scheduled Principal Balance. Arrears are assessed by comparing the difference between the Scheduled Principal Balance and outstanding principal balance. The determination as to whether a SMART Receivable is in arrears is made pursuant to the internal policies of Macquarie Leasing, as of the close of business on the due date (or if the due date is not a business day, on the immediately following business day). Grace periods do not affect these determinations.

Macquarie Leasing's Infolease receivables management and servicing system identifies all SMART Receivables in arrears and produces various reports with respect to those SMART Receivables. Daily overdue payment reports and direct debt dishonours reports are generated by the Infolease system.

Contact is attempted to be made with an obligor once their payment is overdue or dishonour of direct debit has occurred. Contact with an obligor may occur through automated strategies such as SMS/email or by telephone contact. Once contact is made with the obligor, a payment will be sought from the obligor to bring the account up to date. Contact attempts continue in line with regulation until the account is brought up to date. In addition, a letter of demand is issued if the obligor is fourteen days in arrears (if the obligor is not on a payment arrangement), advising the obligor and any guarantors that they have thirty days to bring the account up to date. If the account remains in arrears at the expiry of the letter of demand an external collections agency may contact the obligor seeking to obtain the overdue payment(s). If a suitable arrangement for clearance of the overdue payment(s) is not made then repossession and legal action will be commenced against the obligor and guarantors.

The collections team may vary the collections process described above depending on the circumstances of each obligor, such as the risk of fraud and the willingness of the obligor to surrender the motor vehicle or equipment voluntarily. A report will be generated showing all accounts more than 30 days in arrears.

A different process is followed with respect to novated leases. Generally, employers engage salary packagers to manage the payment process with respect to novated leases, and where a payment is overdue with respect to a novated lease, Macquarie Leasing contacts the relevant salary packager rather than the obligor. A member of Macquarie Leasing's collection team contacts each salary packager on a regular basis to ascertain which employers and lessee employees served by that salary packager are delinquent and to determine an appropriate time frame in which Macquarie Leasing can expect payment.

In the event that a lessee employee is no longer employed, the novation agreement entered into by that lessee terminates and the monthly lease rental payment obligations revert to the lessee directly. In such cases, Macquarie Leasing notifies the lessee in writing of its ongoing obligations. Typically, the lessee completes a direct debit form and monthly rentals are debited by Macquarie Leasing from the lessee's nominated bank account. The ongoing management of the lessee and any arrears thereafter is through the standard collections process described above.

In circumstances of financial difficulty, Macquarie Leasing may modify a Lease Contract, Hire Purchase Contract or Loan Contract after an assessment has been conducted, including by lowering the monthly payment for an obligor and/or extending the term for a specified period of time. Generally, an obligor makes payments under the modified terms until all arrears are cleared, or the period of assistance has concluded, and is then required to make its original monthly payments going forward. Generally, if an obligor does not provide the requested information for an assessment to be completed, the SMART Receivable goes into normal collections process, which may lead to repossession.

Repossession is the final stage of Macquarie Leasing's collections and enforcement process in respect of a delinquent SMART Receivable. Macquarie Leasing forecloses on the motor vehicle or equipment and arranges for it to be sold, with any costs associated with its sale capitalised to the outstanding principal balance of the relevant SMART Receivables. Macquarie Leasing may record a loss at the time the asset is disposed of. Upon repossession, commercial obligors' agreements are terminated. Consumer obligors are entitled to twenty-one days to redeem the vehicle or equipment in line with relevant Australian consumer laws.

Repossessed vehicles and equipment are normally sold at public auction. If the proceeds realised upon sale of the property are less than the outstanding principal balance (including capitalised costs) of the relevant SMART Receivable, the obligor is required to make up the shortfall. If an obligor does not make up the shortfall, legal action may be commenced against the obligor. Macquarie Leasing will evaluate the cost of applying further internal or external resources towards collection of the shortfall amount. Following the sale of the repossessed items, if Macquarie Leasing determines that further debt collection is unlikely or will prove not to be cost effective, Macquarie Leasing will charge-off the shortfall in the

final recovery in respect of the relevant SMART Receivable or choose to on-sell debt to a debt recovery firm.

As a general rule, an account will also be placed into charge-off status when payments greater than A\$100 are more than 60 days past due in respect of any rent or principal. An account may also be placed into charge-off status if Macquarie Leasing determines that the obligor's creditworthiness has deteriorated to such an extent that the amount outstanding in the account is unlikely to be recovered in full. A charge-off in respect of a SMART Receivable will be taken when the related underlying asset is sold and all payments in connection with that sale together with any cash recoveries expected to be received have actually been received by Macquarie Leasing. Recoveries of further monies after charge-off will be classified as post charge-off recoveries and these receipts form part of the cash flows with respect to such SMART Receivable.

## **6.6 The SMART Receivable Pool**

The SMART Receivable Pool consists of a pool of commercial and consumer hire purchase agreements, finance leases, loan contracts and chattel mortgages with current balances totalling A\$1,164,734,995.63 as at 28 February 2019. A statistical analysis of the SMART Receivable Pool is contained in Annexure 1. Note that the statistical information provided in Annexure 1 may not reflect the actual pool as of the Closing Date. This is because the pool of SMART Receivables to be acquired by the Series Trust on or shortly after the Closing Date will not be finalised until prior to the Closing Date.

## **6.7 Eligibility Criteria**

The SMART Receivables included in the SMART Receivable Pool must, as at the Cut-Off Date, meet the following eligibility criteria (the "**Eligibility Criteria**"):

- (a) is denominated and payable in Australian dollars in Australia;
- (b) relates to the financing of an asset which is a new or used car, motor vehicle, truck, bus, trailer, forklift or motorcycle;
- (c) is governed by the laws of New South Wales, Queensland, the Australian Capital Territory, Northern Territory, Victoria, South Australia, Tasmania or Western Australia;
- (d) requires the Obligor to make payments (including any final balloon payment) which will amortise the outstanding balance of the receivable to zero over the remaining term of the receivable;
- (e) relates to the financing of an asset in relation to which the interest of the Seller in that asset, or a Chattel Mortgage in relation to that asset, is registered in the PPS register and, where that asset is of a kind that the PPSA or any regulations made under the PPSA provide must (rather than may) be described by serial number in a registration, it is so described in that registration;
- (f) was approved and originated by the Seller in the ordinary course of its business;
- (g) has a remaining contractual term that does not exceed 84 months;
- (h) does not have arrears days greater than 30 and it is not otherwise in default;
- (i) relates to the financing of an asset in relation to which the sale of an equitable interest in, or the sale of an equitable interest in any other security in relation to that SMART Receivable, does not contravene any law;
- (j) together with any Mortgage or other security in relation to that SMART Receivable, has been or will be stamped with all applicable duty;
- (k) is subject to the terms and conditions of a standard term agreement, a copy of which has been given to and approved by the Manager, which provides, among other things, that the interest or finance charges on that SMART Receivable is or are payable monthly or according to an agreed schedule;

- (l) does not incorporate a balloon payment that is greater than 55% of the total of all payments under that SMART Receivable, unless the initial term of that SMART Receivable is less than or equal to 12 months, in which case the balloon payment in relation to that SMART Receivable (if any) must not exceed 70% of the total of all payments under that SMART Receivable;
- (m) has had at least one payment made by the Obligor in respect of it;
- (n) bears a fixed interest rate (or, in the case of a SMART Receivable which is a Hire Purchase Contract or a Lease Contract, fixed rental payments) for its remaining term;
- (o) has an Obligor which is a resident of Australia;
- (p) obliges that payments continue to be made even if there is a defect in the asset being financed by that SMART Receivable or the asset breaks down or is damaged;
- (q) requires the Obligor to keep the asset being financed by that SMART Receivable in good repair and order at its own expense;
- (r) requires the relevant Obligor to keep the asset being financed by that SMART Receivable insured for its full insurable value at its own expense (or, in certain cases, for such other amount as the Seller requires) against fire, accident and theft and for all other risks as the Seller requires;
- (s) if it is terminated prior to its termination date for any reason (including the exercise of any option to terminate early by the relevant Obligor), give the Seller the right to recover an amount which is at least equal to the outstanding principal balance of the SMART Receivable, as stated in the books of the Seller; and
- (t) if it is a Consumer Receivable, it has been originated and serviced in compliance with the National Credit Code.

In relation to SMART Receivables acquired by the Trustee from Perpetual Trustee Company Limited as trustee of a Disposing Trust, the Manager will certify to the Trustee that to the best of its knowledge and belief (and on the basis of the Seller's representations and warranties referred to in Section 9.2.4 and a certificate from the Servicer) all SMART Receivables included in the SMART Receivable Pool comply with the Eligibility Criteria as at the Cut-Off Date, subject to the terms and conditions of the Master Sale and Servicing Deed, but the Manager is not required to make any inquiry or investigation into whether any SMART Receivable does not comply with any of the Eligibility Criteria. The Trustee's sole remedy for breach of this certification is to bring an action against the Manager (there is no contractual indemnity or repurchase undertaking given by the Manager).

The foregoing does not detract from the benefit of the representations and warranties previously given by the Seller which are being assigned to the Trustee as trustee of the Series Trust by the Trustee as trustee of the Disposing Trusts (see Section 9.2.4).

## **6.8 Income Type**

The SMART Receivables bear a fixed interest rate or receive fixed rental payments.

## **6.9 SMART Receivable Servicing**

### **6.9.1 Macquarie Leasing as Initial Servicer**

Macquarie Leasing will be the initial Servicer of the SMART Receivables and related securities.

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

### **6.9.2 Servicing to be in accordance with Servicing Standards**

Subject, unless the prior written consent of the Trustee and the Manager is obtained, to the express limitations on servicing (see Section 6.10), the Servicer must ensure that the servicing of the SMART Receivables and related securities is in accordance with the Servicing Standards.

The Servicing Standards are the standards and practices set out in the Operations Manual or, to the extent not covered by the Operations Manual, the standards and practices of a prudent financier in the business of financing purchases of vehicles or commercial equipment.

The Operations Manual sets out the written guidelines, policies and procedures established by the Servicer for servicing its SMART Receivable portfolio, as amended from time to time. The Servicer may amend the Operations Manual from time to time. Any proposed material amendments relating to the servicing of the SMART Receivable Rights must be notified to each Rating Agency, the Trustee and the Manager at least 1 month prior to the date of their intended effect (or such shorter period as agreed by each Rating Agency, the Trustee and the Manager). Such amendments take effect upon the Manager issuing a Rating Notification in relation to the proposed amendments or, if the Manager has not indicated its intention not to issue a Rating Notification, 10 Business Days after each Rating Agency received notice of the proposed amendment.

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

### **6.9.3 Custody of Documentation**

Documentation will be held by Macquarie Leasing (as described in Section 10) in electronic format.

### **6.9.4 Repayments/Arrears**

Obligors are expected to make repayments on a regular basis, being monthly, quarterly, semi-annually or annually, and maintain the Current Balance of the SMART Receivable at or below the Scheduled Principal Balance.

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

### **6.9.5 Payment of Collections into the Collections Account**

Moneys due by Obligors under the terms of the SMART Receivables will be collected by the Servicer.

While the Collections Account is permitted to be maintained with Macquarie (see Section 2.6), the Servicer may retain the Collections it receives in respect of a Monthly Period until the following Transfer Date, when it must deposit them into the Collections Account. Interest will be earned on the amount standing to the credit of the Collections Account except in certain circumstances where the Collections Account is held with Macquarie (see Section 2.6).

Where the Collections Account is not permitted to be maintained with Macquarie, the Servicer and the Seller must deposit into the Collections Account each Collection in respect of the Series Trust received by the Servicer or the Seller, or otherwise payable by the Servicer or the Seller after the Closing Date:

- (a) in the case of each Collection received by the Servicer or the Seller before the Closing Date, on, or within 2 Business Days after, the Closing Date;
- (b) in the case of each Collection received by the Servicer or the Seller on or after the Closing Date, within 2 Business Days after receipt of such Collection; or
- (c) where Collections are not received by the Servicer but are otherwise payable by the Servicer or the Seller in accordance with this Deed, within 2 Business Days of when they fall due for payment to the Trustee from the Servicer or the Seller,

provided that, for so long as Macquarie is an Eligible Depository and the Servicer is Macquarie Leasing, the Seller or the Servicer must make the deposits under paragraphs (a), (b) and (c) above within 4 Business Days rather than 2 Business Days.

The Servicer may, in its sole discretion, deposit amounts into the Collections Account in prepayment of its obligations to pay Collections into the Collections Account in the above circumstances. Such prepaid amounts are, to the extent they are standing to the credit of the Collections Account, secured to the Servicer under the Master Security Trust Deed and the General Security Deed as an "**Outstanding Prepayment Amount**" (see Section 8.3.4).

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

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

#### **6.9.6 Reviews of Policies and Procedures**

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

#### **6.9.7 Act of Servicer Binding**

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

#### **6.10 Express Powers and Limitations on Servicing**

The Master Sale and Servicing Deed and the Series Supplement regulate certain aspects of the servicing function. The relevant provisions are summarised below.

##### **6.10.1 Release or Substitution of Securities**

An Obligor may apply to the Servicer to release or substitute any securities relating to a SMART Receivable. The Servicer has agreed that it will only do this if where the SMART Receivable arises under or pursuant to a Loan Contract, at least 1 mortgage is retained after the release or substitution to secure that SMART Receivable.

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

##### **6.10.2 Extension of Maturity of SMART Receivables and Variation or Relaxation of Other Terms**

Except as contemplated by the Operations Manual or in the circumstances set out in Section 6.10.9, the Servicer must not grant any extension of the maturity date of a SMART Receivable beyond five years from the Settlement Date in relation to the SMART Receivable or allow a reduced payment that would result in such an extension.

Subject to the foregoing considerations and to Section 6.10.3, the Servicer may vary, extend or relax the time to maturity, the terms of repayment or any other term of a SMART Receivable and its related securities in accordance with the Operations Manual.

### **6.10.3 Release of Debt**

Except in the circumstances set out in Section 6.10.9, the Servicer may not release the Obligor or any security provider from any amount owing in respect of a SMART Receivable or its related securities unless the amount has been, or is to be, written-off by the Servicer as uncollectible, in each case, in accordance with the Servicing Standards.

### **6.10.4 Waivers, Releases and Compromises**

Subject to:

- (a) the Servicer indemnifying the Trustee against any loss suffered by the Trustee as a result of any release or substitution of a mortgage or collateral securities securing a SMART Receivable other than as described in Section 6.10.1; and
- (b) the restrictions referred to in Sections 6.10.2 and 6.10.3,

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

### **6.10.5 Consent to Subsequent Security Interests**

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

### **6.10.6 Consent to Leases**

The Servicer may consent to the creation of leases, licences or restrictive covenants in respect of any asset the subject of a mortgage which is then an Asset of the Series Trust provided such consent is in accordance with the Servicing Standards.

### **6.10.7 Litigation and Enforcement**

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

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

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

#### **6.10.8 Insurance Policies and Claims**

The Servicer may settle any claim in respect of any insurance policy. Any insurance proceeds received in respect of a SMART Receivable must be applied to the account in the Servicer's records for the SMART Receivable up to the principal amount outstanding in respect of that SMART Receivable, together with any accrued but unraised interest.

#### **6.10.9 Binding Provisions and Orders of a Competent Authority**

The Servicer may release a mortgage or other related security, reduce the amount outstanding under or vary the terms of any SMART Receivable (including the terms of repayment) or any related security or grant other relief to an Obligor or a security provider if required to do so by any code binding on the Servicer or any applicable laws or if ordered to do so or, if in the Servicer's reasonable opinion, such action would be required by a court, tribunal, authority, ombudsman or other entity whose decisions are binding on the Servicer.

If the order is or would be due to:

- (a) the Seller or the Servicer breaching any applicable law or official directive (other than one which provides for relief on equitable or like grounds when the Servicer is acting in accordance with the standards and practices of a prudent lender) at the time the SMART Receivable or related security was entered into; or
- (b) the Servicer not acting in accordance with the standards and practices of a prudent financier in the business of financing purchases of vehicles or commercial equipment,

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

#### **6.11 Information on the SMART Receivables**

Macquarie Leasing will be appointed custodian of the SMART Receivable Documents and as such, Macquarie Leasing must, as custodian on behalf of the Trustee, maintain a separate electronic file containing digital copies of the SMART Receivable Documents in relation to SMART Receivables that from time to time form part of the Assets of a Series Trust from and including the relevant Closing Date until a Document Transfer Event in relation to the Series Trust occurs. As custodian, the Seller will not be obliged to maintain any hard copy original SMART Receivable Documents and may destroy any such hard copy originals provided that it must first take, and must retain, a digital copy of any such hard copy originals.

Additionally, under the Master Sale and Servicing Deed, Macquarie Leasing must provide to the Trustee:

- (a) a letter which explains how the electronic files containing digital copies of the SMART Receivable Documents are recorded or stored so as to enable the easy identification of those electronic files when the Trustee is at the premises of the Seller or Custodial Delegate and accessing its computer systems; and
- (b) an electronic listing containing certain information in connection with the SMART Receivables and related securities.

Macquarie Leasing must thereafter provide to the Trustee a new letter described in paragraph (a) above as soon as reasonably practicable if there are any changes to the manner in which the electronic files containing digital copies of the SMART Receivable Documents are recorded or stored.

On the Business Date prior to each Distribution Date, Macquarie Leasing must provide to the Trustee a new electronic listing updating the information previously provided to reflect any amendment to that information that occurred in the previous calendar month and, in respect of information referred to in paragraph (a) above, any amendment which to Macquarie Leasing's knowledge will occur in the calendar that has just commenced.

Macquarie Leasing has agreed to indemnify the Trustee for any losses suffered as a result of Macquarie Leasing failing to supply adequate information or supplying inaccurate or incomplete information on such electronic listing such that the Trustee is unable to lodge and register transfers upon the occurrence of a Perfection of Title Event (see Section 9.2.9) or a Document Transfer Event (see Section 10).

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## 7 Cashflow Allocation Methodology

### 7.1 Principles Underlying the Allocation of Cash Flows

This Section 7 describes the methodology for the calculation of the amounts to be paid by the Trustee on each Distribution Date to, amongst others, the Noteholders.

In summary, the Series Supplement provides for Collections to be allocated and paid on a monthly basis, in accordance with a set order of priorities, to satisfy the Trustee's payment obligations in relation to the Series Trust. The underlying cash flows comprising the Collections are explained in Section 7.3. The methodology for allocating Collections between Coupon on the Notes and other charges, on one hand, and principal, on the other, are explained in Sections 7.4 and 7.5.

The calculation of the various amounts payable on each Distribution Date and the priority in which these amounts are paid are also explained in Sections 7.4 and 7.5.

In certain circumstances the principal amount of the Notes can be reduced by way of Charge-Off. This is explained in Section 7.6.

### 7.2 Monthly Periods, Determination Dates and Distribution Dates

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

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

1 May 2019 – 31 May 2019 (inclusive)	Monthly Period
14 May 2019 – 13 June 2019 (inclusive)	Coupon Period
11 June 2019	Determination Date
13 June 2019	Transfer Date
14 June 2019	Distribution Date

### 7.3 Underlying Cash Flows

#### 7.3.1 Collections

The “**Collections**” for a Monthly Period are the aggregate of the following amounts (without double counting) in respect of the SMART Receivables:

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

- (c) any amounts received by the Trustee from the Seller in respect of the Monthly Period with respect to SMART Receivables repurchased as a result of the discovery of an incorrect Seller representation;
- (d) any amounts reasonably expected by the Manager to be received by the Trustee on the Distribution Date immediately following that Monthly Period upon the Seller's exercise of the Clean-Up and Extinguishment (see Section 9.2.8);
- (e) any damages or indemnities received by the Trustee in respect of the Monthly Period as a result of:
  - (i) the discovery after the Prescribed Period that a representation or warranty of the Seller mentioned in Section 9.2.4 was incorrect when given (see Section 9.2.6);
  - (ii) any release or substitution of any mortgage or related securities which are then Assets of the Series Trust not being in accordance with Section 6.10.1; or
  - (iii) the Servicer being required under the Code of Banking Practice, another binding provision, or a court or tribunal, to grant any form of relief to an Obligor or collateral security provider as a result of the Seller having breached any applicable law, official directive, the Code of Banking Practice or other binding provision, or not having acted as a prudent financier in the business of financing purchases of vehicles or commercial equipment;
- (f) any damages received by the Trustee in the Monthly Period which are not included in the amounts referred to in (c) or (e) above;
- (g) any amounts received by the Trustee in the Monthly Period as a result of the sale of the Assets of the Series Trust on or following the Termination Event Date;
- (h) in respect of the first Monthly Period, any Note subscription proceeds received by the Trustee that are not used to acquire SMART Receivables or applied to the Liquidity Reserve Balance on the Closing Date;
- (i) any insurance proceeds received in relation to the SMART Receivables by the Servicer or the Trustee during the Monthly Period;
- (j) any Transfer Amount (or part thereof) received by the Trustee where the Series Trust is a Disposing Trust; and
- (k) any other amount received by the Trustee in that Monthly Period (excluding any Collections referred to in the preceding paragraphs or any amount drawn from the Liquidity Reserve Balance or any collateral or prepayment under any Hedge Agreement),

less any amount debited during the Monthly Period to the accounts established in the Servicer's records for the SMART Receivables representing fees or charges imposed by any governmental agency, bank accounts debits tax or similar tax or duty imposed by any governmental agency (including any tax or duty in respect of payments or receipts to or from bank or other accounts), insurance premiums paid by the Servicer or any amounts received by the Seller or the Servicer from an Obligor in respect of any stamp or other duty or any goods and services tax in relation to a SMART Receivable.

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

### **7.3.2 Finance Charges**

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

- (a) the aggregate of:
  - (i) all debit entries representing interest (or in the case of a SMART Receivable which is a Hire Purchase Contract or a Lease Contract, interest and any amount

of rent which the Servicer determines is in the nature of interest) or other charges or fees (which the Servicer has determined are in the nature of income) that have been charged during the Monthly Period to the accounts established in the Servicer's records for the SMART Receivables;

- (ii) subject to paragraph (iii), any Prepayment Break Costs charged in relation to the SMART Receivables during a prior Monthly Period and received by the Servicer during the Monthly Period; and
- (iii) any amounts received by the Servicer during the Monthly Period from the enforcement of any mortgage in relation to the SMART Receivables, where such amounts exceed the aggregate of the costs of enforcement of any such mortgage and the interest and principal then outstanding on the SMART Receivables in respect of which the amounts are received and represent part or all of the Prepayment Break Costs charged during a prior Monthly Period on the SMART Receivables in respect of which the amounts are received,

less:

- (iv) the aggregate of any reversals made during the Monthly Period in respect of interest or other charges (in relation to any of the accounts established in the Servicer's records for those SMART Receivables where the original debit entry (or part thereof) was in error);
- (b) any Recoveries received by the Servicer in relation to the SMART Receivables during the Monthly Period (less any reversals made during the Monthly Period in respect of Recoveries where the original debit entry (or part thereof) was in error);
- (c) any amounts received by the Trustee as a result of the discovery of an incorrect Seller representation (see Section 9.2.6) where such amounts represent accrued but unraised interest on the SMART Receivables in respect of the Monthly Period;
- (d) the amount any Clean-Up Settlement Price reasonably expected by the Manager to be received by the Trustee on the Distribution Date immediately following the Monthly Period which represents amounts in respect of accrued but unraised interest on the SMART Receivables;
- (e) any amount received by the Trustee from the Seller, Servicer or Manager in respect of the Monthly Period for breach of a representation, warranty or obligation under the Master Trust Deed, Master Sale and Servicing Deed or Series Supplement;
- (f) any amounts received by the Trustee in the Monthly Period as a result of the sale of Assets of the Series Trust on or following the Termination Event Date which the Manager determines are to be treated as Finance Charges;
- (g) any Collections received by the Trustee or the Servicer during the Monthly Period if during that Monthly Period the Total Stated Amount of the Notes has been reduced to zero; and
- (h) any Adjustment Advance (or part thereof) received by the Trustee where the Series Trust is a Disposing Trust,

less any amount debited during the Monthly Period to the accounts established in the Servicer's records for the SMART Receivables during the Monthly Period in respect of government fees or charges or bank accounts debits tax or similar government taxes or duties (including any tax or duty in respect of payments or receipts to or from bank or other accounts) or insurance premiums paid by the Servicer or any amounts received by the Seller or the Servicer from an Obligor in respect of any stamp or other duty or any goods and services tax in relation to a SMART Receivable.

## 7.4 Determination of Income Collections

### 7.4.1 Determination of Income Collections

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

- (a) the lesser of:
  - (i) Collections for that Monthly Period; and
  - (ii) Finance Charges for that Monthly Period;
- (b) all income realised in the Monthly Period in respect of Authorised Short-Term Investments of the Series Trust;
- (c) any net amount receivable by the Trustee under any Hedge Agreement in respect of the Coupon Period ending on the Distribution Date immediately following the end of that Monthly Period;
- (d) any interest income (or amounts in the nature of interest income) credited to the Collections Account during that Monthly Period or amounts in the nature of interest otherwise paid by the Servicer or the Manager in respect of Collections held by it;
- (e) any amount of input tax credits (as defined in the GST Act) received by the Trustee in that Monthly Period in respect of the Series Trust;
- (f) any amounts received by the Trustee in the Monthly Period as a result of the sale of Assets of the Series Trust on or following the Termination Event Date which the Manager determines are to be treated as Income Collections; and
- (g) any other amount received by the Trustee in that Monthly Period (excluding any Collection or any Liquidity Reserve Draw or any collateral or prepayment under any Hedge Agreement) which the Manager determines is in the nature of income.

### 7.4.2 Liquidity Shortfall and Principal Draw

If the Income Collections for a Monthly Period are insufficient to meet the Required Payments (see Section 7.4.4) for that Monthly Period (such deficit being a "**Liquidity Shortfall**"), the Manager will calculate the lesser of the following (being a "**Liquidity Reserve Draw**") on the Determination Date following the end of the Monthly Period:

- (a) the Liquidity Shortfall in relation to that Determination Date; and
- (b) the Liquidity Reserve Balance as at that Determination Date.

If the aggregate of the Income Collections and any Liquidity Reserve Draw for a Monthly Period continue to be insufficient to meet the Required Payments (see Section 7.4.4) for that Monthly Period, the Manager will calculate the lesser of the following (being a "**Principal Draw**") on the Determination Date following the end of the Monthly Period:

- (a) the Liquidity Shortfall in relation to that Determination Date less the Liquidity Reserve Draw in relation to that Determination Date; and
- (b) where the Collections exceed the Finance Charges for that Monthly Period, the amount of such excess or, where the Finance Charges exceed the Collections for that Monthly Period, zero.

Principal Draws may be reimbursed from Available Income in the manner explained in Section 7.4.3.

### 7.4.3 Calculation and Application of Available Income

On each Determination Date the Manager will calculate the aggregate of the following (being "**Available Income**") in relation to the Monthly Period just ended:

- (a) the Income Collections;
- (b) the Liquidity Reserve Draw; and
- (c) the Principal Draw.

The Trustee will apply the Available Income for each Monthly Period on the Distribution Date following the end of the Monthly Period in the following order of priority:

- (a) first, at the Manager's discretion, up to one dollar to the Income Unitholder;
- (b) second, in payment of the Series Trust Expenses in respect of the Monthly Period just ended in the order set out in Section 7.4.5 below;
- (c) third, the net amount (if any) payable by the Trustee to the Hedge Provider under the Hedge Agreement documenting the Fixed Rate Swap for the Coupon Period ending on that Distribution Date other than any Subordinated Termination Payments;
- (d) fourth, *pari passu* and rateably towards Coupon in respect of the Class A Notes due on that Distribution Date plus any Coupon in respect of the Class A Notes remaining unpaid from prior Distribution Dates;
- (e) fifth, an amount equal to the aggregate of any Liquidity Reserve Draws remaining unreimbursed from preceding Distribution Dates will be allocated to the Liquidity Reserve Balance (see Section 8.2.5);
- (f) sixth, an amount equal to any unreimbursed Principal Draws (see Section 7.4.2) will be allocated towards the Total Principal Collections for the Monthly Period just ended to be applied on that Distribution Date (see Section 7.5.1);
- (g) seventh, an amount equal to the Defaulted Amount for the Monthly Period just ended (see Section 7.5.4) will be allocated towards Total Principal Collections for the Monthly Period just ended and applied as set out in Section 7.5.1;
- (h) eighth, an amount equal to any Charge-Offs, other than any Seller Charge-Offs, remaining unreimbursed from all prior Distribution Dates, which amount will be allocated to Total Principal Collections and will be payable to the Noteholders on account of principal on that Distribution Date as set out in Section 7.5;
- (i) ninth, in payment towards any Subordinated Termination Payments payable by the Trustee to the Hedge Provider under the Hedge Agreement documenting the Fixed Rate Swap for the Coupon Period ending on that Distribution Date;
- (j) tenth, to the Seller towards the aggregate of the Accrued Interest Adjustment for all SMART Receivables (if any) as determined by the Manager on the Determination Date immediately following the Closing Date;
- (k) eleventh, in payment towards Coupon in respect of the Seller Notes due on that Distribution Date plus any Coupon in respect of the Seller Notes remaining unpaid from prior Distribution Dates, to be distributed *pari passu* and rateably between the Seller Notes;
- (l) twelfth, an amount equal to any Seller Charge-Offs remaining unreimbursed from all prior Distribution Dates, which amount will be allocated to Total Principal Collections and will be payable to the Noteholders on account of principal on that Distribution Date as set out in Section 7.5; and

- (m) finally, the balance to the Income Unitholder (or in accordance with its directions) to be dealt with, and held by, the Income Unitholder.

The obligation of the Trustee to make any payment or allocation under each of the above paragraphs is limited in each case to the balance of the Available Income (if any) available after application in accordance with the preceding paragraph or paragraphs.

#### **7.4.4 Required Payments**

The Required Payments for a Monthly Period will comprise:

- (a) if the Invested Amount of the Class A Notes as at the Determination Date following the end of the relevant Monthly Period is greater than zero and there are no unreimbursed Class A Charge-Offs, the sum of the amounts described in Section 7.4.3(b) to 7.4.3(d) (inclusive); and
- (b) if paragraph (a) above does not apply, the sum of the amounts described in Sections 7.4.3(b) to 7.4.3(c) (inclusive).

The Trustee may make a Principal Draw (see Section 7.4.2) or a Liquidity Reserve Draw in certain circumstances if the Available Income in respect of a Monthly Period is insufficient to make the Required Payments.

#### **7.4.5 Series Trust Expenses**

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

- (a) first, on a pari passu and rateable basis, any taxes payable in relation to the Series Trust;
- (b) second, on a pari passu and rateable basis, any indemnities and reimbursements payable by the Trustee pursuant to the Transaction Documents;
- (c) third, on a pari passu and rateable basis, any Penalty Payments (to the extent the Trustee is liable for such payments);
- (d) fourth, on a pari passu and rateable basis, all other costs, charges and expenses incurred by the Trustee in respect of the Series Trust where such costs, charges and expenses are permitted to be reimbursed to the Trustee out of the Assets of the Series Trust under the Master Trust Deed or the Series Supplement (other than the amounts referred to in paragraphs (a) and (c) to (q) of Section 7.4.3 or Section 7.5, the Trustee's liability to repay principal on the Notes and any liability of the Trustee to repay all or part of any collateral or prepayment lodged with, or paid to, the Trustee under the terms of any Hedge Agreement or any other amount referred to in paragraphs (e) to (i) below);
- (e) fifth, the Trustee Fee (this is described in Section 9.3.6);
- (f) sixth, the fees, costs and expenses incurred by or payable to the Security Trustee in acting as Security Trustee;
- (g) seventh, the Management Fee (this is described in Section 9.4.5);
- (h) eighth, the Servicing Fee (this is described in Section 9.5.3); and
- (i) ninth, the Custodian Fee (this is described in Section 10.3).

The aggregate of (a) to (i) above represent the "**Series Trust Expenses**". The Series Trust Expenses are paid in the priority explained in Section 7.4.3.

## **7.5 Repayment of Principal on the Notes**

### **7.5.1 Determination of Total Principal Collections**

The Principal Collections for a Monthly Period are:

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

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

- (a) the Principal Collections for that Monthly Period;
- (b) any amount to be allocated from Available Income to Total Principal Collections on the next Distribution Date pursuant to Sections 7.4.3(f), 7.4.3(g), 7.4.3(h) or 7.4.3(l);
- (c) the amount by which the Liquidity Reserve Balance exceeds the Required Liquidity Reserve Balance; and
- (d) all other amounts received by the Trustee in the nature of repayments of principal on the SMART Receivables.

### **7.5.2 Application of Total Principal Collections**

On each Distribution Date, the Trustee must at the Manager's direction apply the Total Principal Collections for the Monthly Period just ended to repay principal in respect of the Notes to the Noteholders in accordance with Section 7.5.3.

The balance (if any) will then be paid to the Capital Unitholder in respect of the Capital Units.

### **7.5.3 Repayment of Principal on the Notes**

On each Distribution Date prior to enforcement of the Security, to the extent that the Pro Rata Paydown Test is not satisfied, the Trustee must at the Manager's direction apply the Total Principal Collections for the Monthly Period just ended to repay principal in respect of the Notes to the Noteholders in the following order of priority until the Pro Rata Paydown Test becomes satisfied immediately following any such payments:

- (a) first, towards the Class A Notes, pari passu and rateably amongst the Class A Noteholders until the Stated Amount of the Class A Notes is reduced to zero;
- (b) second, once the Stated Amount of the Class A Notes is reduced to zero, towards the Seller Notes, pari passu and rateably amongst the Seller Noteholders until the Stated Amount of the Seller Notes is reduced to zero; and
- (c) finally, the balance (if any) to be paid to the Capital Unitholder.

The Trustee will apply the Total Principal Collections towards the repayment of the principal on the Notes in the sequential order of priority set out immediately above until such time that the Pro Rata Paydown Test becomes satisfied. If the Pro Rata Paydown Test is satisfied on a Distribution Date following application of Total Principal Collections in the order of priority set out immediately above, the Trustee will apply the balance of any Total Principal Collections remaining on that Distribution Date to the Notes in the order of priority set out immediately below.

On each Distribution Date prior to enforcement of the Security, to the extent that the Pro Rata Paydown Test is, or immediately following the payments or allocations made in accordance with the priorities above becomes, satisfied the Trustee must at the Manager's direction apply the Total Principal

Collections for the Monthly Period just ended (if any remains after application of Total Principal Collections first in accordance with the priorities above) to repay principal in respect of the Notes to the Noteholders in the following order of priority:

- (a) first, pari passu and rateably towards:
  - (i) the Class A Notes pari passu and rateably amongst the Class A Notes until the Stated Amount of the Class A Notes is reduced to zero; and
  - (ii) the Seller Notes pari passu and rateably amongst the Seller Notes until the Stated Amount of the Seller Notes is reduced to zero; and
- (b) finally, the balance (if any) to be paid to the Capital Unitholder.

#### **7.5.4 Defaulted Amounts**

The Defaulted Amount (if any) for a Monthly Period is the aggregate amounts outstanding in respect of SMART Receivables which have been written off as uncollectible by the Servicer during the Monthly Period in accordance with the Servicing Standards. The Defaulted Amount is therefore the shortfall remaining between the sale and other realisation proceeds and the balance outstanding in respect of the relevant SMART Receivables. If there is insufficient Available Income to satisfy all of the Defaulted Amount, the Charge-Off provisions explained in Section 7.6 will apply.

#### **7.5.5 No payment in excess of Stated Amounts**

Unless specified otherwise, no amount of principal will be repaid to a Noteholder in excess of the Stated Amounts applicable to the Notes held by that Noteholder.

#### **7.6 Charge-Offs**

##### **7.6.1 Defaulted Amount Insufficiency**

A Defaulted Amount (to the extent not able to be recovered from Available Income) will be absorbed in the manner described below. Any such reduction of a Stated Amount in respect of the Notes is called a "**Charge-Off**".

If the allocation made under Section 7.4.3(g) is less than the Defaulted Amounts (if any) for that Monthly Period as described in Section 7.5.4, then the amount of the insufficiency (the "**Defaulted Amount Insufficiency**") will be allocated to produce the following Charge-Offs:

- (a) the insufficiency is first charged off against the Stated Amount for the Seller Notes so as to reduce the Stated Amount of the Seller Notes (pari passu and rateably amongst the Seller Notes based on their Stated Amounts), until the Stated Amount for the Seller Notes is reduced to zero; and
- (b) if the insufficiency is not fully taken into account by a Charge-Off against the Seller Notes (because the Stated Amount of the Seller Notes has been reduced to zero), the remaining insufficiency will be charged off against the Stated Amount for the Class A Notes so as to reduce the Stated Amount of the Class A Notes (pari passu and rateably amongst the Class A Notes based on their Stated Amounts), until the Stated Amount for the Class A Notes is reduced to zero.

##### **7.6.2 Reimbursements of Charge-Offs**

If part of the Available Income for a Monthly Period is allocated pursuant to Sections 7.4.3(h) and 7.4.3(l) on a Distribution Date, the effect of this will be to reduce the Charge-Offs in respect of the Notes by the amount of the allocation, in the following order of priority:

- (a) first, pari passu and rateably to the reduction of the Class A Charge-Offs remaining unreimbursed from all prior Distribution Dates until the Stated Amount of the Class A Notes is equal to the Invested Amount of the Class A Notes; and



- (b) finally, pari passu and rateably to the reduction of the Seller Charge-Offs remaining unreimbursed from all prior Distribution Dates until the Stated Amount of the Seller Notes is equal to the Invested Amount of the Seller Notes.

A reimbursement of a Charge-Off will increase the Stated Amount of the Notes by the amount allocated from Available Income.

Any reimbursement of a Charge-Off from Available Income will be included in Total Principal Collections and be applied on account of principal in the manner described in Section 7.5.

#### **7.7 Calculations and Directions**

The calculations referred to in this Section 7 will be made by the Manager and provided to the Trustee on each Determination Date (based where necessary on information provided by the Servicer) in respect of the Monthly Period just ended. The Manager must also direct the Trustee to make all necessary payments on the following Distribution Date. The Trustee is entitled to conclusively rely on the Manager's calculations and directions and is under no obligation to check their accuracy. The Trustee is not responsible or liable for any inaccuracy in these calculations and directions.

#### **7.8 Determination of Principal and Interest in relation to Hire Purchase Contracts or Lease Contracts**

In this Information Memorandum, references to amounts being applied to "principal" and "interest" in relation to SMART Receivables which are Hire Purchase Contracts or Lease Contracts and the principal amount outstanding in relation to such a Hire Purchase Contract or a Lease Contract will be determined by the Servicer in its discretion such that the allocation between principal and interest replicates payments under an amortising principal and interest loan. "Interest" in relation to SMART Receivables which are Hire Purchase Contracts or Lease Contracts includes rental payments which the Servicer determines are in the nature of interest.

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## **8 Support Facilities, Liquidity Reserve Balance and Master Security Trust Deed**

### **8.1 The Interest Rate Swaps**

#### **8.1.1 Interest Rate Mismatch between SMART Receivables and Notes**

The Trustee will receive a fixed interest rate or fixed rental payments on the SMART Receivables.

This will result in an interest rate mismatch between the floating Coupon Rate payable on the Notes and the rate of interest (or rental in the nature of interest) earned on the SMART Receivables.

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

The Fixed Rate Swap will be governed by the terms of a standard form ISDA Master Agreement entered into by the Manager, the Trustee and the Hedge Provider, as amended by a supplementary schedule, which includes two credit support annexes, and confirmed by a written confirmation (collectively, the "**Hedge Agreement**"). The initial Hedge Provider under the Fixed Rate Swap will be Macquarie.

The Hedge Agreement will be governed by the laws applying in the state of New South Wales.

#### **8.1.2 Fixed Rate Swap**

The Hedge Provider will provide the Fixed Rate Swap to the Trustee to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on the SMART Receivables at a fixed rate and the floating Coupon Rate payable on the Notes.

Under the Fixed Rate Swap for each Coupon Period, on each Distribution Date immediately after the relevant Coupon Period, there will be a net payment made between the Trustee and the Hedge Provider. The amount due is calculated as:

- the amount calculated as the interest accrued over the Coupon Period, on the total principal balance of all SMART Receivables, as notified to the Hedge Provider by the Manager prior to the first day of the relevant Coupon Period (or if no such notification is given for the relevant period, on the Notional Amount corresponding to the relevant Coupon Period as set out in the amortisation schedule in the Fixed Rate Swap) calculated at the fixed rate as specified in the Fixed Rate Swap on the basis of the actual number of days in the Coupon Period divided by 365; less
- the amount calculated as the interest accrued over the Coupon Period, on the total principal balance of all SMART Receivables, as notified to the Hedge Provider by the Manager prior to the first day of the Coupon Period (or if no such notification is given for the relevant period, on the Notional Amount corresponding to the relevant Coupon Period as set out in the amortisation schedule in the Fixed Rate Swap) calculated at the BBSW, as at the first day of the Coupon Period on the basis of the actual number of days in the Coupon Period divided by 365.

If the amount calculated as specified above is positive, then this amount is paid to the Hedge Provider. If the amount calculated is negative, then the absolute value of that amount is paid by the Hedge Provider to the Trustee. Any such payment is due on the Distribution Date immediately following the Coupon Period.

The fixed rate is fixed for the life of the Fixed Rate Swap and is a market based rate determined at the time that the Fixed Rate Swap is entered into.

#### **8.1.3 Early Termination**

The Hedge Provider may terminate the Fixed Rate Swap if any of the following events occurs:

- (a) there is a payment default by the Trustee which continues for 10 days after notice of such failure is given to the Trustee;

- (b) the performance by the Hedge Provider or the Trustee of any payment, delivery or other material obligations under the Hedge Agreement becomes illegal due to a change in law;
- (c) as a result of a change in tax law, the Hedge Provider is required to make certain tax gross-up payments to the Trustee corresponding to amounts required to be deducted or withheld or is required to receive payments from the Trustee from which amounts have been deducted or withheld without a corresponding tax gross-up payment from the Trustee;
- (d) as a result of either the Trustee or the Hedge Provider consolidating, amalgamating or merging with or into, or transferring all or substantially all of its assets to, another entity, the Hedge Provider is required to make certain tax gross-up payments to the Trustee corresponding to amounts required to be deducted or withheld or is required to receive payments from the Trustee from which amounts have been deducted or withheld without a corresponding tax gross-up payment from the Trustee; or
- (e) the Security under the Master Security Trust Deed and General Security Deed is enforced.

The Trustee may terminate the Fixed Rate Swap if any of the following events occurs:

- (a) there is a payment default by the Hedge Provider which continues for 10 days after notice of such failure is given to the Hedge Provider;
- (b) the Hedge Provider fails to comply with or perform any obligation under the Fixed Rate Swap (other than a payment or delivery obligation or an obligation to give certain notices or provide certain documents) if such failure is not remedied within 30 days after notice of failure is given to it;
- (c) a representation made or repeated or deemed to have been made or repeated by the Hedge Provider in the Fixed Rate Swap or the credit support documents proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;
- (d) an insolvency, bankruptcy or dissolution event occurs in respect of the Hedge Provider;
- (e) the Hedge Provider merges with another entity and the surviving entity fails to assume the Hedge Provider's obligations under the Fixed Rate Swap;
- (f) the performance by the Hedge Provider or the Trustee of any payment, delivery or other material obligations under the Hedge Agreement becomes illegal due to a change in law illegal due to a change in law;
- (g) as a result of a change in tax law, the Trustee is required to make certain tax gross-up payments to the Hedge Provider corresponding to amounts required to be deducted or withheld or is required to receive payments from the Hedge Provider from which amounts have been deducted or withheld without a corresponding tax gross-up payment from the Hedge Provider;
- (h) as a result of either the Trustee or the Hedge Provider consolidating, amalgamating or merging with or into, or transferring all or substantially all of its assets to, another entity, the Trustee is required to make certain tax gross-up payments to the Hedge Provider corresponding to amounts required to be deducted or withheld or is required to receive payments from the Hedge Provider from which amounts have been deducted or withheld without a corresponding tax gross-up payment from the Hedge Provider;
- (i) the Hedge Provider's relevant credit rating is downgraded below the rating prescribed by the relevant Rating Agency and the Hedge Provider fails to (as required by the relevant Hedge Agreement and depending on the downgraded rating) to post such collateral, novate its rights under the Fixed Rate Swap, procure a guarantor or enter into other arrangements in respect of which the Manager has issued a Rating Notification within the time period specified for such action in the Hedge Agreement; or
- (j) the Security under the Master Security Trust Deed and General Security Deed is enforced.

### **8.1.4 Termination of Swap**

If not previously terminated, the Fixed Rate Swap terminates on the earlier of:

- (a) the Distribution Date on which the total Stated Amount of all Notes is or will be reduced to zero;
- (b) the Termination Event Date for the Series Trust;
- (c) the date on which final distributions are made in respect of the Notes pursuant to the Master Security Trust Deed following the occurrence of an Event of Default; and
- (d) the Maturity Date.

On the termination of the Fixed Rate Swap prior to its scheduled termination date, the Manager and the Trustee must use reasonable endeavours to:

- (a) within 3 Business Days, enter into a replacement swap on terms and with a counterparty in respect of which the Manager has issued a Rating Notification; or
- (b) enter into other arrangements in respect of which the Manager has issued a Rating Notification.

## **8.2 The Liquidity Reserve Balance**

### **8.2.1 Purpose of the Liquidity Reserve Balance**

As described in Section 5.4, Obligor may prepay an amount of principal under their SMART Receivables and then cease to make scheduled payments under the terms of their SMART Receivables. The Servicer does not treat the SMART Receivable as being in arrears until such time as the Obligor has exceeded the Scheduled Principal Balance. However, this can affect the ability of the Trustee to make timely payments of Coupon to Noteholders. Furthermore, as described in Section 5.5, if Obligor fails to make scheduled payments in respect of SMART Receivables (other than where an Obligor has prepaid principal under its SMART Receivable) this may also affect the ability of the Trustee to make timely payments of Coupon to Noteholders.

The Liquidity Reserve Balance is held in the Collections Account and seeks to mitigate the risk of a liquidity deficiency should either of these situations occur.

### **8.2.2 Establishment of the Liquidity Reserve Balance**

On the Closing Date, an amount representing approximately 1% of the aggregate of the Invested Amount of the Notes issued on the Closing Date will be held in the Liquidity Reserve Balance and invested in authorised investments other than SMART Receivables.

Following the Closing Date, the Manager will determine the amount to be held as Liquidity Reserve Balance from time to time. This is known as the Required Liquidity Reserve Balance. The amount by which the Liquidity Reserve Balance exceeds the Required Liquidity Reserve Balance may be applied as a repayment of principal on each Distribution Date.

To the extent that the Liquidity Reserve Balance on a Payment Date is less than the Required Liquidity Reserve Balance, the shortfall may be funded by any excess Available Income available for this purpose. See Section 7.4.3.

### **8.2.3 The Required Liquidity Reserve Balance**

The Required Liquidity Reserve Balance is an amount equal to the greater of:

- (a) \$300,000; and
- (b) 1% of the aggregate Invested Amount of the Notes.

#### **8.2.4 Utilisation of the Liquidity Reserve Balance**

If the Liquidity Shortfall on a Determination Date is greater than zero (see Section 7.4.2), the Manager shall apply an amount equal to the lesser of:

- (a) the Liquidity Reserve Balance; and
- (b) the Liquidity Shortfall,

as Available Income on the following Distribution Date.

Any amount so applied is referred to as a "**Liquidity Reserve Draw**".

#### **8.2.5 Repayment of Liquidity Reserve Draws**

Each Liquidity Reserve Draw made on any Distribution Date is repayable on the following Distribution Date, but only to the extent that there are funds available for this purpose in accordance with the Series Supplement (see Section 7.4.3). It is not an Event of Default if the Trustee does not have funds available to repay the Liquidity Reserve Draws outstanding on a Distribution Date. If outstanding Liquidity Reserve Draw are not repaid in full on a Distribution Date, any unpaid amounts will be carried forward so that they are payable by the Trustee on each following Distribution Date to the extent that funds are available for this purpose under the Series Supplement (see Section 7.4.3), until such amounts are restored to the Liquidity Reserve Balance in full.

#### **8.2.6 Excess Liquidity Reserve Balance**

If on any Determination Date the Liquidity Reserve Balance exceeds the Required Liquidity Reserve Balance, the amount of such excess (being the "**Liquidity Reserve Balance Excess**") shall be applied to Total Principal Collections and applied as described in Section 7.5.

### **8.3 The Master Security Trust Deed and the General Security Deed**

#### **8.3.1 Security**

Under the Master Security Trust Deed and the General Security Deed, the Trustee (as "**Security Provider**") grants:

- (a) a security interest for the purposes of the PPSA over all of the Secured Property which is subject to the PPSA; and
- (b) a floating charge over the Secured Property which is not subject to the PPSA (the "**Charge**" and together with the security interest referred to in paragraph (a), the "**Security**"),

in favour of the Security Trustee to secure the Trustee's obligations to the Noteholders, the Hedge Providers, the Manager, the Servicer and the Seller (the "**Secured Creditors**") and the Security Trustee. Generally the vast majority (if not all) of the Secured Property would be subject to the PPSA and accordingly secured by the security interest referred to in paragraph (a) above, rather than by the Charge. The Security Trustee holds the benefit of the Security and certain covenants of the Trustee on trust for those persons who are Secured Creditors at the time the Security Trustee distributes any of the proceeds of the enforcement of the Security (see Section 8.3.4).

#### **8.3.2 Events of Default**

It is an Event of Default under the Master Security Trust Deed and the General Security Deed if:

- (a) the Security Provider retires or is removed as trustee of the Series Trust and is not replaced within 60 days and the Manager fails to convene within a further 20 days a meeting of Investors at which the Investors appoint a new Trustee;
- (b) the Security Trustee has actual notice or is notified by the Security Provider or the Manager that the Security Provider is not entitled fully to exercise its right of indemnity against the Assets of the Series Trust to satisfy any liability to a Secured Creditor and the circumstances

are not rectified to the reasonable satisfaction of the Security Trustee within 14 days of the Security Trustee requiring the Security Provider in writing to rectify them;

- (c) the Series Trust is not properly constituted or is imperfectly constituted in a manner or to an extent that is regarded by the Security Trustee (acting reasonably) to be materially prejudicial to the interests of any class of Secured Creditor and is incapable of being remedied or if it is capable of being remedied this has not occurred to the reasonable satisfaction of the Security Trustee within 30 days of its discovery;
- (d) an Insolvency Event occurs in respect of the Security Provider in its capacity as trustee of the Series Trust;
- (e) distress or execution is levied or a judgment, order or security interest is enforced, becomes enforceable or can be rendered enforceable by the giving of notice, lapse of time or fulfilment of any condition, against any Secured Property for an amount exceeding \$1,500,000 (but does not include any action taken by the Servicer in respect of a Security Interest or any of the Secured Property in accordance with the Operations Manual);
- (f) the Security:
  - (i) is or becomes wholly or partly void, voidable or unenforceable; or
  - (ii) loses the priority it had at or after the date of the General Security Deed (other than by an act or omission of the Security Trustee);
- (g) any Transaction Document in relation to the Secured Trust is or becomes wholly or partly void, voidable or unenforceable;
- (h) without the prior written consent of the Security Trustee the Security Provider transfers, leases or otherwise disposes of or creates any other interest in any part of the Secured Property or attempts to create or allows to exist a security interest over the Secured Property otherwise than in accordance with the Master Trust Deed, the Series Supplement or the Master Security Trust Deed;
- (i) the Commissioner of Taxation or its delegate determines to issue a notice (under any legislation that imposes a tax) requiring any person obliged or authorised to pay money to the Security Provider instead to pay such money to the Commissioner in respect of any tax or any fines and costs imposed on the Security Provider;
- (j) any Secured Moneys are not paid within 10 days of when due in accordance with the corresponding Transaction Documents, provided that any failure to pay or repay any such amount relating to the Seller Notes is not an Event of Default if any amount ranking higher than the Seller Notes is outstanding; or
- (k) any other event occurs which is described in a Transaction Document as an Event of Default for the purposes of the Master Security Trust Deed.

If an Event of Default occurs then the Charge becomes fixed:

- (a) over all the Secured Property if the Event of Default is one of those described in paragraphs (a), (b), (c), (d), (f), (g), (i) or (j) above; or
- (b) over the Secured Property affected if the Event of Default is one of those described in paragraph (e) or (h) above.

### **8.3.3 Enforcement**

If the Security Trustee becomes actually aware that an Event of Default has occurred it must notify the Secured Creditors and the Rating Agency and convene a meeting of the Voting Secured Creditors to seek the directions contemplated by this Section 8.3.3.

At that meeting, the Voting Secured Creditors must vote by Extraordinary Resolution (being not less than 75% of all votes cast or a written resolution signed by all Voting Secured Creditors) on whether to direct the Security Trustee to:

- (a) declare the Notes immediately due and payable;
- (b) appoint a receiver and, if a receiver is to be appointed, to determine the amount of the receiver's remuneration;
- (c) instruct the Security Provider to sell and realise the Secured Property; and/or
- (d) take such further action as the Voting Secured Creditors may specify in the Extraordinary Resolution and which the Security Trustee indicates that it is willing to take.

The Security Trustee is required to take all action to give effect to any Extraordinary Resolution of the Voting Secured Creditors only if the Security Trustee is adequately indemnified from the Secured Property or has been satisfactorily indemnified by the Voting Secured Creditors in a form reasonably satisfactory to the Security Trustee (which may be by way of an Extraordinary Resolution of the Voting Secured Creditors) against all actions, proceedings, claims and demands to which it may render itself liable, and all costs, charges, damages and expenses which it may incur, in giving effect to the Extraordinary Resolution.

If the Security Trustee convenes a meeting of the Voting Secured Creditors or is required by an Extraordinary Resolution of the Voting Secured Creditors to take any action in relation to the enforcement of the Master Security Trust Deed and the General Security Deed and the Security Trustee advises the Voting Secured Creditors that it will not take that action in relation to the enforcement of the Master Security Trust Deed and the General Security Deed unless it is personally indemnified by the Voting Secured Creditors to its reasonable satisfaction against all actions, proceedings, claims, demands, costs, charges, damages and expenses in relation to the enforcement of the Master Security Trust Deed and the General Security Deed and put in funds to the extent to which it may become liable and the Voting Secured Creditors refuse to grant the requested indemnity and put it into funds, the Security Trustee will not be obliged to act in relation to such action. In these circumstances, the Voting Secured Creditors may exercise such powers, and enjoy such protections and indemnities, of the Security Trustee under the Master Security Trust Deed in relation to the enforcement of the Master Security Trust Deed as they determine by Extraordinary Resolution. The Security Trustee will not be liable in any manner whatsoever if the Voting Secured Creditors exercise, or do not exercise, the rights given to them as described in the sentence preceding. Except in the foregoing situation, the powers, rights and remedies (including the power to enforce the Security or to appoint a receiver to any of the Secured Property) are exercisable by the Security Trustee only and no Voting Secured Creditor is entitled to exercise them.

The Security Trustee must not take any steps to enforce the Security unless the Voting Secured Creditors have passed an Extraordinary Resolution directing it to take such action or in the opinion of the Security Trustee the delay required to obtain the consent of the Voting Secured Creditors would be prejudicial to the interests of the Voting Secured Creditors.

The Security Trustee is entitled, on such terms and conditions it deems expedient, without the consent of the Voting Secured Creditors, to agree to any waiver or authorisation of any breach or proposed breach of the Transaction Documents (including the Master Security Trust Deed) and may determine that any event that would otherwise be an Event of Default will not be treated as an Event of Default for the purposes of the Master Security Trust Deed, which is not, in the opinion of the Security Trustee, materially prejudicial to the interests of the Voting Secured Creditors.

The Security Trustee is not required to ascertain whether an Event of Default has occurred and, until it has actual notice to the contrary, may assume that no Event of Default has occurred and that the parties to the Transaction Documents (other than the Security Trustee) are performing all of their obligations.

Subject to any notices or other communications it is deemed to receive under the terms of the Master Security Trust Deed, the Security Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of the officers of the Security Trustee (or any Related Body Corporate of the Security Trustee) which have day to day responsibility for the administration or management of the Security Trustee's (or any Related Body Corporate of the Security Trustee's) obligations in relation to the Series Trust or the Master Security Trust Deed, having actual knowledge,

actual awareness or actual notice of that thing, or grounds or reason to believe that thing. Notice, knowledge or awareness of an Event of Default means notice, knowledge or awareness of the occurrence of the events or circumstances constituting an Event of Default.

#### **8.3.4 Priorities under the Master Security Trust Deed and the General Security Deed**

The proceeds from the enforcement of the Security are to be applied in the following order of priority, subject to any statutory or other priority which may be given priority by law and without duplication:

- (a) first, pari passu and rateably in payment towards satisfaction of amounts which become owing or payable under the Master Security Trust Deed to indemnify the Security Trustee or any receiver appointed under the Master Security Trust Deed against all loss, liability and reasonable expenses incurred by that person in performing any of their duties or exercising any of their powers under the Master Security Trust Deed (except the Security Trustee's and receiver's remuneration) and in payment of the Trustee's lien over, and right of indemnification from, the Assets of the Series Trust held by the Trustee for the Trustee's fees, costs, charges and expenses incurred by or payable by the Trustee in its capacity as trustee of the Series Trust (other than any Secured Moneys) which are unpaid, or paid by the Trustee but not reimbursed to the Trustee;
- (b) second, in payment pari passu and rateably towards satisfaction of any fees due to the Security Trustee and the receiver's remuneration;
- (c) third, in payment pari passu and rateably:
  - (i) in payment, pari passu and rateably, towards satisfaction of such other outgoings and/or liabilities that the receiver or the Security Trustee have incurred in performing their obligations or exercising their powers in relation to the Series Trust; and
  - (ii) in payment, pari passu and rateably, to each person appointed under the Master Security Trust Deed towards satisfaction of all loss, liabilities and reasonable expenses properly incurred by such person in the execution or purported execution of any duties, powers, trusts, authorities or discretions vested in such person pursuant to the Master Security Trust Deed (except to the extent that such amounts are payable or have been paid under paragraph (a) or (b) above);
- (d) fourth, in payment of other security interests over the Secured Property which the Security Trustee is aware have priority over the Security, in the order of their priority;
- (e) fifth, in payment to the Seller of so much of the Accrued Interest Adjustment that has not be paid to the Seller;
- (f) sixth, in payment pari passu and rateably:
  - (i) to the Class A Noteholders of all Secured Moneys in relation to the Class A Notes (the Secured Moneys owing in respect of the principal component of the Class A Notes for this purpose will be calculated based on their Stated Amount), to be applied amongst them as follows:
    - A. first, towards all accrued but unpaid interest on the Class A Notes (to be distributed pari passu and rateably amongst the Class A Notes); and
    - B. second, in reduction of the Stated Amount of the Class A Notes (to be distributed pari passu and rateably amongst the Class A Notes);
  - (ii) to the Hedge Provider of all other Secured Moneys owing to that Hedge Provider under the Hedge Agreement; and
- (g) seventh, in payment to the Class A Noteholders of the aggregate unreimbursed Class A Charge-Offs (to be distributed pari passu and rateably amongst the Class A Noteholders);



- (h) eighth, in payment to the Seller Noteholders of all Secured Moneys in relation to the Seller Notes to be applied amongst them:
  - (i) first, towards all accrued but unpaid interest on the Seller Notes (to be distributed pari passu and rateably amongst the Seller Notes); and
  - (ii) second, in reduction of the Stated Amount of the Seller Notes and in reimbursement of any unreimbursed Seller Charge-Offs (to be distributed pari passu amongst the Seller Notes);
- (i) ninth, in payment pari passu and rateably to each Secured Creditor any remaining amounts forming part of the Secured Moneys and owing to that Secured Creditor;
- (j) tenth, in payment of subsequent security interests over the Secured Property of which the Security Trustee is aware in the order of their priority; and
- (k) finally, in payment of the surplus to the Security Provider to be distributed in accordance with the terms of the Master Trust Deed and the Series Supplement.

### **8.3.5 Amendments to the Master Security Trust Deed or General Security Trust Deed**

The Security Trustee, the Manager and the Security Provider may together agree to amend the Master Security Trust Deed or the General Security Trust Deed if the amendment:

- (a) in the opinion of the Security Trustee (or a barrister, solicitor or tax accountant instructed by the Security Trustee) is necessary or expedient to comply with the provisions of any statute, ordinance, regulation or by-law or with the requirements of any governmental agency;
- (b) in the opinion of the Security Trustee is to correct a manifest error or ambiguity or is of a formal, technical or administrative nature only;
- (c) in the opinion of the Security Trustee is appropriate or expedient as a consequence of any amendment to any statute or regulation or altered requirements of any governmental agency or any decision of any court (including, without limiting the foregoing, an amendment which in the opinion of the Security Trustee is appropriate as a consequence of the enactment of, or amendment to, any statute or regulation or any tax ruling or government announcement or statement or any decision handed down by a court altering the manner or basis of taxation of trusts similar to the Series Trust);
- (d) is to apply to only in respect of a series trust not yet created under the Master Trust Deed;
- (e) in the opinion of the Security Trustee, will enable the Master Security Trust Deed or the General Security Deed in relation to the series trust to be more conveniently, advantageously, profitably or economically administered; or
- (f) in the opinion of the Security Trustee and the Security Provider is otherwise desirable for any reason.

However, in the case of an amendment referred to in paragraph (e) or (f) above, the Security Trustee must consider whether the relevant amendment will be or is likely to become materially prejudicial to the interests of all Noteholders or the Noteholders of any particular class. Subject to the paragraph below, if the Security Trustee forms an opinion that such prejudice will occur or is likely, then the amendment can only be made if an Extraordinary Resolution approving the amendment is passed by all Noteholders or the Noteholders of a the relevant class (being a resolution requiring not less than 75% of all votes cast or a written resolution signed by the relevant Noteholders).

Notwithstanding the foregoing, but subject to any consent or approval required by law, if the Manager:

- (A) provides the Security Trustee with a written confirmation that the Manager is satisfied, following discussions with the relevant Rating Agency, that the rating assigned by the relevant Rating Agency to the Notes would be subject to a downgrade, qualification or withdrawal absent the proposed amendment;

- (B) issues a Rating Notification in relation to the proposed amendment; and
- (C) is satisfied that the proposed amendment, addition or revocation will not give rise to an Adverse Effect in relation to the relevant Series Trust,

then the Security Trustee, the Manager and the Trustee may (without the need to seek the consent of any Noteholder or to separately consider whether the relevant amendment will or is likely to prejudice any Noteholder) amend the Master Security Trust Deed and/or the General Security Deed, where such amendment is requested by the Manager or the Trustee to take into account changes in the ratings criteria of the Rating Agencies.

### **8.3.6 Security Trustee Costs and Remuneration**

The Security Trustee is entitled to be reimbursed for all costs incurred in acting as Security Trustee.

The Security Trustee is entitled to be remunerated at the rate agreed from time to time between the Manager, the Security Trustee and the Security Provider (such rate may include a component that represents or is referable to a goods and services tax).

### **8.3.7 Limitations on Security Trustee's and Security Provider's Liability**

The Security Trustee's liability under the Master Security Trust Deed is limited to the amount the Security Trustee is able to be satisfied out of the assets held on trust by it under the Master Security Trust Deed from which the Security Trustee is actually indemnified for the liability. However, this limitation will not apply to the extent that the Security Trustee's right of indemnity is reduced as a result of fraud, negligence or wilful default on the part of the Security Trustee or its officers, employees or agents or any other person whose acts or omissions the Security Trustee is liable for under the Transaction Documents.

The Security Provider's liability under the Master Security Trust Deed is limited to the extent to which it can be satisfied out of the Assets of the Series Trust out of which the Security Provider is actually indemnified for the liability, except in the case of fraud, negligence or wilful default on the part of the Security Provider or its officers, employees or agents or any other person whose acts or omissions the Security Provider is liable for under the Transaction Documents.

### **8.3.8 Limitation of Responsibility and Liability of the Security Trustee**

The Master Security Trust Deed contains a range of provisions regulating the scope of the Security Trustee's duties and liabilities. These include (which list is not exhaustive) the following:

- (a) the Security Trustee is not required to monitor whether an Event of Default has occurred or inquire as to compliance by the Security Provider or the Manager with the Transaction Documents, or their other activities;
- (b) the Security Trustee is not required to take any enforcement action under the Master Security Trust Deed, except as directed by an Extraordinary Resolution of Voting Secured Creditors;
- (c) the Security Trustee is not required to act in relation to the enforcement of the Master Security Trust Deed unless its liability is limited in a manner satisfactory to it and the Secured Creditors place it in funds and indemnify it to its satisfaction;
- (d) the Security Trustee is not responsible for the adequacy or enforceability of any Transaction Documents;
- (e) the Security Trustee need not give to the Secured Creditors information concerning the Security Provider or the Manager which comes into the possession of the Security Trustee;
- (f) the Security Provider gives wide ranging indemnities to the Security Trustee in relation to its role as Security Trustee; and
- (g) the Security Trustee may rely on documents and information provided by the Security Provider or the Manager.

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## **9 The Series Trust**

### **9.1 Creation of Trusts**

#### **9.1.1 Creation of the Series Trust**

The Master Trust Deed provides for the creation of an unlimited number of series trusts. Each series trust is a separate and distinct trust fund. The assets of each series trust are not available to meet the liabilities of any other series trust and the Trustee must ensure that no moneys held by it in respect of any series trust are commingled with any moneys held by the Trustee in respect of any other series trust.

The beneficial ownership of the Series Trust is divided into 2 classes of units:

- (a) ten Capital Units; and
- (b) one Income Unit.

The Trustee of the Series Trust will fund the purchase of the pool of SMART Receivables and, initially, the Liquidity Reserve Balance by issuing the Notes.

#### **9.1.2 Creation of the Seller Trust**

In addition to the SMART Receivables sold to the Series Trust, the following will also be sold to the Series Trust:

- (a) the mortgages and collateral securities securing the SMART Receivables; and
- (b) all other loans (the "**Other Loans**") secured by the sold mortgages or the sold collateral securities.

The Trustee's interest in the Other Loans will be held by way of a separate trust by the Trustee for the Seller (the "**Seller Trust**"). The Trustee's interest in the mortgages and collateral securities which secure only the SMART Receivables will be held by the Trustee for the Series Trust. The Trustee's interest in the mortgages and collateral securities which secure the SMART Receivables and the Other Loans (the "**Macquarie Leasing Collateral Securities**") will also be held by the Trustee for the Series Trust but only to the extent that the proceeds the Trustee receives on their realisation equal the amount outstanding under the SMART Receivables they secure. The balance will be held by the Trustee subject to the terms of the Seller Trust.

The Trustee must not (and the Manager must not direct the Trustee to) dispose of or create any security interest in a collateral security which secures a SMART Receivable and an Other Loan unless the relevant transferee or holder of the security interest is first notified of the interest of the Seller Trust in that collateral security. If the Trustee has breached (or the Seller reasonably believes that the Trustee will breach) this restriction, it will be entitled to lodge caveats to protect its interests in the relevant collateral securities.

#### **9.1.3 Transfer of SMART Receivables under the Master Sale and Servicing Deed**

The Master Sale and Servicing Deed provides for the transfer of some or all of the assets of one series trust (the "**Disposing Trust**") to another series trust (the "**Acquiring Trust**"), subject to the requirements of the Master Sale and Servicing Deed and the series supplements for both the Disposing Trust and the Acquiring Trust.

Under the Master Sale and Servicing Deed, if the Trustee as trustee of a Disposing Trust has received:

- (a) a Transfer Proposal in accordance with the Master Sale and Servicing Deed;
- (b) the Transfer Amount in respect of that Transfer Proposal; and
- (c) a direction from the Manager to accept that Transfer Proposal,

then, subject to the requirements of the Master Sale and Servicing Deed and the series supplements for both the Disposing Trust and the Acquiring Trust, the Trustee will hold the Assigned Assets in respect of that Transfer Proposal as trustee of the Acquiring Trust in accordance with the terms of the series supplement in relation to the Acquiring Trust.

The Series Trust will be an Acquiring Trust in respect of the SMART Receivables (with certain other trusts established under the SMART securitisation programme being the Disposing Trusts). The Series Trust may also be a Disposing Trust in the circumstance set out in Section 9.2.10.

## **9.2 Assignment of SMART Receivables**

### **9.2.1 Assignment**

With effect from the Cut-Off Date, the Seller or the Trustee as trustee of a Disposing Trust will, on payment of the consideration described in Section 9.2.3, equitably assign its entire interest in, to and under the following to the Trustee:

- (a) the SMART Receivables;
- (b) all Retained Title Rights in relation to the SMART Receivables;
- (c) all Other Loans in existence from time to time in relation to the SMART Receivables (to be held by the Trustee as trustee of the Seller Trust as described in Section 9.1.2);
- (d) all mortgages in existence from time to time in relation to the SMART Receivables;
- (e) all collateral securities in existence from time to time securing the SMART Receivables;
- (f) all moneys owing at any time thereafter in connection with the SMART Receivables; and
- (g) the documents relating to the above, including the original or duplicates, which may be in digital or material form and may be signed electronically or by ink under hand, of the relevant loan agreements, hire purchase agreements, lease agreements, mortgages, collateral securities and insurance policies in relation to the asset the subject of a mortgage or Retained Title Rights in relation to the SMART Receivables (the "**SMART Receivable Documents**"),

(but excluding the Accrued Interest Adjustment in respect of each SMART Receivable).

The items referred to in paragraphs (a) to (g) above are together known as the "**SMART Receivable Rights**".

If any mortgages or collateral securities are granted after the Cut-Off Date which secure a SMART Receivable or any SMART Receivable Document is entered into in connection with a SMART Receivable after the Cut-Off Date, these will also be assigned to the Trustee.

Some of the Seller's security documentation relating to the SMART Receivables are expressed to secure "all moneys" owing to the Seller by the Obligor on any account. It is therefore possible that a security held by the Seller in relation to other facilities provided by it could secure a SMART Receivable, even though in the Seller's records the particular security was not taken for this purpose. The Trustee in its capacity as trustee of the Series Trust will only be assigned those securities that appear in its records as intended to secure the SMART Receivables. Any other securities which by the terms of their "all moneys" clauses secure the SMART Receivables but were not taken for that purpose are (as are the corresponding insurance policies) held by the Trustee as trustee of the Seller Trust (see Section 9.1.2) and are not held for the benefit of the Noteholders, and the expressions "SMART Receivable Rights" and "SMART Receivable Documents" should be construed accordingly.

If the Seller enforces a mortgage relating to a SMART Receivable as a result of a default by an Obligor in respect of other facilities provided by the Seller to the Obligor, the proceeds of enforcement of the related mortgage are made available to the Trustee in priority to the Seller.

Macquarie Leasing will hold custody of the underlying SMART Receivable Documents on behalf of the Trustee from the Closing Date. Macquarie Leasing may appoint a Custodial Delegate (see Section 10).

### **9.2.2 Sale in Equity Only and Free of Set-Off to Extent Permitted by Law**

The assignment of SMART Receivables and related securities to the Trustee will initially be in equity only. The Trustee will not be entitled to take any steps to perfect its legal title or give notice to any party to the SMART Receivable Documents unless a Perfection of Title Event under the Master Sale and Servicing Deed occurs (see Section 9.2.9).

To the extent permitted by law, the SMART Receivables will be sold free of any rights of set-off which any Obligor or security providers may have.

### **9.2.3 Consideration Payable to the Seller or the Disposing Trust**

On the Closing Date the Trustee will, in consideration of the assignment of the SMART Receivables and related securities, pay to the Seller or the Trustee as trustee of a Disposing Trust, the total principal amount outstanding (as recorded on the Servicer's database) in respect of the SMART Receivables calculated as at the Cut-Off Date.

To the extent that the amount subscribed by the initial Noteholders exceeds the amount referred to in the above paragraph and the amount applied by the Trustees to the Liquidity Reserve Balance, the excess will form part of the Collections for the first Monthly Period (see Section 7.3.1).

### **9.2.4 Seller's Representations and Warranties in relation to the SMART Receivables**

Prior to the transfer of the SMART Receivables under the Transfer Proposal, the Seller provided certain representations and warranties in relation to each SMART Receivable at the time of the transfer of that SMART Receivable from the Seller to the applicable Disposing Trust (as at the relevant cut-off date). Those representations and warranties are summarised as follows:

- (a) all consents required in relation to the assignment of the SMART Receivables and the SMART Receivable Rights have been obtained and that those SMART Receivables and SMART Receivable Rights are assignable;
- (b) at the time the Seller entered into the SMART Receivables and the related SMART Receivable Documents and at all times after that until immediately prior to the sale of the SMART Receivables, the SMART Receivables and the related SMART Receivable Documents complied in all material respects with applicable laws;
- (c) at the time the Seller entered into the SMART Receivables, the SMART Receivables were originated in the ordinary course of the Seller's business;
- (d) at the time that the SMART Receivables were approved and the SMART Receivable Documents were entered into, the Seller had not received any notice of insolvency or the bankruptcy of the Obligors in relation to those SMART Receivables, or that such Obligors did not have the legal capacity to enter into the SMART Receivable Documents;
- (e) the Seller is the sole legal and beneficial owner of the SMART Receivables and the related securities and no prior ranking security interest exists in relation to its right, title and interest in the SMART Receivables and the related securities;
- (f) at the time the Seller entered into the SMART Receivables, all necessary steps were taken to ensure that, each related mortgage complied with the legal requirements applicable at that time to be:
  - (i) a first ranking mortgage; or
  - (ii) where the Seller already held the first ranking mortgage, a second ranking mortgage,

(subject to any statutory charges, any prior charges of a body corporate, service company or equivalent, whether registered or otherwise, and any other prior security interests which do not prevent the mortgage from being considered to be a first ranking mortgage or a second

ranking mortgage, as the case may be, in accordance with the Servicing Standards), in either case secured over the asset, subject to stamping and registration in due course;

- (g) where there is a second or other mortgage securing a SMART Receivable and the Seller is not the mortgagee of that second or other mortgage, satisfactory priority arrangements have been entered into to ensure that the mortgage ranks ahead in priority to the second or other mortgage on enforcement for at least the principal balance of that SMART Receivable and accrued but unpaid interest plus such extra amount determined in accordance with the Operations Manual;
- (h) in relation to SMART Receivables arising under or pursuant to loan contracts, a valid first-ranking Chattel Mortgage exists as security in relation to the SMART Receivable and the security interest created in favour of the Seller by that Chattel Mortgage is perfected by a registration on the PPS register and that registration identifies the Seller as the secured party;
- (i) the obligations of the relevant obligor under the SMART Receivable Documents are legal, valid, binding and enforceable against it in accordance with their terms, subject to stamping and any necessary registration, except as limited by any law relating to bankruptcy, insolvency, reorganisation, moratorium or trust or general principles of equity, or other similar laws affecting creditors' rights generally;
- (j) in relation to each SMART Receivable arising under or pursuant to a Loan Contract, the Obligor has fully drawn the amount available under that Loan Contract and the Seller has no obligation to make any further advance in relation to that SMART Receivable;
- (k) in relation to SMART Receivables arising under or pursuant to Hire Purchase Contracts or Lease Contracts, the Seller is the sole legal and beneficial owner of the asset(s) the subject of the Retained Title Rights in relation to a SMART Receivable free from any security interest (subject only to the Obligor's option to purchase the asset and any security interest arising in favour of the Seller), the security interest created in favour of the Seller by those Retained Title Rights is perfected by a registration on the PPS register and that registration identifies the Seller as the secured party;
- (l) each of the relevant SMART Receivable Documents (other than the insurance policies) which is required to be stamped with stamp duty has been duly stamped; or has been lodged for stamping and will be duly stamped;
- (m) the SMART Receivables have not been satisfied, cancelled, discharged or rescinded and the property relating to each relevant mortgage has not been released from the security of that mortgage;
- (n) the Seller holds, in accordance with the Servicing Standards, all documents which it should hold to enforce the provisions of the securities relating to SMART Receivables and to recover in full the SMART Receivables;
- (o) other than the SMART Receivable Documents and documents entered into in accordance with the Servicing Standards, there are no documents entered into by the Seller and the Obligor or any other relevant party in relation to the SMART Receivables which would qualify or vary the terms of the SMART Receivables;
- (p) no consent to the sale of the SMART Receivables or notice of that sale is required to be given by or to any person including, without limitation, any Obligor;
- (q) other than in respect of priorities granted by statute, the Seller has not received notice from any person that it claims to have a security interest ranking in priority to or equal with the Seller's mortgage;
- (r) the SMART Receivables comply with the eligibility criteria in relation to the applicable Disposing Trust;

- (s) the Seller is lawfully entitled to sell the SMART Receivables and related securities to the Trustee free of all security interests and, so far as the Seller is aware, adverse claims or other third party rights or interests;
- (t) the provisions of all legislation (if any) relating to the sale of the SMART Receivables and related securities have been complied with;
- (u) the sale of the SMART Receivables and related securities will not constitute a breach of the Seller's obligations or a default under any security interest granted by the Seller or affecting the Seller's assets;
- (v) the SMART Receivables are not subject to or affected by any right of set-off;
- (w) the Obligor must maintain an insurance policy in relation to the asset the subject of the Chattel Mortgage or the Retained Title Rights (as the case may be) until the SMART Receivable is paid in full; and
- (x) other than in the case of a SMART Receivable which is a Consumer Receivable, the SMART Receivables are not regulated by or subject to the Consumer Credit Code or the National Credit Code.

Under the Master Sale and Servicing Deed, upon the assignment of Assets from the Trustee as trustee of a Disposing Trust to the Trustee as trustee of the Series Trust, the Trustee will have the benefit of the representations and warranties made by the Seller to the Trustee as trustee of the Disposing Trusts when the SMART Receivables were first assigned by the Seller to that Disposing Trust (with effect from the cut-off date relating to the initial transfer to the relevant Disposing Trust (the "**Relevant Date**"). If any representation and warranty set out above was incorrect when given in respect of a SMART Receivable, the Trustee will have certain contractual rights against the Seller, including to require the Seller to indemnify the Trustee for costs, damages and loss resulting from any representation and warranty being incorrect when given in respect of the SMART Receivable (being the applicable Relevant Date).

The Seller has represented to the Trustee that it is not aware as at the date of the Series Supplement that any of the representations made by it to a Disposing Trustee, in relation to any of the SMART Receivables assigned or to be assigned to the Trustee by that Disposing Trustee was incorrect when the relevant representation was given by the Seller to that Disposing Trustee.

#### **9.2.5 Trustee Entitled to Assume Accuracy of Representations and Warranties**

The Trustee is under no obligation to investigate or test the truth of any of the representations and warranties referred to in Section 9.2.4 and is entitled to conclusively accept their accuracy (unless it is actually aware of a breach).

#### **9.2.6 Consequences of a Breach of the Representations and Warranties**

If the Seller, the Manager or the Trustee becomes actually aware that a material representation or warranty referred to in Section 9.2.4 was incorrect when given, it must notify the others within 5 Business Days.

If any representation or warranty is incorrect when given and notice of this is given by the Manager to the Seller or received by the Seller from the Trustee not later than 5 Business Days prior to the expiry of the Prescribed Period, and the Seller does not remedy the breach to the satisfaction of the Trustee within 5 Business Days of the notice being given, the SMART Receivable and its related securities will no longer form part of the Assets of the Series Trust. However, all Collections received in connection with that SMART Receivable from the Cut-Off Date to the date of delivery of the notice are retained as Assets of the Series Trust. The Seller must pay to the Trustee the principal amount outstanding in respect of the relevant SMART Receivable and interest accrued but unraised under the SMART Receivable (as at the date of delivery of the relevant notice) by or on the same day that the SMART Receivable ceases to form part of the Assets of the Series Trust.

During the Prescribed Period, the Trustee's sole remedy for any of the representations or warranties being incorrect is the right to the above payment from the Seller. The Seller has no other liability for any loss or damage caused to the Trustee, any Noteholder or any other person.

If a representation or warranty by the Seller in relation to a SMART Receivable and its related securities is discovered to be incorrect after the last day for giving notices in the Prescribed Period, the Seller must indemnify the Trustee against any costs, damages or loss arising from the representation or warranty being incorrect. The amount of such costs, damages or loss must be agreed between the Trustee and the Seller or, failing this, be determined by the Seller's external auditors. The amount of such costs, damages or loss must not exceed the principal amount outstanding, together with any accrued but unraised interest and any outstanding fees, in respect of the SMART Receivable.

The above are the only rights that the Trustee has if a representation or warranty given by the Seller in relation to a SMART Receivable or its related securities is discovered to be incorrect. In particular, this discovery will not constitute a Perfection of Title Event under the Series Supplement except in the circumstances described in Section 9.2.9 below.

#### **9.2.7 Repayment of a SMART Receivable**

If a SMART Receivable is repaid in full, the remaining interest (if any) in the SMART Receivable and its related securities will no longer form part of the Assets of the Series Trust. However, if any related securities also secure other existing SMART Receivables, the Trustee will continue to hold the related securities until repayment of those other SMART Receivables.

#### **9.2.8 Clean-Up and Extinguishment**

If the aggregate principal outstanding on the SMART Receivables when expressed as a percentage of the aggregate principal outstanding on the SMART Receivables at the Closing Date is, or will on the next Distribution Date be, below 10%, then the Manager must, promptly orally or by telephone request whether the Seller wishes to exercise its rights to acquire the remaining SMART Receivables. The Seller may, at any time after receiving (or after it ought to have received) a request from the Manager, and prior to the Termination Event Date, advise the Manager by telephone orally that it will exercise its rights to acquire the remaining SMART Receivables and nominate a Distribution Date as the Clean-Up Settlement Date. The Clean-Up Settlement Price will be the amount determined by the Manager to be the aggregate of the Fair Market Value of each SMART Receivable then forming part of the Assets of the Series Trust. The Seller must pay the Clean-Up Settlement Price to the Trustee on the Clean-Up Settlement Date. Upon receipt of the Clean-Up Settlement Price by the Trustee, the Trustee's entire right, title and interest in the SMART Receivables and related securities will be deemed to be extinguished in favour of the Seller with immediate effect from the end of the last day of the Monthly Period which ended prior to the Clean-Up Settlement Date.

The payment by the Trustee to Noteholders on the Distribution Date following payment by the Seller of the Clean-Up Settlement Price will be in full and final redemption of the Notes, regardless of any unreimbursed Charge-Offs. However, if the Clean-Up Settlement Price is insufficient to ensure Noteholders will receive the aggregate of the Invested Amount of the Notes and Coupon payable on the Notes, then the exercise by the Seller of its rights to acquire the remaining SMART Receivables under the Clean-Up and Extinguishment will be conditional upon an Extraordinary Resolution of Noteholders approving the Clean-Up Settlement Price.

#### **9.2.9 Perfection of Title Event**

A Perfection of Title Event occurs under the Master Sale and Servicing Deed if:

- (a) the Seller makes any representation under the Master Sale and Servicing Deed in relation to a SMART Receivable (see Section 9.2.4) which is incorrect when made (other than a representation or warranty referred to in Section 9.2.4 which results in the Seller paying the Trustee any amount referred to in Section 9.2.6) and it has, or if continued will have an Adverse Effect (having regard to all the circumstances) and:
  - (i) such breach is not satisfactorily remedied so that it no longer has or will have an Adverse Effect, within 20 Business Days (or such longer period as the Trustee agrees) of notice thereof to the Seller from the Manager or the Trustee; or
  - (ii) the Seller has not within 20 Business Days (or such longer period as the Trustee agrees) of such notice, paid compensation to the Trustee for its loss (if any)



suffered as a result of such breach in an amount satisfactory to the Trustee (acting reasonably);

- (b) the Trustee is not paid an amount owing to it by the Seller (in any capacity) under any Transaction Document in relation to the Series Trust within 10 Business Days of its due date for payment (or such longer period as the Trustee may agree to); or
- (c) if the Seller is the Servicer, a Servicer Default occurs (see Section 9.5.4) (other than the failure by the Servicer to provide the Pool Performance Data); or
- (d) an Insolvency Event occurs in relation to the Seller.

The Trustee must declare a Perfection of Title Event (of which the Trustee is actually aware) by notice in writing to the Servicer, the Manager and each Rating Agency unless the Manager has issued a Rating Notification in relation to the failure to perfect the Trustee's title to any of the SMART Receivable Rights.

If the Trustee declares that a Perfection of Title Event has occurred, the Trustee and the Manager must immediately take all steps necessary to perfect the Trustee's legal title to the SMART Receivable Rights (including lodgement of any transfers) and notify the relevant Obligors (including informing them, where appropriate, the manner in which they should make future payments) of the sale of the SMART Receivables and mortgages, and must take possession of the Seller's files in relation to the SMART Receivables, subject to the Privacy Act and the Seller's duty of confidentiality to its customers under general law or otherwise.

#### **9.2.10 Transfer of SMART Receivables from the Series Trust**

On the Assignment Date, the Trustee's entire right, title and interest in the Assigned Assets in relation to that Transfer Proposal will be transferred with effect from the Cut-Off Date specified in that Transfer Proposal to the Trustee as trustee of the Acquiring Trust.

The payment by the Trustee to Noteholders on the Distribution Date following receipt by the Trustee of the aggregate of the Transfer Amount in relation to that Transfer Proposal and the Adjustment Advance in relation to the Assigned Assets the subject of that Transfer Proposal will be in full and final redemption of the Notes, regardless of any unreimbursed Charge-Offs.

### **9.3 The Trustee**

#### **9.3.1 Appointment**

The Trustee is appointed as trustee of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

#### **9.3.2 The Trustee's Undertakings**

The Trustee undertakes, among other things, that it will:

- (a) act in the interests of the Investors on and subject to the terms and conditions of the Master Trust Deed and the Series Supplement and, in the event of a conflict between such interests, act in the interests of the Noteholders;
- (b) do everything and take all actions within its power which are necessary to ensure that it is able to maintain its status as trustee of the Series Trust;
- (c) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (d) exercise all diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed, having regard to the interests of the Investors;
- (e) use all reasonable endeavours to carry on and conduct its business in so far as it relates to the Master Trust Deed and the Series Trust in a proper and efficient manner;

- (f) keep accounting records which correctly record and explain all amounts paid and received by the Trustee; and
- (g) keep the Series Trust separate from each other series trust which is constituted pursuant to the Master Trust Deed and account for the assets and liabilities of the Series Trust separately from the assets and liabilities of such other series trusts.

### **9.3.3 No Duty to Investigate**

Under the Master Trust Deed, the Series Supplement and the Master Sale and Servicing Deed the Trustee has no duty to investigate whether or not a Manager Default, Servicer Default or a Perfection of Title Event under the Series Supplement or the Master Sale and Servicing Deed has occurred except where the Trustee has actual notice, knowledge or awareness of the event.

Subject to the provisions of the Transaction Documents dealing with deemed receipt of notices or other communications, the Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of the officers of the Trustee (or any Related Body Corporate of the Trustee's) who have day to day responsibility for the administration or management of the Trustee's (or a Related Body Corporate of the Trustee's) obligations in respect of the Series Trust or the Seller Trust having actual knowledge, actual awareness or actual notice of that thing, or grounds or reason to believe that thing. Notice, knowledge or awareness of a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event means notice, knowledge or awareness of the occurrence of the event or circumstances constituting a Trustee Default, Manager Default, Servicer Default or Perfection of Title Event.

### **9.3.4 The Trustee's Powers**

Subject to the Master Trust Deed, the Trustee has all the powers in respect of the Assets of the Series Trust which it could exercise if it were the absolute and beneficial owner of those assets.

In particular, the Trustee has power to:

- (a) invest in, dispose of or deal with any asset or property of the Series Trust (including the SMART Receivables) in accordance with the Manager's proposals;
- (b) obtain and act on advice from such advisers as may be necessary, usual or desirable for the purpose of enabling the Trustee to be fully and properly advised and informed in order that it can properly exercise its powers and obligations;
- (c) enter into, perform, enforce (subject to the restrictions in the Master Trust Deed) and amend (subject to any relevant terms and conditions) the Transaction Documents;
- (d) subject to the limitations set out in the Master Trust Deed, borrow or raise money, whether or not on terms requiring security to be granted over the Assets of the Series Trust;
- (e) refuse to comply with any instruction or direction from the Manager, the Servicer or the Seller in respect of the Series Trust where it reasonably believes that the rights and interests of the Investors are likely to be materially prejudiced by so complying;
- (f) with the agreement of the Manager, do things incidental to any of its specified powers or necessary or convenient to be done in connection with the Series Trust or the Trustee's functions; and
- (g) subject to the Eligibility Criteria, purchase any SMART Receivable notwithstanding that, as at the Cut-Off Date, such SMART Receivable is in arrears at the time of its acquisition by the Trustee.

### **9.3.5 Delegation by Trustee**

The Trustee is entitled to appoint the Manager, the Servicer, the Seller, the Security Trustee, a Related Body Corporate or any other person permitted by the Master Trust Deed or the Series Supplement to be attorney or agent of the Trustee for the purposes of carrying out and performing its duties and obligations

in relation to the Series Trust provided that it does not delegate a material part of its duties and obligations. The Trustee at all times remains liable for the acts and omissions of any Related Body Corporate when it is acting as the Trustee's delegate. Where the Trustee delegates any of its trusts, duties, powers, authorities and discretions to any person who is a Related Body Corporate of the Trustee, the Trustee at all times remains liable for the acts or omissions of such Related Body Corporate and for the payment of the fees to that Related Body Corporate when acting as delegate.

### **9.3.6 The Trustee's Fees and Expenses**

In respect of each Monthly Period, the Trustee is entitled to a fee for performing its duties. The fee will be an amount agreed between the Manager and the Trustee and is payable to the Trustee in arrears on the Distribution Date following the end of the Monthly Period. The Trustee's fee may also be adjusted, either by agreement or by expert determination, so that the Trustee is not economically advantaged or disadvantaged in relation to the supplies provided by it under the Series Supplement by the abolition of, change in the rate of, or any amendment to the legislation imposing, the goods and services tax. Any adjustment is subject to notification by the Manager to each Rating Agency and issue by the Manager of a Rating Notification in relation to the adjustment.

The Trustee is entitled to be reimbursed out of the Assets of the Series Trust in respect of all expenses incurred in respect of the Series Trust (but not general overhead costs and expenses). Furthermore, the Trustee is entitled to be indemnified out of the Assets of the Series Trust for all costs, charges, expenses and liabilities incurred by the Trustee in relation to or under any Transaction Document. The Trustee will also be indemnified for costs in connection with court proceedings alleging negligence, fraud or wilful default except where such allegation is found by the court to be correct.

### **9.3.7 Retirement, Removal and Replacement of the Trustee**

The Trustee must retire as trustee of the Series Trust if:

- (a) it fails or neglects, within 20 Business Days (or such longer period as the Manager may agree to) after receipt of a notice from the Manager requiring it to do so, to carry out or satisfy any material duty or obligation imposed on it by a Transaction Document;
- (b) an Insolvency Event occurs with respect to it in its personal capacity;
- (c) it ceases to carry on business;
- (d) it merges or consolidates with another entity without obtaining the consent of the Manager and the resulting merged or consolidated entity does not assume the Trustee's obligations under the Transaction Documents; or
- (e) there is a change in the ownership of 50% or more of its issued share capital from that as at the date of the Master Trust Deed or effective control of the Trustee alters from that as at the date of the Master Trust Deed, unless in either case approved by the Manager.

The Manager may require the Trustee to retire if it believes in good faith that any of these events have occurred. If the Trustee refuses to retire within 30 days after either the occurrence of one of the above events or notice from the Manager, the Manager may remove the Trustee from office immediately.

Upon the removal or retirement of the Trustee described in the paragraph above, the Manager must appoint a substitute Trustee, provided that the Manager may only appoint a substitute Trustee if the Manager has issued a Rating Notification (extending to all series trusts then existing) in relation to the proposed appointment. The retirement or removal of the Trustee will not be effective until the appointment of a substitute Trustee is complete.

If, after 30 days, the Manager has been unable to appoint a substitute Trustee, then the Manager must convene a single meeting of Investors of all then series trusts at which a new Trustee may be appointed by Extraordinary Resolution of all Investors of the then series trusts.

### **9.3.8 Voluntary Retirement of the Trustee**

The Trustee may only voluntarily retire if it gives the Manager 3 months' written notice or such lesser time as the Manager and the Trustee agree. Upon retirement the Trustee must appoint a substitute Trustee, provided that the Trustee may only appoint a substitute Trustee with the approval of the Manager, which approval must not be unreasonably withheld, and if the Manager has issued a Rating Notification (extending to all series trusts then existing) in relation to the proposed appointment.

If the Trustee does not propose a substitute Trustee at least 1 month prior to the proposed retirement, the Manager may appoint a substitute Trustee in respect of which appointment the Manager has issued a Rating Notification (extending to all series trusts then existing).

The retirement of the Trustee will not be effective until the appointment of the substitute Trustee is complete. If the Manager is unable to appoint a substitute Trustee within 30 days of the Trustee's retirement, it must convene a meeting of Investors at which a substitute Trustee may be appointed by Extraordinary Resolution of all Investors of all then series trusts. The retirement of the Trustee as described in this Section 9.3.8 will not be effective, and the Trustee must continue to act as Trustee, until a new Trustee is appointed.

### **9.3.9 Substitute Trustee**

The appointment of a substitute Trustee will not be effective until the substitute Trustee has executed a deed under which it assumes the obligations of the Trustee under the Master Trust Deed and the other Transaction Documents.

### **9.3.10 Limitation of the Trustee's Responsibilities**

The Trustee has the particular role and obligations specifically set out in the Transaction Documents. The Manager, Servicer and Seller are responsible for different aspects of the operation of the Series Trust, as described elsewhere in this Information Memorandum. The Trustee has no liability for any failure by the Manager, Seller, Servicer or other person appointed by the Trustee under any Transaction Document (other than a person whose acts or omissions the Trustee is liable for under any Transaction Document) to perform their obligations in connection with the Series Trust except to the extent such failure is caused by fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents.

### **9.3.11 Limitation of the Trustee's Liability**

The Master Trust Deed, Series Supplement, the Master Sale and Servicing Deed and other Transaction Documents contain provisions which regulate the Trustee's liability to Noteholders, other creditors of the Series Trust and any beneficiaries of the Series Trust.

The Trustee's liability in its capacity as trustee of the Series Trust to the Noteholders and to others is limited by those provisions to the amount the Trustee is entitled to recover through its right of indemnity from the Assets of the Series Trust out of which the Trustee is actually indemnified for the liability. However, this limitation does not apply to the extent not satisfied because of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents. This limitation of the Trustee's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Series Trust.

The Trustee is not liable to any person for any losses, costs, liabilities or expenses arising out of the exercise or non-exercise of its discretion (or by the Manager, the Seller or the Servicer of its discretions) or for any instructions or directions given to it by the Manager, the Seller or the Servicer, except to the extent that any obligation or liability arises as a result of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents.

Except where the Trustee acts in breach of trust or is otherwise disentitled (including, without limitation, for fraud, negligence or wilful default on the part of the Trustee or its officers, employees, or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents), the

Trustee will be indemnified out of the Assets of the Series Trust against all losses and liabilities properly incurred by it in performing any of its duties or exercising any of its powers under the Transaction Documents in its capacity as trustee of the Series Trust.

If the Trustee relies in good faith on an opinion, advice, information or statement given to it by experts (other than persons who are not independent of the Trustee), it is not liable for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of that expert. An expert is regarded as independent notwithstanding that the expert acts or has acted as an adviser to the Manager or the Trustee or both of them so long as separate instructions are given to that expert by the Trustee.

### **9.3.12 Disclosure of Information**

In relation to information which the Trustee in its capacity as trustee of the Series Trust receives from any of the Manager, the Investors, the Seller or the Servicer in relation to the Series Trust, the Seller Trust or the trust established under the Master Security Trust Deed (the "**Information**"), the Trustee is entitled to make available (to the extent permitted by law) such information to:

- (a) any Related Body Corporate of the Trustee which acts as custodian or Security Trustee of the Assets of the Series Trust or the Seller Trust assets or which otherwise has responsibility for the management or administration of the Series Trust or the Seller Trust including their respective assets; and
- (b) the Trustee acting in its capacity as Manager, custodian or Servicer (as applicable) of the Series Trust or the Seller Trust.

The Trustee will not have any liability for the use, non-use, communication or non-communication of the Information in the above manner, except to the extent to which the Trustee has an express contractual obligation to disclose or not disclose or to use or not use certain information received by it and fails to do so.

## **9.4 The Manager**

### **9.4.1 Appointment**

The Manager is appointed as manager of the Series Trust on the terms set out in the Master Trust Deed and the Series Supplement.

### **9.4.2 The Manager's Undertakings**

The Manager undertakes amongst other things that it will:

- (a) manage the Series Trust, including without limitation the business of the Series Trust and the Assets of the Series Trust, and in doing so will exercise at least the degree of skill, care and diligence that an appropriately qualified manager of such Assets would reasonably be expected to exercise having regard to the interests of the Investors;
- (b) use all reasonable endeavours to carry on and conduct its business to which its obligations and functions under the Transaction Documents relate in a proper and efficient manner;
- (c) do everything to ensure that it and the Trustee are able to exercise all their powers and remedies and perform all their obligations under the Master Trust Deed and any of the other Transaction Documents to which it is a party and all other related arrangements;
- (d) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Master Trust Deed and the Series Supplement;
- (e) exercise such prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed and the other Transaction Documents, having regard to the interests of the Investors; and
- (f) notify the Trustee promptly if it becomes actually aware of any Manager Default under the Master Trust Deed.

#### **9.4.3 The Manager may Rely**

If the Manager relies in good faith on an opinion, advice, information or statement given to it by experts (other than persons who are not independent of the Manager) it is not liable for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of that expert. An expert is regarded as independent notwithstanding that the expert acts or has acted as an adviser to the Manager so long as separate instructions are given to that expert by the Manager.

#### **9.4.4 Delegation by the Manager**

The Manager is entitled to appoint any person to be attorney or agent of the Manager for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust provided that it does not delegate a material part of its duties and obligations. The Manager at all times remains liable for the acts or omissions of any such person to the extent that those acts or omissions constitute a breach by the Manager of its obligations in respect of the Series Trust.

#### **9.4.5 The Manager's Fees and Expenses**

The Manager is entitled to a fee (the "**Management Fee**") for administering and managing the Series Trust for each Monthly Period. The Manager and the Trustee may agree to adjust the Management Fee from time to time (including as a result of changes in the goods and services tax) subject to notification by the Manager to each Rating Agency and issue by the Manager of a Rating Notification in relation to the adjustment. The Management Fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

The Manager will be indemnified out of the Assets of the Series Trust for all expenses incurred by the Manager in connection with the enforcement or preservation of its rights under or in respect of any Transaction Document or otherwise in respect of the Series Trust. The Manager will also be indemnified for costs in connection with court proceedings against the Manager alleging negligence, fraud or wilful default except where such allegation is found by the court to be correct.

#### **9.4.6 Manager Default and Removal of the Manager**

A Manager Default occurs if:

- (a) the Manager does not instruct the Trustee to pay the required amounts to the Investors within the specified time periods and such failure is not remedied within 5 Business Days of notice from the Trustee;
- (b) the Manager does not prepare and transmit to the Trustee any Settlement Statement or any other reports it is required to prepare under the Series Supplement and such failure is not remedied within 5 Business Days of notice from the Trustee (except when such failure is due in certain circumstances to a Servicer Default);
- (c) an Insolvency Event occurs with respect to the Manager;
- (d) the Manager breaches any other obligation under the Master Trust Deed or the Series Supplement and such action has had or, if continued will have, an Adverse Effect (as determined by the Trustee after the Trustee is actually aware of such breach) and either such breach is not remedied within 20 Business Days of notice from the Trustee, or the Manager has not, within 20 Business Days of such notice, paid compensation to the Trustee for its loss from such breach in an amount satisfactory to the Trustee (acting reasonably); and
- (e) a representation or warranty made by the Manager in a Transaction Document proves incorrect in any material respect and, as a result, gives rise to an Adverse Effect (as reasonably determined by the Trustee after the Trustee is actually aware of such incorrect representation or warranty) and the Manager has not paid compensation for any loss suffered by the Trustee in an amount satisfactory to the Trustee (acting reasonably) within 20 Business Days of notice from the Trustee.

The Trustee may agree to longer grace periods than those specified in paragraphs (a), (b), (d) and (e), and any such extension must be notified to the each Rating Agency.

Whilst a Manager Default is subsisting, the Trustee may by notice to the Servicer, the Manager and the rating agencies for all then series trusts immediately terminate the appointment of the Manager and appoint another entity to act in its place. Pending appointment of a new Manager, the Trustee will act as Manager and will be entitled to receive the Management Fee.

#### **9.4.7 Voluntary Retirement of the Manager**

The Manager may only voluntarily retire if it gives the Trustee 3 months' notice in writing (or such lesser time as the Trustee agrees). Upon such retirement the Manager may appoint in writing any other corporation approved by the Trustee. If the Manager does not propose a replacement at least 1 month prior to its proposed retirement, the Trustee may appoint a replacement.

Pending appointment of a new Manager, the Trustee will act as Manager and will be entitled to receive the Management Fee.

#### **9.4.8 Replacement Manager**

The appointment of a replacement Manager will not be effective until the Trustee receives a Rating Notification from either the Manager or Macquarie Leasing Pty Limited and the replacement Manager has executed a deed under which it assumes the obligations of the Manager under the Master Trust Deed and the other Transaction Documents.

#### **9.4.9 Limitation on Liability of Manager**

The Manager is relieved from personal liability in respect of the exercise or non-exercise of its discretions or for any other act or omission on its part, except in respect of costs, damages, losses and expenses incurred as a result of any Manager Default or to the extent that any such liability arises from fraud, negligence or wilful default on the part of the Manager or its officers, employees or agents or any other person whose acts or omissions the Manager is liable for under the Transaction Documents.

### **9.5 The Servicer**

#### **9.5.1 Undertakings of Servicer**

In addition to its servicing role described in Section 6.10, the Servicer also undertakes, among other things, that it will:

- (a) subject to the provisions of the Privacy Act and any duty of confidentiality or obligations of non-disclosure owed by the Servicer to its clients under the common law or otherwise, give the Manager, the Auditor and the Trustee such information as they require with respect to all matters in the possession of the Servicer in respect of the activities of the Servicer to which the Master Sale and Servicing Deed and the Series Supplement relate;
- (b) not transfer, assign or otherwise grant an encumbrance over the whole or any part of its interest (if any) in any SMART Receivable and its related securities; and
- (c) upon being directed to do so by the Manager or the Trustee, following the occurrence of a Perfection of Title Event, promptly take all action which it is directed to take by the Manager or the Trustee to assist the Trustee and the Manager to protect the Trustee's legal title in the SMART Receivables and the SMART Receivable Rights.

#### **9.5.2 Delegation by the Servicer**

The Servicer, for the purposes of carrying out and performing its duties and obligations in relation to the Series Trust, may:

- (a) appoint any person to be attorney or agent of the Servicer for those purposes and with those powers, authorities and discretions (not exceeding those vested in the Servicer) as the Servicer thinks fit; and

- (b) appoint any person to be agent of the Servicer as the Servicer thinks necessary or proper and with those powers, authorities and discretions (not exceeding those vested in the Servicer) as the Servicer thinks fit,

provided that, in each such case, except as provided in the Transaction Documents in relation to the Series Trust, the Servicer must not delegate to such third parties a material part of its powers, duties and obligations as Servicer in relation to SMART Receivables forming part of the Assets of the Series Trust.

The Servicer at all times remains liable for the acts or omissions of any such person to the extent that the acts or omissions constitute a breach by the Servicer of its obligations under the Master Sale and Servicing Deed and the Series Supplement. The Servicer is also liable for the payment of fees to any such person appointed.

The Servicer may replace or suspend any attorney, agent or sub-agent which has been appointed by it for any cause or reason as the Servicer may in its sole discretion think sufficient with or without assigning any cause or reason.

### **9.5.3 The Servicer's Fees and Expenses**

The Servicer is entitled to a fee for servicing the SMART Receivables for each Monthly Period. The Trustee, the Manager and the Servicer may agree to adjust the Servicer's fee from time to time (including as a result of changes in the goods and services tax) subject to notification by the Manager to each Rating Agency and issue by the Manager of a Rating Notification in relation to the adjustment. The fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

The Servicer must pay from such fee all expenses incurred in connection with servicing the SMART Receivables except for expenses in connection with the enforcement of any SMART Receivable or its related securities, the recovery of any amounts owing under any SMART Receivable or any amount repaid to a liquidator or trustee in bankruptcy pursuant to any applicable law, binding code, order or decision of any court, tribunal or the like or based on advice from the Servicer's legal advisors.

### **9.5.4 Servicer Default and Removal of the Servicer**

A Servicer Default occurs if:

- (a) the Servicer fails to remit amounts received in respect of the SMART Receivables to the Trustee within the time periods specified in the Series Supplement and such failure is not remedied within 7 Business Days (where the Trustee is satisfied that such failure arises out of a failure of the banking or payment system or an administrative error) or 3 Business Days (in all other cases) of notice from the Manager or the Trustee;
- (b) the Servicer fails to provide the Manager with the information necessary to enable it to prepare a Settlement Statement and the Pool Performance Data and such failure is not remedied within 5 Business Days of notice from the Manager or Trustee;
- (c) an Insolvency Event occurs with respect to the Servicer;
- (d) where the Seller is the Servicer and acting as custodian of the SMART Receivable Documents, it fails to deliver all the SMART Receivable Documents as described in Section 10 to the Trustee following the occurrence of a Document Transfer Event and does not deliver to the Trustee the outstanding SMART Receivable Documents within 20 Business Days of receipt of a notice from the Trustee specifying the SMART Receivable Documents that remain outstanding; or
- (e) the Servicer breaches its other obligations as Servicer under the Master Sale and Servicing Deed and such action has, or if continued will have, an Adverse Effect (as reasonably determined by the Trustee after it is actually aware of the breach) and either is not remedied so that it no longer has, or will have, an Adverse Effect within 20 Business Days of notice from the Manager or the Trustee, or the Servicer has not within this time paid compensation to the Trustee for its loss from such breach.



The Trustee may agree to longer grace periods than those specified in paragraphs (a), (b), (d) and (e).

While a Servicer Default is subsisting of which the Trustee is actually aware, the Trustee must by notice to the Servicer, the Manager and each Rating Agency immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified organisation or bank to act in its place. Pending the appointment of a new Servicer, the Trustee will act as Servicer and is entitled to the Servicer's fee during the period that it so acts.

#### **9.5.5 Voluntary Retirement of the Servicer**

The Servicer may only voluntarily retire if it gives the Trustee, the Manager and each Rating Agency 3 months' notice in writing (or such lesser period as the Servicer, the Trustee, the Manager and the Rating Agencies agree). Upon retirement the Servicer may appoint in writing as its replacement any other corporation approved by Trustee. If the Servicer does not propose a replacement by 1 month prior to its proposed retirement, the Trustee may appoint a replacement. Pending the appointment of a new Servicer, the Trustee will act as Servicer and will be entitled to the above fee.

#### **9.5.6 Replacement Servicer**

The appointment of a replacement Servicer will not be effective until the Trustee has received a Rating Notification from the Manager in relation to the appointment of the replacement Servicer and the replacement Servicer has executed a deed under which it assumes the obligations of the Servicer under the Master Trust Deed and the other Transaction Documents.

### **9.6 Termination of the Series Trust**

#### **9.6.1 Termination Events**

The Series Trust terminates on the earliest to occur of:

- (a) the date appointed by the Manager as the date on which the Series Trust terminates (which, if the Notes have been issued by the Trustee, must not be a date earlier than:
  - (i) the date that the Stated Amount of the Notes has been reduced to zero; or
  - (ii) if an Event of Default under the Master Security Trust Deed has occurred, the date of the final distribution by the Security Trustee under the Master Security Trust Deed);
- (b) the date which is 80 years after its constitution; and
- (c) the date on which the Series Trust terminates under statute or general law,

(such date being the "**Termination Event Date**").

#### **9.6.2 Realisation of Assets of the Series Trust**

Upon the termination of the Series Trust, the Trustee in consultation with the Manager must sell and realise the Assets of the Series Trust within 180 days of the termination event provided that during this period the Trustee is not entitled to sell the SMART Receivables and related securities for less than their Fair Market Value. The Trustee is also not entitled to sell any SMART Receivables and related securities unless the Seller has not exercised its right of first refusal (see Section 9.6.3). Furthermore, the Trustee must not conclude a sale unless any SMART Receivables and related securities are assigned in equity only (unless the Trustee already has legal title) and the sale is expressly subject to both the Servicer's right to be retained as Servicer in accordance with the Series Supplement and the rights of the Seller Trust (and the Seller as beneficiary of the Seller Trust) in respect of those SMART Receivables and related securities.

If the Trustee is unable to sell the SMART Receivables and related securities for at least their Fair Market Value on the above terms during the 180 day period, the Trustee may sell them after the expiry of that period for a price less than their Fair Market Value. Alternatively, the Trustee may perfect its legal title to the SMART Receivables and related securities if it is necessary to do so to sell them for a price at least equal to their Fair Market Value. However, in such a sale the Trustee must use reasonable endeavours to

include as a condition of the sale that the purchaser of the SMART Receivables will consent to the Seller obtaining securities subsequent to the securities assigned to the purchaser and will enter into priority agreements such that the purchaser's security has first priority over the Seller's security only for the principal outstanding plus interest, fees and expenses on the relevant SMART Receivable.

### **9.6.3 Seller's Right of First Refusal**

On the Termination Event Date, the Trustee is deemed to offer to sell the SMART Receivables and related securities forming part of the Assets of the Series Trust to the Seller for a price equal to the Fair Market Value of those SMART Receivables. The Trustee must not sell the SMART Receivables and related securities unless the Seller has failed to accept such offer within 90 days of the Termination Event Date or, having accepted the offer, has failed to pay that price within 180 days of the Termination Date. However, if the Fair Market Value of the SMART Receivables is insufficient to ensure that the Noteholders will receive the aggregate of the Invested Amounts of the Notes and Coupon payable on the Notes, the deemed offer will be conditional upon an Extraordinary Resolution of Noteholders approving the offer.

### **9.6.4 Distributions**

After deducting expenses, the Trustee must pay amounts standing to the credit of the Collections Account on the Termination Payment Date in accordance with the order of priority set out in the Series Supplement (see Section 7). If there are insufficient funds to make payments to Noteholders in full, the amount distributed (if any) will be in final redemption of the Notes, the Income Unit and the Capital Units.

### **9.7 Audit and Accounts**

The initial auditor for the Series Trust is expected to be PricewaterhouseCoopers (the "**Auditor**"). The Auditor's remuneration is to be determined by the Manager and is to be paid by the Manager from its own funds.

The Auditor must at the end of each financial year audit a sample of transactions in respect of the Series Trust and provide a written report to the Trustee, the Manager and each Rating Agency. The audit report must be prepared in accordance with approved accounting standards and must either detail any outstanding breaches on the part of any party to the Transaction Documents or confirm that there are no outstanding breaches. It must also report on errors or deviations from the procedures outlined in the Transaction Documents that have come to the attention of the Auditor and, in respect of the report provided at the end of the financial year, confirm that either the Series Trust has no net tax income for the previous income year, or that the Income Unitholder is presently entitled to any net tax income of the Series Trust for the previous year.

The Manager must ensure that the accounts of the Series Trust are audited as at the end of each financial year. Copies of the accounts and the auditor's report will only be provided to the Investors on request but will be available for inspection during business hours at the Trustee's offices. The Manager must prepare and lodge the tax return for each trust and any other statutory returns.

### **9.8 Amendments to Master Trust Deed, Series Supplement and Master Sale and Servicing Deed**

The Trustee and the Manager may amend the Master Trust Deed, the Master Sale and Servicing Deed and the Series Supplement if the amendment:

- (a) is necessary or expedient to comply with any regulatory requirements;
- (b) is to correct a manifest error or is of a formal, technical or administrative nature only;
- (c) is required by, consistent with or appropriate, expedient or desirable for any reason as a consequence of:
  - (i) the introduction of, or any amendment to, any statute, regulation or governmental agency requirement; or
  - (ii) a decision by any court,

(including without limitation one relating to the taxation of trusts);

- (d) in the case of the Master Trust Deed, relates only to a series trust not yet constituted under its terms;
- (e) will enable the provisions of the Master Trust Deed or the Series Supplement to be more conveniently, advantageously, profitably or economically administered; or
- (f) in the opinion of the Trustee is otherwise desirable for any reason.

However, in the case of an amendment referred to in paragraph (e) or (f) above, the Trustee must consider whether the relevant amendment is likely to be prejudicial to the interests of all Unitholders or all Noteholders or of a particular class or sub-class of Unitholders or Noteholders. Subject to the paragraph below, if the Security Trustee forms a reasonable opinion that such prejudice will be likely, then the amendment can only be made if an Extraordinary Resolution approving the amendment is passed by all Unitholders or all Noteholders or the Unitholders or Noteholders of a the relevant class or sub-class, as the case may be, (being a resolution requiring not less than 75% of all votes cast or a written resolution signed by the relevant Unitholders or Noteholders).

Notwithstanding the foregoing, but subject to any consent or approval required by law, if the Manager:

- (A) provides the Trustee with a written confirmation that the Manager is satisfied, following discussions with the relevant Rating Agency, that the rating assigned by the relevant Rating Agency to the Notes would be subject to a downgrade, qualification or withdrawal absent the proposed amendment;
- (B) issues a Rating Notification in relation to the proposed amendment; and
- (C) is satisfied that the proposed amendment, addition or revocation will not give rise to an Adverse Effect in relation to the relevant Series Trust,

then the Trustee and the Manager may (and if directed to do so in writing by the Manager, the Trustee must), without the need to seek the consent of any Unitholder or Noteholder or to separately consider whether the relevant amendment will or is likely to prejudice any Unitholder or Noteholder, amend the Master Trust Deed and/or the Series Supplement and/or the Master Sale and Servicing Deed, where such amendment is requested by the Manager or the Trustee to take into account changes in the ratings criteria of the Rating Agencies.

The Trustee may not amend, add to or revoke any provision of the Master Trust Deed, the Series Supplement or Master Sale and Servicing Deed if the consent of a party is required under a Transaction Document unless that consent has been obtained.

## **9.9 Meetings of Noteholders**

### **9.9.1 Convened under Master Trust Deed**

In addition to meetings convened under the Master Security Trust Deed of the Voting Secured Creditors (see Section 8.3.3) a meeting of Noteholders, Investors or Unitholders of the Series Trust may be convened under the Master Trust Deed.

### **9.9.2 Who Can Convene Meetings**

The Manager or the Trustee may convene a meeting of the Investors, the Noteholders or a Class of the Noteholders, or the Unitholders or a Class of the Unitholders (the "**Relevant Investors**").

### **9.9.3 Notice of Meetings**

At least 7 days' notice must be given to the Relevant Investors of a meeting unless 95% of the holders of the relevant then outstanding Notes or Units (as the case may be) agree on a shorter period of time. The notice must specify the day, time and place of the proposed meeting, the reason for the meeting and the agenda, the terms of any proposed resolution, that persons appointed to maintain the Register may not register any transfer of a Note or Unit in the period 2 Business Days prior to the meeting, that

appointments of proxies must be lodged no later than 24 hours prior to the time fixed for the meeting and such additional information as the person giving the notice thinks fit. The accidental omission to give notice or the non-receipt of notice will not invalidate the proceedings at any meeting.

#### **9.9.4 Quorum**

The quorum for a meeting is 2 or more persons present in person being Relevant Investors or representatives holding in the aggregate not less than 67% of the Notes or Units corresponding to the meeting of Relevant Investors and then outstanding. For so long as any class or sub-class of Notes or Units is held by 1 person, that 1 person will constitute a quorum for the purpose of a meeting of Relevant Investors comprised solely of that class or sub-class.

If the required quorum is not present within 15 minutes, the meeting will be adjourned for between 7 and 42 days as specified by the chairman. At any adjourned meeting, 2 or more persons (or, for so long as any class or sub-class of Notes or Units is held by one party (including any clearing system or depository), such party and/or any proxy or representative for such party) present in person being Relevant Investors holding or representing in the aggregate not less than 50% of the Notes or Units corresponding to the meeting of the Relevant Investors and then outstanding will constitute a quorum. At least 5 days' notice must be given of any meeting adjourned through lack of a quorum.

#### **9.9.5 Voting Procedure**

Questions submitted to any meeting will be decided in the first instance by show of hands or, if demanded by the chairman, the Trustee, the Manager or one or more persons being Relevant Investors holding not less than 2% of the Notes or Units corresponding to the meeting of the Relevant Investors and then outstanding, by a poll. The chairman has a casting vote both on a show of hands and on a poll.

In relation to a vote by way of show of hands, every person being a Relevant Investor holding then outstanding Notes or Units will have 1 vote.

In relation to a vote by way of poll, every person being a Relevant Investor holding then outstanding:

- (A) Notes of the class or sub-class of Notes; or
- (B) Units of the class of Units,

corresponding to the meeting of the Relevant Investors and then outstanding will have 1 vote for each A\$1,000 of the principal outstanding of the Notes held by such Relevant Investor and will have 1 vote for each Unit held by such Relevant Investor unless the meeting of Relevant Investors includes any Relevant Investor in respect of a series trust (other than the warehouse trusts) constituted prior to 24 September 2012, in which case, every Relevant Investor holding then outstanding Notes or Units corresponding to the meeting of the Relevant Investors will only have 1 vote for each Note or Unit held by it on a poll.

#### **9.9.6 Powers of Meeting of Noteholders**

The powers of a meeting of Noteholders are specified in the Master Trust Deed and can only be exercised by an Extraordinary Resolution. A meeting of Noteholders does not have the power to:

- (a) remove the Trustee, the Servicer or the Manager other than in accordance with the terms of the Master Trust Deed and the Series Supplement;
- (b) interfere with the management of the Series Trust;
- (c) wind-up or terminate the Series Trust;
- (d) dispose of or deal with SMART Receivables and related securities or eligible investments of the Series Trust; or
- (e) amend the provisions of the Master Trust Deed or the Series Supplement other than as described in Section 9.8.

**9.9.7 Binding Resolutions**

An Extraordinary Resolution of all Relevant Investors which by its terms affects a particular Relevant Investor or class of Relevant Investors only or in a manner different to the rights of the Relevant Investors generally, is only binding on the Relevant Investor or class of Relevant Investors (as the case may be) if it or they agree to be bound by such Extraordinary Resolution.

**9.9.8 Written Resolutions**

A resolution of Relevant Investors or a class of Relevant Investors may be passed without any meeting or previous notice being required by an instrument in writing signed by all Relevant Investors or a class of Relevant Investors (as the case may be).

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## **10 Document Custody**

### **10.1 Document Custody**

Macquarie Leasing will hold a separate electronic file containing digital copies of the SMART Receivable Documents in relation to SMART Receivables that from time to time form part of the Assets of the Series Trust as custodian on behalf of the Trustee from and including the Closing Date in respect of each SMART Receivable until a Document Transfer Event occurs. As custodian, Macquarie Leasing will not be obliged to maintain any hard copy original SMART Receivable Documents and may destroy any such hard copy originals provided that it must first take, and must retain, a digital copy of any such hard copy originals.

Macquarie Leasing may, for the purposes of carrying out and performing its duties and obligations as custodian of the SMART Receivable Documents, appoint any person as the Custodial Delegate as it thinks necessary or proper with those powers, authorities and discretions (not exceeding those vested in Macquarie Leasing) as Macquarie Leasing thinks fit, provided that the Manager has first issued a Rating Notification in relation to the appointment of the Custodial Delegate.

Notwithstanding the appointment of a Custodial Delegate, Macquarie Leasing at all times remains liable for the acts or omissions of any Custodial Delegate, insofar as the acts or omissions constitute a breach by Macquarie Leasing of its obligations as custodian of the SMART Receivable Documents and for the payment of fees to any person so appointed.

Macquarie Leasing (or its Custodial Delegate) must maintain the electronic files containing digital copies of the SMART Receivable Documents in accordance with its standard safe-keeping practices and in the same manner and to the same extent as it holds its own documents until a Document Transfer Event occurs.

Macquarie Leasing must provide to the Trustee, no later than 30 days from the date of acceptance of the Letter of Offer, a letter which explains how the electronic files containing digital copies of the SMART Receivable Documents are recorded or stored and an electronic listing containing certain information in connection with the SMART Receivables and related securities. Macquarie Leasing must also update the information in the letter and the electronic listing on a regular basis as described in Section 6.11.

Macquarie Leasing's or its Custodial Delegate's role as custodian will be periodically reviewed by the Auditor who will deliver an audit report to the Trustee (with a copy to the Manager and Macquarie Leasing) on a yearly basis.

### **10.2 Document Transfer Event**

A Document Transfer Event will occur if an adverse document custody audit report is provided by the Auditor; the Auditor is then instructed by the Trustee to conduct a further document custody audit report no sooner than 1 month but no later than 2 months after the date of receipt by the Trustee of the adverse document custody audit report; and the Auditor provides a further adverse document custody audit report.

An adverse document custody audit report by the Auditor for the purposes of a Document Transfer Event is one in which major deficiencies in internal controls are identified and the Auditor has concluded that it cannot rely on the integrity of the information in respect of the SMART Receivables on Macquarie Leasing's security register or the other electronic information referred to in Section 10.1.

The Trustee must notify Macquarie Leasing immediately upon becoming actually aware of a Document Transfer Event. Upon receipt of such notice Macquarie Leasing must transfer copies, or arrange for the transfer of copies, of all digital copies of the SMART Receivable Documents to the Trustee within 14 days (in respect of at least 90% of the SMART Receivables) and within 28 days (for any remaining SMART Receivable Documents), subject to limited exceptions for certain SMART Receivable Documents contained in the Series Supplement.

If following a Document Transfer Event:

- (a) the Trustee is satisfied, notwithstanding the occurrence of the Document Transfer Event, that Macquarie Leasing is an appropriate person to act as custodian of the SMART Receivable Documents; and

- (b) the Manager issues a Rating Notification in relation to the appointment of Macquarie Leasing to act as custodian of the SMART Receivable Documents,

then the Trustee may by agreement with Macquarie Leasing appoint Macquarie Leasing to act as custodian of the SMART Receivable Documents upon such terms as are agreed between the Trustee and Macquarie Leasing and approved by the Manager.

If:

- (a) a Perfection of Title Event (other than a Servicer Default as described in Section 9.5.4(d)) is declared by the Trustee in accordance with the Series Supplement and the Trustee notifies Macquarie Leasing of that fact; or
- (b) the Trustee considers in good faith that a Servicer Default as described in Section 9.5.4(d) has occurred and the Trustee has notified Macquarie Leasing the reasons why the Trustee, in good faith, considers that the conditions in Section 9.5.4(d) have been satisfied and why, in the Trustee's reasonable opinion, an Adverse Effect has or may occur as a result,

Macquarie Leasing must, immediately following notice from the Trustee, and subject to limited exceptions contained in the Series Supplement for certain SMART Receivable Documents, transfer digital copies of the SMART Receivable Documents to the Trustee.

### **10.3 Custodian Fee**

The custodian is entitled to a fee for the provision of custodial services by it to the Trustee. The amount of such fee will be agreed on from time to time between the Manager, the Trustee and the custodian and notified by the Manager to each Rating Agency. The fee for a Monthly Period is payable by the Trustee in arrears on the Distribution Date following the end of the Monthly Period.

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## 11 Taxation - Australian Tax Considerations

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective Offered Noteholder as a result of acquiring, holding or transferring the Offered Notes. The following is not intended to be and should not be taken as a comprehensive taxation summary for prospective Offered Noteholders.

The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (the "ATO") generally accepted as at the date of this Information Memorandum. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retrospective effect.

A person with an interest in the Offered Notes (in this section, a "Noteholder") should consult their professional advisers in relation to their tax position. Noteholders who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Offered Notes are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Offered Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Offered Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

### 11.1 Tax Status of the Series Trust

As the Series Trust is wholly owned by the Macquarie Group, it will be a member of the Macquarie Group tax consolidated group, and will be taken to be a part of the head company of that group for most Australian income tax purposes. The primary responsibility for income tax liabilities rests with the head company of a tax consolidated group. As a result, the Series Trust will not be subject to any income tax liability in respect of the income of the Series Trust in the first instance.

All members of the Macquarie Group tax consolidated group, including the Series Trust, can become jointly and severally liable for the tax liabilities of that group where the head company of that group defaults on those tax liabilities. However, where the members of that group have entered into a valid and effective tax sharing agreement that covers all of the group's tax liabilities, the liability of each member, including the Series Trust, will be limited to a reasonable allocation of the group's tax liabilities. Under the Macquarie Group tax consolidated group's tax sharing agreement, subject to certain assumptions regarding the operation of the Series Trust, the Series Trust would have a nil allocation of that group's tax liabilities.

It is the opinion of Allen & Overy that the Macquarie Group tax consolidated group's tax sharing agreement is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to tax sharing agreements. It should be noted however that it is possible that the Commissioner of Taxation could change his current views, and any ultimate determination rests with the Courts. In addition, certain prescribed circumstances can operate to invalidate a tax sharing agreement. Subject to those qualifications, it is the opinion of Allen & Overy that the Macquarie Group tax consolidated group's tax sharing agreement is valid and effective.

### 11.2 Taxation of interest on Offered Notes

#### *Australian Noteholders*

The Noteholders will derive interest income from their Offered Notes. Noteholders will, if Australian tax residents, or non-residents that hold the Offered Notes in carrying on business at or through a permanent establishment in Australia, be taxable by assessment on this interest income for Australian tax purposes. Whether this interest income will be recognised on a cash receipts or accruals basis for tax purposes will depend upon the tax status of the particular Noteholder. Noteholders will generally be required to lodge an Australian tax return.

A non-final withholding tax equal to the top marginal tax rate plus Medicare levy (currently 47%) may be deducted from payments to such a Noteholder who does not provide a tax file number ("TFN") or an



Australian Business Number ("ABN") (where applicable) or proof of a relevant exemption from quoting such numbers.

Any such tax withheld will be credited against any Australian income tax by assessment in respect of interest derived from the Offered Notes.

#### *Non-Australian Noteholders – Interest Withholding Tax*

Under current Australian tax laws, interest or an amount in the nature of interest which is:

- paid by the Trustee to a non-resident of Australia and not derived in carrying on business at or through an Australian permanent establishment, or to an Australian resident who derived the interest in carrying on business at or through a permanent establishment outside Australia; and
- not an outgoing wholly incurred by the Trustee in carrying on business in a country outside Australia at or through a permanent establishment in that country,

will be subject to interest withholding tax at a rate (currently) of 10%, of the amount of such payment.

Various exemptions are available from interest withholding tax, including the "public offer" exemption, the tax treaty exemption and the superannuation fund exemption (each discussed below).

#### *Public Offer Exemption*

Pursuant to section 128F of the Tax Act, an exemption from interest withholding tax applies if all of the following conditions are met:

- the Trustee is a company as defined in section 128F(9) of the Tax Act (which includes companies acting as trustees of certain trusts, provided that all of the beneficiaries of the trust are companies other than companies acting in the capacity of trustee);
- the Trustee is a resident of Australia or is a non-resident carrying on business at or through an Australian permanent establishment when it issues the Offered Notes;
- the Trustee is a resident of Australia or is a non-resident carrying on business at or through an Australian permanent establishment when the interest is paid; and
- the issue of the Offered Notes satisfies the public offer test set out in section 128F(3) or (4) of the Tax Act.

The Joint Lead Managers have agreed with the Trustee to offer the Offered Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied.

Under current Australian tax law, the public offer test will not be satisfied if, at the time of issue, the Trustee knew, or had reasonable grounds to suspect, that the Offered Notes, or an interest in the Offered Notes, was being, or would later be, acquired either directly or indirectly by an Offshore Associate of the Trustee, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Offered Notes, or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

The exemption under section 128F also does not apply to interest paid by the Trustee to an Offshore Associate of the Trustee, if, at the time of payment of the interest, the Trustee knows, or has reasonable grounds to suspect, that such person is an Offshore Associate and the Offshore Associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

**Accordingly, the Offered Notes should not be acquired by any Offshore Associate of the Trustee, subject to the exceptions referred to above.**

In the event that the exemption from interest withholding tax under section 128F does not apply, an exemption or reduction may nonetheless be available in certain circumstances under an applicable double tax agreement (refer below).

### *Tax Treaty Exemption*

The Australian government has entered into a number of double tax agreements ("**Tax Treaties**") with certain countries (each a "**Specified Country**") including the United States of America, the United Kingdom, Switzerland, Norway, Germany, Finland, the Republic of France, Japan, the Republic of South Africa and New Zealand. The Tax Treaties may apply to interest derived by a resident of a Specified Country in relation to an Offered Note.

Where the Tax Treaties apply, withholding tax applying to interest derived by:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and
- certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country, and which are dealing wholly independently with the Trustee,

will be reduced from the interest withholding tax rate of 10% to zero.

However, back-to-back loans and economically equivalent arrangements will not obtain the benefit of the reduction in interest withholding tax and the anti-avoidance provisions in the Tax Act may apply.

The availability of relief under Australia's Tax Treaties may be limited by Australia's adoption of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in circumstances where a Noteholder has an insufficient connection with the relevant jurisdiction. Prospective Noteholders should obtain their own independent tax advice as to whether any of the exemptions under the relevant Tax Treaties may apply to their particular circumstances.

### *Exemption for superannuation funds*

An exemption from interest withholding tax is also available in respect of interest paid to a non-resident superannuation fund where that fund is a superannuation fund maintained solely for foreign residents and the interest arising from the Offered Notes is exempt from income tax in the country in which such superannuation fund is resident.

## **11.3 Garnishee Notices**

The Commissioner of Taxation may issue a notice requiring any person who owes, or who may later owe, money to a taxpayer who has a tax-related liability, to pay to him the money owed to the taxpayer. If the Trustee is served with such a notice in respect of a Noteholder, then the Trustee would be required to comply with that notice.

## **11.4 Taxation of Profit on Sale**

If a Noteholder is an Australian resident for tax purposes, or a foreign resident acquiring the Offered Notes in carrying on business at or through an Australian permanent establishment, the Noteholder will be assessable on any profit on disposal of the Offered Notes.

Under current Australian tax law, non-resident holders of Offered Notes who have never held the Offered Notes in carrying on business at or through a permanent establishment in Australia will not be subject to Australian income tax on profits derived from the sale or disposal of the Offered Notes where the profits do not have an Australian source.

The source of any profit on the disposal of Offered Notes will depend on the factual circumstances of the actual disposal. Generally, where the Offered Notes are acquired and disposed of pursuant to contractual arrangements entered into and concluded outside Australia, and the originator and the purchaser are non-residents of Australia and do not transact at or through an Australian permanent establishment, the profits should not have an Australian source.

## **11.5 Non-resident Withholding Tax Regime**

There are certain obligations to withhold an amount in respect of certain payments and non-cash benefits that are made to non-residents as prescribed by regulations.

Regulations introduced to date will not affect the payments of interest on the Offered Notes. This is consistent with the non-resident withholding provisions which provide that the regulations will not apply to interest and other payments which are already subject to the current withholding tax rules.

Regulations which prescribe payments to which withholding applies can only be made where the Minister is satisfied that the payment could reasonably be related to assessable income of non-residents. Accordingly, the regulations should not apply to repayments of principal under the Offered Notes as such amounts will generally not be reasonably related to assessable income of non-residents.

## **11.6 Mutual assistance in the collection of tax debts**

Under Division 263 of Schedule 1 of the Taxation Administration Act 1953 (Cth), the Commissioner may have the power to collect a taxation debt on behalf of a foreign taxation authority if formally requested to do so, or to take conservancy measures to ensure the collection of that debt. Conservancy is concerned with preventing a taxpaying entity from dissipating its assets when it has a tax related liability. As a result, in certain circumstances, any foreign tax liabilities of a non-resident Noteholder the subject of the measures may be collected by Australia on behalf of another country.

## **11.7 Taxation of Financial Arrangements**

The TOFA rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) ("**TOFA rules**") set out principles and rules for the tax timing and character treatment of gains and losses from "financial arrangements", which are broadly defined to include arrangements under which you have "cash settleable" legal or equitable rights or obligations to receive or provide a financial benefit of a monetary nature in the future.

The Offered Notes will constitute "financial arrangements" as defined in the TOFA rules.

The TOFA rules set out six methods of recognizing the quantum and timing of the income and expenses arising from a financial arrangement – accruals, realization, fair value, retranslation, hedging, and reliance on financial reports.

Generally, the TOFA rules treat gains as assessable and losses you make in gaining or producing your assessable income as deductible.

There are a number of exceptions from the application of the TOFA rules.

Prospective Noteholders should obtain their own independent taxation advice as to whether the TOFA rules apply in respect of their investment in the Offered Notes and the taxation impact of such application (if any).

The TOFA rules will not override any exemption available under section 128F of the Tax Act.

## **11.8 GST**

The Series Trust will be treated as a separate entity that makes supplies and acquisitions for purposes of goods and services tax ("**GST**") under the "GST Law", which is defined by section 195-1 of the A New Tax System (Goods and Services Tax) Act 1999 (Cth) ("**GST Act**") to include several acts in relation to GST (including assessment, imposition and administration acts). Accordingly, references to the "Trustee" in this part are references to the Trustee in its capacity as Trustee of the Series Trust.

Under the GST Law, GST is payable on "taxable supplies". However, GST is not payable on supplies that fall within a category of "input taxed" or "GST-free" supplies. Certain financial supplies are input taxed, whereas certain supplies to non-residents may be GST-free.

Based on the current GST Law, the Trustee would not make taxable supplies when it issues the Offered Notes or pays interest or principal on the Offered Notes to Noteholders.

### *Overview of application of GST*

If a supply by the Trustee is:

- "taxable", GST equal to 1/11 of the total consideration provided in connection with that supply will be payable (subject to the application of the market value substitution rules for supplies between associates);
- "GST free", no GST will be payable on the supply and input tax credits for the GST component of the purchase price paid for acquisitions to make that supply will be available; or
- "input taxed" (including "financial supplies", as defined by regulation 40-5.09 of the A New Tax System (Goods and Services Tax) Regulations 1999), no GST will be payable on the supply but input tax credits for the GST component of the purchase price paid for acquisitions to make that supply will not be available unless one of the relevant exceptions applies (such as acquisitions that are eligible for a reduced input tax credit).

In addition to the above supplies, GST may be "reverse-charged" on acquisitions from offshore suppliers. In the opinion of Allen & Overy, the Trustee will not be liable to pay GST by way of a reverse-charge.

### *Supplies by the Trustee*

It is expected that the Trustee will mainly make input taxed "financial supplies" and therefore will not be entitled to claim full input tax credits for acquisitions that relate to those supplies. Where the Trustee makes supplies (e.g. issues Offered Notes) to non-residents of Australia that are not in Australia, the Trustee will also make GST-free supplies. In this case, the Trustee's ability to claim input tax credits will increase.

### *Acquisitions by the Trustee*

Most of the services that the Trustee will acquire are expected to be taxable supplies. These services include services acquired from the Manager, the Servicer, and the Hedge Provider. As the Series Trust will not become part of the GST group of which Macquarie Group Limited is the representative member ("Macquarie GST Group"), the provision of services by the Manager, the Servicer, the Hedge Provider, the Custodian and other service providers will not be ignored for GST purposes, and it will generally be the service provider who is liable to pay GST on such supplies. Whether a service provider is able to recoup an additional amount from the Trustee on account of the service provider's GST liability on the relevant supply will depend on the terms of the contract with that service provider.

The acquisitions made by the Trustee from the trustee (in its personal capacity), the Manager, the Servicer, the Security Trustee and the Custodian are expected to be acquisitions of taxable supplies. Under the Series Supplement, the Trustee (in its personal capacity), the Manager, the Servicer and Macquarie Leasing (who, among other things, may act as Custodian) are each expressly precluded from claiming, in addition to its respective fee and from the assets of the Series Trust, a reimbursement for, or additional payment in relation to, any GST liability it may have in relation to a taxable supply that it makes under or in connection with the Series Trust. However there are certain circumstances in which the fees payable may be adjusted on account of GST.

### *Availability of Input Tax Credits*

If amounts payable by the Trustee are treated as the consideration for a taxable supply under the GST Law and they are increased on account of GST (noting that the Trustee's ability to claim input tax credits on an acquisition is not pre-conditioned on there being a contractual amount on account of GST payable to a supplier), the Trustee may be restricted in its ability to claim an input tax credit in respect of the GST component. In these circumstances, the expenses of the Series Trust would increase, resulting in a decrease in the funds available to the Trustee to pay Noteholders. However, input tax credits may be available in the following circumstances:

- a "reduced input tax credit" may be claimed for "reduced credit acquisitions" that relate to the making of financial supplies by the Series Trust. Where available, the amount of the reduced input tax credit is currently either 55% or 75% of the GST payable by the service provider on the taxable

supplies made to the Trustee. The availability of reduced input tax credits will reduce the expenses of the Series Trust in respect of GST;

- input tax credits will be available if the Trustee does not breach the "financial acquisitions threshold" ("FAT"). However, it is expected that the Trustee will breach the FAT and as such that input tax credits will not be available on this basis; and
- input tax credits are available for acquisitions relating to a financial supply that consists of a borrowing provided the borrowing relates to supplies that are not input taxed.

## **11.9 Stamp Duty**

In the opinion of Allen & Overy, no stamp duty would apply to the issue, the transfer and the redemption of the Offered Notes under the law currently applying in all States and Territories of Australia.

The equitable assignment of the SMART Receivable Rights will not be subject to stamp duty in any Australian State or Territory.

A legal assignment of the SMART Receivable Rights (such as in the case of a Perfection of Title Event) would be subject to nil or nominal duties.

Any "retransfer" of the SMART Receivable Rights from the Trustee to Macquarie Leasing will operate by way of extinguishment of the Trustee's equitable interest in those SMART Receivable Rights, accordingly, based on the current Australian legislation, published guidelines, and factual assumptions as to the activities of the Series Trust, in the opinion of Allen & Overy, such "retransfer" would not be subject to duty in any Australian State or Territory. It should be noted that it is open for an Australian State or Territory Revenue Authority or a Court to form a different opinion.

## **11.10 Tax Reform Proposals**

The Australian Federal Government is undertaking a program of reform of taxation generally.

In addition to many measures that have been enacted, there remain some outstanding areas where the Federal Government has indicated that changes are being considered or may be introduced, discussed further below.

### *Taxation of Trusts*

The former Australian Government announced proposed changes to update the law regarding the taxation of trusts. Depending on the final form of any legislation, it is possible that the law could be amended in a way that could cause the Series Trust to become subject to a liability in respect of taxes (or potentially a liability under the Macquarie Group tax consolidated group's tax sharing agreement) in certain circumstances, however, there has been no express statement that such an outcome is intended. In addition, the proposed changes have not progressed beyond consultation phase, and could potentially be withdrawn.

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## 12 Taxation Other

### 12.1 Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service ("IRS") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Series Trust or the Trustee (a "**Recalcitrant Holder**"). The Series Trust or the Trustee may be classified as an FFI.

The new withholding regime is in effect for payments received from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Offered Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Offered Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could also be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Australia have entered into an agreement (the "**US-Australia IGA**") based largely on the Model 1 IGA.

If the Series Trust and the Trustee are each treated as Reporting FIs pursuant to the US-Australia IGA it is anticipated that they will not be obliged to deduct any FATCA Withholding on payments they make. There can be no assurance, however, that the Series Trust and the Trustee will be treated as Reporting FIs, or that they would in the future not be required to deduct FATCA Withholding from payments they make. The Trustee and financial institutions through which payments on the Offered Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Offered Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Offered Notes are held within the Austraclear system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Offered Notes by the Trustee, given that each of the entities in the payment chain between the Trustee and the participants in the Austraclear system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Offered Notes.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their own tax advisers on how these rules may apply to the Series Trust or the Trustee and to payments they may receive in connection with the Offered Notes.**

### 12.2 The proposed financial transactions tax

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain financial transactions in the Offered Notes (including secondary market transactions) in certain circumstances.

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

However, the FTT proposal remains subject to negotiation between the participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union member states may decide to participate.

Prospective holders of the Offered Notes are advised to seek their own professional advice in relation to the FTT.

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## **13 Subscription and Selling Restrictions**

### **13.1 Subscription**

Under the Dealer Agreement the Joint Lead Managers have agreed, subject to certain conditions, to bid for an allocation of the Offered Notes at the issue price of 100 per cent of their principal amount.

Macquarie Leasing has agreed to pay the Joint Lead Managers certain fees and to reimburse them for certain of their costs and expenses in connection with the issue of the Offered Notes. The Joint Lead Managers, Macquarie Leasing, the Trustee and the Manager are entitled to terminate the Dealer Agreement in certain circumstances prior to issue of the Offered Notes. The Trustee, Macquarie Leasing and the Manager have agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Offered Notes.

### **13.2 Selling Restrictions in respect of the Offered Notes**

#### **13.2.1 Australia**

Under the Dealer Agreement, each Joint Lead Manager has acknowledged and agreed that:

- (a) no disclosure document in relation to the Offered Notes has been or will be lodged with, or registered by, the Australian Securities and Investments Commission; and
- (b) no action has been taken or will be taken which would permit a public offering of the Offered Notes comprised within the issue, or possession or distribution of this Information Memorandum or any other offering material, or any other material issued by or on behalf of the Manager, Macquarie Leasing or the Trustee, in relation to the Offered Notes comprised within the issue in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has also agreed under the Dealer Agreement that:

- (i) it has not offered and will not offer directly or indirectly for issue, and has not invited and will not invite applications for the issue of any Offered Note or offer any Offered Notes for sale or invite offers to purchase any Offered Note to a person, where the offer or invitation is received by that person in Australia, unless:
  - (A) the minimum amount payable for that Offered Note on acceptance of the offer by that person is at least A\$500,000 (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001 (Cth)) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act;
  - (B) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act; and
  - (C) the offer or invitation satisfies all applicable laws and directions and does not require any document to be lodged with, or registered by, the Australian Securities and Investments Commission;
- (ii) it is not authorised to make, and will not make, any representation or use any information in connection with the issue, subscription and sale of the Offered Notes, other than information:
  - (A) on the public record, regarding the issue of the Offered Notes or the Series Trust which to the best of its knowledge is accurate and not misleading or deceptive; or
  - (B) contained in any authorised statement or any presale report prepared by a Rating Agency; and
- (iii) it has not and will not directly or indirectly offer for subscription or purchase, or issue invitations to subscribe for or buy, or sell or deliver any Offered Notes unless the offer,



invitation, sale or delivery is made in compliance with the additional selling restrictions set out in Section 13.

### 13.2.2 Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (the **FIEA**) has been made or will be made with respect to the solicitation of the application for the acquisition of the Offered Notes as such solicitation falls within a Solicitation Only for Qualified Institutional Investors (as defined in Article 23-13 paragraph 1 of the FIEA). Accordingly, the Lead Manager has represented and agreed in the Dealer Agreement that the Offered Notes have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except in compliance with the requirements for the application of a “Qualified Institutional Investors Private Placement Exemption” under Article 2, paragraph 3, item 2 (a) of the FIEA and the other applicable laws and regulations of Japan.

#### **Notice pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) of Japan (the "FIEA") - transfer restriction, etc.**

No registration pursuant to Article 4, Paragraph 1 of the FIEA has been made or will be made concerning the Offered Notes for the reason that the solicitations of an application to acquire the newly issued Offered Notes are conducted in a manner falling under the Solicitation Only for Qualified Institutional Investors as defined in Article 23-13, Paragraph 1 of the FIEA.

### 13.2.3 The United States of America

Each Joint Lead Manager has represented and agreed in the Dealer Agreement that:

- (a) that the Offered Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act;
- (b) it will not offer and sell the Offered Notes in the United States of America or to U.S. persons (as defined in Regulation S under the Securities Act):
  - (i) as part of their distribution at any time; and
  - (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the “**restricted period**”),  
  
except in accordance with Rule 903 of Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act;
- (c) neither its affiliates (if any) nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Offered Notes, and the Joint Lead Manager and its respective affiliates (if any) and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S;
- (d) at or prior to confirmation of sale of the Offered Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the restricted period a confirmation or notice setting forth the restriction on offers and sales of the Notes within the United States of America or to, or for the benefit of, US persons; and
- (e) during the restricted period, any offer or sale of the Offered Notes within the United States of America by the Joint Lead Manager whether or not participating in the offering may violate the registration requirements of the Securities Act.

The Notes sold on the Closing Date may not be purchased by, or for the account or benefit of, persons that are not "U.S. persons" as defined in Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Risk Retention Rules") (such persons, "Risk Retention U.S. Persons") and each purchaser of Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed, and, in certain circumstances, will be required to represent and agree that it (1) is not a U.S. person as defined in the U.S. Risk Retention Rules (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

#### 13.2.4 European Economic Area

Each Joint Lead Manager has represented and agreed in the Dealer Agreement that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Offered Notes which are the subject of the offering contemplated by the Information Memorandum to any retail investor in the European Economic Area. For the purposes of this provision:

- (f) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the "Prospectus Directive"); and
- (g) the expression **an offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Offered Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Notes.

#### Singapore

Each Joint Lead Manager has represented and agreed in the Dealer Agreement that:

- (a) the Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore and the Offered Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the SFA);
- (b) it has not offered or sold any Offered Notes or caused such Offered Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Offered Notes or cause such Offered Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Offered Notes, whether directly or indirectly, to persons in Singapore other than (A) to an institutional investor pursuant to Section 274 of the SFA, (B) to a relevant person under Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA or (C) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA;
- (c) where the Offered Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:
  - (i) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Offered Notes pursuant to an offer under Section 275 except:

- (A) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Notification under Section 309B(1)(c) of the SFA** - In connection with Section 309B of the SFA and the CMP Regulations 2018, the Notes are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in Monetary Authority of Singapore (“MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### 13.2.5 Hong Kong

Each Joint Lead Manager has represented and agreed in the Dealer Agreement that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Offered Notes other than (i) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Offered Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offered Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance.

### 13.2.6 General

No action has been, or will be, taken by the Trustee, the Manager or any Joint Lead Manager that would permit a public offering of the Offered Notes or distribution of the Information Memorandum or any other offering or publicity material relating to the Offered Notes in or from any jurisdiction where action for that purpose is required. Accordingly, each Joint Lead Manager has represented and agreed in the Dealer Agreement that the Offered Notes have not and will not be offered or sold, directly or indirectly, and neither the Information Memorandum nor any circular, prospectus, form of application, advertisement or other material, has been or will be distributed in or from or published in any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws or regulation.

## 14 Transaction Documents available for inspection

The following documents (other than the Dealer Agreement) will be available for inspection (but not copying) by Noteholders and bona fide prospective Noteholders during usual business hours at the Sydney office of the Trustee. However, any person wishing to inspect these documents must first enter into an agreement with the Manager, in a form acceptable to the Manager, not to disclose the contents of these documents without the Manager's prior written consent:

<b>Master Trust Deed</b>	A Master Trust Deed originally dated 11 March 2002, to which each of Perpetual Trustee Company Limited and Macquarie Securitisation Limited is bound, as amended and supplemented from time to time.
<b>Deeds of Amendment</b>	<p>A Deed of Amendment to the Master Trust Deed, the Master Security Trust Deed and the Master Sale and Servicing Deed dated 25 September 2012 between, among others, Macquarie Securities Management Pty Limited, Perpetual Trustee Company Limited and P.T. Limited.</p> <p>A Deed of Amendment to the Master Trust Deed and the Master Security Trust Deed dated 25 September 2015 between, among others, Macquarie Securities Management Pty Limited, Perpetual Trustee Company Limited and P.T. Limited.</p>
<b>Deed of Release, Assumption and Amendment</b>	A Deed of Release, Assumption and Amendment in relation to the SMART ABS Trusts dated 19 February 2019, between, among others, Perpetual Trustee Company Limited, Macquarie Securitisation Management Pty Limited and Macquarie Securitisation Limited.
<b>Trust Creation Deed</b>	A Trust Creation Deed dated 19 February 2019 made by the Trustee.
<b>Series Supplement</b>	A SMART ABS Series 2019-1 Trust Series Supplement dated 7 March 2019 between Macquarie Leasing Pty Limited, Macquarie Bank Limited, Macquarie Securitisation Limited and Perpetual Trustee Company Limited.
<b>Master Sale and Servicing Deed</b>	A Master Sale and Servicing Deed originally dated 27 February 2007, to which each of Perpetual Trustee Company Limited, Macquarie Securitisation Limited and Macquarie Leasing Pty Limited is bound, as amended and supplemented from time to time.
<b>Master Security Trust Deed</b>	A Master Security Trust Deed originally dated 27 February 2007, to which each of Perpetual Trustee Company Limited as trustee of the Series Trust, P.T. Limited and Macquarie Securitisation Limited is bound, as amended and supplemented from time to time.
<b>Deed of Assumption</b>	A Deed of Assumption dated 27 February 2007 between Macquarie Securities Management Pty Limited and Perpetual Trustee Company Limited.
<b>General Security Deed</b>	A General Security Deed dated 7 March 2019 between Perpetual Trustee Company Limited as trustee of the Series Trust, P.T. Limited and Macquarie Securitisation Limited, as amended.
<b>Hedge Agreement</b>	An ISDA Master Agreement dated 7 March 2019 between Perpetual Trustee Company Limited as trustee of the Series Trust, Macquarie Securitisation Limited and Macquarie Bank Limited.
<b>Fixed Rate Swap</b>	A Fixed Rate Swap confirmation dated on or about the date of this Information Memorandum between Macquarie Securitisation Limited, Macquarie Bank Limited and Perpetual Trustee Company Limited.

<b>Dealer Agreement</b>	A Dealer Agreement dated 8 March 2019 between Macquarie Leasing Pty Limited, Perpetual Trustee Company Limited as trustee of the Series Trust, Macquarie Securitisation Limited, Macquarie Bank Limited, ANZ, CBA, NAB, and Westpac.
<b>Risk Retention Undertaking</b>	Risk Retention Undertaking dated 7 March 2019 entered into by Macquarie Bank Limited and Boston Australia.

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## 15 Glossary of Terms

<b>Accrued Interest Adjustment</b>	In relation to a SMART Receivable means the amount of interest (and, in relation to a SMART Receivable which is a Hire Purchase Contract or a Lease Contract, the amount of any rent which the Servicer determines is in the nature of interest) accrued on that SMART Receivable for the period commencing on (and including) the first day of the calendar month in which the Cut-Off Date occurs and ending on (but excluding) the Closing Date. There is no Accrued Interest Adjustment in relation to SMART Receivables transferred to the Trustee as trustee of the Series Trust under a Transfer Proposal pursuant to the Master Sale and Servicing Deed.
<b>Acquiring Trust</b>	This is described in Section 9.1.3.
<b>Adjustment Advance</b>	Means, in relation to a SMART Receivable acquired from the Trustee as trustee of a Disposing Trust, the accrued interest from (and including) the previous due date for the payment of interest under that SMART Receivable up to (but excluding) the Assignment Date less any accrued and unpaid costs and expenses in respect of the SMART Receivables during the period up to (but excluding) the Assignment Date.
<b>Adverse Effect</b>	An event which materially and adversely affects the amount of any payment to be made to any Investor (to the extent that it affects any Investor other than the Seller or any related body corporate of the Seller) or materially and adversely affects the timing of such payment.
<b>AIFM Regulation</b>	Regulation (EU) No 231/2013.
<b>ANZ</b>	Australia and New Zealand Banking Group Limited ABN 11 005 357 522.
<b>APRA</b>	Australian Prudential Regulation Authority.
<b>Arranger</b>	Macquarie Bank Limited ABN 46 008 583 542.
<b>Assets of the Series Trust</b>	All assets of the Series Trust from time to time including: <ul style="list-style-type: none"><li>(a) cash on hand or at a bank to the credit of the Trustee;</li><li>(b) investments referable to the Series Trust;</li><li>(c) amounts owing to the Trustee by debtors in respect of the Series Trust (excluding any bad or doubtful debts);</li><li>(d) income accrued from SMART Receivables and from investments referable to the Series Trust to the extent not included above;</li><li>(e) any prepayment of expenditure in respect of the Series Trust;</li><li>(f) any SMART Receivables, related securities and other rights assigned to the Trustee in its capacity as Trustee of the Series Trust (see Section 9.2.1) on, and subject to, the terms of the Master Trust Deed and the Series Supplement;</li><li>(g) the interest of the Trustee in any Hedge Agreement and any</li></ul>

	credit enhancements relating to the Series Trust;
	(h) the benefit of all representations, warranties and undertakings made by any party in favour of the Trustee under the Transaction Documents; and
	(i) other property as agreed in writing between the Manager and the Trustee.
<b>Assigned Assets</b>	In relation to a Transfer Proposal and a Disposing Trust, the Trustee's entire right, title and interest (including the beneficial interest of each Unitholder in relation to the Disposing Trust) as trustee of the Disposing Trust in: <ul style="list-style-type: none"> <li>(a) the Assets of the Disposing Trust insofar as they relate to the SMART Receivables referred to in that Transfer Proposal; and</li> <li>(b) unless otherwise specified in that Transfer Proposal, the benefit of all representations and warranties given to the Trustee by the Seller of the SMART Receivables referred to in that Transfer Proposal, the Servicer or any other person in relation to those Assets,</li> </ul> <p>(but excluding the Accrued Interest in respect of each SMART Receivable).</p>
<b>Assignment Date</b>	This is described in Section 2.4.
<b>Auditor</b>	This is described in Section 9.7.
<b>Australian dollars</b>	Means the lawful currency for the time being of the Commonwealth of Australia.
<b>Authorised Short-Term Investments</b>	Means: <ul style="list-style-type: none"> <li>(a) cash; and</li> <li>(b) deposits with a bank with a term to maturity of no greater than 365 days,</li> </ul> <p>in each case:</p> <ul style="list-style-type: none"> <li>(i) held at or through an Eligible Depository, in the name of the Trustee or its nominee and denominated in Australian dollars; and</li> <li>(ii) excluding any securitisation exposure and any resecuritisation exposure (as defined in Prudential Standard APS 120 dated January 2018 issued by the Australian Prudential Regulation Authority including any amendment or replacement of that Prudential Standard).</li> </ul>
<b>Available Income</b>	This is described in Section 7.4.3.
<b>BBSW</b>	For the purpose of determining the Coupon Rate in respect of a Coupon Period, means the rate for prime bank eligible securities having a tenor of one month, which is designated as the "AVG MID" on the Reuters Screen BBSW Page at approximately 10.30

am (or such other time at which such rate customarily appears on that page) (“**Publication Time**”) Sydney time on the first day of that Coupon Period. If on the first day of a Coupon Period such rate does not appear on the Reuters Screen BBSW Page by 11:00 a.m., Sydney time (or such other time that is 30 minutes after the then prevailing Publication Time), on that first day of a Coupon Period, then the BBSW for that Coupon Period will be the rate determined by the Manager having regard to comparable indices then available.

For the purpose of determining the amount payable by the Hedge Provider in respect of the Fixed Rate Swap, BBSW has the same meaning as above with the exception that the Hedge Provider rather than the Manager will make all determinations, including if the BBSW rate does not appear on the relevant screen page.

<b>Boston Australia</b>	Boston Australia Pty Limited ABN 31 004 680 004.
<b>Business Day</b>	A day on which banks are open for business in Sydney and Melbourne, but does not include a Saturday, Sunday or a public holiday in Sydney or Melbourne.
<b>Call Date</b>	This is described in Section 2.4.
<b>Call Option</b>	The right of the Trustee to redeem all the Notes as described in Section 4.3.4.
<b>Capital Requirements Regulation</b>	Regulation (EU) No 575/2013.
<b>Capital Units</b>	This is described in Section 9.1.1.
<b>Capital Unitholder</b>	The holder of the Capital Units.
<b>Cash Rate</b>	In relation to a Coupon Period, the 11.00 am cash rate appearing on the Reuters screen page "IIAM" at approximately 11.00 am Sydney time on the first day of that Coupon Period, rounded (if necessary) to 4 decimal places. If for any reason the Cash Rate cannot be determined on that day in accordance with the foregoing procedure, the Cash Rate will be such other rate as is specified in good faith by the Manager on the first day of that Coupon Period having regard to comparable indices then available.
<b>CBA</b>	Commonwealth Bank of Australia ABN 48 123 123 124.
<b>Charge</b>	This is described in Section 8.3.1.
<b>Charge-Offs</b>	These are described in Section 7.6.
<b>Chattel Mortgage</b>	In relation to a SMART Receivable arising under or pursuant to a Loan Contract, the mortgage or bill of sale granted by the Obligor in favour of the Seller as security for the payment to the Seller of those SMART Receivables.
<b>Class A Charge-Off</b>	A Charge-Off against the Class A Notes.
<b>Class A Note</b>	These are described in Sections 2, 3 and 4.
<b>Class A Notes Allocated Principal</b>	At any time in relation to any Total Principal Collections, the proportion of that Total Principal Collections equal to the then aggregate Invested Amount of the Class A Notes divided by the



	then aggregate Invested Amount of all Notes
<b>Class A Noteholder</b>	The registered holder of a Class A Note, including persons jointly registered.
<b>Clean-Up and Extinguishment</b>	This is described in Section 9.2.8.
<b>Clean-Up Settlement Date</b>	This is described in Section 9.2.8.
<b>Clean-Up Settlement Price</b>	The amount determined by the Manager to be the aggregate of the Fair Market Value of each SMART Receivable as at the last day of the Monthly Period ending before the date on which the Clean-Up Settlement Price is to be paid.
<b>Closing Date</b>	This is described in Section 2.2.
<b>Collections</b>	This is described in Section 7.3.1.
<b>Collections Account</b>	This is described in Section 2.6.
<b>Consumer Credit Code</b>	Means, as applicable, the Consumer Credit Code set out in the Appendix to the Consumer Credit (Queensland) Act 1994, the provisions of the Code set out in the Appendix to the Consumer Credit (Western Australia) Act 1996 or any equivalent legislation of any Australian jurisdiction.
<b>Consumer Receivable</b>	Means a SMART Receivable which is subject to the National Credit Code or the Consumer Credit Code.
<b>Corporations Act</b>	The Corporations Act 2001 (as amended) of the Commonwealth of Australia.
<b>Coupon</b>	This is described in Section 4.2.
<b>Coupon Period</b>	This is described in Section 4.2.2.
<b>Coupon Rate</b>	This is described in Section 4.2.3.
<b>Current Balance</b>	The principal outstanding on a SMART Receivable at a particular time.
<b>Custodial Delegate</b>	A person notified to the Trustee by the Manager as custodial delegate of the Custodian, in respect of whom the Manager has issued a Rating Notification in relation to that person being the Custodial Delegate.
<b>Custodian</b>	Macquarie Leasing and includes any Custodial Delegate of Macquarie Leasing.
<b>Custodian Fee</b>	This is described in Section 10.3.
<b>Cut-Off Date</b>	This is described in Section 2.2.
<b>Dealer Agreement</b>	This is described in Section 14.
<b>Defaulted Amount</b>	In relation to a Monthly Period means the aggregate amount of any SMART Receivables which have been written off by the Servicer as uncollectible during that Monthly Period in accordance with the Servicing Standards.

<b>Determination Date</b>	This is described in Section 2.2.
<b>Disposing Trust</b>	This is described in Section 9.1.3.
<b>Disposing Trustee</b>	This means the trustee of a Disposing Trust.
<b>Distribution Date</b>	This is described in Section 2.2.
<b>Document Transfer Event</b>	This is described in Section 10.2.
<b>Eligibility Criteria</b>	These are described in Section 6.7.
<b>Eligible Depository</b>	<p>This means a financial institution which has been assigned to it:</p> <ul style="list-style-type: none"> <li>(a) a short term credit rating equal to or higher than F1 by Fitch Ratings or a long term credit rating equal to or higher than A by Fitch Ratings; and</li> <li>(b) either (A) a short credit rating equal to or higher than A-2 by S&amp;P together with a long term credit rating equal to or higher than BBB by S&amp;P; or (B) a long term credit rating equal to or higher than BBB+ by S&amp;P,</li> </ul> <p>and includes Macquarie to the extent that it has such credit ratings.</p>
<b>Event of Default</b>	This is described in Section 8.3.2.
<b>Excess Income Collections</b>	This is described in Section 2.6.
<b>Extraordinary Resolution</b>	<p>In relation to the Investors, the Noteholders, the Voting Secured Creditors, a class of Noteholders, the Unitholders or a Class of Unitholders (as the case may be) means:</p> <ul style="list-style-type: none"> <li>(a) a resolution passed at a meeting of the Investors, the Noteholders, the Voting Secured Creditors, the class of Noteholders, the Unitholders or the class of Unitholders (as the case may be) convened and held in accordance with the Transaction Documents by a majority consisting of not less than 75% of the votes cast thereat; or</li> <li>(b) a resolution in writing pursuant to the Transaction Documents signed by all the Investors, the Noteholders, the Voting Secured Creditors, the class of Noteholders, the Unitholders or the Class of Unitholders (as the case may be).</li> </ul>
<b>FATCA Withholding</b>	This is described in Section 12.
<b>Fair Market Value</b>	<p>In respect of a SMART Receivable, means the fair market price for the purchase of that SMART Receivable as agreed between the Manager and the Seller (or, in the absence of agreement, determined by the Seller's external auditors) and which price reflects the performance status, underlying nature and franchise value of the SMART Receivable. If the offered price is at least equal to the principal outstanding plus accrued interest for a SMART Receivable, the Trustee is entitled to assume that this price is the Fair Market Value.</p>
<b>Finance Charges</b>	These are described in Section 7.3.2.

<b>Fitch Ratings</b>	Fitch Australia Pty Ltd ABN 93 081 339 184.
<b>Fixed Rate Swap</b>	This is described in Section 8.1.2.
<b>General Security Deed</b>	This is described in Section 14.
<b>GST Act</b>	The A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>Hedge Agreement</b>	This is described in Section 14, and includes any ISDA Master Agreement to which the Trustee and the Manager are a party where such agreement is in substitution (in whole or in part) for the Hedge Agreement described in Section 14.
<b>Hedge Provider</b>	Any entity described in Section 8.1.1 as a Hedge Provider and includes any other party to a Hedge Agreement other than the Trustee and the Manager.
<b>Hedge Provider Event of Default</b>	An event of default (however described) in relation to the Hedge Provider under a Hedge Agreement.
<b>Hire Purchase Contract</b>	A contract between the Seller and an Obligor pursuant to which the Seller hires a vehicle or commercial equipment to the Obligor with an option to purchase that vehicle or commercial equipment.
<b>Income Collections</b>	This is described in Section 7.4.1.
<b>Income Unit</b>	This is described in Section 9.1.1.
<b>Income Unitholder</b>	The holder of the Income Unit.
<b>Initial Invested Amount</b>	In relation to a Note means: <ul style="list-style-type: none"> <li>(a) \$10,000 in the case of each Class A Note; and</li> <li>(b) \$1,000, in the case of each Seller Note,</li> </ul> or such other amount as the Manager determines. <p>In relation to a class of Notes means the aggregate initial principal amount of all Notes in that class of Notes upon the issue of those Notes.</p>
<b>Insolvency Event</b>	In relation to a body corporate (other than the Trustee), the happening of any of the following: <ul style="list-style-type: none"> <li>(a) a winding up order is made in respect of the body corporate;</li> <li>(b) a liquidator, provisional liquidator, controller (as defined in the Corporations Act) or administrator is appointed in respect of the body corporate or a substantial portion of its assets;</li> <li>(c) except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation by the Security Trustee, reasonably approved by the Manager), the body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;</li> <li>(d) the body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except</li> </ul>

to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of the Security Trustee) by the Manager or is otherwise wound up or dissolved;

- (e) the body corporate is or states that it is insolvent;
- (f) as a result of the operation of section 459F(1) of the Corporations Act, the body corporate is taken to have failed to comply with a statutory demand;
- (g) the body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (h) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 21 days; or
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

**Interpolated Rate**

In relation to a Coupon Period, such rate as is specified in good faith by the Manager on the first day of that Coupon Period, determined by straight line interpolation between:

- (a) the Cash Rate (in the case of a Coupon Period shorter than one month) or the BBSW for the next available shorter period than the length of that Coupon Period (in the case of a Coupon Period longer than one month); and
- (b) the BBSW for the next available longer period than the length of that Coupon Period,

rounded (if necessary) to 4 decimal places.

**Invested Amount**

In relation to a Note, means the initial face value of that Note less the aggregate amounts of payments previously made on account of principal in relation to that Note.

**Income Collections**

This has the meaning given to it in Section 7.4.1.

**Investors**

The Noteholders and Unitholders of the Series Trust or, where relevant, the noteholders and beneficiaries of the other trusts constituted under the Master Trust Deed.

**Joint Lead Managers**

Each of Macquarie, ANZ, CBA, NAB and Westpac.

**Lease Contract**

A contract between the Seller and an Obligor pursuant to which the Seller leases a vehicle or commercial equipment to the Obligor.

**Liquidity Reserve Balance**

This is described in Section 8.2.

**Liquidity Reserve Draw**

This is described in Section 7.4.2.

**Liquidity Shortfall**

This is described in Section 7.4.2.

**Loan Contract**

A contract between the Seller and an Obligor pursuant to which the Seller lends money to the Obligor for the purpose of purchasing a vehicle or commercial equipment and the Obligor grants a Chattel

	Mortgage.
<b>Macquarie</b>	Macquarie Bank Limited ABN 46 008 583 542.
<b>Macquarie Group</b>	Macquarie Group Limited and all its Related Bodies Corporate.
<b>Macquarie Group Limited or MGL</b>	Macquarie Group Limited ABN 94 122 169 279.
<b>Macquarie Leasing</b>	Macquarie Leasing Pty Limited ABN 38 002 674 982.
<b>Macquarie Leasing Collateral Securities</b>	This is described in Section 9.1.2.
<b>Management Fee</b>	This is described in Section 9.4.5.
<b>Manager</b>	The initial Manager of the Series Trust is Macquarie Securitisation Limited ABN 16 03 297 336. If Macquarie Securitisation Limited is removed or retires as Manager, this expression includes any substitute Manager appointed in its place and the Trustee whilst it is acting as Manager.
<b>Manager Default</b>	This is described in Section 9.4.6.
<b>Margin</b>	The applicable margins over the BBSW determined for each class of Notes as described in Section 4.2.3.
<b>Master Sale and Servicing Deed</b>	This is described in Section 14.
<b>Master Security Trust Deed</b>	This is described in Section 14.
<b>Master Trust Deed</b>	This is described in Section 14.
<b>Maturity Date</b>	The Distribution Date occurring in April 2027.
<b>Monthly Period</b>	A period of approximately 1 calendar month. The first Monthly Period commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of the calendar month after the calendar month in which the Cut-Off Date occurs. Each subsequent Monthly Period commences on (and includes) the day after the previous Monthly Period and ends on (and includes) the last day of the calendar month after the calendar month in which the previous Monthly Period ended. The final Monthly Period is the Monthly Period ending immediately before the Termination Payment Date.
<b>Mortgage</b>	In relation to a SMART Receivable means each Chattel Mortgage (if any) and each mortgage over any asset (if any) and appearing on the security register as securing, amongst other things, the repayment of that SMART Receivable and the payment of interest and all other moneys in respect of that SMART Receivable notwithstanding that by its terms the mortgage may secure other liabilities. If, at any time, a mortgage is substituted, or added as security, for an existing Mortgage, then with effect from the date of such addition or substitution the definition of " <b>Mortgage</b> " will mean the substituted mortgage or include the additional mortgage, as the case may be.
<b>NAB</b>	National Australia Bank Limited ABN 12 004 044 937.

<b>National Credit Code</b>	<p>Each of:</p> <ul style="list-style-type: none"> <li>(a) the NCCP Act including the National Credit Code that comprises Schedule 1 to the NCCP Act;</li> <li>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);</li> <li>(c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth);</li> <li>(d) any acts or other legislation enacted as an amendment to, or in connection with, any of the acts set out in paragraphs (a) to (c) (inclusive) and any regulations made under any of the acts set out in paragraphs (a) to (c) (inclusive); and</li> <li>(e) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001, in so far as it relates to the obligations of any of the Manager, the Servicer, the Seller or the Trustee in respect of an Australian Credit Licence issued under the NCCP Act or registration as a registered person under the National Consumer Credit Protection (Transitional and Consequential Provisions) Act.</li> </ul>
<b>NCCP Act</b>	National Consumer Credit Protection Act 2009 (Cth).
<b>Net Collections</b>	This means, in relation to a Monthly Period, the Collections for that Monthly Period less the Principal Draw (if any) in relation to the Determination Date immediately following the end of that Monthly Period.
<b>Note</b>	These are described in Sections 2, 3 and 4.
<b>Note Certificate</b>	This is described in Section 4.7.
<b>Note Factor</b>	At any time and in relation to any class of Notes, the Stated Amount of that class of Notes on the last day of the just ended Monthly Period expressed as a percentage of the Stated Amount of that class of Notes at the Closing Date (rounded to 4 decimal places).
<b>Note Transfer</b>	A transfer and acceptance form for the transfer of a Note in an approved form.
<b>Noteholder</b>	A Class A Noteholder or a Seller Noteholder or some or all of them (as the case may be).
<b>Obligor</b>	The person or persons obliged to make payments under a SMART Receivable and includes, where the context requires, the grantor of the security interest created by a Mortgage in relation to that SMART Receivable.
<b>Offered Noteholder</b>	Means a Class A Noteholder.
<b>Offered Notes</b>	Means a Class A Note.
<b>Offshore Associate</b>	<p>Means an associate (as defined in section 128F(9) of the Tax Act) of an entity that is either:</p> <ul style="list-style-type: none"> <li>(a) a non-resident of Australia that does not acquire the Offered Notes or an interest in the Offered Notes in carrying on a</li> </ul>

	business in Australia at or through a permanent establishment of the associate in Australia; or
	(b) a resident of Australia that acquires the Offered Notes or an interest in the Offered Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.
<b>Operations Manual</b>	This is described in Section 6.9.2.
<b>Other Loans</b>	All loans, credit and financial accommodation (other than a SMART Receivable) secured by a mortgage or other collateral security which also secures a SMART Receivable.
<b>Outstanding Prepayment Amount</b>	The amount standing to the credit of the Collections Account which represents prepayments of Collections by the Servicer.
<b>Penalty Payments</b>	Any: <ul style="list-style-type: none"> <li>(a) civil or criminal penalty incurred by the Trustee under the Consumer Credit Code or the National Credit Code;</li> <li>(b) money ordered to be paid by the Trustee in relation to any claim against the Trustee under the Consumer Credit Code or the National Credit Code; or</li> <li>(c) payment by the Trustee, with the consent of the Servicer, in settlement of a liability or alleged liability under the Consumer Credit Code or the National Credit Code,</li> </ul> <p>and includes any legal costs and expenses incurred by the Trustee or which the Trustee is ordered to pay (in each case charged at the usual commercial rates of the relevant legal services provider) in connection with paragraphs (a) to (c) above.</p>
<b>Perfection of Title Event</b>	This is described in Section 9.2.9.
<b>Pool Performance Data</b>	Means performance data in respect of the Notes on a Determination Date consisting of arrears data and default data in respect of SMART Receivables then forming part of the Assets of the Series Trust, the Note Factor at the last Determination Date and the Note Factor on the present Determination Date, the Stated Amount of the Notes, the Invested Amount of the Notes, the Coupon Rates in respect of the Notes and such other information as the Manager may consider necessary from time to time.
<b>PPSA</b>	The Personal Property Securities Act 2009 (Cth).
<b>Prepayment Break Costs</b>	Any costs payable by an Obligor solely in respect of the early termination of a SMART Receivable prior to its scheduled termination.
<b>Prescribed Period</b>	Means a period of 120 days (including the last day of the period) commencing on the Closing Date.
<b>Principal Collections</b>	This is described in Section 7.5.1.
<b>Principal Draw</b>	This is described in Section 7.4.2.
<b>Privacy Act</b>	The Privacy Act 1988 (Cth).

<b>Pro Rata Paydown Test</b>	This is described in Section 4.3.2.
<b>Rating Agencies</b>	Fitch Ratings and S&P.
<b>Rating Notification</b>	In relation to an event or circumstance means that the Manager (or, in the contest of the appointment of a replacement Manager only, Macquarie Leasing) has confirmed in writing to the Trustee that it has notified the Rating Agencies of that event or circumstance, as applicable, and that the Manager is satisfied in its discretion and on a reasonable basis that the event or circumstance, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies to the Notes.
<b>Recoveries</b>	Amounts recovered in respect of the principal of a SMART Receivable that was part (or the whole) of a Defaulted Amount.
<b>Register</b>	The register to be kept by the Trustee of the Notes and Units in respect of the Series Trust. The requirements in respect of the Register are described in Section 4.6.
<b>Related Body Corporate</b>	A related body corporate as defined in Section 9 of the Corporations Act.
<b>Relevant Investors</b>	This is described in Section 9.9.2.
<b>Required Liquidity Reserve Balance</b>	This is described in Section 8.2.3.
<b>Required Payments</b>	This is described in Section 7.4.4.
<b>Retail Client</b>	This has the same meaning given to the term "retail client" in section 761G of the Corporations Act.
<b>Retained Title Right</b>	In relation to a SMART Receivable arising under or pursuant to a Hire Purchase Contract or a Lease Contract, any right, title, interest or power of the Seller in the asset or assets the subject of that Hire Purchase Contract or Lease Contract, including the proceeds from the sale of the asset or assets.
<b>Risk Retention Undertaking</b>	This is described in Section 14.
<b>Risk Retention U.S. Persons</b>	"U.S. persons" as defined in the U.S. Risk Retention Rules.
<b>S&amp;P</b>	S&P Global Ratings Australia Pty Ltd (ABN 62 007 324 852).
<b>Scheduled Principal Balance</b>	In respect of a SMART Receivable, the regularly scheduled loan amortisation balance of that SMART Receivable.
<b>Secured Creditors</b>	These are described in Section 8.3.1.
<b>Secured Moneys</b>	The aggregate of all moneys the payment or repayment of which from time to time form part of the obligations and liabilities of the Trustee to the Security Trustee and the Secured Creditors under, arising from or in connection with, the Transaction Documents which are secured under the Master Security Trust Deed and the General Security Deed.
<b>Secured Property</b>	The Assets of the Series Trust.
<b>Securities Act</b>	The Securities Act of 1933 of the United States of America, as amended.



<b>Security</b>	This is described in Section 8.3.1.
<b>Security Provider</b>	The Trustee in its capacity as trustee of the Series Trust.
<b>Security Trust</b>	The trust created by the Master Security Trust Deed.
<b>Security Trustee</b>	P.T. Limited ABN 67 004 454 666.
<b>Seller</b>	Macquarie Leasing.
<b>Seller Charge-Off</b>	A Charge-Off against the Seller Notes.
<b>Seller Trust</b>	This is described in Section 9.1.2.
<b>Series Supplement</b>	This is described in Section 14.
<b>Series Trust</b>	The trust known as the SMART ABS Series 2019-1 Trust.
<b>Series Trust Expenses</b>	This is described in Section 7.4.5.
<b>Servicer</b>	The initial Servicer is Macquarie Leasing. If Macquarie Leasing is removed or retires as Servicer, this expression includes any substitute Servicer appointed in its place and the Trustee whilst it is acting as Servicer.
<b>Servicer Default</b>	This is described in Section 9.5.4.
<b>Servicing Fee</b>	This is described in Section 9.5.3.
<b>Servicing Standards</b>	The standards and practices set out in the Operations Manual, or where a servicing function is not covered by the Operations Manual, the standards of practice of a prudent financier in the business of financing purchases of vehicles or commercial equipment.
<b>Settlement Date</b>	In relation to a SMART Receivable arising under or pursuant to: <ul style="list-style-type: none"> <li>(a) a Loan Contract, the date on which funds are fully advanced to the Obligor under that Loan Contract; and</li> <li>(b) a Hire Purchase Contract or a Lease Contract, the date on which that Hire Purchase Contract or Lease Contract was signed by the Seller.</li> </ul>
<b>Settlement Statement</b>	The statement prepared on each Determination Date by the Manager in the form agreed between the Manager and the Trustee.
<b>Small Business Receivables</b>	Means those Receivables for which the Obligor was, at the time that the relevant contract was entered into, a business that employed fewer than 20 persons and for which the aggregate payable over the term of the Receivable was, at the time that the relevant contract was entered into, less than A\$300,000 or less than A\$1,000,000 (where the term of the Receivable exceeds twelve months).
<b>SMART Receivable Documents</b>	These are described in Section 9.2.1.
<b>SMART Receivable Rights</b>	These are described in Section 9.2.1.
<b>SMART Receivable Pool</b>	The pool of SMART Receivables to be assigned to the Trustee

	with effect from the Cut-Off Date. This is described in Section 6.6.
<b>SMART Receivable System</b>	This is the electronic and manual reporting database and record keeping system used by the Servicer to monitor SMART Receivables, as updated from time to time.
<b>SMART Receivables</b>	The SMART Receivables forming part of the SMART Receivable Pool assigned, or to be assigned, to the Trustee.
<b>Stated Amount</b>	<p>At any time which is not a Determination Date means, the initial face value of a Note or a class of Notes less the sum of:</p> <ul style="list-style-type: none"> <li>(a) the aggregate payments previously made on account of principal to the Noteholder or Noteholders of that Note or class of Note (as the case may be); and</li> <li>(b) the aggregate amount of unreimbursed Charge-Offs against that Note or class of Note (as the case may be).</li> </ul> <p>On a Determination Date means:</p> <ul style="list-style-type: none"> <li>(a) the initial face value of a Note or a class of Notes (as the case may be) less the sum of: <ul style="list-style-type: none"> <li>(i) the aggregate payments previously made on account of principal to the Noteholder or Noteholders of that Note or class of Note (as the case may be); and</li> <li>(ii) the aggregate amount of unreimbursed Charge-Offs against that Note or class of Note (as the case may be); plus</li> </ul> </li> <li>(b) the amount to be allocated from Total Income Collections on the next Distribution Date to reimburse any unreimbursed charge-offs in respect of that Note or class of Notes (as the case may be); less</li> <li>(c) the amount to be charged-off that Note or class of Notes (as the case may be) on the next Distribution Date.</li> </ul>
<b>Subordinated Termination Payment</b>	Any break costs due from the Trustee under a Hedge Agreement following a Hedge Provider Event of Default.
<b>Subordination Percentage</b>	On any Determination Date or Distribution Date, means the aggregate Stated Amount of the Seller Notes held by Macquarie or any subsidiary of Macquarie on that date expressed as a percentage of the aggregate Invested Amount of all Notes on that date.
<b>Support Facility</b>	Any Hedge Agreement and any other facility agreed by the Trustee and the Manager to be a Support Facility in respect of the Series Trust.
<b>Tax Act</b>	The Income Tax Assessment Act 1936 (Cth).
<b>Termination Event Date</b>	This is described in Section 9.6.1.
<b>Termination Payment Date</b>	The Distribution Date declared by the Trustee to be the Termination Payment Date of the Series Trust.
<b>Total Stated Amount</b>	The aggregate at any given time of the Stated Amounts of the

	Notes.
<b>Total Principal Collections</b>	These are described in Section 7.5.1.
<b>Transaction Documents</b>	The documents described in Section 14 and any other document agreed by the Manager and the Trustee (and notified to the Rating Agency) to be a Transaction Document or specified in the Series Supplement as a Transaction Document.
<b>Transfer Amount</b>	<p>In relation to a Transfer Proposal means the amount specified as such in that Transfer Proposal, as determined by the Manager, which must be:</p> <ul style="list-style-type: none"> <li>(a) the aggregate of the principal outstanding of the Assigned Assets in relation to that Transfer Proposal as at close of business on the Business Day immediately preceding the Cut-Off Date in relation to that Transfer Proposal; or</li> <li>(b) such other amount as is determined by the Manager and notified to the Trustee provided that the Manager has given written confirmation to the Trustee that the Manager has received confirmation from each Rating Agency in relation to the Acquiring Trust that the transfer of the Assigned Assets in relation to that Transfer Proposal for that amount will not result in a reduction, qualification or withdrawal of any ratings then assigned by each Rating Agency in relation to the Acquiring Trust to any Notes in relation to the Acquiring Trust.</li> </ul>
<b>Transfer Date</b>	The day which is 1 Business Day prior to each Distribution Date.
<b>Transfer Proposal</b>	A proposal from the Manager to the Trustee given in accordance with the Master Sale and Servicing Deed, for the Trustee to transfer Assigned Assets from one series trust under the Master Sale and Servicing Deed to another series trust under the Master Sale and Servicing Deed.
<b>Trust Creation Deed</b>	This is described in Section 14.
<b>Trustee</b>	The initial Trustee is Perpetual Trustee Company Limited ABN 42 000 001 007. If Perpetual Trustee Company Limited is removed or retires as Trustee, the expression includes any substitute trustee appointed in its place.
<b>Trustee Fee</b>	The monthly fee payable to the Trustee for its trustee services. This is described in Section 9.3.6.
<b>Unit</b>	A Capital Unit or the Income Unit in the Series Trust.
<b>Unitholder</b>	A holder of a Unit in the Series Trust.
<b>U.S. Risk Retention Rules</b>	Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended.
<b>Voting Secured Creditors</b>	<p>For so long as the Secured Moneys of the Noteholders are 75% or more of total Secured Moneys:</p> <ul style="list-style-type: none"> <li>(a) if any Class A Note remains outstanding, the Class A Noteholders; and</li> <li>(b) if no Class A Note remains outstanding, the Seller</li> </ul>

Noteholders.

For so long as the Secured Moneys of the Noteholders are less than 75% of the total Secured Moneys, the Noteholders and each other then Secured Creditor (other than a Noteholder).

**Westpac**

Westpac Banking Corporation ABN 33 007 457 141.

## ANNEXURE 1 - DETAILS OF THE SMART RECEIVABLE POOL

The following tables summarise the SMART Receivable Pool as at 28 February 2019. Note that the statistical information provided in this Annexure 1 may not reflect the actual pool as of the Closing Date. This is because the pool of SMART Receivables to be acquired by the Series Trust on or shortly after the Closing Date will not be finalised until prior to the Closing Date. Further information regarding the SMART Receivables and Macquarie Leasing's SMART Receivable business is contained in Section 6.

Number of Contracts	36,171
Outstanding Principal Balance (A\$)	1,164,734,995.63
Weighted Average Contract Interest Rate (% p.a.)	7.08
Average Contract Balance (A\$)	32,200.80
Minimum Contract Balance (A\$)	420.86
Maximum Contract Balance (A\$)	493,325.19
Maximum Term Remaining (months)	81.00
Weighted Average Original Term (months)	58.62
Weighted Average Term Remaining (months)	49.63
Weighted Average Seasoning (months)	8.98
Weighted Average Balloon (A\$)	10,580.36
Weighted Average Balloon by Original Balance (%)	14.15%
Weighted Average Balloon by Current Balance (%)	16.29%
Number of Customers	35,876
Largest Customer Exposure (A\$)	493,325.19
Largest Customer Exposure (%)	0.04%

### Contracts by Outstanding Balance

Outstanding Balance	Value of Contracts	% of Value	No of		Residual as %
			Contracts	% by Number	Current Balance
0.01 - 10,000.00	17,092,719.33	1.47%	2,302	6.36%	11.6%
10,000.01 - 20,000.00	134,014,489.36	11.51%	8,703	24.06%	6.3%
20,000.01 - 30,000.00	234,937,986.71	20.17%	9,436	26.09%	9.6%
30,000.01 - 40,000.00	230,481,291.59	19.79%	6,661	18.42%	14.7%
40,000.01 - 50,000.00	176,142,073.24	15.12%	3,950	10.92%	18.5%
50,000.01 - 60,000.00	125,480,972.35	10.77%	2,301	6.36%	20.7%
60,000.01 - 70,000.00	73,633,430.66	6.32%	1,146	3.17%	21.4%
70,000.01 - 80,000.00	40,631,152.91	3.49%	544	1.50%	24.4%
80,000.01 - 90,000.00	25,137,996.16	2.16%	297	0.82%	26.7%
90,000.01 - 100,000.00	24,029,948.55	2.06%	254	0.70%	26.0%
100,000.01 - 125,000.00	31,297,938.68	2.69%	283	0.78%	27.8%
125,000.01 - 150,000.00	18,549,245.18	1.59%	136	0.38%	28.3%
150,000.01 - 175,000.00	9,937,941.88	0.85%	62	0.17%	28.3%
175,000.01 - 200,000.00	6,976,966.71	0.60%	37	0.10%	35.5%
200,000.01 - 225,000.00	4,880,191.41	0.42%	23	0.06%	35.5%
>=225,000.01	11,510,650.91	0.99%	36	0.10%	40.4%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

### Contracts by Finance Type

Finance Type	Value of Contracts	% of Value	No of		Residual as %
			Contracts	% by Number	Current Balance
Financial Lease	299,312,980.31	25.70%	8,313	22.98%	32.7%
Loan Contract	403,759,465.73	34.67%	10,307	28.50%	17.5%
Consumer Loans	459,953,851.52	39.49%	17,516	48.43%	4.6%
Hire Purchase	1,708,698.07	0.15%	35	0.10%	19.6%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

**Contracts by Percent Novated**

Percent Novated	Value of Contracts	% of Value	No of		Residual as %
			Contracts	% by Number	Current Balance
Novated	297,240,551.89	25.52%	8,268	22.86%	32.6%
Non Novated	867,494,443.74	74.48%	27,903	77.14%	10.7%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

**Contracts by Seasoning**

Seasoning	Value of Contracts	% of Value	No of		Residual as %
			Contracts	% by Number	Current Balance
-1 - 0	-	0.00%	-	0.00%	0.0%
1 - 3	111,935,036.82	9.61%	3,006	8.31%	13.2%
4 - 6	375,889,403.97	32.27%	10,745	29.71%	17.3%
7 - 9	247,635,559.26	21.26%	7,843	21.68%	14.9%
10 - 12	139,755,654.97	12.00%	4,461	12.33%	17.5%
13 - 15	124,269,385.25	10.67%	4,034	11.15%	18.2%
16 - 18	93,023,288.42	7.99%	3,328	9.20%	16.4%
19 - 84	72,226,666.94	6.20%	2,754	7.61%	14.8%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

**Contracts by Percent New or Used**

New or Used	Value of Contracts	% of Value	No of		Residual as %
			Contracts	% by Number	Current Balance
New	662,170,595.77	56.85%	17,825	49.28%	18.5%
Used	502,564,399.86	43.15%	18,346	50.72%	13.4%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

**Contracts by Industry Code**

Industry	Value of Contracts	% of Value	No of		Residual as %
			Contracts	% by Number	Current Balance
Property & Business Services	308,334,776.81	26.47%	9,478	26.20%	15.7%
Government, Administration & Defence	112,861,003.09	9.69%	3,544	9.80%	23.3%
Other Industries	101,349,920.51	8.70%	3,293	9.10%	21.5%
Health & Community Services	113,709,711.44	9.76%	3,852	10.65%	19.5%
Mining	38,780,348.15	3.33%	1,027	2.84%	16.8%
Construction	153,575,172.19	13.19%	4,558	12.60%	12.5%
Transport & Storage	86,496,481.70	7.43%	2,151	5.95%	10.4%
Finance & Insurance	32,104,079.26	2.76%	926	2.56%	23.1%
Manufacturing	67,484,864.78	5.79%	2,134	5.90%	15.2%
Retail Trade	52,574,979.84	4.51%	1,845	5.10%	13.0%
Cultural & Recreational Services	66,494,972.13	5.71%	2,448	6.77%	11.4%
Wholesale Trade	16,708,708.34	1.43%	464	1.28%	17.4%
Agriculture, Forestry & Fishing	14,259,977.39	1.22%	451	1.25%	8.5%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

### Contracts by Asset Type

Asset Type	Value of Contracts	% of Value	No of Contracts	% by Number	Residual as % Current Balance
Broadcasting Equipment	-	0.00%	-	0.00%	0.0%
Building and Construction Equipment	-	0.00%	-	0.00%	0.0%
Computer Systems	-	0.00%	-	0.00%	0.0%
Earth Moving Equipment	-	0.00%	-	0.00%	0.0%
Electrical Machinery and Equipment	-	0.00%	-	0.00%	0.0%
Lifts and Elevators	-	0.00%	-	0.00%	0.0%
Manufacturing Equipment	-	0.00%	-	0.00%	0.0%
Materials Handling and Equipment	-	0.00%	-	0.00%	0.0%
Medical Plant & Equipment	-	0.00%	-	0.00%	0.0%
Motor Vehicles	1,164,734,995.63	100.00%	36,171	100.00%	16.3%
Office Machines	-	0.00%	-	0.00%	0.0%
Primary Industry Plant & Equipment	-	0.00%	-	0.00%	0.0%
Recreational Vehicles	-	0.00%	-	0.00%	0.0%
Refrigeration Plant & Equipment	-	0.00%	-	0.00%	0.0%
Other	-	0.00%	-	0.00%	0.0%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

### Contracts by State

State	Value of Contracts	% of Value	No of Contracts	% by Number	Residual as % Current Balance
Australian Capital Territory	14,178,372.49	1.22%	447	1.24%	21.0%
New South Wales	390,912,731.89	33.56%	11,475	31.72%	16.0%
Northern Territory	16,364,104.22	1.40%	427	1.18%	21.1%
Queensland	232,422,955.75	19.96%	7,653	21.16%	14.7%
South Australia	54,384,987.45	4.67%	1,700	4.70%	18.8%
Tasmania	16,907,766.80	1.45%	542	1.50%	18.5%
Victoria	303,365,557.56	26.05%	9,250	25.57%	18.0%
Western Australia	136,198,519.47	11.69%	4,677	12.93%	13.6%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

### Contracts by Balloon Amount

Balloon Amount	Value of Contracts	% of Value	No of Contracts	% by Number	Residual as % Current Balance
0.00	611,045,211.14	52.46%	23,118	63.91%	0.0%
0.01 - 2,500.00	1,183,261.74	0.10%	82	0.23%	12.1%
2,500.01 - 5,000.00	13,004,981.51	1.12%	853	2.36%	26.7%
5,000.01 - 7,500.00	47,010,752.87	4.04%	1,970	5.45%	26.5%
7,500.01 - 10,000.00	70,936,565.76	6.09%	2,287	6.32%	28.3%
10,000.01 - 12,500.00	73,251,992.98	6.29%	1,998	5.52%	30.6%
12,500.01 - 15,000.00	67,817,468.65	5.82%	1,612	4.46%	32.6%
15,000.01 - 17,500.00	53,306,004.01	4.58%	1,124	3.11%	34.1%
17,500.01 - 20,000.00	44,463,813.17	3.82%	858	2.37%	36.2%
20,000.01 - 22,500.00	31,860,678.77	2.74%	577	1.60%	38.4%
22,500.01 - 25,000.00	23,151,610.18	1.99%	382	1.06%	39.1%
25,000.01 - 27,500.00	17,913,895.79	1.54%	269	0.74%	39.2%
27,500.01 - 30,000.00	14,255,085.86	1.22%	203	0.56%	40.9%
30,000.01 - 32,500.00	10,114,837.94	0.87%	130	0.36%	40.2%
32,500.01 - 35,000.00	9,418,001.63	0.81%	119	0.33%	42.7%
35,000.01 - 37,500.00	8,873,120.50	0.76%	101	0.28%	41.3%
37,500.01 - 40,000.00	7,190,812.30	0.62%	74	0.20%	40.2%
40,000.01 - 42,500.00	5,516,545.19	0.47%	55	0.15%	41.2%
42,500.01 - 45,000.00	4,712,515.64	0.40%	45	0.12%	41.8%
45,000.01 - 47,500.00	4,276,918.97	0.37%	38	0.11%	41.1%
47,500.01 - 50,000.00	4,332,458.87	0.37%	38	0.11%	43.0%
>50,000.01	41,098,462.16	3.53%	238	0.66%	44.1%
<b>Grand Total:</b>	<b>\$ 1,164,734,995.63</b>	<b>100.00%</b>	<b>36,171</b>	<b>100.00%</b>	<b>16.3%</b>

## **DIRECTORY**

### **Seller**

Macquarie Leasing Pty Limited  
Level 6  
No. 50 Martin Place  
Sydney NSW 2000

### **Manager**

Macquarie Securitisation Limited  
Level 1  
No. 50 Martin Place  
Sydney NSW 2000

### **Trustee**

Perpetual Trustee Company Limited  
Level 18, Angel Place  
123 Pitt Street  
Sydney NSW 2000

### **Security Trustee**

P.T. Limited  
Level 18, Angel Place  
123 Pitt Street  
Sydney NSW 2000

### **Joint Lead Managers and Bookrunners**

Macquarie Bank Limited  
Level 1  
No. 50 Martin Place  
Sydney NSW 2000

Australia and New Zealand Banking Group Limited  
ANZ Tower  
Level 5, 242 Pitt Street  
Sydney NSW 2000

Commonwealth Bank of Australia  
Ground Floor, Darling Park, Tower 1  
201 Sussex Street  
Sydney NSW 2000

National Australia Bank Limited  
Level 25, 255 George Street  
Sydney NSW 2000

Westpac Banking Corporation  
Level 2, Westpac Place  
275 Kent Street  
Sydney NSW 2000

### **Solicitors to the Seller**

Allen & Overy  
Level 25, 85 Castlereagh Street  
Sydney NSW 2000