

Information Memorandum

Pallas Funds Pty Ltd

(ACN 604 352 347)

as trustee of the Pallas FM Trust

Issue of Australian Dollar Notes

The Notes of each Series will have the benefit of the security as described in this Information Memorandum

9 December 2020

Contents

1.	Important Notice	3
2.	Summary	8
3.	Security Arrangements	12
4.	Information about the Issuer and Key Risk Factors	15
5.	Conditions	19
6.	Form of Issue Supplement	45
7.	Selling Restrictions	49
8.	Australian Taxation, FATCA and CRS	53
9.	Directory	57

1. Important Notice

This Information Memorandum replaces the Information Memorandum dated 5 November 2020 in its entirety.

Introduction

This Information Memorandum relates to the issue, from time to time, of Australian dollar notes as described in this document ("**Notes**") by Pallas Funds Pty Ltd (ACN 604 352 347) as trustee of the Pallas FM Trust ("**Issuer**").

References to "**Information Memorandum**" are to this Information Memorandum together with any other document incorporated by reference and to any of them individually. References to a "**Section**" are to Sections of this Information Memorandum.

Prospective investors should read this Information Memorandum carefully prior to making any decision in relation to purchasing, subscribing for or investing in the Notes.

Terms used in this Information Memorandum but not otherwise defined have the meaning given to them in the terms and conditions of the Notes ("**Conditions**") as set out in *Section 5 - Conditions*.

The Notes will have the benefit of the Security (as described in *Section 3 – Security Arrangements*). Security may be released in certain circumstances.

Issuer's responsibility

This Information Memorandum has been prepared and issued by the Issuer. The Issuer accepts responsibility for the information contained in this Information Memorandum other than information provided by the Placement Manager, the Note Trustee, the Security Trustee and the Agents (each as defined *Section 2 – Summary*) in relation to their respective details in *Section 2 – Summary* and *Section 9 – Directory*.

Place of issuance

Subject to applicable laws and directives, the Issuer may issue Notes in Australia and in any country outside of Australia but not in the United States of America.

Terms and conditions of issue

Notes may be issued in separate Series under the Note Trust Deed executed by the Issuer.

A Series of Notes may comprise one or more Tranches, having one or more issue dates and on conditions that are otherwise identical (other than in respect of the issue price and date of the first payment of interest).

An Issue Supplement will be issued for each Tranche of Notes. An Issue Supplement will contain details of the initial aggregate principal amount, issue price, issue date, maturity date, details of interest payable (if any) together with any other terms and conditions that apply to that Series of Notes and which are not otherwise set out in the Conditions. The Conditions may also be supplemented, amended, modified or replaced by the Issue Supplement applicable to that Series of Notes.

An Issue Supplement or another supplement to this Information Memorandum may also supplement, amend, modify or replace any statement or information incorporated by reference in this Information Memorandum or a supplement to this Information Memorandum.

Documents incorporated by reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below and, unless otherwise expressly stated, this Information Memorandum is to be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. Investors should review, amongst other things, the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether to purchase any Notes.

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- the Note Trust Deed;
- the Security Trust Deed;
- the Security;
- all amendments and supplements to this Information Memorandum (including each Issue Supplement) prepared by the Issuer from time to time and all documents stated herein or therein to be incorporated in this Information Memorandum; and
- all other documents issued by the Issuer and stated to be incorporated by reference in this Information Memorandum by reference.

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies or supersedes such statement (including whether expressly or by implication).

Copies of the Note Trust Deed, the Security Trust Deed, each of the Securities, each Issue Supplement and any other documents incorporated by reference in this Information Memorandum may be obtained from the office of the Issuer, the Note Trustee, the Security Trustee or such other person specified in the Issue Supplement.

Except as provided above, no other information, including any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Any internet site addresses provided in this Information Memorandum are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum.

No independent verification

The only role of the Placement Manager, the Note Trustee, the Security Trustee and the Agents in the preparation of this Information Memorandum has been to confirm to the Issuer that their respective details in *Section 2 – Summary* and *Section 9 – Directory*, or in any Issue Supplement, are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Placement Manager, the Note Trustee, the Security Trustee and the Agents has independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them, as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Issuer in connection with the Notes.

The Placement Manager, the Note Trustee, the Security Trustee and the Agents expressly do not undertake to any holder of a Note to review the financial condition or affairs of the Issuer or any of its affiliates at any time or to advise any holder of a Note of any information coming to their attention with respect to the Issuer and make no representations as to the ability of the Issuer to comply with its obligations under the Notes.

Forward-looking statements

To the extent that any forward-looking statements are made in this Information Memorandum, those statements reflect the views of the Issuer as at the Preparation Date. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Issuer to differ materially from the results, performance or achievements expressed, implied or projected in this Information Memorandum.

Neither the Issuer nor any of its officers nor any other party associated with the preparation of this Information Memorandum make any representation or warranty (either express or implied) as to the accuracy of any forward-looking statement or likelihood of occurrence of any events or results expressed or implied in any forward-looking statement. Neither the Issuer nor any of its officers or any other party associated with the preparation of this Information Memorandum guarantee that any specific objective of the Issuer will be achieved.

Intending purchasers to make independent investment decision and obtain tax advice

This Information Memorandum contains only summary information concerning the Issuer and the Notes and should be read in conjunction with all of the documents which are deemed to be incorporated by reference herein.

The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a representation or report of either of those things) by any of the Issuer, the Placement Manager, the Note Trustee, the Security Trustee or the Agents that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer and the Notes;
- determine for itself the relevance of the information contained in this Information Memorandum, and must base its investment decision solely upon its independent assessment and such investigations as it considers appropriate; and
- consult its own tax advisers concerning the application of any tax (including stamp duty) laws applicable to its particular situation.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them and each investor should consult its own professional adviser. **This Information Memorandum contains no representation concerning the taxation treatment of the Notes for any investor or potential investor.**

This Information Memorandum does not describe all of the risks of an investment in any Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

No offer

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, the Placement Manager, the Note Trustee, the Security Trustee or the Agents to any person to subscribe for, purchase or otherwise deal in any Notes.

Selling restrictions and no disclosure

EACH INVESTOR SUBSCRIBING FOR, PURCHASING OR OTHERWISE DEALING IN ANY NOTES IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS A PERSON:

- **TO WHOM IT IS LAWFUL TO MAKE AN OFFER OF NOTES;**
- **WHO IS NOT A RETAIL CLIENT FOR THE PURPOSES OF SECTION 761G OF THE CORPORATIONS ACT; AND**
- **TO WHOM AN OFFER OF NOTES FOR ISSUE OR SALE MAY BE MADE WITHOUT DISCLOSURE UNDER PART 6D.2 OR CHAPTER 7 OF THE CORPORATIONS ACT.**

The distribution and use of this Information Memorandum, including any Issue Supplement, advertisement or other offering material, and the offer or sale of Notes may be restricted by law or directive in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Placement Manager, the Note Trustee, the Security Trustee or the Agents which would permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required.

Neither this Information Memorandum nor any other disclosure document in relation to the Notes has been lodged with the Australian Securities and Investments Commission. A person may not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Information Memorandum or any other offering

material or advertisement relating to the Notes in Australia unless the invitation or offer is a Complying Offer.

This Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on distribution of this Information Memorandum, any Issue Supplement or other offering material relating to the Notes, see *Section 7 – Selling Restrictions*.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes except if the offer or invitation complies with all applicable laws and directives.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer or the issue or sale of the Notes and, if given or made, such information or representation must not be relied on as having been authorised by the Issuer, the Placement Manager, the Note Trustee, the Security Trustee or the Agents.

No registration in the United States

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (“**Securities Act**”). The Notes may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

Agency and distribution arrangements

The Issuer has agreed or may agree to pay fees to the Note Trustee, the Security Trustee and the Agents for undertaking their respective roles and reimburse them for certain of their expenses properly incurred in connection with the Notes.

The Issuer may also pay a fee to the Placement Manager in respect of the placement of the Notes, and may agree to reimburse the Placement Manager for certain expenses properly incurred in connection with the Notes and may indemnify the Placement Manager against certain liabilities in connection with the offer and sale of Notes.

The Issuer, the Placement Manager, the Note Trustee, the Security Trustee and the Agents, and their respective related entities, directors, officers and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

The distribution and use of this Information Memorandum, including any Issue Supplement, advertisement or other offering material, and the offer or sale of Notes may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Placement Manager, the Note Trustee, the Security Trustee or any Agents which would permit a public offering of any Notes or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

Currency

In this Information Memorandum, references to “\$”, “A\$”, “AUD” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia.

Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Notes is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, neither the Issuer nor any other person is under any obligation to any person to update this Information Memorandum at any time after an issue of Notes.

In this Information Memorandum, "**Preparation Date**" means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended, or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to any annual reports and financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

2. Summary

The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Notes, the Note Trust Deed, the Security Trust Deed, the Security, the applicable Conditions and any relevant Issue Supplement.

A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to an "Issue Supplement" does not limit provisions or features which may be supplemented, amended, modified or replaced by an Issue Supplement in relation to an issue of Notes.

- Issuer:** Pallas Funds Pty Ltd (ACN 604 352 347) ("**Pallas**") in its capacity as trustee of the Pallas FM Trust ("**Pallas FM Trust**").
- Form of Notes:** Notes will be issued in registered form and will be debt obligations of the Issuer which are constituted by, and owing under, the Note Trust Deed.
- Notes take the form of entries in the Register maintained by the Registrar.
- No certificates in respect of any Notes will be issued unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.
- Clearing System:** It is intended that Notes will be transacted through the Austraclear System.
- None of the Issuer, the Note Trustee, the Security Trustee nor any Agent (nor any of their respective related entities, associates, officers, employees, agents or advisers) will be responsible for the operation of the clearing arrangements, which is a matter for the clearing institution, their nominees, their participants and the investors.
- Denomination:** Notes will be issued in the single denomination specified in the Issue Supplement.
- Minimum Parcel Size:** A\$500,000 (or its equivalent in another currency, in each case disregarding moneys lent by the offeror or its associates) or as otherwise specified in the Issue Supplement.
- Use of proceeds:** The proceeds of the issue of Notes will be applied as described in *Section 2 – Summary* or as otherwise set out in the Issue Supplement.
- Issuance in Series and Tranches:** Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates.
- The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches of a Series.
- Security:** Each Series of Notes will benefit from a security pool of specified assets ("**Security Pool**"). Different Series of Notes may be part of the same Security Pool.
- The security arrangements are more fully described in *Section 3 – Security Arrangements*.
- Status of the Notes:** Notes will be direct, secured and unsubordinated obligations of the Issuer and will at all times rank equally among other Notes secured against the same Security Pool and at least equally with all other direct unsecured and unsubordinated obligations of the Issuer, subject to the limitation on enforcement in respect of Pallas.
- In all cases, the ranking of the Notes will, at all times, be subject to the priority of obligations of the Issuer preferred by laws or directives of mandatory application and, in the event of enforcement of the Security Pool, the order of priority of payment set out in the Security Trust Deed. However, the obligations of the Issuer to other permitted secured creditors under the

Conditions, will have the benefit of the security provided by the Issuer to secure its obligations to such secured creditors. Consequently, claims of any holder of Notes will rank after claims of those other secured creditors.

Limited Recourse: The Issuer's liability to each Noteholder whose Notes are secured by a particular Security Pool (and any person claiming through or under that Noteholder) in connection with the Conditions and those Notes is limited in accordance with clause 22 ("Limited recourse against the Issuer") of the Security Trust Deed.

Interest: Each Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date or its Extended Maturity Date (if applicable) (unless redeemed earlier) at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date or such other date on which a Note is redeemed, and adjusted, if necessary, in accordance with the applicable Business Day Convention.

All such information will be set out in the relevant Issue Supplement.

Payment Date: A Payment Date for a Note is an Interest Payment Date, the Maturity Date or the Extended Maturity Date (if applicable) or any other relevant date on which a payment in respect of that Note is due, adjusted in accordance with the applicable Business Day Convention.

Maturity and Redemption: Subject to compliance with all relevant laws and directives, each Note will be redeemed on its Maturity Date or its Extended Maturity Date (if applicable) at its outstanding principal amount, unless the Note has been previously redeemed or purchased and cancelled or as otherwise set out in the Issue Supplement.

Notes entered in the Austraclear System will be redeemed through the Austraclear System in a manner that is consistent with the rules and regulations of the Austraclear System.

Placement Manager: In respect of the issuance of any Tranche of Notes is the person or persons set out in the relevant Issue Supplement.

Registrar: The Issuer or such other person (if any) appointed by the Issuer to perform registry functions and establish and maintain a Register on the Issuer's behalf from time to time as specified in the relevant Issue Supplement.

Issuing & Paying Agent: The Issuer or such other person (if any) appointed by the Issuer to act as issuing or paying agent on the Issuer's behalf from time to time as specified in the relevant Issue Supplement.

Calculation Agent: The Issuer or such other person (if any) appointed by the Issuer to act as calculation agent on the Issuer's behalf from time to time as specified in the relevant Issue Supplement.

Note Trustee AMAL Trustees Pty Limited (ABN 98 609 737 064) or such other person appointed under the Note Trust Deed as trustee of the Pallas FM Note Trust from time to time.

The Note Trustee's duties and obligations are limited to those expressly set out in the Conditions, the Note Trust Deed and the Security Trust Deed. In particular, the Note Trustee is not required to monitor or supervise the performance by the Issuer of its obligations.

Security Trustee:	<p>AMAL Security Services Pty Limited (ABN 48 609 790 758) or such other person appointed under the Security Trust Deed as the security trustee of the Pallas FM Security Trust from time to time.</p> <p>The Security Trustee has no duty to monitor, investigate or enquire as to the performance by (or the financial position of) the Issuer or any other person of its obligations under the Notes or the Transaction Documents.</p>
Negative pledge:	Notes will have the benefit of a negative pledge, as described in Condition 5.1 (“Negative pledge”).
Financial covenants:	Notes will have the benefit of the financial covenants set out in Condition 5.2 (“Financial covenants”).
Liability of Pallas:	<p>The obligations of Pallas under the Notes are incurred solely in its capacity as trustee of the Pallas FM Trust, and recourse against Pallas is limited as more fully set out in Condition 4.4 (“Limited recourse”).</p> <p>Each potential purchaser or investor of the Notes should be aware that Pallas’ right of indemnity out of the Pallas FM Trust Assets (and therefore the ability of a Noteholder to recover against the Pallas FM Trust Assets) may be lost if Pallas acts fraudulently, negligently or acts in any way in breach of trust with respect to the Pallas FM Trust (whether or not such breach is in connection with its obligations under the Notes).</p>
Title:	<p>Entry of the name of the person in the Register in respect of a Note constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Note subject to correction for fraud or error.</p> <p>Title to Notes held in the Austraclear System will be determined in accordance with the rules and regulations of the Austraclear System.</p> <p>Notes which are held in the Austraclear System will be registered in the name of Austraclear.</p>
Austraclear payments:	Payments to persons who hold Notes through the Austraclear System will be made in accordance with the rules and regulations of the Austraclear System.
Selling restrictions:	The offer, sale and delivery of Notes and the distribution of this Information Memorandum and other material in relation to any Notes are subject to such restrictions as may apply in any country in connection with the offer and sale of the Notes. In particular, restrictions on the offer, sale or delivery of Notes in Australia are set out in <i>Section 7 – Selling Restrictions</i> .
Transfer procedure:	<p>Notes may only be transferred in whole and in accordance with the Conditions.</p> <p>In particular, the Notes may only be transferred if the offer or invitation for the sale or purchase of Notes is a Complying Transfer.</p> <p>Transfers of Notes held in the Austraclear System will be made in accordance with the rules and regulations of the Austraclear System.</p>
Investors to obtain independent advice with respect to investment and other risks:	<p>Investing in the Notes entails a number of risks. Certain risks associated with the Issuer’s business are outlined in <i>Section 4 – Information about the Issuer and Key Risk Factors</i>. However, this Information Memorandum does not describe all of the risks associated with the Issuer’s business and the risks associated with an investment in any Notes or the market generally.</p> <p><i>As such, prospective investors or purchasers should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.</i></p>

**Taxes,
withholdings and
deductions:**

All payments in respect of the Notes must be made without any withholding or deduction in respect of taxes, unless such withholding or deduction is required by law.

The Conditions do not provide for additional amounts to be paid in respect of any withholdings or deductions from amounts payable on the Notes that may be required by law. In the event that any such withholding or deduction is made, the Issuer will not be required to, and will not, pay additional amounts to cover the amounts so withheld or deducted.

Noteholders who do not provide their Australian tax file number, (in certain circumstances) Australian Business Number or proof of an exemption (as applicable) may have tax withheld or deducted from payments at the highest marginal rate plus the Medicare levy. No additional amounts will be payable by the Issuer in respect of any such withholding or deduction.

A brief overview of the Australian withholding tax treatment of payments of interest on Notes is set out in *Section 8 – Australian Taxation, FATCA and CRS*.

No representation with respect to the taxation treatment of payments of interest or principal on Notes is included in this Information Memorandum.

Investors should obtain their own taxation and other applicable advice regarding the taxation and other fiscal status of investing in any Notes and none of the Issuer, the Placement Manager, the Note Trustee, the Security Trustee or any Agent makes any representation regarding the taxation treatment of the Notes for any particular investor or potential investor.

Listing:

It is not intended that the Notes be listed or quoted on any stock or securities exchange.

Rating:

Neither the Issuer nor the Notes have been, nor is it intended that they will be, rated by any credit ratings agency.

Governing law:

The Notes and all related documentation (including the Security) will be governed by the laws of New South Wales, Australia.

3. Security Arrangements

This section contains a summary of the Security Trust Deed and the Security (as defined in the Security Trust Deed). This summary is qualified in its entirety by reference to the provisions of the Notes, the Security Trust Deed, the Security and the other underlying documents described below and elsewhere in this Information Memorandum.

Capitalised terms used in this section have the meaning given to them in this Information Memorandum unless otherwise defined in the Security Trust Deed.

Overview

The obligations of the Issuer under the Notes will be secured by a first ranking general security deed (“**GSD**”) over the business and assets of the Issuer.

The security described in this section has been granted in favour of the Security Trustee, who holds it on trust for the Beneficiaries of each Security Pool in accordance with the terms of the Security Trust Deed.

Notes will be issued in Series. Each Series of Notes will benefit from recourse against the specified assets in the relevant Security Pool. Different Series of Notes may be secured against the same Security Pool. The assets which form part of the relevant Security Pool will be described in the relevant Issue Supplement.

Beneficiaries under the Security Trust Deed

The Note Trustee, the Security Trustee, each Agent and the Noteholders and any other person specified in an applicable Issue Supplement will be Beneficiaries of each Security Pool for the purposes of the Security Trust Deed.

References in this section to the “**Beneficiaries**” are to the Beneficiaries of a Security Pool.

Limited Recourse

The Issuer’s liability to each Noteholder in relation to a Note and a specific Security Pool (and any person claiming through or under that Noteholder) in connection with the Note Trust Deed and the other Transaction Documents of that Security Pool is limited in accordance with clause 22 (“Limited recourse against the Issuer”) of the Security Trust Deed.

Instructions by Beneficiaries under the Security Trust Deed

The rights under the Security are granted in favour of the Security Trustee. The Security Trust Deed provides that, in the exercise of all such rights, the Security Trustee will act in accordance with the instructions of the Beneficiaries (with the Note Trustee acting as the representative for all Noteholders) given by way of Ordinary Resolution or Special Resolution. In the absence of such instructions, the Security Trustee need not act.

Under the Security Trust Deed, an “**Ordinary Resolution**” means a resolution passed at a meeting of Beneficiaries by at least 50% of the votes cast and a “**Special Resolution**” means a resolution passed at a meeting of Beneficiaries by at least 66⅔% of the votes cast.

The Security Trustee will be under no obligation to act in connection with the Transaction Documents (including the giving of notice to the Issuer pursuant to Condition 14 (“Events of Default”) or the taking of enforcement steps) unless it is properly instructed and adequately pre-funded or indemnified to its satisfaction (and such a process may be lengthy and impact on when action can be taken).

Procedures for seeking instructions

Under the Security Trust Deed, when seeking instructions from the Beneficiaries, the Security Trustee must specify in writing a period within which instructions are to be provided. The period will be as set out in the Transaction Documents to which the Security Trustee is a party if specified or, if not specified, a period of at least 21 days (or any shorter period agreed by the Beneficiaries).

If a Beneficiary does not provide instructions in writing within the period specified it will be disregarded for the purpose only of determining whether instructions have been given by a specified majority of, or by all, Beneficiaries.

Under the Note Trust Deed, if the Security Trustee requests instructions from the Note Trustee for the taking of any action which requires a direction, approval, consent or determination of all or a specified majority of the Beneficiaries under the Security Trust Deed (or any class of them), the Note Trustee must:

- (a) notify each Noteholder and seek directions and instructions;
- (b) calculate the aggregate Exposure of Noteholders directing in favour or and against the approval, consent, determination or direction;
- (c) if the required majority have been satisfied, then all Noteholders will be deemed to have provided the relevant approval, consent, determination or direction; and
- (d) notify the Security Trustee of the outcome of the request for approval, consent, determination or direction and if requested by the Security Trustee, provide the Security Trustee with details of Exposure of Noteholders directing in favour for and against the approval, consent, determination or direction.

Distribution of recovered moneys

Under the Security Trust Deed, if the Security Trustee has enforced the GSD in relation to the Collateral of a Security Pool, the Security Trustee must distribute any money received or recovered by it in respect of the Security Pool which is available for distribution to the Beneficiaries in the following order of priority:

- (a) **First:** to any person with a prior ranking claim to the extent the person is entitled to those proceeds;
- (b) **Second:** to the Security Trustee for its fees and costs and all other amounts due to it personally in connection with performing its role as security trustee in relation to the Security Pool;
- (c) **Third:** to any Receiver appointed to the Collateral of the Security Pool for its costs and remuneration in connection with exercising, enforcing or preserving rights, powers or remedies (or considering or attempting to do so) under or in connection with the Transaction Documents;
- (d) **Fourth:** to the Note Trustee for its costs and all other amounts due to it personally in connection with performing its role as Note Trustee;
- (e) **Fifth:** *pari passu* and rateably to each Agent for its fees, costs and all other amounts due to it personally in connection with performing their respective roles as agent;
- (f) **Sixth:** pro rata in reimbursement of any amount paid by Beneficiaries of the Security Pool to the Security Trustee pursuant to clause 10.6 (“Indemnity by Beneficiaries”) of the Security Trust Deed;
- (g) **Seventh:** towards satisfaction of the Exposure of each Beneficiary of the Security Pool in the same proportion as its Exposure bears to the aggregate Exposure of all Beneficiaries of that Security Pool;

- (h) **Eighth:** to each other person to whom the Security Trustee is obliged to pay in priority to the Issuer; and
- (i) **Ninth:** the balance, if any, to either the Issuer (which the Security Trustee may do by paying it into an account in the Issuer's name) or to any other person entitled to it,

or in any other order (other than in relation to payments to be made to the Security Trustee or any Receiver) specified in the Issue Supplement for that Security Pool.

Notwithstanding the above, amounts distributed in accordance with the Security Trust Deed to the extent payable in respect of Notes will be paid to the Note Trustee (as required by clause 8.4 ("Distribution of recovered money under Security Trust Deed") of the Note Trust Deed) and distributed by it in the order described in clause 3.3 ("Issuer's undertaking to pay and perform obligations") of the Note Trust Deed.

Indemnity to Security Trustee

Under the Security Trust Deed, the Security Trustee has the benefit of an indemnity (including out of the Security Trust Fund (as defined in the Security Trust Deed)), from the Beneficiaries (to the extent not reimbursed by the Issuer) against any liability or loss arising from, and any costs incurred by the Security Trustee other than in the case of its own fraud, gross negligence or wilful default.

Limitation of liability of Security Trustee

Under the Security Trust Deed, the Security Trustee is not liable or responsible to the Beneficiaries for a broad range of matters other than in the case of its own fraud, gross negligence or wilful default. This includes any action taken or not taken by it or them under any Transaction Document.

4. Information about the Issuer and Key Risk Factors

This Information Memorandum contains only summary information concerning the Issuer and the Notes. It is a brief summary only and does not purport to be, nor is it, complete. It should be read in conjunction with the documents which are deemed to be incorporated by reference in it, the Conditions, the Note Trust Deed and the Security Trust Deed.

The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a representation or report of either of those things) by any of the Issuer or any Agent that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Investing in the Notes entails a number of risks. Certain risks associated with the Issuer's business are outlined below. However, this Information Memorandum does not describe all of the risks associated with the Issuer's business or the risks associated with an investment in any Notes or the market generally.

Prospective investors or purchasers should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

Disclosure of information to Noteholders

Noteholders may request copies (free of charge) of the financial statements, the quarterly performance reports and the half-yearly management reports of the Issuer. Noteholders should email the Issuer at info@pallascapital.com.au.

If a Noteholder or potential Noteholder experiences any technical difficulties it can contact the Issuer on + 61 2 8188 1108 or at info@pallascapital.com.au.

The Issuer has undertaken, pursuant to the Note Trust Deed, to provide directly to the Note Trustee the following information:

- (a) within 90 days after the end of each financial year, a copy of the audited financial statements for the Pallas FM Trust in respect of that financial year;
- (b) in respect of the relevant Security Pool, within 15 Business Days after the end of each calendar quarter:
 - (i) quarterly audit reports confirming that all loans in the relevant Security Pool are qualifying loans and the relevant diversification rules have been complied with; and
 - (ii) quarterly reports on the specific assets in the relevant Security Pool, detailing performance and financial position;
- (c) within five Business Days of its receipt of such information, all information that the Issuer receives under or in connection with the Property Finance Arrangements;
- (d) promptly, monthly progress reports from an independent, expert quantity surveyor or other relevant expert;
- (e) promptly, monthly reports on the progress of construction of each project,
- (f) promptly, monthly reports detailing the performance and financial position of the Issuer;

- (g) promptly, copies of all documents and notices given by the Issuer to Noteholders (including copies of any Compliance Certificates);
- (h) as soon as possible after the Issuer becomes aware of any of the following events, details of:
 - (i) any event (or an event that, with the lapse of time, giving of notice or satisfaction of any other condition or a combination thereof) which would constitute a default under the Property Finance Arrangements (however “default” may be described or defined);
 - (ii) any material change to the financial forecasts or expectations, value of underlying assets or any financial rating of the Issuer;
 - (iii) any material change to the debt funding arrangements of the Issuer, including any breach of covenants;
 - (iv) the occurrence of any Event of Default under the Notes;
 - (v) distributions or payments on a related party loan made by the Issuer and any related party transaction not on an arm’s length basis at market rates; or
 - (vi) any other information likely to affect the value of the Notes or any other securities of the Issuer; and
- (i) all other information or reports regarding the financial condition and operations of the Issuer which the Security Trustee, the Note Trustee (acting on instructions of the Noteholders) or the Placement Manager reasonably requests.

The Note Trustee will make available to the Noteholders copies of any documents that have been provided to the Note Trustee in connection with the Notes, within a reasonable time following receipt of a request for such information from a Noteholder.

Key Risk Factors

1 Introduction

Each of the risks set out below could, in isolation or in combination, if they eventuate, have a material adverse impact on the Issuer’s business, results of operations, financial condition, financial performance and/or prospects. There is no guarantee or assurance that the importance of risks will not change or that other risks will not emerge.

Noteholders should note that this section does not purport to list every risk that may be associated with an investment in Notes now or in the future, and that the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of the Issuer, its directors and management.

Where practicable, the Issuer will take steps to mitigate or manage certain business risks. While mitigation steps are taken, these steps will not remove the risk but are aimed at reducing its impact.

Each Noteholder should satisfy itself that it has a sufficient understanding of these matters and should consider whether Notes are a suitable investment for it, having regard to its own investment objectives, financial circumstances and taxation position.

If Noteholders do not understand any part of this Information Memorandum or the documents incorporated in it, or are in any doubt as to whether to invest in Notes, it is recommended that they seek professional guidance from their stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

2 General Risks

General risk factors outside the control of the Issuer which may have a significant impact on the future performance of the Issuer include, but are not limited to, the following:

- (a) economic conditions in Australia and internationally, which may have a negative impact on the Issuer and the markets in which it operates;
- (b) changes in local and international debt capital markets, which may impact access to debt funding;
- (c) changes in interest rates, exchange rates and the rate of inflation;
- (d) changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- (e) geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities.

3 Specific Risks Associated with the Issuer

3.1 Key Personnel

There is a risk that the Issuer may not be able to retain or secure personnel with the relevant experience at the appropriate time, which may impact on the Issuer's ability to operate its business. No assurance can be given that there will be no adverse effect on the Issuer if one or more of the existing Directors or key management personnel cease their employment or engagement with the Issuer.

3.2 Business Risks

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any and all of which could adversely impact on the success of the Issuer's operations.

4 Risks associated with the Notes

4.1 Secondary liquidity of the Notes may be limited

The market for the Notes may not be liquid. If liquidity is low, there is a risk that, if you wish to sell your Notes prior to the Maturity Date or the Extended Maturity Date (as applicable), you may not be able to do so at a price acceptable to you, or at all, and there is a risk that the market price will be volatile.

It is not intended that the Notes will be quoted on the ASX or any other public stock exchange. The Issuer does not guarantee that you will be able to sell your Notes.

4.2 Transferability of the Notes

Notes may only be transferred if the offer or invitation for the sale or purchase of those Notes is a Complying Offer.

4.3 The Issuer may default on payment

Depending upon its performance and financial position, the Issuer may default on payment of some or all of the interest on the Notes, or repayment of some or all of the outstanding principal amounts of the Notes. If the Issuer does not pay some or all of the interest or outstanding principal amounts on the Notes as and when payable under the Conditions, then you may not receive some or all of the money you invested in Notes or interest that is due to be paid to you.

4.4 Noteholders are secured creditors of the Issuer on a limited recourse basis but will rank behind prior ranking Permitted Security Interests and creditors preferred by law

If the Issuer becomes unable to meet its obligations or suspends any payments it is required to make, Noteholders' claims will rank after any prior ranking Permitted Security Interest and any creditor preferred by law in any jurisdiction. If there are insufficient Trust Assets to satisfy Noteholders' claims after satisfying any prior ranking Permitted Security Interests and creditors preferred by law, there is a risk that you may lose some or all of the money you invested in Notes and any interest that has accrued but remains unpaid.

4.5 The realisation of the Security following an Event of Default may not be sufficient to repay the principal outstanding amounts on the Notes and any accrued but unpaid Interest

Upon an enforcement of the Security following an Event of Default and the other necessary procedural steps, Noteholders will have access to the Security. There is no assurance or guarantee that the value of the Security upon realisation would be sufficient to repay the outstanding principal amounts and any accrued but unpaid interest on the Notes.

4.6 Taxation considerations

None of the Issuer, any Agent, the Security Trustee or the Note Trustee is providing any taxation advice in relation to the circumstances of any particular investor. Accordingly, Noteholders should seek independent advice in relation to their own individual taxation circumstances.

5. Conditions

The following are the Conditions which, as supplemented, amended, modified or replaced in relation to any Tranche of Notes by the relevant Issue Supplement, will apply to that Tranche of Notes. References to an Issue Supplement in these Conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Issue Supplement.

The Notes are constituted by the Note Trust Deed. Each Noteholder, and any person claiming through or under any Noteholder, is entitled to the benefit of, is bound by and is deemed to have notice of, all of the provisions of the Note Trust Deed, the Security Trust Deed (if any), the Security, these Conditions and the relevant Issue Supplement. Each such person is also deemed to have notice of the Information Memorandum. Copies of each such document are available for inspection at the Specified Office of the Issuer and the Note Trustee.

1 Interpretation and definitions

1.1 Terms defined in an Issue Supplement

Terms which are specified in any Issue Supplement as having a defined meaning, but which are not defined in that Issue Supplement (or any prior Issue Supplement), have the same meaning when used in these Conditions.

1.2 Definitions

Subject to any contrary provision in any Issue Supplement, in this Information Memorandum and the Conditions, the following meanings apply unless the contrary intention appears:

Accepted Accounting Practices means the accounting practices and standards generally accepted in Australia from time to time.

Agency Agreement means:

- (a) any agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Notes; and/or
- (b) any other agency agreement entered into between the Issuer and an agent in connection with any issue of Notes.

Agent means each of the Registrar, the Issuing and Paying Agent, the Calculation Agent and any other agent appointed under an Agency Agreement, or any of them as the context requires.

ASIC means the Australian Securities and Investments Commission.

Austraclear means Austraclear Ltd (ABN 94 002 060 773).

Austraclear Regulations means the regulations known as “Austraclear Regulations” together with any instructions or directions established by Austraclear to govern the use of the Austraclear System and which are binding on the participants in that system.

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and for the electronic recording and settling of transactions in those securities between participants of that system.

Beneficiary has the meaning given to that term in the Security Trust Deed, which includes the Security Trustee, Note Trustee, each Agent and the Noteholders.

BBSW Rate means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” rate on the Reuters Screen BBSW Page or the “MID” rate on the Bloomberg Screen BBSW Page (or any designation on those pages, or any replacement page) at approximately 10:30am (or such other time at which such rate customarily appears on that page, including, if corrected, as recalculated and republished by the relevant administrator) (“**Publication Time**”) on the first day of that Interest Period. However, if such rate does not appear on the Reuters Screen BBSW Page or the Bloomberg Screen BBSW Page (or any replacement page) by 10:45am on that day (or such other time that is 15 minutes after the then prevailing Publication Time), or if it does appear but the Calculation Agent determines that there is an obvious error in that rate, or if the rate is permanently or indefinitely discontinued, **BBSW Rate** means such other successor rate or alternative rate for BBSW Rate-linked floating rate notes at such time determined by the Issuer (acting in good faith and in a commercially reasonable manner) or an alternate financial institution appointed by the Issuer (in its sole discretion) to assist in determining the rate (in each case, a “**Determining Party**”), which rate is notified in writing to the Calculation Agent (with a copy to the Issuer if determined by such alternate financial institution), together with such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for BBSW Rate-linked floating rate notes at such time (together with such other adjustments to the Business Day Convention, interest determination dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such successor rate or alternative rate for BBSW Rate-linked floating rate notes at such time), or, if no such industry standard is recognised or acknowledged, the method for calculating or determining such adjustment spread determined by such Determining Party (in consultation with the Issuer, as applicable) to be appropriate. The rate determined by such Determining Party will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%). Any determination so made does not require Noteholder consent and is, in the absence of manifest or proven error, final and binding on the Issuer, the Agent, and Noteholders and any other relevant person.

Business Day means a day (not being a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney and, in relation to the issue of a Note held in the Austraclear System or the making of a payment in respect of such a Note, a day on which the Austraclear System is operating.

Business Day Convention means the following conventions for adjusting any date if it would otherwise fall on a day that is not a Business Day:

- (a) **Following Business Day Convention** means that the date is postponed to the first following date that is a Business Day; and
- (b) **Modified Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day.

Calculation Agent means from time to time the Issuer or any person appointed in that capacity by the Issuer, as described in the relevant Issue Supplement.

Compliance Certificate has the meaning given in Condition 5.5 (“Delivery of Compliance Certificates”).

Complying Offer means an invitation or offer for the issue of a Note:

- (a) where the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in another currency, in each case disregarding moneys lent by the offeror or its associates); or

- (b) that otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act; and
 - (i) is made to a person that is not a retail client for the purposes of section 761G of the Corporations Act; and
 - (ii) the making of which does not require any document to be lodged with ASIC or ASX Limited; and
- (c) which (including any resulting issue) at all times complies with all other applicable laws and directives.

Complying Transfer means the transfer of a Note:

- (a) where the minimum aggregate consideration payable by each transferee is at least A\$500,000 (or its equivalent in another currency, in each case disregarding moneys lent by the transferor or its associates); or
- (b) the transfer does not otherwise require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act and any relevant invitation or offer is a Complying Offer; and
- (c) which (including any resulting transfer) at all times complies with all other applicable laws and directives.

Conditions means, in relation to the Notes, these terms and conditions as amended, supplemented, modified or replaced by the Issue Supplement applicable to such Note and references to a particular numbered Condition shall be construed accordingly.

Corporations Act means the *Corporations Act 2001* of Australia.

Day Count Fraction means, in respect of the calculation of interest on a Note for any period of time (“**Calculation Period**”), the day count fraction specified in the Issue Supplement and:

- (a) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365; and
- (b) if “**RBA Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)).

Default Rate means the rate as set out in the default rate as specified in the Issue Supplement.

Denomination means the notional face value of a Note on its Issue Date as specified in the Issue Supplement.

Extended Maturity Date means the date (if any) so specified in, or determined in accordance with, the Issue Supplement as the date (and adjusted, if necessary, in accordance with the applicable Business Day Convention as specified in the Issue Supplement) on which the redemption of the Note is to be deferred.

Event of Default means, in respect of the Notes of a Security Pool, the happening of any event set out in Condition 14.1 (“Events of Default”) in relation to the Notes of that Security Pool.

FATCA means:

- (a) sections 1471 to 1474 of the US Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

Financial Indebtedness of a person means any liability or indebtedness (whether present or future, actual or contingent) of that person for or in respect of:

- (a) moneys borrowed or raised and debit balances at banks or financial institutions;
- (b) its obligations as lessee under any lease which in accordance with Accepted Accounting Practices would be treated as a finance or a capital lease;
- (c) any indemnity obligation in respect of any guarantee, indemnity, bond or letter of credit or similar instrument issued by a bank or financial institution;
- (d) any guarantee, indemnity, letter of credit or similar assurance in respect of financial loss given in connection with any Financial Indebtedness (as referred to in any other paragraph of this definition) of another person;
- (e) any amount payable in connection with the redemption of any redeemable preference share issued by that person;
- (f) any amount raised under or in connection with any bill acceptance, endorsement or discounting arrangement;
- (g) any amount raised under or in connection with any bond, debentures, note, loan stock or any similar instrument;
- (h) receivables sold or discounted (other than to the extent they are sold on a non-recourse basis);
- (i) the marked to market value of any swap, hedge, cap, collar, ceiling or floor agreement, futures contract, forward exchange or forward purchase contract or option contract or other derivative, in each case, in respect of any currency, interest rate or commodity or any similar transaction;
- (j) the acquisition cost of any asset or service to the extent payable more than 90 days after the time of acquisition or possession; and/or
- (k) any amount raised under any other transaction or series of transaction having the commercial effect of a borrowing or raising of money,

in all cases, without double counting.

Fixed Coupon Amount means the amount specified in, or determined in accordance with, the Issue Supplement.

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the applicable Issue Supplement.

Floating Rate Note means a Note on which interest is calculated at a floating rate payable monthly or in respect of any other period or on any other date specified in the applicable Issue Supplement.

Information Memorandum means the information memorandum, disclosure document or other offering document referred to in an Issue Supplement in each case prepared by, or on behalf of, and approved by, the Issuer in connection with the issue of Notes and all documents incorporated by reference in it.

Insolvency Event means, in respect of an entity (including a trust), any of the following occurring:

- (a) it is unable to pay its debts, as and when they become due and payable, is presumed or deemed to be insolvent under applicable law or a court is permitted to order its winding up in accordance with applicable law (and such presumption or deeming has not been disproved);
- (b) a controller (as defined in section 9 of the Corporations Act), receiver, receiver and manager, administrator or similar officer is appointed in respect of that person or any asset of that person;
- (c) a liquidator, provisional liquidator or administrator is appointed in respect of that person;
- (d) except for the purpose of a solvent reconstruction or amalgamation, any application (not withdrawn or dismissed within 14 days) is made to a court for an order, an order is made, a meeting is convened or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraph (b) or (c) of this definition;
 - (ii) winding up, dissolving or deregistering that person; or
 - (iii) proposing or implementing a company voluntary arrangement or a scheme of arrangement, other than with the prior approval by a Special Resolution of the Noteholders under a solvent scheme of arrangement pursuant to Part 5.1 of the Corporations Act;
- (e) any application (not withdrawn or dismissed within 14 days) is made to a court for an order, a meeting is convened, a resolution is passed or any negotiations are commenced, for the purpose of implementing or agreeing:
 - (i) a moratorium of any debts of that person;
 - (ii) any other assignment, composition or arrangement (formal or informal) with that person's creditors; or
 - (iii) any similar proceeding or arrangement by which the assets of that person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee,or any agreement or other arrangement of the type referred to in this paragraph (d) is ordered, declared or agreed to;
- (f) as a result of the operation of section 459F(1) of the Corporations Act, that person is taken to have failed to comply with a statutory demand (as defined in the Corporations Act);
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment or other process is made, levied or issued against or in relation to any asset of that person in an amount exceeding A\$1,000,000 (or its equivalent in another currency);

- (h) that person is, or admits in writing that it is, or is declared to be, or is presumed or taken under any applicable law to be (for any purpose), insolvent or unable to pay its debts as they fall due; or
- (i) anything analogous to anything referred to in paragraphs (a) to (h) inclusive of this definition, or which has a substantially similar effect, occurs with respect to that person under any law or directive.

Interest Commencement Date means, for a Note, the Issue Date of the Note or any other date so specified in, or determined in accordance with, the Issue Supplement.

Interest Payment Date means each date so specified in the Issue Supplement.

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date or the Extended Maturity Date (as applicable).

Interest Rate means, in respect of a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note specified in the Issue Supplement or calculated or determined in accordance with these Conditions and the Issue Supplement.

Issue Date means the date on which a Note is, or is to be, issued as specified in, or determined in accordance with, the Issue Supplement.

Issue Price is the issue price specified in, or determined in accordance with, the Issue Supplement.

Issue Supplement means, in respect of a Tranche, the Issue Supplement prepared and issued specifying the relevant issue details of the Notes forming part of that Tranche and which has been confirmed by the Issuer.

Issuer means Pallas Funds Pty Ltd (ACN 604 352 347) as trustee of the Pallas FM Trust.

Issuing & Paying Agent means the Issuer or any person appointed in that capacity by the Issuer, as described in the relevant Issue Supplement.

Loan means a loan or other investment made by the Issuer as described in an applicable Issue Supplement.

LVR or **Loan to Value Ratio** means the maximum amount that may be outstanding pursuant to any Financial Indebtedness in accordance with its terms divided by the Value of the asset(s) against which that Financial Indebtedness is secured, expressed as a percentage.

Margin means the margin specified in, or determined in accordance with, the Issue Supplement.

Maturity Date means the date so specified in, or determined in accordance with, the Issue Supplement as the date on which the Note is to be redeemed (and adjusted, if necessary, in accordance with the applicable Business Day Convention as specified in the Issue Supplement).

Meeting Provisions means the provisions relating to meetings of Noteholders set out in the Note Trust Deed.

Note means a medium-term debt obligation issued or to be issued by the Issuer which is constituted by, and owing under the Note Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register. References to any particular type of “**Note**” or “**Notes**” should be read and construed accordingly. All references to Notes must, unless the context otherwise requires, be read and construed as references to the Notes of a particular Series.

Note Trust Deed means the document entitled “Note Trust Deed” dated 9 December 2020 and executed by the Issuer and AMAL Trustees Pty Limited (ABN 98 609 737 064) as the Note Trustee.

Note Trustee means AMAL Trustees Pty Limited (ABN 98 609 737 064) in its capacity as trustee of the Pallas FM Note Trust or such other person appointed as trustee of the Pallas FM Note Trust.

Noteholder means, in respect of a Note, the person whose name is entered in the Register as the holder of that Note.

Pallas means Pallas Funds Pty Ltd (ACN 604 352 347).

Pallas Group means Pallas Group Pty Limited (ACN 618 981 892) and each of its subsidiaries from time to time.

Pallas FM Note Trust means the trust constituted by the Note Trust Deed.

Pallas FM Trust means the trust known as the “Pallas FM Trust” constituted under the Pallas FM Trust Deed.

Pallas FM Trust Assets includes all assets, property and rights of personal or any nature whatsoever of the Pallas FM Trust.

Pallas FM Trust Deed means the deed establishing the “Pallas FM Trust” executed by Pallas Funds Pty Ltd and dated 5 June 2020.

Pallas FM Trust Obligations means all obligations and liabilities of whatsoever kind, undertaken or incurred by Pallas in its capacity as trustee of the Pallas FM Trust under or in respect of the Notes, the Note Trust Deed or any deed, agreement or other instrument collateral to the Note Trust Deed or given or entered into pursuant to the Note Trust Deed whether express or implied by statute or other legal requirements or arising otherwise howsoever.

Payment Date means, as applicable, the Maturity Date or the Extended Maturity Date (if applicable), an Interest Payment Date or other relevant date on which a payment in respect of a Note is due.

Permitted Security Interest means:

- (a) any Security granted in favour of the Security Trustee in respect of the Issuer’s obligations in respect of the Notes and Security granted in respect of the Issuer’s obligations under any other series of notes (provided such Security is not in respect of assets the subject of the same Security Pool);
- (b) a Security Interest arising by operation of law and in the ordinary course of trading so long as the Financial Indebtedness secured by that Security Interest is paid when due or contested in good faith and appropriately provisioned;
- (c) any netting and set-off arrangements arising in the ordinary course of the Issuer’s banking arrangements;
- (d) any Security Interest approved by the Beneficiaries by a special resolution of all of the Beneficiaries referable to a Security Pool pursuant to the Security Pool Meeting Provisions; and

- (e) any Security Interest provided for by one of the following transactions if the transaction does not secure payment or performance of an obligation:
- (i) a transfer of an account or chattel paper;
 - (ii) a commercial consignment; or
 - (iii) a PPS Lease,
- (as each term is defined in the PPSA).

PPSA means the *Personal Properties Securities Act 2009* of Australia.

Property Finance Arrangements means the financing arrangements relating to a Loan and the security and guarantees granted in favour of the Issuer in connection therewith.

Qualified Valuer means a professional, independent valuer selected by Pallas.

Record Date means the close of business in the place where the Register is maintained on the eighth day before the Payment Date.

Register means the register of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement.

Registrar means the person so specified in the Issue Supplement.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Period means, in relation to any date, the period of twelve months prior to and ending on the last day of the calendar month in which that date falls.

Relevant Tax Jurisdiction means the Commonwealth of Australia or any political sub-division thereof.

Security has the meaning given to that term in the Security Trust Deed.

Security Interest includes any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind (including under sections 12(1), (2) and (3) of the PPSA) or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset. It includes retention of title other than in the ordinary course of day-to-day trading and a deposit of money by way of security but it excludes a charge or lien arising in favour of a government agency by operation of statute unless there is default in payment of moneys secured by that charge or lien.

Security Pool has the meaning given in the Security Trust Deed.

Security Pool Meeting Provisions means the provisions relating to meetings of Beneficiaries set out in the Security Trust Deed.

Security Trust Deed means the document entitled "Security Trust Deed" executed by, amongst others, the Issuer and the Security Trustee and referred to in the relevant Issue Supplement.

Security Trustee means the person appointed in that capacity by the Issuer and who has entered into the Security Trust Deed, as described in the relevant Issue Supplement.

Series means an issue of Notes made up of one or more Tranches all of which are expressed to form a single Series and are issued on the same Conditions except that the Issue Price, Issue Date and Interest Commencement Date and date of the first interest payment may be different in respect of a different Tranche of a Series.

Special Resolution has the meaning given in the Note Trust Deed.

Specified Office means, for a person, that person's office specified in the Information Memorandum or Issue Supplement or any other address notified to Noteholders from time to time.

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest in respect of the Notes.

Taxes means taxes, withholdings, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any Tax Authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Noteholder.

Tranche means an issue of Notes specified as such in the Issue Supplement and issued on the same Issue Date and on the same terms.

Transaction Document has the meaning given in the Security Trust Deed.

US Code means the United States of America Internal Revenue Code of 1986.

Value, in relation to the calculation of an LVR, means the value of the relevant asset(s) as determined by a Qualified Valuer.

1.3 References to certain general terms

Unless the contrary intention appears, a reference to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) a document (including these Conditions) includes any amendment, variation or replacement of it;
- (d) anything (including any amount) is a reference to the whole and each part of it;
- (e) a "**law**" includes common law, principles of equity, any decree and any statute or other law made by a parliament (and a statute or other law made by parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
- (f) a "**directive**" includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any case having the force of law) with which responsible participants in the relevant market generally comply;
- (g) "**Australian dollars**", "**\$**" or "**A\$**" is a reference to the lawful currency of Australia;
- (h) a time of day is a reference to Sydney time;
- (i) a "**person**" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (j) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and

- (k) the words “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

1.4 Number

The singular includes the plural and vice versa.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

1.6 Calculation of a period of time

If a notice must be given within a certain period of days or a certain number of days' notice must be given or any other matter must take place within a certain number of days, the day on which the notice is given or action taken, and the day on which the meeting is to be held or other action taken, are not to be counted in calculating that period and references to a day are to a calendar day.

2 Introduction

2.1 Issue Supplement

- (a) The Issuer will issue Notes on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Issue Supplement applicable to those Notes. If there is any inconsistency between these Conditions and such Issue Supplement, the Issue Supplement prevails.
- (b) The Notes are issued in Series. A Series may comprise one or more Tranches. A Tranche is the subject of an Issue Supplement which supplements, amends, modifies or replaces these Conditions.
- (c) Copies of the Issue Supplement and Conditions applicable to any Tranche of Notes are available for inspection or on request by a Noteholder or prospective Noteholder during normal business hours at the Specified Office of the Issuer, the Note Trustee or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

2.2 Types of Notes

A Note is either:

- (a) a Fixed Rate Note; or
- (b) a Floating Rate Note,

as specified in the Issue Supplement.

2.3 Currency and Denomination

The Notes are issued in Australian dollars in a single Denomination.

2.4 Issue restrictions and tenor

The Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Notes, if such offer is a Complying Offer.

2.5 Clearing systems

Notes may, but need not, be held in the Austraclear System, in which case the rights of a person holding an interest in the Notes lodged in the Austraclear System are subject to the rules and regulations of the Austraclear System. Neither the Issuer, the Note Trustee, the Security Trustee nor any Agent is responsible for anything the Austraclear System does or omits to do.

3 Form

3.1 Constitution under the Note Trust Deed

- (a) The Notes are debt obligations of the Issuer constituted by, and owing under, the Note Trust Deed.
- (b) Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Note Trust Deed, the Security Trust Deed, the Security, these Conditions and the Issue Supplement.

3.2 Form

The Notes are issued in registered form by entry in the Register.

3.3 No certificates

No certificates will be issued to Noteholders unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.

3.4 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Note Trustee and each Noteholder to:
 - (i) pay principal, any interest and any other amount in accordance with these Conditions and the Note Trust Deed; and
 - (ii) comply with all other Conditions of the Note, the Note Trust Deed, the Security Trust Deed and the Security; and
- (b) an entitlement to the other benefits given to the Noteholder in respect of the Note under these Conditions, the Note Trust Deed, the Security Trust Deed and the Security.

3.5 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

3.6 Non-recognition of interests

Except as ordered by a court of competent jurisdiction or required by law or directive, the Issuer, the Note Trustee, the Security Trustee and the Registrar must treat the person whose name is entered in the Register as the Noteholder of a Note as the absolute owner of that Note. This Condition applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

3.7 Joint Noteholders

Where two or more persons are entered in the Register as the joint holder of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

4 Status

4.1 Status of Notes

Notes are direct secured, unsubordinated and unconditional obligations of the Issuer subject to the limitation on enforcement as set out in Condition 4.4 (“Limited recourse”).

4.2 Ranking of Notes

Notes that are referable to a particular Security Pool will at all times rank equally among themselves and any other Notes referable to that Security Pool. Notes are, at all times, subject to the priority of obligations preferred by laws or directives of mandatory application.

4.3 Security

Amounts due under the Notes and the Note Trust Deed are secured by the Security. The Security Trustee holds the Security on trust for the Beneficiaries.

4.4 Limited recourse

- (a) The Issuer’s liability to each Noteholder whose Notes are part of a Security Pool (and any person claiming through or under that Noteholder) in connection with these Conditions and those Notes and otherwise at law or in equity is limited in accordance with clause 22 (“Limited recourse against the Issuer”) of the Security Trust Deed.
- (b) The obligations of Pallas under the Notes are incurred solely in its capacity as trustee of the Pallas FM Trust.
- (c) The Note Trust Deed provides that any liability of Pallas in its capacity as trustee of the Pallas FM Trust arising in connection with the Note Trust Deed (including, without limitation, Pallas’s agreement to comply with these Conditions insofar as they apply to it) is limited to the extent to which Pallas is able to be indemnified for that liability out of the Pallas FM Trust Assets under the constitution of the Pallas FM Trust. Each Noteholder is deemed to have acknowledged and agreed that it may enforce its rights against Pallas with respect to the non-observance of the Pallas FM Trust Obligations, only to the extent necessary to enforce the Noteholder’s rights, powers and remedies against Pallas in respect of the Pallas FM Trust Assets.
- (d) However, despite anything in the Note Trust Deed or these Conditions, this limitation of liability of Pallas does not apply if Pallas is not entitled to be indemnified out of Pallas FM Trust Assets as a consequence of its fraud, negligence, breach of trust or wilful default.

5 Negative pledge and financial and other covenants

5.1 Negative pledge

The Issuer will not create or permit to subsist any Security Interest upon the whole or any part of its present or future assets or revenues other than a Permitted Security Interest.

5.2 Financial covenants

The Issuer will ensure that:

- (a) any amount of Financial Indebtedness incurred under or in connection with any Property Finance Arrangements or otherwise in connection with the assets the subject of those arrangements does not represent, in aggregate amount, an LVR exceeding the maximum LVR set out in the relevant Issue Supplement; and
- (b) other than the Security granted in favour of the Issuer under those Property Finance Arrangements, there is no other Security granted to any person in respect of the assets the subject of those Property Finance Arrangements.

5.3 Other covenants

The Issuer will:

- (a) at all times comply with its obligations under the Property Finance Arrangements;
- (b) do everything necessary to maintain its corporate existence;
- (c) comply with all of its obligations under all applicable laws and directives;
- (d) ensure not to materially change its current business activities or operations; and
- (e) ensure that, for so long as there remains any Note on issue, Pallas:
 - (i) will not resign, retire or do anything to allow it to be removed or replaced as trustee of the Pallas FM Trust or appoint or allow a new or additional trustee of the Pallas FM Trust to be appointed except in accordance with Condition 5.4 (“Reorganisation”);
 - (ii) maintains complete and correct records in relation to the Pallas FM Trust;
 - (iii) complies with the constitution of the Pallas FM Trust;
 - (iv) will not do anything, or permit or omit anything, which breaches the terms of the Pallas FM Trust;
 - (v) will not do anything (or allow anything to happen) that may terminate the Pallas FM Trust;
 - (vi) will not do anything or permit anything to be done in relation to the Pallas FM Trust which could restrict or impair its ability to observe its obligations under or in connection with the Notes and the Note Trust Deed;
 - (vii) has the right to be indemnified out of the Pallas FM Trust Assets for all liabilities incurred by it under or in connection with the Notes and the Note Trust Deed and there is no restriction or limitation on or derogation from its right of subrogation or indemnity (whether or not arising under the terms of the Pallas FM Trust); and
 - (viii) the lien that Pallas has over any Pallas FM Trust Assets at all times has priority over the rights and interests of the beneficiaries of the Pallas FM Trust,

provided that, where a relevant person, event or circumstance is outside the complete control of the Issuer, this Condition 5.3(e) only requires it to use reasonable endeavours to comply with this provision.

5.4 Reorganisation

Pallas may appoint an additional or replacement trustee of the Pallas FM Trust if:

- (a) in so doing it complies with the terms of the Pallas FM Trust Deed; and
- (b) the additional or replacement trustee is a member, or is controlled by a member, of the Pallas Group.

5.5 Delivery of Compliance Certificates

The Issuer will provide to the Note Trustee, not later than 15 Business Days after the end of each calendar quarter, a certificate (“**Compliance Certificate**”) signed by either two directors or a director and the chief executive officer or a director and the chief financial officer or a director and the company secretary of the Issuer which, among other things, certifies whether, in the opinion of the relevant signatories and after having made all reasonable enquiries, in respect of the Notes of each Security Pool, that:

- (a) the Issuer has complied, and is in compliance, with:
 - (i) each of the covenants set out in Conditions 5.1 (“Negative pledge”), 5.2 (“Financial covenants”) and 5.3 (“Other covenants”); and
 - (ii) its obligations under the Transaction Documents; and
- (b) no Event of Default (or an event which, after notice and lapse of time, would become an Event of Default) is subsisting.

In the event the Issuer is not in compliance with any such covenants or the Transaction Documents or if an Event of Default is subsisting, such Compliance Certificate will give reasonable detail of such non-compliance and/or the Event of Default (including any relevant figures and calculations) and the steps being taken to remedy the same.

6 Title and transfer of Notes

6.1 Title

Title to Notes passes when details of the transfer are entered in the Register.

6.2 Transfer

Notes may only be transferred in accordance with these Conditions and the Note Trust Deed.

6.3 Transfers in whole

Notes may only be transferred in whole and not in part.

6.4 Transfer procedure

- (a) Transfers of Notes held in the Austraclear System will be made in accordance with the Austraclear Regulations.
- (b) Application for the transfer of Notes not held in the Austraclear System must be made by the lodgement of a transfer form with the Issuer. Transfer forms are available from the Issuer on request. Each form must be accompanied by such evidence (if any) as the Issuer may require to prove the title of the transferor or the transferor’s right to transfer the Note and be signed by both the transferor and the transferee. Transfers of Notes will be registered without charge provided that:

- (i) the Issuer has received the forms and any supporting information set out in this paragraph (b) in a form and substance reasonably satisfactory to it;
 - (ii) Taxes (if any) imposed in relation to the transfer have been paid; and
 - (iii) each other condition set out in this Condition 6 has been satisfied or waived by the Issuer.
- (c) The relevant Noteholder is responsible for any Taxes (if any) which are payable in connection with any transfer, assignment or any other dealing with their Notes.

6.5 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

6.6 Unincorporated associations

A transfer of a Note to an unincorporated association is not permitted.

6.7 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of all the Notes registered as having been transferred equals the aggregate principal amount of all the Notes expressed to be transferred in the transfer.

6.8 Compliance with law

Notes may only be transferred if the transfer is a Complying Transfer.

6.9 Restrictions on transfer

- (a) Transfers of Notes which are not lodged in the Austraclear System cannot be made between a Record Date and the relevant following Payment Date if a redemption of such Note is to occur during, or at the end of, that period in accordance with these Conditions.
- (b) Transfers of Notes will not be registered later than the close of business in the place where the Register is maintained on the fifth Business Day prior to the Maturity Date or the Extended Maturity Date (as applicable) of the Notes unless the Issuer consents otherwise.

7 Fixed Rate Notes

This Condition 7 applies to the Notes only if the Issue Supplement states that it applies.

7.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date or the Extended Maturity Date (as applicable) at the Interest Rate. Interest is payable in arrear on each Interest Payment Date or such other date on which a Note is redeemed.

7.2 Fixed Coupon Amount

Unless otherwise specified in the Issue Supplement, the amount of interest payable on each Interest Payment Date in respect of the preceding Interest Period is the Fixed Coupon Amount specified in the Issue Supplement.

7.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period for which a Fixed Coupon Amount is not specified in the Issue Supplement shall be calculated by the Calculation Agent by multiplying the Interest Rate, the outstanding principal amount of the Fixed Rate Note and the applicable Day Count Fraction.

8 Floating Rate Notes

This Condition 8 applies to the Notes only if the Issue Supplement states that it applies.

8.1 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date or the Extended Maturity Date (as applicable) at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date.

8.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Note must be determined by the Calculation Agent in accordance with these Conditions.

8.3 Fallback Interest Rate

Unless otherwise specified in the Issue Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 8.2 ("Interest Rate determination"), the Interest Rate for the Interest Period is the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period.

8.4 BBSW Rate Determination

The Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the BBSW Rate.

8.5 Interpolation

If the Issue Supplement states that "Linear Interpolation" applies to an Interest Period, the Interest Rate for that Interest Period is determined:

- (a) through the use of straight-line interpolation by reference to two BBSW Rates or other floating rates specified in the Issue Supplement;
- (b) where the first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Issue Supplement); and
- (c) where the second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Issue Supplement).

9 General provisions applicable to interest

9.1 Calculation of Interest Rate and interest payable

- (a) The Calculation Agent must, in relation to each Interest Period for each Floating Rate Note:
 - (i) calculate the Interest Rate in accordance with these Conditions and the Issue Supplement; and
 - (ii) as soon as practicable after determining the Interest Rate, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of that Note.
- (b) Unless otherwise specified in the Issue Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Note by the applicable Day Count Fraction.
- (c) The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

9.2 Calculation of other amounts

If the Issue Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Issue Supplement.

9.3 Notification of Interest Rate, interest payable and other items

- (a) The Calculation Agent must notify the Issuer, the Registrar, the Noteholders, the Security Trustee, the Note Trustee and each other Agent of each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date.
- (b) The Calculation Agent must give notice under this Condition as soon as practicable after making its determination.
- (c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must promptly notify the Issuer, the Registrar, the Noteholders, the Note Trustee and each other Agent of any such amendment.

9.4 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of fraud or manifest error, final and binding on the Issuer, the Registrar, each Noteholder, the Note Trustee, the Security Trustee and each other Agent.

9.5 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in these Conditions or the Issue Supplement):

- (a) all percentages resulting from the calculations must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);

- (b) all figures resulting from the calculations must be rounded to five decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent.

10 Redemption

10.1 Redemption on maturity

The Issuer agrees to redeem each Note on its Maturity Date at its outstanding principal amount unless:

- (a) the Note has been previously redeemed;
- (b) the Note has been purchased and cancelled; or
- (c) the Maturity Date has been extended in accordance with Condition 10.2 (“Extension of Maturity Date”), in which case each Note is redeemable by the Issuer on the Extended Maturity Date.

10.2 Extension of Maturity Date

If an Extended Maturity Date is specified as applicable in the Issue Supplement for a Series of Notes and the Issuer is unable to redeem each Note on its Maturity Date at its outstanding principal amount, the redemption of each Note is deferred until the Extended Maturity Date.

The Issuer shall confirm to the Issuing & Paying Agent as soon as reasonably practicable and in any event at least 4 Business Days prior to the Maturity Date of such Series of Notes whether payment will be made in full of the outstanding principal amount of each Note in respect of that Series of Notes on that Maturity Date. Any failure by the Issuer to notify the Issuing & Paying Agent shall not affect the validity or effectiveness of the extension of maturity.

The Issuer shall notify the Noteholders, the Note Trustee, the Security Trustee and each other Agent (in accordance with Condition 19 (“Notices”)) as soon as reasonably practicable and in any event at least one Business Day prior to the Maturity Date of any inability of the Issuer to pay in full the outstanding principal amount of the Notes on the Maturity Date. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

10.3 Early redemption at the option of the Issuer (Issuer call)

The Issue Supplement may specify if the Issuer is entitled to redeem all or some of the Notes prior to their Maturity Date or their Extended Maturity Date.

10.4 Early redemption at the Option of the Noteholders (Put)

The Issue Supplement may specify if a Noteholder is entitled to require that the Issuer redeem all or some of the Notes held by that Noteholder prior to their Maturity Date or their Extended Maturity Date.

10.5 Partial redemptions

If only some of the Notes are to be redeemed under these Conditions, the Notes to be redeemed will be specified in the notice and selected:

- (a) if specified in the Issue Supplement, in the manner set out in the Issue Supplement, or otherwise pro-rata across all Noteholders or in a fair and reasonable manner; and

- (b) in compliance with any applicable law or directive.

10.6 Effect of notice of redemption

Any notice of redemption given under this Condition 10 (“Redemption”) is irrevocable.

10.7 Purchase

The Issuer and any of its Related Bodies Corporate may at any time purchase (including on issue) Notes in the open market or otherwise and at any price. Notes purchased under this Condition 10.7 may be held, resold or cancelled at the discretion of the purchaser and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law or directive.

11 Payments

11.1 Payments to Noteholders

- (a) Payments of principal will be made to each person registered in the Register as the Noteholder at 10.00 am on the applicable Payment Date.
- (b) Payment of interest will be made to each person registered in the Register as the Noteholder at close of business on the applicable Record Date.

11.2 Payments to accounts

Payments in respect of a Note will be made:

- (a) if the Note is held in the Austraclear System, by crediting on the Payment Date, the amount due to:
 - (i) the account of Austraclear (as the Noteholder) previously notified to the Issuer and the Registrar; or
 - (ii) if requested by Austraclear, the accounts of the persons in Australia in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with the Austraclear Regulations; and
- (b) if the Notes are not held in the Austraclear System, by crediting on the Payment Date, the amount then due under each Note to an account in Australia previously notified by the Noteholder to the Issuer and the Registrar.

11.3 Payments subject to law

All payments are subject to applicable law but without prejudice to the provisions of Condition 12 (“Taxation”).

11.4 Payments on Business Days

If a payment:

- (a) is due on a Note on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the applicable Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, a Noteholder is not entitled to any additional payment in respect of that delay.

11.5 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds, cheque or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque and if the Issuer has so cancelled,

then, in each case and subject to Condition 13 (“Time limit for claims”), the amount is to be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder or any legal personal representative of the Noteholder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

11.6 Payment to joint Noteholders

A payment to any one of joint Noteholders will discharge the Issuer’s liability in respect of the payment.

12 Taxation

12.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by law or made for or on account of FATCA.

12.2 Withholding tax

If a law requires the Issuer (or the Security Trustee, the Note Trustee or an Agent) to withhold or deduct an amount in respect of Taxes or on account of FATCA from a payment in respect of a Note such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer or the Security Trustee, the Note Trustee or the Agent (as applicable) agrees to withhold or deduct the amount for the Taxes; and
- (b) the Issuer is under no obligation to (and shall not) pay to any Noteholder or any other person any additional amounts after making the withholding or deduction.

13 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or five years (in the case of interest and other amounts) from the date on which payment first became due.

14 Events of Default

14.1 Events of Default

Each of the following is an Event of Default in respect of the Notes of a Security Pool:

- (a) **(non-payment of principal)** the Issuer fails to pay any principal in respect of the Notes in relation to that Security Pool when due or, if the failure to pay on time is caused by an administrative or technical error beyond the control of the Issuer, within two Business Days after the error is discovered by the Issuer or notified to it;
- (b) **(non-payment of interest)** the Issuer fails to pay any interest in respect of the Notes in relation to that Security Pool of the relevant Series when due and the failure to pay continues for a period of five Business Days after the due date;
- (c) **(other non-compliance)** the Issuer:
 - (i) fails to comply with any of its material obligations in connection with a Note in relation to that Security Pool (other than in relation to the payment of money referred to in Condition 14.1(a) or Condition 14.1(b) above) or any Security in relation to that Security Pool; and
 - (ii) if the non-compliance is capable of remedy, it is not remedied within 20 Business Days after notice of such default shall have been given to the Issuer by the Note Trustee, the Security Trustee or any Noteholder in relation to that Security Pool;
- (d) **(cross default)** any Financial Indebtedness of the Issuer for amounts totalling, in aggregate, more than A\$500,000 (or its equivalent in any other currency):
 - (i) is not satisfied on the later of their due date or the end of any applicable grace period; or
 - (ii) has become (or becomes capable of being declared) due and payable before its scheduled maturity by reasons of a default, event of default or potential event of default (howsoever described);
- (e) **(Security Pool default)** an event of default occurs in respect of any Notes which are secured against the same Security Pool as the Notes;
- (f) **(enforcement against assets)** any expropriation, attachment, sequestration, distress or execution affects any material Pallas FM Trust Asset or Pallas FM Trust Assets;
- (g) **(insolvency)** an Insolvency Event occurs in relation to Pallas or the Pallas FM Trust, provided that no such event shall constitute an Event of Default where it occurs in relation to Pallas not solely in respect of Pallas FM Trust Assets and Pallas is replaced in its capacity as trustee of the Pallas FM Trust, within 20 Business Days of the occurrence of such event, by a solvent trustee who assumes (whether by applicable of law or otherwise) all of the rights, obligations and liabilities of the Issuer under these Conditions;
- (h) **(no arrangement with creditors)** the Issuer makes a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against the Issuer (which, in the case of a proceeding instituted against the Issuer, is not set aside or withdrawn within 10 Business Days after the date that the application for such proceeding to be instituted) seeking to adjudicate it insolvent, or seeking liquidation, winding up, reorganisation, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganisation or relief of debtors, seeking the entry of any order for relief or the appointment of a receiver,

trustee, administrator or other similar official over the Issuer, its activities or any substantial part of the Pallas FM Trust Assets;

- (i) **(obligations unenforceable)** any Note, the Note Trust Deed or any other Transaction Document in relation to that Security Pool is or becomes (or is claimed to be by the Issuer or anyone on its behalf) wholly or any part of a material provision of it void, voidable or unenforceable or any Note, the Note Trust Deed or any other Transaction Document ceases to wholly, or in relation to any part of a material provision of it, have full force and effect or the whole or any part of a material provision of it is declared by any court of competent jurisdiction to be void or unenforceable;
- (j) **(no litigation)** a judgement or award in an amount exceeding A\$500,000 (or its equivalent in any other currency) is obtained against the Issuer or any Pallas FM Trust Assets and is not set aside or satisfied within 20 Business Days unless the Issuer is diligently and in good faith pursuing an appeal;
- (k) **(cessation of business)** Pallas ceases to carry on business generally and no other body corporate assumes the business of that person;
- (l) **(changes to trustee)** other than in accordance with Condition 5.4 (“Reorganisation”):
 - (i) a new or additional trustee of the Pallas FM Trust is appointed (unless that appointment does not have a material adverse effect on the ability of the Issuer to comply with its obligations under the Note Trust Deed or these Conditions);
 - (ii) a special resolution is passed at a meeting called by the members for the removal of Pallas and the appointment of a new trustee; and/or
 - (iii) a temporary trustee is appointed by a court; and
- (m) **(Pallas FM Trust):**
 - (i) there is a breach of the terms of the Pallas FM Trust which is material in the context of the Notes;
 - (ii) the beneficiaries of the Pallas FM Trust resolve to wind up the Pallas FM Trust, or Pallas is required to wind up the Pallas FM Trust, or the winding up of the Pallas FM Trust commences except in accordance with Condition 5.4 (“Reorganisation”) or when the Pallas FM Trust is solvent and on terms previously approved by the Noteholders acting by Special Resolution;
 - (iii) the Pallas FM Trust is held or is conceded by Pallas not to have been constituted or to have been imperfectly constituted;
 - (iv) Pallas ceases to be authorised under the Pallas FM Trust to hold the Pallas FM Trust Assets in its name and to perform its obligations in respect of the Notes and under the Note Trust Deed and these Conditions;
 - (v) Pallas ceases to be entitled (or an event occurs that would lead to Pallas ceasing to be entitled) to be indemnified out of the Pallas FM Trust Assets in respect of its obligations under the Notes, the Note Trust Deed or to have a lien over them;
 - (vi) if registered, the Pallas FM Trust is or becomes deregistered or an application is made for its deregistration (which application is not being contested in good faith); or
 - (vii) any action, valid notice or application is made under applicable law for the winding up of the Pallas FM Trust.

14.2 Consequences of an Event of Default

- (a) If an Event of Default (other than an Event of Default specified in Condition 14.1(g) or 14.1(k)) occurs and is continuing unremedied in relation to the Notes, then a Noteholder may, or the Note Trustee must (if requested in writing by Noteholders who hold at least 25% in aggregate principal amount outstanding of the relevant Notes), declare by notice to the Issuer (with a copy to the Registrar, the Note Trustee (if notice is given by a Noteholder) and the Security Trustee), effective upon the date specified in paragraph (b) below, that each Note held by it is (or, if the Note Trustee has given the declaration, all Notes are) to be redeemed by the Issuer paying to the Noteholder the outstanding principal amount for the Note (together with any accrued interest) in which case those amounts become immediately due and payable.
- (b) Any notice given by a Noteholder under paragraph (a) above declaring the Notes due shall become effective, and all Notes then outstanding shall become immediately due and payable at the outstanding principal amount of the Notes together with accrued interest (if any) to the date of repayment, when the Issuer has received such notices from Noteholders holding at least 25% in aggregate principal amount outstanding of the relevant Notes, unless, prior to the time the Issuer receives notice in respect of such aggregate amount, the situation giving rise to the notice has been cured.
- (c) If an Event of Default specified in Condition 14.1(g) or 14.1(k) occurs, all Notes then outstanding shall automatically, and without any declaration or other action on the part of the Note Trustee, any Noteholder or any other person, become immediately due and payable at the outstanding principal amount of the Notes together with accrued interest (if any) to the date of repayment.
- (d) If an Event of Default occurs, then interest continues to accrue on any unpaid amounts (both before and after any demand or judgment) at the Default Rate specified in the Issue Supplement (or if no Default Rate is specified, the last applicable Interest Rate plus 2.00% per annum) from the date of the relevant Event of Default until the earlier of the date on which payment is made to the Noteholder in accordance with Condition 14.2(a) or Condition 14.2(c) (as applicable) or the date on which the Event of Default is remedied, waived or no longer subsists.

14.3 Notification

If an Event of Default occurs (or, in the case of Condition 14.1(c), an event which, after notice and lapse of time, would become an Event of Default), the Issuer must promptly (and in any event within five Business Days) after becoming aware of it notify the Note Trustee, the Security Trustee, the Registrar and the Noteholders of the occurrence of the event (specifying details of it).

14.4 Enforcement

- (a) Subject to Condition 14.4(c), at any time after the occurrence of an Event of Default, the Note Trustee may, either at its discretion or pursuant to a direction of Noteholders in respect of the Security Pool of which the Notes form a part in accordance with paragraph (c)(i) below and, in either case, without further notice, institute such proceedings and/or take such other action as it may think fit against or in relation to the Issuer to enforce the Issuer's obligations under the Notes. The Issuer shall, as a result of the bringing of any such proceedings, be obliged to pay any sums representing or measured by reference to principal or interest on the Notes sooner than the same would otherwise have been payable by it.
- (b) Without prejudice to Condition 14.4(a) but subject to Condition 14.4(c), if the Issuer breaches any of its obligations under the Note Trust Deed or these Conditions, the Note Trustee may, either at its discretion or pursuant to a direction of Noteholders in accordance with paragraph (c)(i) below and, in either case, without further notice, bring such proceedings as it may think fit to enforce such obligations.

(c) The Note Trustee shall not take any of the actions referred to in Conditions 14.4(a) or 14.4(b) to enforce the obligations of the Issuer in respect of the Notes or take any other enforcement action pursuant to or in connection with the Note Trust Deed or the Notes unless:

- (i) it shall have been so requested in writing by Noteholders who hold at least 25% in aggregate principal amount outstanding of the relevant Notes; and
- (ii) unless it decides otherwise, it shall have been indemnified to its satisfaction in accordance with the terms of the Note Trust Deed.

If, prior to acting on a direction received pursuant to Condition 14.4(a), the Note Trustee receives further directions to take any action pursuant to paragraph (c)(i) above that are, in its reasonable opinion, materially inconsistent or conflicting in any material respect with the initial directions, the Note Trustee must call a meeting of Noteholders in accordance with the terms of these Conditions, the Note Trust Deed and the Meeting Provisions in order to resolve the inconsistency or conflict and shall act in accordance with any resolutions passed at that meeting or in accordance with any direction by Noteholders who hold at least 50% in aggregate principal amount outstanding of the relevant Notes.

(d) No Noteholder is entitled to proceed directly against the Issuer to enforce any right or remedy under or in respect of any Note, the Note Trust Deed, the Security Trust Deed or a Security unless:

- (i) expressly entitled to do so under these Conditions, the Note Trust Deed or the Security Trust Deed; or
- (ii) the Note Trustee, having become bound to proceed, fails to do so within 10 Business Days from the date that the Note Trustee is notified by a Noteholder of the failure, and such failure is continuing.

15 Agents

15.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust with any Noteholder.

15.2 Appointment and replacement of Agents

Each initial Agent for the Notes is specified in the Issue Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

15.3 Change of Agent

The Issuer (or the Agent on its behalf) must notify the Note Trustee, the Security Trustee and the Noteholders if there is any change in the identity of any Agent or any Agent's Specified Office.

16 Meetings of Noteholders and Beneficiaries

16.1 Meeting Provisions

The Meeting Provisions contain provisions for convening meetings of the Noteholders of a Series to consider any matter affecting their interests, including any variation of these Conditions.

16.2 Security Pool Meeting Provisions

The Security Pool Meeting Provisions contain provisions for convening meetings of the Beneficiaries of a Security Pool to consider any matter affecting their interests.

16.3 Resolutions binding on Noteholders and Beneficiaries

Any resolution duly passed by the Noteholders pursuant to the Meeting Provisions or any resolution duly passed by the Beneficiaries pursuant to the Security Pool Meeting Provisions is binding on all relevant Noteholders or all relevant Beneficiaries (as applicable), whether or not they were present at the meeting at which such resolution was passed.

17 Variation

17.1 Variation with consent

Unless Condition 17.2 (“Variation without consent”) applies, any Note may be varied by the Noteholders in accordance with the Meeting Provisions.

17.2 Variation without consent

Any Condition may be amended by the Issuer without the consent of the Note Trustee (not to be unreasonably withheld or delayed) if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error; or
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision,

provided that, in all cases, in the reasonable opinion of the Issuer and the Note Trustee, such amendment is not materially prejudicial to the interests of the Noteholders.

18 Further issues of Notes

The Issuer may, from time to time, and without the consent of any Noteholder:

- (a) issue further Notes having the same Conditions as the Notes of any Series in all respects (or in all respects except for the Issue Price, Issue Date and first payment of interest) so as to form a single Series with the Notes of that Series; or
- (b) issue notes constituting a new Series.

19 Notices

19.1 Notices to Noteholders

All notices and other communications to Noteholders must be in writing and must be sent by prepaid post (airmail, if appropriate) to or left at the address of the Noteholder (as shown in the Register at close of business on the day which is three Business Days before the date of the notice or communication) and may also be given by an advertisement published in *The Australian Financial Review* or *The Australian*.

19.2 Notices to the Issuer, the Note Trustee, the Security Trustee and the Agents

All notices and other communications to the Issuer, the Note Trustee, the Security Trustee or an Agent must be in writing and may sent by prepaid post (airmail, if appropriate) to its respective Specified Office or by email.

19.3 Receipt – publication in newspaper

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers.

19.4 Deemed receipt – postal

If sent by post, notices or other communications are taken to be received three Business Days after posting (or seven Business Days after posting if sent to or from a place outside Australia).

19.5 Deemed receipt – email

If sent by email, notices or other communications are taken to be received:

- (a) when the sender receives an automated message confirming delivery;
- (b) when the sender receives any other proof that the email has been received; or
- (c) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

19.6 Deemed receipt – general

Despite Conditions 19.4 (“Deemed receipt – postal”) and 19.5 (“Deemed receipt – email”), if notices or other communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

20 Governing law

20.1 Governing law

These Conditions are governed by the law in force in New South Wales, Australia.

20.2 Jurisdiction

The Issuer irrevocably and unconditionally submits, and each Noteholder is taken to have irrevocably and unconditionally submitted, to the non-exclusive jurisdiction of the courts of New South Wales, Australia and courts of appeal from them. The Issuer waives any right it has to object to any actions or proceedings (“**Proceedings**”) being brought in those courts including, without limitation, by claiming that the Proceedings have been brought in an inconvenient forum or that those courts do not have jurisdiction.

20.3 Serving documents

Without preventing any other method of service, any document in any Proceedings (including, without limitation any writ of summons or other originating process or any third or other party notice) may be served on the Issuer by being delivered or left at the Specified Office of the Issuer or otherwise at the Issuer’s registered office or principal place of business.

6. Form of Issue Supplement

The Issue Supplement to be issued in respect of each Tranche of Notes will be substantially in the form set out below.

- Series No.: [●]
- Tranche No.: [●]
- Security Pool: [●]

[INSERT LOGO]

Pallas Funds Pty Ltd
(ACN 604 352 347)
as trustee of the Pallas FM Trust
("Issuer")

Issue of
A\$[●] [[●]% Fixed/Floating] Rate Notes due [●]
("Notes")

The date of this Issue Supplement is [●].

This Issue Supplement (as referred to in the Information Memorandum dated [●] ("**Information Memorandum**")) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with (i) the terms and conditions of the Notes ("**Conditions**") contained in the Information Memorandum; (ii) the Note Trust Deed dated [●] between the Issuer and the Note Trustee; and (iii) the Security Trust Deed dated [●] between, amongst others, the Issuer and the Security Trustee.

Unless otherwise indicated, terms defined in the Conditions have the same meaning when used in this Issue Supplement.

This Issue Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action is being taken to permit an offering of the Notes or the distribution of this Issue Supplement in any jurisdiction [outside Australia] where such action is required.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

- 1 Issuer : Pallas Funds Pty Ltd (ACN 604 352 347) as trustee of the Pallas FM Trust
- 2 Type of Notes : [Fixed Rate Notes / Floating Rate Notes]
- 3 Placement Manager : [●] (ABN [●])
- 4 Registrar : [●] (ABN [●])
- 5 Issuing & Paying Agent : [●] (ABN [●])
- 6 Calculation Agent : [●] (ABN [●])

7	Note Trustee	AMAL Trustees Pty Limited (ABN 98 609 737 064)
8	Security Trustee	: AMAL Security Services Pty Limited (ABN 48 609 790 758)
9	Aggregate principal amount of Tranche	: A\$[●] [Add for subsequent tranches of an existing Series] [On the Interest Payment Date falling on [●], the Notes are to be consolidated and form a single Series with the Issuer's \$[●] [●]% [describe Notes] due [●] and issued on [●].] [add additional Tranche references if required]
10	Security Pool	: The Notes form part of Security Pool [●]
11	Security Pool Collateral	: [Describe the assets that will form part of the Security Pool, including the details of the documents relevant to the Security Pool Collateral] [All present and future (after acquired) rights, property and undertaking of whatever kind and wherever situated, of the Issuer or to which the Issuer becomes entitled other than any future rights, property and undertaking which is acquired after the Issue Date and which is either specified as being Security Pool Collateral in respect of a Security Pool other than Security Pool [●] in another Issue Supplement or which the Issuer otherwise notifies to the Noteholders as not forming part of the Security Pool Collateral in respect of Security Pool [●].]
12	Maximum LVR	[●]
13	Issue Date	: [●]
14	Issue Price	: [100.00]%
15	Denomination	: A\$[10,000] per Note on the Issue Date
16	Minimum parcel size on initial issue	: A\$[500,000]
17	Maturity Date	: [●]
	Extended Maturity Date	: [●] [If not applicable, delete]
18	Record Date	: As per the Conditions
19	Condition 7 (Fixed Rate Notes) applies	: [Yes/No] [If "No", delete the following Fixed Rate provisions]
	Interest Rate	: [●]% per annum payable semi-annually in arrear from the Issue Date [until the Step Up Date]
	Fixed Coupon Amount:	[Specify]
	Interest Commencement Date	: [●]
	[Step Up Date]	[●]

	Interest Payment Dates	:	[●] and [●] in each year, commencing on [●] up to, and including, the Maturity Date or any earlier redemption date
	Business Day Convention	:	[Following Business Day Convention]
	Day Count Fraction	:	[RBA Bond Basis]
20	Condition 8 (Floating Rate Notes) applies	:	[Yes/No] <i>[If "No", delete the following Floating Rate provisions]</i>
	Interest Commencement Date	:	[●]
	Interest Rate	:	The aggregate of 90 day BBSW Rate and the Margin specified below, payable quarterly in arrear.
	Interest Payment Dates	:	[●], [●], [●] and [●] of each year, commencing on [●] up to, and including, the Maturity Date or any earlier redemption date
	Business Day Convention	:	[Modified Following Business Day Convention]
	Margin	:	+ [●]% per annum
	Day Count Fraction	:	[Actual/365 (Fixed)]
	Fallback Interest Rate	:	[As per Condition 8.3]
	Interest Rate Determination	:	[BBSW Rate Determination]
	BBSW Rate	:	[As per Condition 8.4]
	Rounding	:	[As per Condition 9.5]
	Linear Interpolation	:	[Not applicable]
21	Noteholder put	:	<i>[Insert details if applicable]</i>
22	Issuer call	:	<i>[Insert details if applicable]</i>
23	Australian interest withholding tax	:	[It is [intended/not intended] that the Notes will be offered in a manner that complies with the "public offer test" set out in section 128F of the <i>Income Tax Assessment Act 1936</i> of Australia.]
24	Collection Account designation	:	<i>[Insert details]</i>
25	Voting Beneficiaries	:	<i>[Insert details]</i>
26	Additional Beneficiaries	:	<i>[Insert details]</i>
27	Clearing system	:	[Austraclear System / Not applicable. The Notes will not be transacted through a clearing system.]
28	[ISIN]	:	[●]
29	[Austraclear I.D.]	:	[●]

- 30 Listing : None
- 31 Rating : None
- 32 Additional Conditions : *[Include if required]*
- 33 Additional disclosure: : *[Include if required]*

The Issuer accepts responsibility for the information contained in this Issue Supplement.

Date: [●]

CONFIRMED

For and on behalf of
Pallas Funds Pty Ltd as trustee of the Pallas FM Trust

By:

By:

Name:

Name:

Title:

Title:

7. Selling Restrictions

The Notes will be offered by the Issuer through the Placement Manager appointed in respect of a Tranche of Notes. The Issuer will have the sole right to accept any offers to subscribe for Notes and may reject any such offer in whole or (subject to the terms of such offer) in part.

Neither the Issuer nor the Placement Manager has represented that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale. Persons into whose hands this Information Memorandum comes are required by the Issuer and the Placement Manager to comply with all applicable laws and directives in each country or jurisdiction in which they purchase, offer, sell, resell, re-offer or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, re-offer, re-sale or delivery by them of any Notes under any applicable law or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, re-offers, re-sales or deliveries, in all cases at their own expense, and none of the Issuer, the Placement Manager, the Note Trustee, the Security Trustee or any Agent has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or re-sale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

The following selling restrictions applies to Notes.

Australia

In connection with any issue of Notes, the Placement Manager will be required to acknowledge that:

- (a) no prospectus or other disclosure document (each as defined in the Corporations Act) in relation to the Notes has been or will be lodged with ASIC or any other government agency or authority; and
- (b) no action has been taken, or will be taken, by it in any jurisdiction which would permit a public offering of the Notes, or possession or distribution of the Information Memorandum or any other offering material in relation to Notes, in any jurisdiction where action for that in connection with the primary distribution of the Notes,

and will be required to represent and agree that it:

- (c) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (d) has not distributed or published, and will not distribute or publish, any Information Memorandum or other offering material or advertisement relating to any Notes in Australia,

unless such invitation or offer:

- (e) is for a minimum aggregate consideration payable by each offeree of at least A\$500,000 (or its equivalent in another currency, in each case disregarding moneys lent by the offeror or its associates); or
- (f) otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act; and
- (g) is made to a person that is not a retail client for the purposes of section 761G of the Corporations Act; and
- (h) does not require any document to be lodged with ASIC or ASX Limited; and

- (i) (including any resulting issue), at all times complies with all other applicable laws and directives.

Singapore

The Placement Manager will be required to acknowledge that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, the Placement Manager will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the 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, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) 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
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities 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 transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Hong Kong

The Placement Manager will be required to represent and agree, that:

- (a) the Notes have not been authorised by the Hong Kong Securities and Futures Commission;
- (b) it has not offered or sold, and will not offer or, sell in Hong Kong, by means of any document, any Notes, except for Notes which are “structured notes” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”), other than:
 - (i) to “professional investors” as defined in 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) (as amended) of Hong Kong (“CWMPO”) or which do not constitute an offer to the public within the meaning of the CWMPO; and
- (c) unless it is a person permitted to do so under the applicable securities laws of Hong Kong, 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 (in each case whether in Hong Kong or elsewhere) any advertisement, invitation, other offering material or other document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to 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 SFO and any rules made under the SFO.

Switzerland

The Placement Manager will be required to represent and agree that:

- (a) it will only offer or sell Notes in, into or from Switzerland in compliance with all applicable laws and regulations in force in Switzerland and it will, to the extent necessary, obtain any consent, approval or permission required, for the offer or sale by it of Notes under the laws and regulations in force in Switzerland;
- (b) it will not publicly (as such term is defined or interpreted under the Swiss Code of Obligations) offer, sell or advertise the Notes, directly or indirectly, in, into or from Switzerland; and
- (c) this Information Memorandum and any other offering or marketing materials in relation to the Notes may not be publicly distributed (as such term is defined or interpreted under the Swiss Code of Obligations) or otherwise made publicly available (as such term is defined or interpreted under the Swiss Code of Obligations) in, into or from Switzerland.

This Information Memorandum is not intended to constitute an offer or solicitation to purchase or invest in any Notes. Unless otherwise specified in the relevant Final Terms in relation to a specific Tranche of Notes, the Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland (as such term is defined or interpreted under the Swiss Code of Obligations) and will not be listed on the SIX Swiss Exchange or on any other exchange or trading venue in Switzerland, and neither this Information Memorandum nor any other offering or marketing material relating to the Notes constitute a prospectus or similar notice as such term is defined or interpreted pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other trading venue in Switzerland, and neither this Information Memorandum nor any other offering or marketing material relating to the Notes may be distributed or otherwise made available in, into or from Switzerland in a way that would constitute a public offering of the Notes, as such term is defined or interpreted under the Swiss Code of Obligations.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

8. Australian Taxation, FATCA and CRS

Australian Taxation

The following is a summary of the Australian withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “**Australian Tax Act**”) and the Taxation Administration Act 1953 of Australia, as at the date of this Information Memorandum, of payments of interest (as defined in the Australian Tax Act) on the Notes to be issued by the Issuer under the Programme and certain other Australian tax matters. It is not exhaustive, and in particular, does not deal with the position of certain types of holders of Notes (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons).

This summary applies to Noteholders that are:

- residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia, and non-residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment in Australia (“**Australian Holders**”); and
- non-residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment in Australia, and residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia (“**Non-Australian Holders**”).

Prospective holders of Notes should also be aware that particular terms of issue of any Series may affect the tax treatment of that Series of Notes. Information regarding taxes in respect of Notes may also be set out in the relevant Issue Supplement.

This summary is a general guide and should be treated with appropriate caution. This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Noteholder and none of the Issuer or an Agent accepts any responsibility or makes any representation as to the tax consequences of investing in the Notes. Each holder should seek professional tax advice in relation to their particular circumstances.

1. Interest withholding tax

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies) including for the purposes of Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**IWT**”) and dividend withholding tax. For Australian IWT purposes, “interest” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts. The Issuer intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be “interest” for the purposes of section 128F of the Australian Tax Act. If Notes are issued which are not so characterised, further information on the material Australian tax consequences of payments of interest and certain other amounts on those Notes will be specified in the relevant Issue Supplement (or another relevant supplement to this Information Memorandum).

Australian Holders

Payments of interest in respect of the Notes to Australian Holders should not be subject to Australian IWT.

Non-Australian Holders

Australian IWT is payable at a rate of 10% of the gross amount of interest paid by the Issuer to a Non-Australian Holder, unless an exemption is available.

Section 128F exemption from Australian IWT

An exemption from Australian IWT is available in respect of interest paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

In broad terms, the requirements are as follows:

- (a) the Issuer is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues those Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid;
- (b) those Notes are issued in a manner which satisfies the public offer test in section 128F of the Australian Tax Act. In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue. In summary, the five methods are:
 - offers to 10 or more unrelated entities that carry on the business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
 - offers to 100 or more investors of a certain type;
 - offers of listed Notes;
 - offers via certain public information sources; and
 - offers to a dealer, manager or underwriter who agrees to offer those Notes within 30 days by one of the preceding methods;
- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
- (d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

Compliance with section 128F of the Australian Tax Act

Unless otherwise specified in any relevant Issue Supplement (or another relevant supplement to this Information Memorandum), the Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

Exemptions under certain double tax conventions

The Australian Government has signed double tax conventions (“**Specified Treaties**”) with a number of countries (each a “**Specified Country**”) that provide for certain exemptions from Australian IWT. The Specified Treaties apply to interest derived by a resident of a Specified Country.

In broad terms, the Specified Treaties effectively prevent Australian IWT being imposed on interest derived by:

- the government of the relevant Specified Country, and certain governmental authorities and agencies in the Specified Country; or
- a “financial institution” which is a resident of a Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term “financial institution”

refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia's double tax conventions which is available to the public on the Federal Treasury Department's website.

2. Other tax matters

Under Australian laws as presently in effect:

- *TFN withholding* - withholding tax is imposed, currently at the rate of 47%, on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (TFN), (in certain circumstances) an Australian Business Number (ABN) or proof of some other exception (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then TFN withholding should not apply to payments to a Non-Australian Holder that is a non-resident of Australia for Australian tax purposes. Certain other exemptions may also apply;

- *supply withholding tax* - payments in respect of the Notes should be made free and clear of any "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act 1953 of Australia; and
- *garnishee directions by the Commissioner of Taxation* – the Commissioner of Taxation may give a direction requiring the Issuer to deduct from any payment to a holder of the Notes any amount in respect of Australian tax payable by the holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction.

U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard

1. FATCA withholding

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**") establish a due diligence, reporting and withholding regime. FATCA aims to detect U.S. taxpayers who use accounts with "foreign financial institutions" ("**FFIs**") to conceal income and assets from the U.S. Internal Revenue Service ("**IRS**").

Under FATCA, a 30% withholding may be imposed (i) in respect of certain payments of U.S. source income, and (ii) in respect of "foreign passthru payments" (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements ("**FATCA withholding**").

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold on account of FATCA. A withholding may be required if (i) a Holder does not provide information sufficient for the Issuer or the relevant financial institution to determine whether the Holder is subject to FATCA withholding or (ii) an FFI to or through which payments on the Notes are made is a "non-participating FFI".

FATCA withholding is not expected to apply if the Notes are treated as debt for U.S. federal income tax purposes and the grandfathering provisions from withholding under FATCA are applicable. Generally, a grandfathered obligation is any obligation issued on or before the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

In any event, FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

Australian IGA

Australia and the United States signed an intergovernmental agreement (“**Australian IGA**”) in respect of FATCA on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the Australian IGA (“**Australian Amendments**”). Under the Australian Amendments, Australian FFIs that are Reporting Australian Financial Institutions may be required to provide the Australian Taxation Office with information on financial accounts (for example, the Notes) held by U.S. persons and recalcitrant account holders. The Australian Taxation Office is required to provide that information to the IRS. Consequently, Holders may be requested to provide certain information and certifications to the Issuer and to any other financial institutions through which payments on the Notes are made in order for the Issuer and such financial institutions to comply with their FATCA obligations.

A Reporting Australian Financial Institution that complies with its obligations under the Australian IGA will not generally be subject to FATCA withholding on amounts it receives, and will not generally be required to deduct FATCA withholding from payments it makes with respect to the Notes, other than in certain prescribed circumstances.

No additional amounts paid as a result of FATCA withholding

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the terms and conditions of the Notes, no additional amounts will be paid by the Issuer as a result of the deduction or withholding. The Issuer may determine that it should or must comply with certain obligations as a result of the Australian IGA and the Australian Amendments. As such, Holders will be required to provide any information or tax documentation that the Issuer determines are necessary to comply with FATCA, the Australian IGA or the Australian Amendments. The Issuer’s ability to satisfy such obligations will depend on each Holder providing, or causing to be provided, any information and tax documentation, including information concerning the direct or indirect owners of such Holder, that the Issuer determines are necessary to satisfy such obligations.

FATCA is particularly complex legislation. Holders should consult their own tax advisers to determine how these rules may apply to them under the Notes.

2. OECD Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Holders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

9. Directory

Issuer

Pallas Funds Pty Ltd
(ACN 604 352 347)
as trustee of the Pallas FM Trust

33-39 Riley Street,
Woolloomooloo NSW 2011
Australia

Telephone: + 61 2 8188 1108
Email: patrick@pallasgroup.com.au
Attention: Patrick Keenan

Registrar and Issuing & Paying Agent

AMAL Management Services Pty Limited
(ACN 609 790 749)

Level 9
9 Castlereagh Street
Sydney NSW 2000
Australia

Telephone: 1300 832 513
Email: mail@amaltrustees.com.au
Attention: Executive Director

Note Trustee

AMAL Trustees Pty Limited
(ACN 609 737 064)

Level 9
9 Castlereagh Street
Sydney NSW 2000
Australia

Telephone: 1300 832 513
Email: mail@amaltrustees.com.au
Attention: Executive Director

Security Trustee

AMAL Security Services Pty Limited
(ACN 609 790 758)

Level 9
9 Castlereagh Street
Sydney NSW 2000
Australia

Telephone: 1300 832 513
Email: mail@amaltrustees.com.au
Attention: Executive Director