



14 June 2013

MARKET ANNOUNCEMENT – High Geared Instalments

The Royal Bank of Scotland plc ("**RBS**"), as issuer of High Geared Instalments advises that the Cap Amount applicable to the series noted in the Summary Table of PDS Part 1 dated 14 June 2013 and Part 2 dated 9 September 2011 is as follows:

ASX Code	Underlying Entity	Cap Amount
ANZIRL	Australia and New Zealand Banking Group Limited	\$30.94
BHPIRL	BHP Billiton Limited	\$37.98
CBAIRL	Commonwealth Bank of Australia	\$75.18
NABIRL	National Australia Bank Limited	\$32.79
RIOIRL	Rio Tinto Limited	\$61.26
TLIRL	Telstra Corporation Limited	\$5.30
WBCIRL	Westpac Banking Corporation	\$31.94
WESIRL	Wesfarmers Limited	\$43.56
WPLIRL	Woodside Petroleum Limited	\$40.27
WOWIRL	Woolworths Limited	\$36.67
STWIRL	SPDR S&P/ASX 200 Fund	\$51.82

For any other information about High Geared Instalments, please contact your Financial Advisor or call RBS Investor Products on 1800 450 005.



High Geared Instalments

Product Disclosure Statement – Part 1

14 June 2013



PDS Part 1 – Key commercial terms

The Royal Bank of Scotland plc: (ABN 30 101 464 528, AFSL: 241114) (a public limited company incorporated in Scotland).

Website www.rbs.com.au/markets

Telephone 1800 450 005

Warrants Administration

Level 23,

88 Phillip Street

SYDNEY NSW 2000

Date: 14 June 2013

This Product Disclosure Statement (“PDS”) is provided in two parts:

Part 1 – Key commercial terms (“PDS Part 1”)

Part 2 – General information (“PDS Part 2”)

PDS Part 1 and PDS Part 2 together form the PDS. You should read the entire PDS (i.e., PDS Part 1 and PDS Part 2) before making any investment decision. All references to this PDS are references to the entire PDS, unless PDS Part 1 or PDS Part 2 is specified.

The Royal Bank of Scotland plc is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). The obligations of The Royal Bank of Scotland plc do not represent deposits or other funds of The Royal Bank of Scotland plc. The obligations of The Royal Bank of Scotland plc are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of The Royal Bank of Scotland plc, and in a winding up you may not receive these amounts.

PDS Part 1 – Summary

This is PDS Part 1, which is the first part of a PDS, which offers one or more High Geared Instalments to be traded on the ASX Limited (“ASX”) over Shares as specified in PDS Part 1 and issued by The Royal Bank of Scotland plc (“RBS”, the “Issuer” and the “Warrant Issuer”) during the currency of this PDS.

Potential investors should read the entire PDS (that is, both PDS Part 1 and PDS Part 2), before making any investment decision. PDS Part 2 should be read and construed in conjunction with PDS Part 1 for each Series of High Geared Instalments.

PDS Part 1 sets out the key commercial terms for the Series of High Geared Instalments offered under this PDS, including the details of the Underlying Entities’ Shares, Expiry Date, Reset Dates, ASX codes, First Payment, Capital Component, indicative Cap and initial Instalment Payment which may be adjusted in accordance with the Trust Deed. For each new Series of High Geared Instalments, PDS Part 1 will be re-issued and must be read in conjunction with PDS Part 2. Please note that the information in PDS Part 1 is correct as at the date of PDS Part 1, but may vary thereafter in accordance with the terms. For example, the Instalment Payment, Cap Amount and Interest Rate may be varied on a Reset Date. Please contact your financial adviser or RBS on 1800 450 005 for current figures.

PDS Part 2 sets out the general information relevant to the High Geared Instalments, including the offer description, risks and benefits associated with the High Geared Instalments, tax considerations, description of the Warrant Issuer and a copy of the Trust Deed.

No High Geared Instalments will be issued on the basis of this PDS after the Offer Closing Date. The Issuer reserves the right to close the offer of any or all Series of High Geared Instalment at a time earlier than the Offer Closing Date. If the Issuer does close the offer of any or all Series of High Geared Instalments early, it will disclose this on its website at www.rbs.com.au/markets.

The meanings of some terms appearing in this PDS are explained in the “Glossary” in PDS Part 2 Section 10.

If you have accessed an electronic version of this PDS, the Issuer will send a paper copy of the PDS (including the Application Form) to you free of charge, upon request. Please refer to the “Directory” at the back of PDS Part 2 for contact information for the Issuer.

Summary of High Geared Instalments

What are the High Geared Instalments?

High Geared Instalments are instalment warrants issued by RBS. The High Geared Instalments are classified as 'securities' within the meaning of section 761A of the Corporations Act where the Underlying Entities' Shares include shares, shares in a body, or legal or equitable interests in shares or shares in a body, or, where the Underlying Entities' Shares include interests in a registered managed investment scheme, as 'managed investment products' within the meaning of section 761A of the Corporations Act. They are also classified as 'warrants' within the meaning of Schedule 10 to the ASX Operating Rules if they are admitted to trading status on the ASX.

Two types of High Geared Instalments may be offered under this PDS:

- High Geared Instalments which are identified in the Summary Table as having a Cap feature. They are referred to as "Cap High Geared Instalments" in this PDS. For more information in relation to the Cap feature, please see PDS Part 2 Sections 2.7 and 2.8; and
- High Geared Instalments which are identified in the Summary Table as not having a Cap feature. Information in the PDS in relation to the Cap and Cap Payments is not relevant to these High Geared Instalments.

What are the key features of the High Geared Instalments?

Depending on the offering, High Geared Instalments allow Holders exposure to Underlying Entities' Shares (as identified in the Summary Table), subject to the Cap in the case of Cap High Geared Instalments.

High Geared Instalments incorporate a limited recourse Loan and use a Trustee to hold the Underlying Entities' Shares on trust for you during the Investment Term, subject to a Security Interest. High Geared Instalments are highly leveraged: the Capital Component will be between 70% and 100%. Where the Capital Component is 100%, on the Issue Date you will effectively borrow from RBS 100% of the price of the Underlying Entities' Shares, and if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, you also borrow from RBS the amount of the Forecast Distribution Fee. It is important to bear in mind that the higher the leverage, the higher the Loan Amount and the associated Borrowing Fee (if any) and Interest Amount and that leverage magnifies losses as well as gains.

Distributions paid in relation to the Underlying Entities' Shares will be either:

- paid to Holders; or
- applied to reduce the Loan Amount,

as specified in the Summary Table in this PDS Part 1.

Where the Summary Table specifies that Distributions are applied to reduce the Loan Amount, any fully franked Distributions are therefore not paid directly to the Holder in cash, although the Holder receives the benefit of the Distributions due to the reduction in the Loan Amount. Where applicable, Holders may retain the benefit of any franking credits attached to any Distributions paid. Refer to PDS Part 2 Section 7 "Income Tax Considerations" for more details.

Like traditional instalment warrants, a High Geared Instalment investment is made through two separate payments to purchase the Underlying Entities' Shares (the First Payment and the Instalment Payment). The Instalment Payment (the second payment) is a no obligation payment. A purchase of High Geared Instalments requires only the First Payment as an initial outlay and provides many of the benefits of Underlying Entity Share ownership, including entitlement to Distributions.

High Geared Instalments incorporate a reset feature, which allows the Loan to be "reset" on a Reset Date. On the Expiry Date, there is no obligation to make the Instalment Payment but Holders will have the choice to:

1. exercise their Put Option and receive the Holder's Cash Entitlement. This choice is also available on each Reset Date;
2. pay the Instalment Payment together with associated fees and Expenses and any Cap Payment and receive the Underlying Entities' Shares. This choice is also available on each Reset Date; or
3. if conversion is available, convert or rollover the current Series into a new series.

If the High Geared Instalments have been admitted to trading status on the ASX, Holders may also sell their High Geared Instalments on the ASX prior to the Expiry Date (subject to liquidity and the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement").

Cap High Geared Instalments may be suitable for Applicants who have a moderate view on the Underlying Entities' Shares and want to obtain a significantly leveraged return from any price movement in the Underlying Entities' Shares, subject to the Cap. High Geared Instalments that are not Cap High Geared Instalments may be suitable for Applicants who have a strong positive view on the Underlying Entities' Shares and want to obtain a significantly leveraged return from any price movement in the Underlying Entities' Shares, without being subject to the Cap.

For further information in relation to the benefits and risks of an investment in High Geared Instalments, please see PDS Part 2 Section 4 "Benefits & Risks".

What is the Cap feature?

The Cap feature only applies to Cap High Geared Instalments and does not apply to other High Geared Instalments.

On each Reset Date and on the Expiry Date, a Holder of a Cap High Geared Instalment will be required to pay the Cap Payment to the Issuer if the Underlying Entities' Share price at Closing Time on the Reset Date (or the Expiry Date, as applicable) exceeds the Cap Amount.

In this way, the Cap feature effectively caps the amount that a Holder may receive in respect of any appreciation in the price of the Underlying Entities' Shares over each Reset Period at the Cap Amount.

The amount of the Cap Payment is determined by RBS on each Reset Date and on the Expiry Date as the price of the Underlying Entities' Shares at Closing Time on a Reset Date (or the Expiry Date, as applicable) minus the Cap Amount.

How is the Cap Payment paid?

Where a Holder of a Cap High Geared Instalment lodges an Instalment Payment Notice, the Holder will pay the Cap Payment out of the proceeds of the sale of a number of Underlying Entities' Shares or Cap High Geared Instalments by RBS unless the Holder pays the Cap Payment by cheque.

In relation to Cap Payments on a Reset Date, if the Holder lodges an Instalment Payment Notice and elects to pay the Cap Payment by cheque but fails to do so within 5 Business Days of a Reset Date, then the Instalment Payment Notice is not effective and the Cap High Geared Instalments continue after a Reset Date.

If a Cap High Geared Instalment continues after a Reset Date, the Issuer is authorised under the Trust Deed to sell as many Underlying Entities' Shares or Cap High Geared Instalments as required to generate sufficient proceeds to pay the Cap Payment in relation to that holding of Cap High Geared Instalments and to terminate those High Geared Instalments whose Underlying Parcels have been sold.

In relation to Cap Payments on the Expiry Date, if the Holder lodges an Instalment Payment Notice and elects to pay the Cap Payment by cheque but fails to do so within 5 Business Days of the Expiry Date, then RBS will exercise its Security Interest in relation to the Underlying Entities' Shares and apply the proceeds of sale in accordance with the Priority Order.

Where a Holder of a Cap High Geared Instalment exercises their Put Option, any Cap Payment payable will be taken into account when determining the amount of their Holder's Cash Entitlement.

If a Holder of a Cap High Geared Instalment converts or rolls over their Cap High Geared Instalment into a new series, their Cap Payment will be paid from the proceeds of sale of the Issuer's sale of a number of Underlying Entities' Shares or Cap High Geared Instalments and the Holder's remaining Cap High Geared Instalments will be available for conversion or rollover.

Further information on the Cap and the Cap Payment, including what happens to the Cap Amount and the Cap Payment on a Reset Date, is provided in PDS Part 2 Sections 2.7, 2.8 and 2.10. For more information about the taxation consequences of the Cap Payment, please see PDS Part 2 Section 7 "Income Tax Considerations".

What are the key benefits of investing in High Geared Instalments?

High Geared Instalments provide the following key benefits:

- depending on the offering, exposure to Underlying Entities' Shares (as identified in the Summary Table). For Cap High Geared Instalments, a Holder's exposure to the performance of the Underlying Entities' Shares is limited to the Cap;
- a limited recourse loan of between 70% and 100% of the Underlying Entities' Share price plus, if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee¹ for the Underlying Entities' Share;
- entitlement to all Distributions paid on the Underlying Entities' Shares during the Investment Term, which will be either:
 - paid to Holders; or
 - applied to repay the Loan Amount,
 as specified in the Summary Table in this PDS Part 1;
- a reset feature;
- the opportunity to pay the Instalment Payment and take delivery of the Underlying Entities' Shares provided the Holder has the necessary custodial arrangements in place to take physical delivery;
- a choice to exercise the Put Option on any Reset Date or on the Expiry Date and receive the Holder's Cash Entitlement instead of taking physical delivery;
- because the First Payment to acquire High Geared Instalments offered under this PDS is less than the price of the Underlying Entities' Shares, you can reduce your initial capital outlay to hold an interest in the same number of Underlying Entities' Shares or increase your equity exposure when spending the same amount of money upfront; and
- if the High Geared Instalments have been admitted to trading status on the ASX, High Geared Instalments will be able to be sold on the ASX (subject to liquidity and the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement").

What are the key risks of High Geared Instalments?

Investing in High Geared Instalments involves a degree of risk. High Geared Instalments are speculative and potential Holders should be aware that the return on the High Geared Instalments may be zero and that Holders may lose all of their First Payment. High Geared Instalments, particularly Cap High Geared Instalments, may return less than the return Holders could earn on other investments, including direct investments in the Underlying Entities' Shares.

The key risks of investing in High Geared Instalments include:

- leverage risks because High Geared Instalments are highly leveraged. Leverage magnifies losses as well as gains and the higher the leverage, the higher the leverage costs, including the Borrowing Fee and Interest Amount;

1. In relation to a High Geared Instalment to which the Summary Table specifies that the Forecast Distribution Fee applies, the Forecast Distribution Fee is the amount estimated by the Issuer in its reasonable discretion acting in a commercially reasonable manner, to be the amount of the Distributions payable on an Underlying Entities' Share in respect of a Reset Period. The Forecast Distribution Fee identified in the Summary Table is the Forecast Distribution Fee for the period from the Issue Date to the first Reset Date. On each Reset Date the Forecast Distribution Fee will be reset, having regard to the amount estimated by the Issuer in its reasonable discretion acting in a commercially reasonable manner, to be the amount of the Distributions payable in respect of the period to the next Reset Date (or if none, the Expiry Date). Holders will be entitled to the Distributions paid by the Underlying Entities during the Investment Term, which will be either paid to Holders or applied to reduce the Loan Amount, as specified in the Summary Table in this PDS Part 1. There is no guarantee that any Distributions will be paid on Underlying Entities' Shares or that any Distributions paid will be as much as the Forecast Distribution Fee.

- High Geared Instalments terminating before the Expiry Date upon the occurrence of an Extraordinary Event or an Adjustment Event;
- changes to the terms of the High Geared Instalments following a Reset Date or an Adjustment Event or an Extraordinary Event;
- the possibility that the price of the Underlying Entities' Shares decreases, resulting in a decrease in the price or value of the High Geared Instalments;
- for Cap High Geared Instalments, the possibility that the price of the Underlying Entities' Shares increases above the Cap Amount, in which case the Holder's investment return is limited to the Cap Amount;
- the Issuer or the Trustee not performing their contractual obligations under the Trust Deed and PDS;
- the risk that the Issuer will not be able to meet its financial obligations under the PDS;
- the liquidity of the High Geared Instalments and the admission of the High Geared Instalments to trading status on the ASX is not guaranteed. There may be additional restrictions on holding or dealing in foreign Underlying Entities' Shares;
- foreign currency risk and overseas country risk where the Underlying Entities' Shares are not denominated in Australian Dollars;
- taxation risk (e.g. changes in taxation laws) - please refer to PDS Part 2 Section 7 "Income Tax Considerations" for further details; and
- general market risks such as in local and international stock markets, prevailing and anticipated economic conditions and interest rates could all affect the market price of High Geared Instalments.

Further information on the above risks, as well as other significant risks applicable to investing in High Geared Instalments, are outlined in PDS Part 2 Section 4.2 "What are the risk factors when investing in a High Geared Instalment?". Potential Investors should ensure they have closely read PDS Part 2 Section 4.2 before investing.

What interest and fees are payable in relation to the High Geared Instalments?

Holders of High Geared Instalments pay an Interest Amount as part of their First Payment.

The Summary Table in PDS Part 1 may set out the indicative Interest Rate and the Maximum Interest Rate. The indicative Interest Rate specified in the Summary Table is the indicative Interest Rate that would have applied to calculate the Interest Amount as at the date of PDS Part 1. The actual Interest Rate may differ from this indicative Interest Rate. If at any time during the Offer Period the actual Interest Rate for a Series is greater than the Maximum Interest Rate for that Series, the Issuer will not proceed with the offer of that Series of High Geared Instalments, and will terminate any High Geared Instalments in that Series already issued and will return any Application Amounts received in respect of that Series, without interest. Interest Amounts for subsequent Reset Periods will reflect a new Interest Rate determined by RBS and notified to you in the Reminder Notice.

The Interest Rate for the initial Reset Period is determined on the Issue Date and will be notified to investors on the RBS website at www.rbs.com.au/markets and in the confirmation the Issuer sends you. For further information in relation to the Interest Amount, please see PDS Part 2 Section 5.2.

Holders may also pay a Borrowing Fee (and, if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, a Forecast Distribution Fee) in connection with the Loan, and a Processing Fee and Expenses and Transfer Taxes upon Completion. For more information in relation to fees, please see PDS Part 2 Section 5 "Costs & fees & worked example".

How can you apply for High Geared Instalments?

Potential investors may apply for High Geared Instalments using the Application Form, under which Holders acquire High Geared Instalments directly from RBS by paying the First Payment upfront.

If the High Geared Instalments have been admitted to trading status on the ASX, Holders may also buy High Geared Instalments on the ASX (subject to liquidity and the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement").

For further information, please see PDS Part 2 Section 2.9 "How do I buy High Geared Instalments?".

What are the alternatives at each Reset Date and the Expiry Date?

On each Reset Date and the Expiry Date, the Holder of a High Geared Instalment can either:

- on Reset Dates only, continue with their investment by paying the Reset Payment. Holders of Cap High Geared Instalments may also be required to pay a Cap Payment in relation to that the Reset Date, which will be paid from the proceeds of sale of some Underlying Entities' Shares or Cap High Geared Instalments;
- Complete their High Geared Instalments by paying the Instalment Payment (and, in the case of Cap High Geared Instalments, a Cap Payment which will be paid from the proceeds of sale by the Issuer selling some Underlying Entities' Shares or Cap High Geared Instalments or by cheque) and taking possession of the Underlying Entities' Shares;
- exercise their Put Option and receive their Holder's Cash Entitlement. The Put Option must be exercised in relation to the Holder's entire holding in a Series. If the Holder exercises their Put Options over a portion of their High Geared Instalments in a Series, the Holder is deemed to have exercised all of its Put Options in respect of its High Geared Instalments in that Series. Any Cap Payment payable on the exercise of the Put Options will be taken into account in determining the Holder's Cash Entitlement; or
- on the Expiry Date only, convert their High Geared Instalments into a new series of High Geared Instalments, if conversion is available.

If the High Geared Instalments have been admitted to trading status on the ASX, a Holder may also sell their High Geared Instalments on

the ASX before the Expiry Date (subject to liquidity and the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement").

If, by 5:00 pm on the Business Day before:

- a Reset Date, a Holder fails to deliver to the Issuer a written election to pay the Reset Payment (or fails to pay the Reset Payment by the due time), the Trustee is authorised to sell a number of Underlying Entities' Shares sufficient to pay this amount (on or about the Trading Day following the Reset Date); and
- a Reset Date or the Expiry Date, a Holder delivers to the Issuer an Instalment Payment Notice electing to make the Instalment Payment that is not valid, the Issuer may in its absolute discretion either deem the Holder to have elected to exercise their Put Option on that Reset Date or Expiry Date or exercise its Security Interest in relation to the Underlying Entities Shares and apply the proceeds of sale in accordance with the Priority Order.

For further information in relation to these alternatives, please see PDS Part 2 Section 2.10 "Alternatives on or before each Reset Date and the Expiry Date".

Key commercial terms²

Issuer:	The Royal Bank of Scotland plc
Trustee:	RBS Nominees (Australia) Pty Limited (ABN 35 094 599 989)
Date of PDS 1:	14 June 2013
Date of PDS 2:	9 September 2011
Registrar:	Link Market Services Limited
Offer Open Date for New High Geared Instalments:	14 June 2013
Offer Closing Date³:	1 Business Day prior to each Expiry Date
Issue Date:	14 June 2013
Expiry Date⁴:	refer to summary table below
Reset Dates:	N/A
Date of Expected Trading on Normal Basis:	14 June 2013
Deferred Settlement Date:	N/A
First Interest Date:	N/A
Second Interest Date:	N/A
First Reset Period:	N/A
First Interest Period:	N/A
Second Interest Period:	N/A
Investment Term:	from the Issue Date until the Expiry Date.
First Payment:	Underlying Entities' Share price at the Issue Date multiplied by (100% - the Capital Component) plus Interest Amount plus Borrowing Fee (if any).

To obtain the current Interest Rate, please contact your financial adviser or the RBS Warrants team on 1800 450 005. Details are also available at www.rbs.com.au/markets.

² If any date referred to in this PDS is not a Trading Day / Business Day, then the immediately following Trading Day / Business Day will apply as appropriate (unless an Adjustment Event occurs). The dates referred to in this PDS are indicative only. The Issuer may, in its absolute discretion, extend or shorten the Offer Period. If this happens, the Offer Closing Date, the Issue Date and one or more consequential dates may vary. If the Issuer changes the Offer Period, it will post a notice informing Applicants of the change on the following website: www.rbs.com.au/markets. The Issuer reserves the right to accept and reject any Application, in its absolute discretion, including before and after the Offer Closing Date.

³ The Issuer reserves the right to close the Offer Period of High Geared Instalments on an earlier date and will post a notice informing Applicants of the change on the following website: www.rbs.com.au/markets. Applications may be lodged at any time after 9:00am on the Offer Open Date until 5:00pm on the day 5 Business Days before the Offer Closing Date, or until all High Geared Instalments in that Series are issued, subject to the Issuer's right to close the Offer Period early.

⁴ The Issuer may fix an Early Expiry Date on the occurrence of an Extraordinary Event (see clauses 15 and 16 in PDS Part 2 Section 9 "Trust Deed"). No Series of High Geared Instalments will be issued on the basis of this PDS after the Expiry Date. If the Issuer fixes an Early Expiry Date, it will provide at least 10 Business Days written notice to each Holder.

Summary table

Please note that the information in the table below is valid only on the date of this PDS Part 1 and is thereafter varied in accordance with the Terms. In particular, the initial Issue Dates specified in the table below are the initial dates on which the High Geared Instalments in each Series are issued, and the indicative Cap and the indicative Interest Rate (if applicable) specified in the table below are the initial amounts as at the date of this PDS Part 1. The actual Cap and Interest Rate from time to time can be obtained by contacting your financial advisor or RBS on **1800 450 005**. They are also available from www.rbs.com.au/markets.

Investors should note that the Forecast Distribution Fee (if any) enables RBS to fix the Interest Rate at a lower rate than would otherwise be fixed by RBS. Investors should take into account the Forecast Distribution Fee when assessing the indicative Interest Rate and whether to invest in High Geared Instalments and when assessing the new Interest Rate for a Reset Date. Please refer to PDS Part 2 sections 2.3, 5.2 and 7 for more information about the Interest Rate and the Forecast Distribution Fee. Further, the following High Geared Instalments may initially trade on a deferred settlement basis, where indicated. Please refer to PDS Part 2 Section 4.2(od) for further information.

ASX Code	Underlying Entity ¹	Underlying Entity's Shares	Borrowing Fee ²	Initial Issue Date	Expiry Date	Minimum Application Amount ³	Loan Amount on Issue Date	Capital Component	Does Cap feature apply?	Indicative Cap (as at the date of this PDS Part 1)	Minimum Cap	Treatment of Distribution	Does Forecast Distribution Fee apply?	Forecast Distribution Fee to the first Reset Date	Issue Size
ANZIRL	Australia and New Zealand Banking Group Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$21.52	85%	Yes	15%	10%	Paid to Holder	No	N/A	1,000,000
BHPiRL	BHP Billiton Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$26.42	85%	Yes	15%	10%	Paid to Holder	No	N/A	800,000
CBAiRL	Commonwealth Bank of Australia	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$52.30	85%	Yes	15%	10%	Paid to Holder	No	N/A	400,000
NABiRL	National Australia Bank Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$22.81	85%	Yes	15%	10%	Paid to Holder	No	N/A	900,000
RIOiRL	Rio Tinto Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$42.62	85%	Yes	15%	10%	Paid to Holder	No	N/A	500,000
TLSiRL	Telstra Corporation Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$3.69	85%	Yes	15%	10%	Paid to Holder	No	N/A	5,000,000
WBCiRL	Westpac Banking Corporation	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$22.22	85%	Yes	15%	10%	Paid to Holder	No	N/A	1,000,000
WESiRL	Westfarmers Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$30.30	85%	Yes	15%	10%	Paid to Holder	No	N/A	600,000
WPLiRL	Woodside Petroleum Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$28.02	85%	Yes	15%	10%	Paid to Holder	No	N/A	600,000
WOWiRL	Woolworths Limited	Listed Shares	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$25.51	85%	Yes	15%	10%	Paid to Holder	No	N/A	650,000
STWiRL	SPDR S&P/ASX 200 Fund	Exchange Traded Fund	Up to 3.3%	14-Jun-13	29-May-14	\$2,000	\$36.05	85%	Yes	15%	10%	Paid to Holder	No	N/A	38,500

1. Applicants are directed to PDS Part 2 Section 10 "Glossary" for the meaning of "Underlying Entities", and how it applies to the use of the term "Shares" throughout this PDS. Typically, the term "shares" is used when referring to companies who are listed on an exchange (e.g. ASX). As some of the High Geared Instalments offered under this PDS have overseas exchange traded funds as their underlying assets, the use of the term "Shares" in this PDS has been broadened to include these types of assets.

2. Please refer to PDS Part 2 Section 5.1 "What are the fees and other costs of investing in High Geared Instalments" for a description of the Borrowing Fee.

3. The Issuer reserves the right to increase or decrease the Minimum Application Amount in its absolute discretion at any time throughout the Offer Period. If the Issuer increases or decreases the Minimum Application Amount, it will post a notice informing Applicants of the change on its website www.rbs.com.au/markets.

More information in relation to the Underlying Entities and their Shares

Information relating to each Underlying Entity and their Shares can be found on the ASX website and the websites for the Underlying Entities.

SPDR S&P/ASX 200 Fund

SPDR S&P/ASX 200 Fund is a managed investment scheme registered in Australia. Further information on SPDR S&P/ASX200 Fund can be found at http://www.spdrs.com.au/etf/fund/fund_detail_STW.html and on the ASX website (in relation to code or ticker STW).

S&P Disclaimers

SPDR and S&P are trademarks of Standard & Poor's ("S&P"). The High Geared Instalments are not sponsored, endorsed, sold or promoted by S&P and S&P does not make any representation regarding the advisability of investing in the High Geared Instalments.

The High Geared Instalments are not sponsored, endorsed, sold or promoted by S&P or its third party licensors. Neither S&P nor its third party licensors makes any representation or warranty, express or implied, to the owners of the High Geared Instalments or any member of the public regarding the advisability of investing in securities generally or in the High Geared Instalments particularly or the ability of the S&P 500 index or the S&P/ASX 200 Index (the "Indices") to track general stock market performance. The Indices are determined, composed and calculated by S&P or its third party licensors without regard to The Royal Bank of Scotland plc or the High Geared Instalments. S&P and its third party licensors have no obligation to take the needs of The Royal Bank of Scotland plc or the owners of the High Geared Instalments into consideration in determining, composing or calculating the Indices. Neither S&P nor its third party licensors is responsible for and has not participated in the determination of the prices and amount of the High Geared Instalments or the timing of the issuance or sale of the High Geared Instalments or in the determination or calculation of the equation by which the High Geared Instalments is to be converted into cash.

S&P has no obligation or liability in connection with the administration, marketing or trading of the High Geared Instalments.

Neither S&P, its affiliates nor their third party licensors guarantee the adequacy, accuracy, timeliness or completeness of the Indices or any data included therein or any communications, including but not limited to, oral or written communications (including electronic communications) with respect thereto.

S&P, its affiliates and their third party licensors shall not be subject to any damages or liability for any errors, omissions or delays therein. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the marks, the indices or any data included therein. Without limiting any of the foregoing, in no event whatsoever shall S&P, its affiliates or their third party licensors be liable for any indirect, special, incidental, punitive or consequential damages, including but not limited to, loss of profits, trading losses, lost time or goodwill, even if they have been advised of the possibility of such damages, whether in contract, tort, strict liability or otherwise.

ASX Disclaimer

"ASX" is a trademark of ASX Operations Pty Ltd. ("ASXO"). The Warrants are not sponsored, endorsed, sold or promoted by ASXO. ASXO does not make any representation or warranty, express or implied, to the holders of Warrants or any member of the public regarding the advisability of investing in securities generally or in the Warrants particularly or the ability of the S&P/ASX 200™ (the "Index") to track general stock market performance. ASXO is not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Warrants to be issued or in the determination or calculation of the equation by which the Warrants is to be converted into cash.

ASXO DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN AND ASXO SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. ASXO MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY RBS, OWNERS OF THE MINIS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN.

Additional requirements for taking delivery of Underlying Entities' Shares

Foreign Shares

As at the date of this PDS Part 1, in order to take delivery of any Underlying Entities' Share that is quoted on a Related Exchange that is not the ASX:

- investment, dealing or holding restrictions may apply in relation to the Underlying Entities' Shares. If you want to take delivery of Underlying Entities' Shares by giving an Instalment Payment Notice you must contact the relevant Underlying Entity before you give your Instalment Payment Notice, to confirm whether any restrictions apply to those Shares. It is a condition of your investment in High Geared Instalments that you accept these restrictions;
- you must ensure you have the necessary custodial arrangements in place to receive physical delivery of the Underlying Entities' Shares and provide details of these arrangements to RBS;
- it is a condition of your investment in High Geared Instalments that you have these custodial arrangements in place before you seek to take delivery of the Underlying Entities' Shares quoted on an overseas exchange; and
- if your Instalment Payment Notice does not contain details of your custodial arrangements, it will be invalid and will not be processed by RBS.

If the Instalment Payment Notice is invalid and the Holder does not take any further action prior to 5pm on the Expiry Date, the Issuer may in its absolute discretion either deem the Holder to have elected to exercise their Put Option on that Reset Date or Expiry Date or exercise its Security Interest in relation to the Underlying Entities Shares and apply the proceeds of sale in accordance with the Priority Order.

Admission to trading status

Within seven (7) days after the date of this PDS Part 1, an application will have been made by the Issuer to the ASX for the High Geared Instalments to be admitted to trading status on the ASX.

The Issuer will publish a notice on its website at www.rbs.com.au/markets when the Issuer receives the ASX's decision regarding this application. Holders will also be able to confirm whether their High Geared Instalments have been admitted to trading status by reviewing the ASX website.

There is no guarantee that the High Geared Instalments will be admitted to trading status. If a Series of High Geared Instalments is not admitted to trading status on the ASX within three (3) months of the date of this PDS Part 1, then the Issuer will not issue any further High Geared Instalments in that Series and the High Geared Instalments issued in that Series will be void and the Application Amounts in respect of those High Geared Instalments will be returned as soon as practicable to those Applicants.

Terms of the High Geared Instalments can change

RBS may fix an earlier Expiry Date upon the occurrence of an Extraordinary Event (see clauses 15 and 16 of the Trust Deed and PDS Part 2 Section 8.1 "Extraordinary Events and Early Expiry").

No High Geared Instalments will be issued on the basis of this PDS after the Offer Closing Date. RBS reserves the right to fix an earlier Offer Closing Date of any or all Series of High Geared Instalments without prior notice.

In addition, if further High Geared Instalments are admitted to trading status by the ASX upon the application of RBS, the Issue Size under this PDS may increase. During the Investment Term the Instalment Payment, Cap Amount and the Interest Rate reset on each Reset Date. The actual Instalment Payment, Cap Amount and Interest Rate from time to time can be obtained by contacting your financial adviser or RBS on 1800 450 005 or from www.rbs.com.au/markets.

Please read PDS Part 1 and PDS Part 2 in their entirety for further information. PDS Part 1 provides specific terms of this new issue of High Geared Instalments. PDS Part 2 provides more general information in relation to High Geared Instalments.

How to purchase High Geared Instalments

If you have accessed an electronic version of this PDS, RBS will send a paper copy of the PDS to you free of charge upon request. If you would like to apply for High Geared Instalments or for further information and current pricing, please contact your financial adviser or RBS on 1800 450 005. Information is also available from www.rbs.com.au/markets.

The Application Form to apply for High Geared Instalments is located in PDS Part 2. Applications may be lodged at any time after 9:00am on the Offer Open Date until 5:00pm on the date that is five Business Days before the Offer Closing Date (specified above the Summary Table) or until all High Geared Instalments are issued.

High Geared Instalments may also be purchased directly on the ASX if the High Geared Instalments have been admitted to trading status on the ASX.

About RBS

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

In the Asia-Pacific region, the RBS Group serves corporate, institutional and public sector clients in 11 countries. The RBS Group is a leading provider of corporate and financial services. The RBS Group has had a local presence since 1974 and has worked on some of the local market's largest and most complex transactions and projects for the RBS Group's corporate, institutional and public sector clients.

RBS is a public limited company incorporated in Scotland with registration number SC090312. RBS is regulated by the Financial Services Authority in the United Kingdom and has registered with ASIC as a foreign company with ABN 30 101 464 528. RBS' registered office in Australia is provided in the Directory at the back of PDS Part 2.

As at 31 December 2012, RBS had net assets of GBP 59.425 billion. This figure is updated from time to time at www.rbs.com.au/markets.

The value of the High Geared Instalments and the ability of the Holder to receive the legal interest in the Underlying Entities' Shares (e.g. following lodgement of a valid Instalment Payment Notice) or receive any Assessed Value Payment or any Holder's Cash Entitlement payment depends on, among other things, the ability of RBS to perform its obligations in accordance with the Trust Deed, though the Holder will continue to hold the Beneficial Interest in the Underlying Entities' Shares subject to the terms of the Trust Deed. The financial performance of RBS may affect its ability to meet such obligations. The obligations of RBS are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of RBS.

Financial information for the RBS Group is available at www.rbs.com.au/markets, and additional information can be located at www.investors.rbs.com, however, please note that no other RBS Group entity is guaranteeing the obligations of RBS in respect of the High Geared Instalments and therefore any financial information regarding other RBS Group entities is not directly relevant to your decision whether or not to invest in the High Geared Instalments. You should instead focus on the financial information relating to RBS itself and not the RBS Group.

Holders must make their own assessment of RBS' ability to meet its obligations in respect of the High Geared Instalments. Additional information can be located at the global website, www.rbs.com, or the Australian website, www.rbs.com.au.

High Geared Instalments are not deposits

RBS is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). The obligations of RBS in respect of the High Geared Instalments do not represent deposits or other funds of RBS. The obligations of RBS are unsecured obligations which (save for

certain obligations required to be preferred by law) rank equally with all other unsecured obligations of RBS and in a winding up you may not receive these amounts.

Foreign Withholding Tax

Where the Underlying Entities' Shares are foreign Shares, the Underlying Entity (or other withholding agent) may be required to withhold an amount from distributions for withholding tax before Distributions are paid to the Trustee. As a result, the Distributions received by the Trustee and:

- paid to the Holder; or
- applied to reduce the Loan,

as specified in the Summary Table in this PDS Part 1, will be net of any applicable foreign withholding tax.

No other information

No circumstance has arisen and no other information has become available since the date of PDS Part 1 that may materially affect an investor's assessment of the Issuer's capacity to fulfill the obligations specified in the Terms, or the risks, rights and obligations associated with the High Geared Instalments.

Status of this document

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

This PDS is not required by the Corporations Act to be lodged with ASIC and has not been lodged with ASIC. RBS will notify ASIC that this PDS is in use in accordance with section 1015D of the Corporations Act. ASIC takes no responsibility for the contents of this PDS or for the High Geared Instalments.

The ASX has not authorised or caused the issue of this PDS, and takes no responsibility for the contents of this PDS. The ASX makes no representation as to whether this PDS complies with the Corporations Act or ASX Operating Rules.

RBS may deal in High Geared Instalments and the Underlying Entities' Shares

RBS and its related entities may conduct transactions as principal and as agent in various securities, including High Geared Instalments and Underlying Entities' Shares. To facilitate a market in High Geared Instalments, RBS intends to issue to its nominee some or all of the High Geared Instalments remaining unissued during the Offer Period, and later procure the sale of these High Geared Instalments into the market. These trading activities may affect (positively or negatively) the price at which the Underlying Entities' Shares or High Geared Instalments trade in the secondary market.

Copies of this PDS may be obtained by contacting RBS on 1800 450 005.

Disclaimer:

The Royal Bank of Scotland plc is a public limited company incorporated in Scotland with registration number SC090312 and is registered in Australia as a foreign company (ABN 30 101 464 528) and is an Australian Financial Services Licensee under the Corporations Act (Licence No. 241114). No member of the RBS Group guarantees the performance of the obligations of The Royal Bank of Scotland plc under this PDS. The obligations of The Royal Bank of Scotland plc are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of The Royal Bank of Scotland plc, and in a winding up you may not receive these amounts. The Royal Bank of Scotland plc is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). However, the obligations of The Royal Bank of Scotland plc do not represent deposits or other funds of The Royal Bank of Scotland plc and The Royal Bank of Scotland plc does not stand in any way behind the capital value and/or performance of the High Geared Instalments.

The Royal Bank of Scotland plc, to the maximum extent permitted by law and the ASX Operating Rules, accepts no liability or responsibility whatsoever for any:

- i. direct or indirect loss (including any lost profits); or
- ii. direct, indirect, special, incidental, consequential, punitive, or exemplary damages,

arising from the High Geared Instalments or any use of this PDS (or its contents). This PDS is the proprietary information of The Royal Bank of Scotland plc, and may not be reproduced, distributed or published for any purpose without the prior written consent of The Royal Bank of Scotland plc.

In preparing this PDS, (which comprises PDS Part 1 and PDS Part 2), The Royal Bank of Scotland plc has not taken into account an investor's individual objectives, financial situation or particular needs. Before a potential investor makes an investment decision, they should consider the appropriateness of any advice relating to the High Geared Instalments in light of their particular investment needs, objectives and financial circumstances. The Royal Bank of Scotland plc, to the maximum extent permitted by law, accepts no liability or responsibility whatsoever for any loss arising from any use of this PDS or its contents. The Royal Bank of Scotland plc does not accept any liability or responsibility for, and makes no representation or warranty as to, the affairs of any Underlying Entity identified in this PDS. Investors should obtain independent advice on the nature, activities and prospects of the Underlying Entities and the merits of an investment in the Underlying Entities and the High Geared Instalments. Nothing in this PDS is a recommendation by The Royal Bank of Scotland plc, its related entities, its associates or any other person to invest in the High Geared Instalments or in the Underlying Entities.

This PDS has been prepared by The Royal Bank of Scotland plc from publicly available information only. No entity has been a party to its preparation or furnished any information specifically to The Royal Bank of Scotland plc for the purpose of its preparation, except to the extent expressly stated in the PDS. Similarly, information in this PDS concerning an entity has not been independently verified. The Royal Bank of Scotland plc has not used information concerning an entity or its subsidiaries other than that which is in the public domain.

Nothing in this PDS can be relied upon as implying that there has been no change in the affairs of an entity or The Royal Bank of Scotland plc since the dates as at which information is given in this PDS.

No person is authorised by The Royal Bank of Scotland plc to give any information to investors or make any representation not contained in this PDS.

© 2013 The Royal Bank of Scotland plc



To find out more about High Geared Instalments,
log on to www.rbs.com.au/markets or call 1800 450 005.



Warrant Issuer: The Royal Bank of Scotland plc (ABN 30 101 464 528, AFSL: 241114) (a public limited company incorporated in Scotland).



High Geared Instalments

Product Disclosure Statement – Part 2

9 September 2011



Table of contents

PDS Part 2 – General information

1. Important information.....	15
2. Key features	18
3. Frequently asked questions.....	32
4. Benefits & Risks	36
5. Costs & fees & worked example	44
6. Loan	50
7. Income Tax considerations.....	52
8. Additional information	57
9. Trust Deed	61
10. Glossary	84
Part A – How to apply	92
Part B – Application Forms.....	97
Direct Debit Request	109
11. Instalment Payment Notice.....	112

PDS Part 2 – General information

Date: 9 September 2011

PDS Part 2: Summary

This is PDS Part 2 which is the second part of a PDS which offers one or more Series of High Geared Instalments (“High Geared Instalments”) to be traded on the ASX Limited (“ASX”) over Underlying Entities’ Shares as specified in PDS Part 1 and issued by The Royal Bank of Scotland plc (“RBS”, the “Issuer” and the “Warrant Issuer”) during the currency of this PDS.

Part 1 of the PDS (“PDS Part 1”) sets out the key commercial terms relating to each Series of High Geared Instalments. PDS Part 1 includes the details of the Underlying Entities’ Shares, the Expiry Date, Reset Dates, ASX Codes for the High Geared Instalments, whether the Forecast Distribution Fee applies and the amount of any Forecast Distribution Fee, Capital Component, indicative Interest Rate and Maximum Interest Rate for each Series as at the date of

PDS Part 1. These terms may be adjusted in accordance with the Trust Deed.

Part 2 of the PDS (“PDS Part 2”) constitutes the general terms and conditions that govern the issue of High Geared Instalments. This PDS Part 2 is dated 9 September 2011 and has been prepared by RBS.

The current PDS Part 1 or a new PDS Part 1 will apply in relation to each Series of High Geared Instalments. Potential investors should read the entire PDS (that is, both PDS Part 1 and PDS Part 2) and the product disclosure statement, prospectus or other offer document of the Underlying Entities for the Shares underlying the High Geared Instalments they wish to acquire, before making any investment decision.

1. Important information

1.1 Product Disclosure Statement (“PDS”)

The Registrar takes no responsibility for, and has not in any way caused, the issue of this PDS.

1.2 Purpose of PDS

This PDS is an invitation to you to apply for a particular Series of High Geared Instalments and includes an invitation to apply for a Loan. The Loans are provided by RBS.

You will be able to lodge an Application for High Geared Instalments on the basis of this PDS until 5:00pm on the Business Day which is five Business Days before the Offer Closing Date. RBS reserves the right to close the offer of any Series of High Geared Instalments at an earlier time without prior notice.

You may also purchase High Geared Instalments directly on the ASX if the High Geared Instalments have been admitted to trading status (subject to liquidity and the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) “Deferred Settlement”).

1.3 Underlying Entities

Each High Geared Instalment includes an investment in a listed Share that is included in the Summary Table in PDS Part 1 (an “Underlying Entity’s Share”).

Information about an Underlying Entity may be obtained from the relevant Underlying Entity’s website and the website of the Related Exchange on which it is listed. The rights and liabilities attaching to the Underlying Entities’ Shares are also set out in the prospectus, product disclosure statement or other offer document and the constituent documents of the Underlying Entity.

Applicants may obtain a copy of these documents by contacting the relevant Underlying Entity. In relation to any Underlying Entities’ Share that is quoted on a Related Exchange that is not the ASX, the Related Exchange website and (in some circumstances) the Underlying Entity’s website are identified in PDS Part 1. RBS or its affiliates may currently or from time to time in the future engage in business with the Underlying Entities such as acting as an adviser or broker to the Underlying Entities for which they may receive fees or commissions.

This PDS has been prepared by RBS only using publicly available information. References in this PDS to an Underlying Entity are not to be construed as an express or implied endorsement by RBS of an investment in the Underlying Entities’ Shares, nor should this PDS be construed as an endorsement by the Underlying Entities of this issue of High Geared Instalments.

Potential investors should be aware that:

- neither RBS nor the Trustee have any control over, or ability to direct, the relevant Underlying Entity in relation to any matters; and
- RBS’ action in relation to your High Geared Instalments, including the publication of prices or values for High Geared Instalments, the adjustment (if any) of the High Geared Instalments and the payment of any monies owing to a Holder are intended to reflect the action taken by the relevant Underlying Entity in relation to such matters. However, RBS’ action may not achieve the intended outcome. Investors should refer to clauses 10 and 15 of the Trust Deed for more detail.

1.4 No investment advice

The information provided in this PDS is not financial product advice and has been prepared without taking into account your investment objectives, personal circumstances or needs. Before making a decision to invest in High Geared Instalments, you should read this PDS (which comprises PDS Part 1 and PDS Part 2) and consider, in conjunction with your financial adviser, whether an investment in the High Geared Instalments, including borrowing under the Loan, is appropriate in light of your particular investment needs, objectives and financial and taxation circumstances. In particular, you should ensure that you understand the taxation consequences for you if you invest in the High Geared Instalments and your repayment obligations under the Loan.

1.5 No representation

Nothing in this PDS is, or may be relied upon as, a representation or promise as to the financial performance of the High Geared Instalments, the Underlying Entities’ Shares or the business or financial affairs of RBS or the Underlying Entities.

No person is authorised by RBS to give any information to investors or make any representation not contained in this PDS. You should only rely on the information contained in (or incorporated by reference into) this PDS in relation to High Geared Instalments.

1.6 Jurisdiction

This PDS is not an offer or invitation in relation to High Geared Instalments in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore, persons into whose possession this PDS comes should seek advice on and observe those restrictions.

Failure to comply with relevant restrictions may violate those laws. High Geared Instalments have not been, and will not be, registered under the Securities Act 1933 (United States of America) and may not be offered or sold in the United States of America or to a citizen or resident of, or entity created under the laws of, the United States or to any other person or entity within the definition of the term "US Person" (as defined in Exhibit I.1 attached to the Application Form).

A transferee of the High Geared Instalments or Underlying Entities' Shares must not be (a) a U.S. Person; (b) a corporation which is not a U.S. Person in which U.S. Persons hold 10% or more of either voting power or value; (c) a partnership which is not a U.S. Person in which a U.S. Person is a partner, or (d) a trust which is not a U.S. Person whose grantor or any of whose beneficiaries is a U.S. Person. Except with the consent of RBS, neither the rights to any High Geared Instalments nor the rights to any Underlying Entities' Shares may be owned by, and any rights to any High Geared Instalments or rights to any Underlying Entities' Shares must not be sold, offered or transferred to, any of the persons enumerated in (a-d) above.

1.7 Cooling-off rights

There is no cooling off period when you purchase High Geared Instalments.

1.8 PDS updates

This PDS Part 2 is current as at 9 September 2011. Information in the PDS is subject to change from time to time. Where information that is not materially adverse to investors changes, RBS will update the information by posting a notice on its website at www.rbs.com.au/markets. Where information may be materially adverse, RBS may post a notice on its website, or send investors a notice, or publish a notice in the newspaper, as it determines appropriate and as permitted by the Corporations Act. In some circumstances RBS will issue a supplementary PDS. You can also obtain a paper copy of updated information on request by contacting RBS on 1800 450 005 free of charge within Australia.

If you require up to date information relating to fees and charges associated with the High Geared Instalments please visit www.rbs.com.au/markets, or for financial statements and accounts relating to RBS, please visit www.investors.rbs.com.

For all other up to date information concerning the High Geared Instalments, please contact RBS on 1800 450 005 (toll free) or visit the website www.rbs.com.au/markets. Paper copies of the information are available free on request.

1.9 Definitions

Capitalised words used in this PDS and the Trust Deed in PDS Part 2 Section 9 have defined meanings given to them in the "Glossary" in PDS Part 2 Section 10.

1.10 IDPS disclosure

RBS authorises the use of this PDS as disclosure for investors who wish to access the High Geared Instalments through an IDPS or IDPS-like scheme or a nominee or custody service, where the operator is appropriately licensed and has provided us with a written undertaking according to ASIC requirements.

If you are an investor gaining exposure to a High Geared Instalment through an IDPS or IDPS-like scheme, you do not yourself become an investor of the High Geared Instalment. Instead, it is generally the operator of the IDPS or IDPS-like scheme who invests for you who has the rights of an investor. You should be able to request reports on your investment from the operator, and you should direct any enquiries to them.

You should note that it is the Trustee who will invest directly in the Underlying Entities' Shares corresponding to a High Geared Instalment (on behalf of the operator, who in turn, is acting on your behalf).

2. Key features

2.1 Introduction

High Geared Instalments are leveraged financial products which provide you with exposure to Underlying Entities' Shares selected by you from the High Geared Instalments offered by RBS from time to time and listed in the Summary Table (in PDS Part 1). High Geared Instalments are highly leveraged. It is important to bear in mind that the higher the leverage, the higher the Loan Amount and the associated leverage costs including the Borrowing Fee and Interest Amount and that leverage magnifies losses as well as gains.

High Geared Instalments incorporate a limited recourse Loan and use a Trustee to hold the Underlying Entities' Shares on trust for you during the Investment Term, subject to a Security Interest.

Distributions will generally be either:

- paid to Holders; or
- applied to reduce the Loan Amount,

as specified in the Summary Table in PDS Part 1 (please refer to PDS Part 2 Section 3(g) "Will I be entitled to Distributions during the Investment Term?" and PDS Part 2 Section 4.2(s) "Tax risk").

Successful Applicants will receive High Geared Instalments, each of which comprises:

1. a Loan from the Issuer,
2. a Separate Trust, under which a Holder has a beneficial interest in an Underlying Parcel; and
3. a Put Option.

Cap High Geared Instalments have a Cap feature which limits the amount that a Holder may receive in respect of any appreciation in the price of the Underlying Entities' Shares over a Reset Period to the Cap Amount, by requiring a Cap Payment to be paid in certain circumstances (explained in PDS Part 2 Sections 2.7 and 2.8).

Depending on the Series the Applicant chooses to invest in, the Instalment Payment will be set on the Issue Date at between 70% and 100% of the Underlying Entities' Share price plus, if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee.

In relation to a High Geared Instalment to which the Summary Table specifies that the Forecast Distribution Fee applies, the inclusion of the Forecast Distribution Fee in the Loan Amount means that the Applicant may end up with leverage of greater than 100% of the Underlying Entities' Share price. If the Forecast Distribution Fee is applicable, it is paid to RBS in consideration of providing the Loan and, where the amount of the Forecast Distribution Fee is greater than zero, it enables RBS to fix the Interest Rate at a lower rate than would otherwise be fixed by RBS.

If Holders choose to invest in High Geared Instalments, they must be aware that if the Underlying Entities' Share price remains static over the life of the Instalments, the value of their High Geared Instalments will fall over time due to leverage costs including Interest Amounts and any Borrowing Fees payable on each Reset Date. Also, in the case of Cap High Geared Instalments, if the Underlying Entities' Share price increases, the amount that the Holder will receive is limited to the Cap.

A Holder of a High Geared Instalment therefore obtains the following:

- a. a highly geared Loan of between 70% and 100% of the Underlying Entities' Shares price plus, if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee,
- b. the right to all Distributions paid by the Underlying Entities' Shares over the Investment Term, which will generally be either:
 - i. paid to Holders; or
 - ii. applied to reduce the outstanding Loan Amount (and the Instalment Payment),

as specified in the Summary Table in PDS Part 1,

- c. the right to participate in the growth (if any) in the price of the Underlying Entities' Shares, subject to the Cap in the case of Cap High Geared Instalments,
- d. the right to exercise the Put Option on any Reset Date or the Expiry Date and receive the Holder's Cash Entitlement; and
- e. the right (but not the obligation) to pay the Instalment Payment on any Reset Date or the Expiry Date and receive physical delivery of the Underlying Entities' Shares subject to paying, in the case of Cap High Geared Instalments, the Cap Payment and provided that the Holder has the adequate custodial arrangements in place to take delivery of the Underlying Entities' Shares.

Holders should note that where the Underlying Entities' Shares are located outside Australia the Trustee will hold those shares through a Sub-custodian located in the relevant jurisdiction. As a result, a Holder of a High Geared Instalment will have a beneficial interest in a beneficial interest in the Underlying Entities' Shares. The Holder's Beneficial Interest in the Underlying Entities' Shares will be granted on the Commencement Date.

2.2 What does a Holder have to pay?

Over the Investment Term a Holder may be required to pay:

1. the First Payment, when making an Application,

2. if the Holder wants to take physical delivery of the Underlying Entities' Shares on a Reset Date or the Expiry Date, the Instalment Payment and the Processing Fee,
3. Reset Payments (if applicable), on each Reset Date; and
4. in the case of Cap High Geared Instalments only, the Cap Payments payable in relation to a Reset Date and the Expiry Date (including where the Holder wants to take physical delivery of the Underlying Entities' Shares).

Each of these payments will be considered in more detail below. Please refer to PDS Part 2 Section 5 for worked examples on how each of these payments are calculated.

2.3 The First Payment

The initial consideration payable by Applicants for High Geared Instalments is the First Payment.

The First Payment is equal to:

1. the Underlying Entities' Shares price at the Closing Time on the Issue Date multiplied by (100% - the Capital Component); plus
2. the Interest Amount; plus
3. the Borrowing Fee (if any).

The First Payment will vary depending on a number of factors up to Closing Time on the Issue Date including:

- the Underlying Entities' Share price,
- the volatility of the Underlying Entities' Share price,
- the Distributions that are expected to be paid on the Underlying Entities' Shares over the Investment Term,
- the amount of time left before the Expiry Date,
- the prevailing interest rates; and
- foreign exchange rates (if the Underlying Entities' Shares are denominated in a currency other than AUD).

Given this possible variation, this PDS does not specify the amount of the First Payment for Applicants for the High Geared Instalments.

It is difficult to predict the exact effect that the factors noted above may have on the First Payment. Below is a table that illustrates how a change in these factors might affect the First Payment.

Increase in factor	Effect on First Payment
Underlying Entities' Share price	Higher
Volatility of the Underlying Entities' Shares	Higher
Interest rates	Higher
Foreign exchange rates (where applicable)	Higher
Distributions	Higher
Time to expiry	Higher

Potential Applicants can obtain an indicative amount of the First Payment by telephoning their financial adviser or calling the Issuer directly on 1800 450 005. The amount of the First Payment will be determined on the Issue Date. Holders will be notified of their allocation by the Issuer.

a. What is the Interest Amount ?

The Interest Amount consists of the interest payable on the Loan Amount. The Loan Amount is determined by the Issuer on the Issue Date and is initially equal to:

- the price of the Underlying Entities' Shares at the Closing Time on the Issue Date multiplied by Capital Component; plus
- if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee for the Series indicated in the Summary Table (which is the Forecast Distribution Fee for the period from the Issue Date to the first Reset Date).

If the Applicant has applied for a Loan where the Capital Component is 100%, the Loan will fund the entire Underlying Entities' Share price. If the Summary Table specifies that a Forecast Distribution Fee applies to a High Geared Instalment, the Forecast Distribution Fee is a component of the Loan and is paid to RBS in consideration of providing the Loan and, where the amount of the Forecast Distribution Fee is greater than zero, it enables RBS to fix the Interest Rate at a lower rate than would otherwise be fixed by RBS. Investors should take into account the amount of the Forecast Distribution Fee when assessing the indicative Interest Rate and whether to invest in High Geared Instalments and when assessing the new Interest Rate for a Reset Date.

When you make an Application, the Interest Amount will form part of the First Payment.

The Interest Amount payable on the Loan in respect of the first Reset Period may have two components, being the Interest Amount payable for the First Interest Period and the Interest Amount payable for the Second Interest Period. See PDS Part 1 'Key Commercial Terms' for details of the First Interest Period and the Second Interest Period (if applicable).

Where the Interest Amount in respect of the first Reset Period has two components:

- If you apply for a High Geared Instalment during the First Interest Period, the first Interest Amount will be paid to RBS on the Issue Date and the second Interest Amount will be paid to the Trustee and held on trust for you. The second Interest Amount will then be paid by the Trustee to RBS on the Second Interest Date.
- If you apply for a High Geared Instalment during the Second Interest Period, you will pay the second Interest Amount to RBS for your first Reset Period on the Effective Date.

b. What is the Forecast Distribution Fee?

The Summary Table identifies whether the Forecast Distribution Fee applies to a High Geared Instalment.

- If it does, the Forecast Distribution Fee is the amount estimated by the Issuer in its reasonable discretion acting in a commercially reasonable manner (including having regard to Withholding Tax) to be the amount of the Distributions payable on an Underlying Entities' Share in respect of a Reset Period.
- If it does not, the amount of the Forecast Distribution Fee is nil and the Interest Rate is expected to be higher than the Interest Rate applicable to High Geared Instalments to which the Forecast Distribution Fee applies.

If the Summary Table identifies that the Forecast Distribution Fee does apply to a High Geared Instalment then:

- the initial Forecast Distribution Fee for a Series, in respect of the first Reset Period is the amount specified as such in the Summary Table,
- the Forecast Distribution Fee will be reset on each Reset Date, having regard to the amount of Distributions forecast in respect of the period to the next Reset Date (or if none, the Expiry Date); and
- the Forecast Distribution Fee, which is a component of the Loan, is paid to RBS in consideration of providing the Loan and enables RBS to fix the Interest Rate at a lower rate than would otherwise be fixed by RBS.

There is no guarantee that any Distributions will be paid on Underlying Entities' Shares or that any Distributions paid will be as much as any Forecast Distribution Fee. Please also refer to PDS Part 2 Section 7.5 'Forecast Distribution Fee' for taxation information in relation to the Forecast Distribution Fee.

c. Interest

The Holder will pay Interest on the full Loan Amount. The indicative Interest Rate that would have applied to calculate the Interest Amount as at the date of PDS Part 1 may be disclosed in the Summary Table in PDS Part 1. The actual Interest Rate will be determined by the Issuer on the Issue Date and may be reset on a Reset Date. The factors affecting the determination of the Interest Rate are identified in PDS Part 2 Section 4.2(i). The actual Interest Rate will be notified to investors on the RBS website at www.rbs.com.au/markets and in the confirmation the Issuer sends you.

The initial Interest Amount will be calculated by reference to an Interest Rate that will not exceed the Maximum Interest Rate disclosed in the Summary Table in PDS Part 1. If the actual Interest Rate that applies to a Series is greater than the Maximum Interest Rate for that Series then the Issuer will determine that the offer of the High Geared Instalments will not proceed, will terminate any High Geared Instalments in that Series already issued and will return any Application Amounts in relation to that Series without interest.

Further Interest Amounts and Borrowing Fees (if any) are also payable on each Reset Date under the Loan (see PDS Part 2 Section 2.10 "Reset Payments"). These further Interest Amounts may be calculated by reference to an Interest Rate which exceeds that Maximum Interest Rate. Holders will be notified of the Interest Amount and Borrowing Fee (if any) payable on the Reset Date in the Reminder Notice sent by the Issuer 20 Business Days before the each Reset Date.

d. Borrowing Fee

RBS may charge you a Borrowing Fee which relates to the cost of providing the Loan to you.

The Borrowing Fee is calculated as a percentage of the Loan Amount and is payable on the issue of the High Geared Instalments and on each Reset Date. The maximum percentage of the Borrowing Fee is 4.4% and the actual percentage for a Series of High Geared Instalments is specified in the Summary Table in PDS Part 1.

2.4 The Instalment Payment

The initial Instalment Payment is determined on the Issue Date and is equal to the initial Loan Amount.

On each Reset Date, the Instalment Payment will change to reflect the Revised Loan Amount. An indicative Instalment Payment will be notified to Holders in the Reminder Notice sent 20 Business Days before each Reset Date.

Payment of the Instalment Payment is optional by a Holder. However, a Holder can only elect to pay the Instalment Payment on any Reset Date or on the Expiry Date, but not otherwise.

For Cap High Geared Instalments, on each Reset Date and on the Expiry Date, the Issuer will calculate the amount of the Cap Payment due from the Holder.

Where a Holder of a Cap High Geared Instalment lodges a valid Instalment Payment Notice, (which must be lodged by 5:00pm on the Business Day before the applicable Reset Date or Expiry Date), and the Holder does not pay the Cap Payment by cheque by 5pm on the Business Day following the applicable Reset Date or Expiry Date such that the Cap Payment is received in cleared funds within 5 Business Days of the applicable Reset Date or Expiry Date then the Holder will be taken to have authorised the Issuer to sell a number of Underlying Entities' Shares or Cap High Geared Instalments sufficient to pay the Cap Payment and to terminate the Cap High Geared Instalments whose Underlying Entities' Shares have been sold.

The Cap High Geared Instalments which are sold and the Cap High Geared Instalments whose Underlying Entities' Shares have been sold will be sold or terminated (as applicable) as soon as reasonably practicable by the Issuer following the Reset Date or Expiry Date, but no later than 5 Business Days after:

- the relevant Reset Date or Expiry Date; or
- if a Market Disruption Event occurs on or before the relevant Reset Date or Expiry Date, the resumption of trading following the occurrence of that Market Disruption Event.

Any Cap Payment payable by a Holder in respect of a Cap will be an amount to preserve the Holder's title to the relevant Underlying Entities' Shares and should be included in the cost base of the asset for tax purposes as more fully explained in PDS Part 2 Section 7 "Income Tax Considerations".

In order to take delivery of any Underlying Entities' Shares that are quoted on a Related Exchange that is not the ASX, the Holder must ensure that they have the necessary custodial arrangements in place to receive physical delivery of the Underlying Entities' Shares and provide details of these arrangements to the Issuer and it is a condition of the Holder's investment in High Geared Instalments that they have these custodial arrangements in place before they seek to take delivery of any Underlying Entities' Shares quoted on an overseas exchange.

If:

- the Holder does not have the necessary custodial arrangements in place to receive physical delivery of the Underlying Entities' Shares when they lodge an Instalment Payment Notice,
- the Instalment Payment Notice does not contain details of the Holder's custodial arrangements where custodial arrangements

are required to take physical delivery of the Underlying Entities' Shares; or

- the Holder lodges an Instalment Payment Notice but fails to pay the Instalment Payment when the payment is due,

then the Instalment Payment Notice will be invalid and the Holder may be deemed to have exercised their Put Option. Please see PDS Part 2 Section 2.10 for further information regarding Completion and the exercise of the Put Option and the Holder's Cash Entitlement.

Provided that the termination of High Geared Instalments and payment of the Cap Payment is not suspended, delayed or interrupted in any way, the Holder will receive physical delivery of the remaining Underlying Entities' Shares within 10 Business Days of the Issuer receiving a valid Instalment Payment Notice (or, if a Market Disruption Event occurs on or after the receipt of the valid Instalment Payment Notice, 10 Business Days after the resumption of trading). Holders should note that the Instalment Payment may also change if an Adjustment Event or Extraordinary Event occurs. Please refer to Section 4.2 "What are the risk factors when investing in a High Geared Instalment?" for further details on the risks of Adjustment Events and Extraordinary Events.

2.5 The Loan

The Issuer is offering to make a Loan, on the terms and conditions of the Trust Deed, to each Applicant whose Application is accepted by the Issuer.

The Loan is offered on a limited recourse basis and is secured by the Security Interest which comprises a mortgage over each Separate Trust, which will be held by the Trustee as nominee for the Holder.

The Loan Amount is fixed for each Reset Period of the High Geared Instalments. The Loan Amount is equal to the Instalment Payment for the applicable Reset Period.

The Loan Amount is reset on each Reset Date and adjusted for the factors listed in Section 2.10 "What happens at each Reset Date" of this PDS Part 2. On each Reset Date, the Loan will be reset having regard to the Underlying Entities Share price on the Reset Date and, if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee for the next Reset Period. Once the Revised Loan Amount is determined, Holders will be notified of the new Instalment Payment applicable for the next Reset Period.

How is the Loan discharged?

The Loan will be discharged when:

- a. the Holder elects to pay the Instalment Payment (and, in the case of Cap High Geared Instalments, the Cap Payment (if any)) and Completes the relevant High Geared Instalments,
- b. the Holder elects on a Reset Date or the Expiry Date to exercise the Put Option and sell the Underlying Parcel to the Issuer and the sale proceeds are applied to repay the outstanding Loan Amount and any other amount owing to the Issuer,
- c. the Trustee, on the Issuer's behalf, enforces the Issuer's Security Interest over the relevant Underlying Parcel, sells the Underlying Parcel and applies the sale proceeds in accordance with the Priority Order,
- d. the Issuer fixes an early Expiry Date in the circumstances set out in the Trust Deed (see PDS Part 2 Section 9 "Trust Deed") and

the sale proceeds of the Underlying Parcel are applied to repay the outstanding Loan Amount and any other amount owing to the Issuer; or

- e. the Trustee is obliged to dispose of the Underlying Parcels as a result of the application of relevant laws, regulations, rules or court orders (that is, a Disposal Event occurs) and the sale proceeds of the Underlying Parcel are applied to repay the outstanding Loan Amount and any other amount owing to the Issuer.

The rights of the Issuer under the Loan are also limited in recourse to the Underlying Parcels.

2.6 Trustee and Separate Trusts

The Issuer nominates the Trustee to be the trustee of each Separate Trust. The Trustee will hold each Underlying Parcel under a Separate Trust, itself or through its Sub-custodian, and each Put Option under a Separate Trust on the terms set out in the Trust Deed. The Trustee will act in accordance with the provisions of the Trust Deed.

2.7 The Cap and the Cap Amount

The Cap and the Cap Amount are only relevant to Cap High Geared Instalments.

The indicative Cap, which is expressed as a percentage of the Underlying Entities' Share price, is set out in the Summary Table in PDS Part 1 and is current as at the date of PDS Part 1. The actual Cap will be determined by the Issuer on the Issue Date and will not be less than the minimum Cap set out in the Summary Table in PDS Part 1. The actual Cap will be notified to investors on the RBS website at www.rbs.com.au/markets and in the confirmation the Issuer sends you.

On the Issue Date and on each Reset Date the Cap Amount will be determined by the Issuer for the Reset Period commencing on that Issue Date or Reset Date (as applicable), by applying the Cap to the price of the Underlying Entities' Shares at the Closing Time on that Issue Date or Reset Date.

2.8 The Cap Payment

What is the Cap Payment?

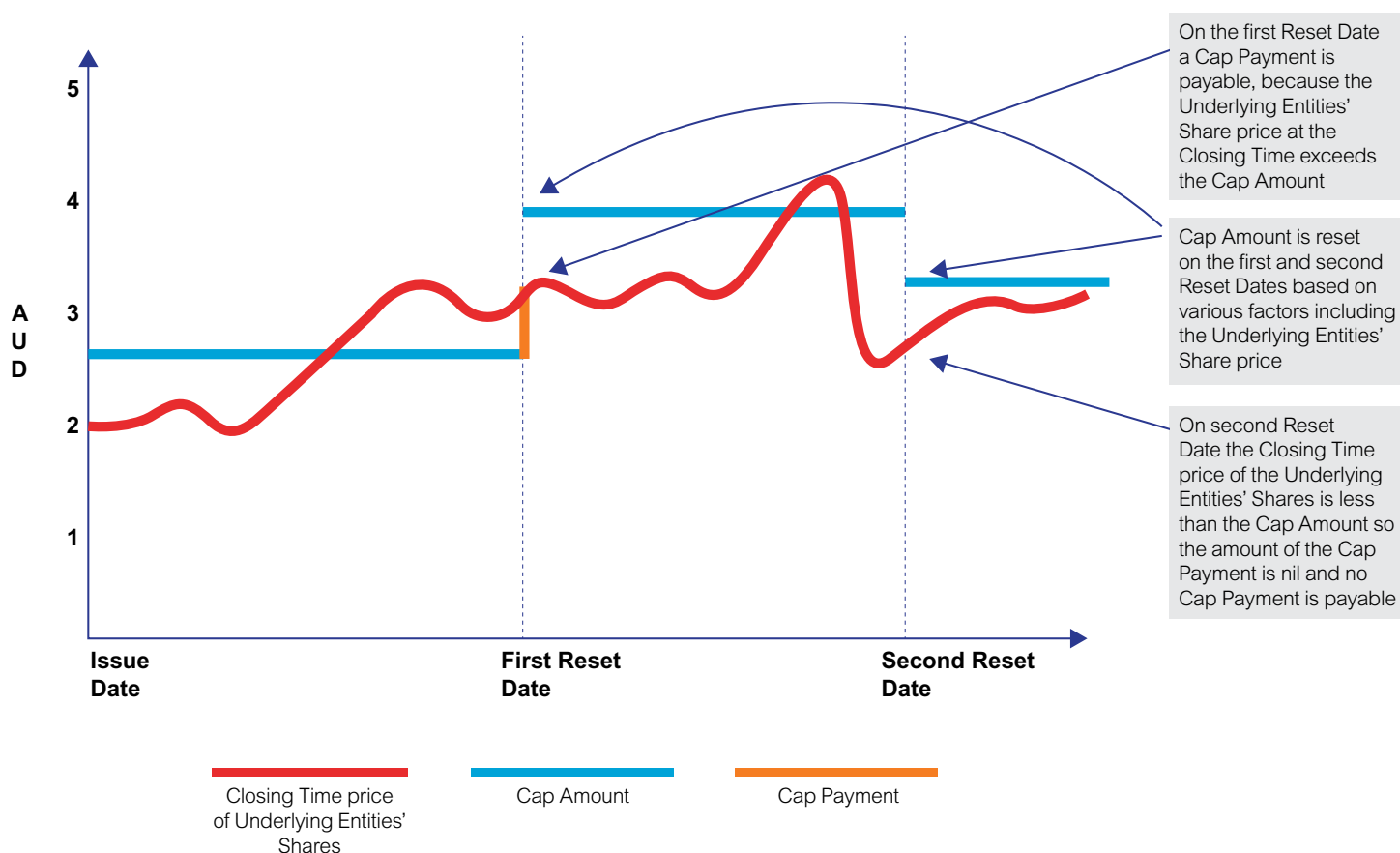
The Cap and the Cap Payment are only relevant to Cap High Geared Instalments.

On each Reset Date and on the Expiry Date, a Holder of a Cap High Geared Instalment will be required to pay the Cap Payment (if any) to the Issuer where the price of the Underlying Entities' Share at the Closing Time on the Reset Date (or the Expiry Date, as applicable) is greater than the Cap Amount.

In this way the Cap feature effectively caps the amount that a Holder may receive in respect of any appreciation in the price of the Underlying Entities' Shares over each Reset Period at the Cap Amount.

The diagram below illustrates how, for a Cap High Geared Instalment with a Cap feature, the Cap Payment is determined and when it may be payable. This diagram is provided for illustrative purposes only. It is not an indication, projection or forecast of the performance of any Underlying Entities' Shares or Cap High Geared Instalments, which may be significantly different to those illustrated in the diagram.

Illustration of the relationship between the Closing Time price of Underlying Entities' Shares, Cap Amount and Cap Payment



The Issuer will determine the amount of the Cap Payment on each Reset Date and on the Expiry Date as the price of the Underlying Entities' Shares at Closing Time on a Reset Date (or the Expiry Date, as applicable) minus the Cap Amount.

How is the Cap Payment paid?

On lodging a valid Instalment Payment Notice, unless the Cap Payment is paid by the Holder by cheque, the Cap Payment will be met out of the proceeds of sale from the Issuer selling a number of Underlying Entities' Shares or Cap High Geared Instalments sufficient to pay the Cap Payment and terminating those Cap High Geared Instalments whose Underlying Entities' Shares have been sold. The Cap High Geared Instalments whose Underlying Entities' Shares have been sold will be terminated as soon as reasonably practicable by the Issuer following the Reset Date or Expiry Date, but no later than 5 Business Days after that Reset Date or Expiry Date (or, if a Market Disruption Event occurs on or before the relevant Reset Date or Expiry Date, 5 Business Days after the resumption of trading).

If the Holder elects to pay the Cap Payment by cheque, the Holder must contact the Issuer by no later than 5:00pm 5 Business Days before the Reset Date or Expiry Date and provide RBS with a cheque for the Cap Payment not later than 5.00pm on the date following the Reset Date or Expiry Date (so that RBS receives cleared funds for

the Cap Payment within 5 Business Days after the Reset Date or Expiry Date). Holders should contact RBS after the Reset Date or Expiry Date to find out the amount of the Cap Payment payable.

- In relation to an Instalment Payment Notice in respect of a Reset Date, if the Holder lodges a valid Instalment Payment Notice and elects to pay the Cap Payment by cheque but the Issuer does not receive the Cap Payment in cleared funds before 5pm on the day 5 Business Days after the Reset Date, then the Holder will be taken to have authorised the Issuer to sell a number of Underlying Entities' Shares or Cap High Geared Instalments sufficient to pay the Cap Payment and to terminate the High Geared Instalments whose Underlying Entities' Shares have been sold.
- In relation to an Instalment Payment Notice in respect of a Expiry Date, if the Holder lodges a valid Instalment Payment Notice and elects to pay the Cap Payment by cheque but the Issuer does not receive the Cap Payment in cleared funds before 5pm on the day 5 Business Days after the Expiry Date, then RBS will exercise its Security Interest in relation to the Underlying Entities' Shares and apply the proceeds of sale in accordance with the Priority Order.

Where a Holder of a Cap High Geared Instalment exercises their Put Option, the Cap Payment will be taken into account when determining the amount of their Holder's Cash Entitlement.

If a Holder of a Cap High Geared Instalment converts or rolls over their Cap High Geared Instalments into a new series, their Cap Payment will be met out of the proceeds of sale from the Issuer selling a number of Underlying Entities' Shares or Cap High Geared Instalments sufficient to pay the Cap Payment and the number of Cap High Geared Instalments available for conversion or rollover will be reduced.

Any Cap Payment payable by a Holder in respect of a Cap will be an amount to preserve the Holder's title to the relevant Underlying Entities' Shares, and should be included in the cost base of the asset for tax purposes as more fully explained in PDS Part 2 Section 7 "Income Tax Considerations".

2.9 How do I buy High Geared Instalments?

There are two ways to buy High Geared Instalments.

i. Applications – Buy High Geared Instalments directly from RBS

You may buy High Geared Instalments directly from RBS, by making an Application.

How to make an Application

- complete the Application Form attached to PDS Part 2, specifying in Section F, "Investment election" the Australian dollar amount you wish to invest in each Series of High Geared Instalments,
- complete and sign Section G entitled "National Credit Code declaration" in the Application Form,
- complete and sign the investor declaration set out in the Application Form,
- attach all supporting documents specified in the Application Form,
- lodge your Application Form at the address specified on the Application Form, and enclose your payment for the total amount you want to invest ("**Application Amount**") prior to 5:00pm on the Business Day which is five Business Days before the Offer Closing Date; and
- you may choose to pay your Application Amount through a direct debit of your bank account. If you wish to set up a direct debit facility for the High Geared Instalments, please complete the Direct Debit Request (attached to the Application Form) and attach it to your Application. Please also attach a copy of your current driver's licence if you wish to utilise the direct debit facility.

How does an Application work?

- following Acceptance of your Application, RBS will draw down a Loan for an amount determined by RBS ("**Loan Amount**"). Acceptance of your Application by RBS occurs when RBS notifies you of its Acceptance or when the High Geared Instalments are issued to you,

- the Loan Amount and, where the Capital Component is less than 100%, part of the Application Amount will be applied by the Trustee to purchase the Underlying Entities' Shares on your behalf, and the Application Amount will be applied towards the payment of the Interest Amount and the Borrowing Fee (if any) when the High Geared Instalments are issued to you. The amount of the Loan Amount applied to purchase the Underlying Entities' Shares will depend on the Capital Component specified in the Summary Table. Please see PDS Part 2 Section 5 "Costs & fees & worked example" and PDS Part 2 Section 6 "Loan" for further information on the payment of the Borrowing Fee (if any),
- RBS will then issue the High Geared Instalments to you and notify you of your First Payment, Instalment Payment, Cap, Interest Rate, Interest Amount, Borrowing Fee and the number of High Geared Instalments issued to you,
- if your Application specified a dollar amount for investment in a Series of High Geared Instalments you will be issued with the nearest whole number of High Geared Instalments, which can be purchased for that Australian dollar amount (calculated using the Exchange Rate where the Underlying Entities' Shares are not denominated in Australian dollars). If this results in your Application Amount exceeding the value of the High Geared Instalments issued to you under your Application, you will receive this difference as a refund, provided that the refund exceeds \$20. RBS will confirm if you are entitled to a refund when you are notified of the details of your High Geared Instalments. No interest will be paid on any refund amount; and
- the Underlying Entities' Shares will be held by the Trustee on your behalf subject to the Security Interest.

Please note that RBS may accept or reject your Application or withdraw its Acceptance of your Application in whole or in part at its absolute discretion, exercised in a commercially reasonable manner, and for any reason. RBS may also accept Applications for less than the Minimum Application Amount. No interest will be paid on Application Amounts. If your Application is rejected, the Issuer will return your Application Amount to you (without interest) within five Business Days after that rejection.

ii. Buy High Geared Instalments on the ASX

To purchase a High Geared Instalment on the ASX, place an order with your broker or financial adviser who will arrange for the purchase of the High Geared Instalments on the ASX. (subject to the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement"). This can only occur once the Series of High Geared Instalments that you are interested in purchasing has been admitted to trading status on the ASX. See PDS Part 2 Section 6(b) "Transfers" for more information on what happens upon transfer of a High Geared Instalment.

iii. Off market transfers of High Geared Instalments

Off market transfers of High Geared Instalments are not permitted except with the prior written consent of RBS and on terms of transfer approved by RBS.

2.10 Alternatives on or before each Reset Date and the Expiry Date

Between 20 and 30 Business Days before each Reset Date and the Expiry Date, you will receive a Reminder Notice outlining your options before or on the Reset Date and the Expiry Date.

A Holder may sell their High Geared Instalments on the ASX before the Expiry Date (subject to liquidity and the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement"). Also, on each Reset Date and the Expiry Date, the Holder of a High Geared Instalment can either:

- on Reset Dates, continue with their investment by paying the Reset Payment. Holders of Cap High Geared Instalments may also be required to pay a Cap Payment in relation to that the Reset Date, which will be paid from the proceeds of sale of some Underlying Entities' Shares or Cap High Geared Instalments,
- Complete their High Geared Instalments by paying the Instalment Payment (and, in the case of Cap High Geared Instalments, a Cap Payment payable from the proceeds of sale of a number of Underlying Entities' Shares or Cap High Geared Instalments or by cheque or other form of payment accepted by RBS (please see PDS Part 2 Section 2.10(iii) for more information),
- exercise their Put Option and receive their Holder's Cash Entitlement. The Put Option must be exercised in relation to the Holder's entire holding in a Series. If the Holder exercises their Put Options over a portion of their High Geared Instalments in a Series, the Holder is deemed to have exercised all of its Put Options in respect of its High Geared Instalments in that Series.

Any Cap Payment payable on will be taken into account in determining the Holder's Cash Entitlement; or

- convert their High Geared Instalments into a new series of High Geared Instalments, if conversion is available.

PDS Part 2 Section 2.11 explains what will happen if you don't take any action in relation to these alternatives.

A table summarising the payments which may be required in relation to a Completion, a Put Option exercise, continuing in the investment on a Reset Date, or doing nothing on an Expiry Date is provided below.

Event on Reset Date or Expiry Date	What is payable	How is it calculated	When is it payable	How is it paid
A. A Holder Completes their High Geared Instalments by lodging an Instalment Payment Notice	Instalment Payment	Equal to the Loan Amount An indicative Instalment Payment amount will be set out in the Reminder Notice sent to Holders at least 20 Business Days before the Reset Date/Expiry Date	Reset Date/Expiry Date to which the Instalment Payment Notice relates	Cheque, direct debit, BPay or direct credit
	Taxes, Expenses and the Processing Fee	Please call RBS before the Reset/Expiry Date to obtain these amounts	Together with the Instalment Payment	Cheque, direct debit, BPay or direct credit (or the number of High Geared Instalments being Completed will be reduced if payment is insufficient)
	Cap Payment (Cap High Geared Instalments only)	Equal to the Underlying Entities' Share price on the Reset Date/Expiry Date minus the Cap Amount Holders should contact RBS after the Reset/Expiry Date to obtain the Cap Payment payable	Reset Date/Expiry Date to which the Instalment Payment Notice relates (or within 5 Business Days of that date if paid by cheque)	RBS selling Underlying Entities' Shares or High Geared Instalments and terminating those High Geared Instalments whose Underlying Entities' Shares have been sold, or by cheque, direct debit, BPay or direct credit
B. A Holder exercises their Put Option by lodging a Put Option Notice (or is deemed to exercise their Put Option)	Instalment Payment	Equal to the Loan Amount An indicative Instalment Payment amount will be set out in the Reminder Notice sent to Holders at least 20 Business Days before the Reset Date/Expiry Date	Reset Date/Expiry Date to which the Put Option Notice relates (or if a deemed exercise of the Put Option, 5 Business Days after the Reset Date/Expiry Date)	Your Holder's Cash Entitlement is net of the Instalment Payment (which is paid from the proceeds of the sale of the Underlying Entities' Shares)

Event on Reset Date or Expiry Date	What is payable	How is it calculated	When is it payable	How is it paid
	Taxes, Expenses and the Processing Fee	Please call RBS before the Reset/Expiry Date to obtain these amounts	Reset Date/Expiry Date to which the Put Option Notice relates	Your Holder's Cash Entitlement is net of these payments
	Cap Payment (Cap High Geared Instalments only)	Equal to the Underlying Entities' Share price on the Reset Date/Expiry Date minus the Cap Amount	Reset Date/Expiry Date to which the Put Option Notice relates	Your Holder's Cash Entitlement is net of this payment
C. A Holder continues their investment on a Reset Date	Reset Payment	<p>The Interest Amount for the next Reset Period plus the Borrowing Fee for the next Reset Period and:</p> <ul style="list-style-type: none"> if the Loan Amount increases on reset, less the amount of that increase; or if the Loan Amount decreases on reset, plus the amount of that decrease <p>An indicative Reset Payment will be included in the Reminder Notice sent to Holders at least 20 Business Days before the Reset Date. Holders may "lock in" the amount of Reset Payment by calling RBS no later than 6 Business Days before the Reset Date</p>	Reset Date	Cheque, direct debit, BPay or direct credit or by RBS selling Underlying Entities Shares or High Geared Instalments and terminating those High Geared Instalments whose Underlying Entities' Shares have been sold
	Cap Payment (Cap High Geared Instalments only)	Equal to the Underlying Entities' Share price on the Reset Date minus the Cap Amount	Reset Date	By RBS selling Underlying Entities' Shares or High Geared Instalments and terminating those High Geared Instalments whose Underlying Entities' Shares have been sold
D. A Holder takes no action on the Expiry Date	Instalment Payment	<p>Equal to the Loan Amount</p> <p>An indicative Instalment Payment amount will be set out in the Reminder Notice sent to Holders at least 20 Business Days before the Expiry Date</p>	Expiry Date	The amount of the Instalment Payment is deducted from the Underlying Entities' Shares VWAP when determining your Assessed Value Payment
	Cap Payment (Cap High Geared Instalments only)	Equal to the Underlying Entities' Share price on the Reset Date minus the Cap Amount	Expiry Date	The amount of the Cap Payment is deducted from the Underlying Entities' Shares VWAP when determining your Assessed Value Payment

i. Sell your High Geared Instalments before the Reset Date or the Expiry Date

Your holding of High Geared Instalments may be sold on the ASX (subject to the High Geared Instalments having been admitted to trading status and liquidity on the ASX and the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement") via a stockbroker or financial adviser up until the close of trading on the Expiry Date. Please refer also to PDS Part 2 Section 4.2(f) "Illiquidity risk of High Geared Instalments".

You must contact your stockbroker or financial adviser and provide instructions for your holding of High Geared Instalments to be sold on market. This must be done before the close of trading on the Expiry Date of your High Geared Instalments.

What happens then?

- Where you have sold your High Geared Instalments on ASX, you will receive payment from your stockbroker or financial adviser equal to the High Geared Instalments' market value (less brokerage).

ii. Continue your investment on the Reset Date

On each Reset Date, the Issuer will adjust or reset:

- the Loan Amount,
- the Interest Rate,
- the Interest Amount,
- in relation to Cap High Geared Instalments, the Cap Amount;
- the Borrowing Fee (if applicable); and
- if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee,

for the next Reset Period.

Factors such as the Forecast Distribution Fee for the next Reset Period (if applicable), Cap, interest rates, volatility and price movements of the Underlying Entities' Shares over a Reset Period will be taken into consideration by the Issuer in determining the new Loan Amount for the next Reset Period ("**Revised Loan Amount**"). Below is a table which illustrates how a change in these factors may affect the Revised Loan Amount.

Increase in factor	Potential effect on Revised Loan Amount
Underlying Entities' Share price	Higher
Underlying Entities' Share volatility	Higher
Interest rates	Higher
Forecast Distribution Fee (if applicable)	Higher

The Revised Loan Amount is an amount determined by RBS which does not exceed the lesser of:

- a. the amount determined by the Issuer on each Reset Date in accordance with the following formula:

(Capital Component x Market Value of Underlying Entities' Shares) + Forecast Distribution Fee

and

- b. the sum of the existing Loan Amount, the New Interest Amount, the new Forecast Distribution Fee and the new Borrowing Fee.

For the purposes of paragraph (a), the "Market Value of Underlying Entities' Shares" means the price of the Underlying Entities' Shares at the Closing Time on the Trading Day 25 Business Days before the Reset Date, as notified in the Reminder Notice.

For the purposes of paragraphs (a) and (b) above, if the Summary Table provides that the Forecast Distribution Fee does not apply to the High Geared Instalment, the amount of the Forecast Distribution Fee is nil.

As a result, the leverage of the High Geared Instalments may change on a Reset Date.

In the case of Cap High Geared Instalments, the Revised Loan Amount will be determined after the Issuer has sold a number of Underlying Entities' Shares or Cap High Geared Instalments sufficient to pay the Cap Payment and terminated those Cap High Geared Instalments whose Underlying Entities' Shares have been sold.

The indicative Revised Loan Amount per High Geared Instalment, indicative Interest Amount, and Cap Amount, any Forecast Distribution Fee and Borrowing Fee for the next Reset Period will generally be announced by the Issuer no later than 20 Business Days prior to each Reset Date in the Reminder Notice provided to Holders. Holders may then decide whether to close their investment in the High Geared Instalments (by either completing the High Geared Instalments and paying the Instalment Payment and, in the case of Cap High Geared Instalments, the Cap Payment, or exercising their Put Option) or whether to continue their investment in the High Geared Instalments.

If a Holder decides to, or is taken to, continue their investment in the High Geared Instalments on a Reset Date then either:

- the Holder must elect in writing to pay any Reset Payment and must pay the Reset Payment to the Issuer before the Reset Date; or
- the Holder authorises the Issuer to sell as many Underlying Entities' Shares or High Geared Instalments as are required to pay for the Reset Payment, after paying any Instalment Payment owing on the High Geared Instalments whose Underlying Entities' Shares have been sold. The Issuer will announce indicative amounts for a Reset Payment in the Reminder Notice. However, you will be required to contact the Issuer on 1800 450 005 no later than 6 Business Days before the Reset Date to confirm and lock in the Reset Payment. If you do not lock in this amount, the Issuer will set this amount on the Reset Date for all outstanding Holders.

Cap High Geared Instalments: what happens to the Cap on each Reset Date?

Performance above Cap

If, at Closing Time on a Reset Date, the Underlying Entities' Share price is greater than the Cap Amount, a Cap Payment will become payable to the Issuer (see Section 2.8 "The Cap Payment"). The Cap Payment will be paid from the proceeds of sale of Underlying Entities' Shares, as explained in PDS Part 2 Section 2.8 "The Cap Payment".

The Issuer will then calculate the Revised Loan Amount based on the number of Cap High Geared Instalments remaining after the termination of the High Geared Instalments whose Underlying Entities' Shares were sold to pay the Cap Payment and based on the Underlying Entities' Share price at the Closing Time on a Reset Date ("**New Underlying Entities' Share Price**").

Performance at or below Cap

If, at Closing Time on a Reset Date, the Underlying Entities' Share price is equal to or is lower than the Cap Amount, the amount of the Cap Payment is nil. This could occur if the Underlying Entities' Shares perform moderately or negatively over the relevant Reset Period.

The Issuer will use the New Underlying Entities' Share price to determine the Revised Loan Amount and the Cap Amount for the next Reset Period.

Whether or not a Cap Payment is payable on a Reset Date, when the Loan is reset, the amount by which the Revised Loan Amount exceeds the prior Loan Amount will first be applied to the payment of the Reset Payment (if any). The Holder will not receive any payment in cash if the Revised Loan Amount exceeds the prior Loan Amount.

Reset Payments

The following paragraphs describe when you will or will not be requested to make payments under the High Geared Instalments as a result of an adjustment of the Loan Amount on a Reset Date.

a. Reset Payment required from the Holder or some High Geared Instalments may be terminated

On a Reset Date, if the Revised Loan Amount net of the prior Loan Amount is not sufficient to fully cover the Interest Amount and Borrowing Fee for the next Reset Period, the Holder will be asked to make a Reset Payment to the Issuer (if the Holder does not otherwise elect to pay the Instalment Payment or exercise the Put Option on the Reset Date).

- If the Revised Loan Amount is the same as the prior Loan Amount on the Reset Date, the Reset Payment is equal to the total of the Interest Amount and Borrowing Fee for the next Reset Period.
- If the Revised Loan Amount is greater than the prior Loan Amount on the Reset Date but the difference between the Revised Loan Amount and the prior Loan Amount is less than the total of the Interest Amount and the Borrowing Fee for the next Reset Period, the Reset Payment is equal to the Interest Amount plus the Borrowing Fee minus the difference between the Revised Loan Amount and the prior Loan Amount.
- If the Revised Loan Amount is less than the prior Loan Amount on the Reset Date, the Reset Payment is equal to the amount of the decrease (i.e. the prior Loan Amount – the Revised Loan Amount) plus the total amount of the Interest Amount and Borrowing Fee for the next Reset Period.

Holders may contact the Issuer no later than 6 Business Days before the Reset Date and lock in the Reset Payment in respect of a Reset Date. A Holder who has contacted the Issuer and locked in the Reset Payment must pay the Reset Payment no later than 5.00pm on the Reset Date. If a Reset Payment is due and payment is not made before 5.00pm on the Reset Date, then unless the Holder Completes the High Geared Instalments or exercises the Put Option, the Issuer will sell a number of the Holder's Underlying Entities' Shares or High Geared Instalments (on or about the Trading Day following the Reset Date) in order to generate proceeds to meet the Reset Payment on the Holder's remaining High Geared Instalments. In this circumstance, the Reset Payment will be calculated on the Reset Date and may be higher (or lower) than the Reset Payment calculated above before the Reset Date.

The Underlying Entities' Shares from the terminated High Geared Instalments will be sold at the market price at the time of sale, and the proceeds from this sale will then be applied to pay both the Instalment Payment on the terminated High Geared Instalments and the Reset Payment on the remaining High Geared Instalments. Any excess is then refunded to the Holder, provided that such refund is greater than \$20. If the Market Value of the Underlying Entities' Shares of the Holder's remaining High Geared Instalments is less than \$500 on the Reset Date, the Issuer may notify the Holder that it intends to terminate the Holder's remaining High Geared Instalments and the remaining High Geared Instalments will be included in the number of terminated High Geared Instalments.

b. No action required

If the Revised Loan Amount is greater than the prior Loan Amount by an amount equal to the sum of the Interest Amount plus the

Borrowing Fee for the next Reset Period, the Holder will not have to take any action as the Trustee will manage the Loan drawdown and payment of these amounts.

c. Complete your High Geared Instalment on a Reset Date

Holders may Complete their High Geared Instalments on any Reset Date by delivering a valid Instalment Payment Notice. Please see PDS Part 2 Section 2.10(iii) for more information.

iii. Complete your High Geared Instalments by making the Instalment Payment

If you want to Complete your High Geared Instalments and take delivery of the Underlying Entities' Shares on any Reset Date or on the Expiry Date you must:

- deliver a valid Instalment Payment Notice (which must include the details of any custodial or IDPS arrangements necessary or required to take delivery of the Underlying Entities' Shares as explained in PDS Part 1); and
- pay the Instalment Payment (together with any Transfer Taxes and Expenses and the Processing Fee),

to the Issuer at any time up until **5:00pm on the Business Day prior to the relevant Reset Date or the Expiry Date**. A Cap Payment may also be payable in the case of Cap High Geared Instalments.

The Instalment Payment will be adjusted on a Reset Date to reflect the Revised Loan Amount and may be higher than the Instalment Payment at the time of purchase of the High Geared Instalments. The amount of the Instalment Payment, the Processing Fee, Transfer Taxes (if any) and Expenses (if any) on a particular day can be obtained by calling RBS on 1800 450 005.

However, you must call RBS to find out these amounts at least two Business Days prior to submitting an Instalment Payment Notice for these amounts to apply to your Completion. Please note that Expenses can be up to 20% of the total amount payable before deduction of Expenses and that the Instalment Payment will be denominated in the same currency as the Underlying Entities' Shares.

Investors should be aware that RBS may accept or reject an Instalment Payment Notice in its absolute discretion.

If you lodge an Instalment Payment Notice and pay the Instalment Payment but fail to pay the Processing Fee, Transfer Taxes or Expenses (if any) you may be deemed to have lodged an Instalment Payment Notice in respect of the number of High Geared Instalments for which the payment accompanying the Instalment Payment Notice is sufficient to pay the Instalment Payment and the relevant Processing Fee, Transfer Taxes and Expenses. You will continue to hold the remaining High Geared Instalments.

Additional instructions if the Underlying Entities' Shares are foreign

Where the Underlying Entities' Shares are not denominated in Australian dollars and you do not want to pay the Instalment Payment to RBS in the currency in which the Underlying Entities' Shares are denominated, you must call RBS at least two Business Days prior to submitting the Instalment Payment Notice to confirm the Australian dollar amount equivalent to that Instalment Payment (calculated at the Exchange Rate) and you must pay that Australian dollar amount when you submit your Instalment Payment Notice.

Also, where the Underlying Entities' Shares are quoted on a Related Exchange that is not the ASX, you will be required to provide RBS with details of the custodial arrangements you have in place in order to take physical delivery of those Underlying Entities' Shares in your Instalment Payment Notice. If the Instalment Payment Notice does not contain this information it will be invalid and if the Holder does not take any further action prior to 5pm on the Expiry Date, that Holder will be treated in accordance with PDS Part 2 Section 2.11 "No action".

Where the Underlying Entities' Shares for a Series of High Geared Instalments are foreign Shares, Holders of High Geared Instalments in that Series who wish to take delivery of the Underlying Entities' Shares (and Complete their High Geared Instalments) by making the Instalment Payment to RBS may also be required to comply with certain restrictions applicable to the Underlying Entities' Shares or imposed by the Underlying Entity in relation to holding, investing in and dealing in, the Underlying Entities' Shares. See PDS Part 1 for more information.

Prior to Completing their High Geared Instalments, those Holders must contact the relevant Underlying Entity to confirm what restrictions, if any, apply at that time and what information, if any, the Underlying Entity needs to give effect to the delivery of the Underlying Entities' Shares on Completion. The Holder should do this as soon as possible following receipt of the Reminder Notice, to minimise any delay in the lodgment of an Instalment Payment Notice.

If you are required to provide details of your custodial arrangements, but your Instalment Payment Notice does not contain the details of the custodial arrangements you have put in place to receive physical delivery of the Underlying Entities' Shares, your Instalment Payment Notice will be invalid and will not be processed by RBS. Additionally, where PDS Part 1 sets out some additional requirements for an Instalment Payment Notice for a particular Series of High Geared Instalments, if these requirements are not met then that Instalment Payment Notice will be invalid and will not be processed by RBS. If the Instalment Payment Notice is invalid and the Holder does not take any further action prior to 5pm on the Expiry Date, that Holder will be treated in accordance with PDS Part 2 Section 2.11 "No action".

Additional instructions if the High Geared Instalments are Cap High Geared Instalments

Where a Holder of a Cap High Geared Instalment lodges an Instalment Payment Notice, the Cap Payment will be paid by the proceeds of sale by the Issuer of a number of Underlying Entities' Shares or Cap High Geared Instalments unless the Holder contacts RBS to pay the Cap Payment by cheque, as explained in PDS Part 2 Section 2.8.

Step-by-step Instructions to complete your High Geared Instalments

- if the Underlying Entities' Shares are quoted on a Related Exchange that is not the ASX, arrange for the necessary custodial arrangements to be put in place to receive physical delivery of the relevant Underlying Entities' Shares,
- where the Underlying Entities' Shares are foreign Shares, contact the Underlying Entity to confirm what restrictions, if any, apply at that time in relation to holding, investing in and dealing in those Shares (including whether you need to have an IDPS or an IDPS like scheme arrangement in place to hold the Underlying Entities' Shares on Completion: see PDS Part 1), and what information, if any, the Underlying Entity needs

to give effect to the delivery of the Underlying Entities' Shares on Completion,

- where the Underlying Entities' Shares are not denominated in Australian dollars and you do not want to pay the Instalment Payment to RBS in the currency in which the Underlying Entities' Shares are denominated, call RBS at least two Business Days prior to submitting the Instalment Payment Notice to confirm the Australian dollar amount payable when you submit your Instalment Payment Notice,
- complete your Instalment Payment Notice (a copy is attached at the back of this PDS Part 2, in Section 11). In particular, ensure that you tick the relevant box in Part D of the Instalment Payment Notice and include the details of your custodial or IDPS arrangements for receiving delivery of the Underlying Entities' Shares where this is required,
- you must lodge a valid Instalment Payment Notice with RBS, accompanied by payment, for the aggregate Instalment Payments (which is the aggregate of, for each Series of High Geared Instalments you are Completing, the Instalment Payment multiplied by the number of High Geared Instalments in that Series you are Completing) plus any Processing Fee, Transfer Taxes and Expenses (or, where the Underlying Entities' Shares are not denominated in Australian dollars, the Australian dollar equivalent of this amount, confirmed by RBS at least 2 Business Days earlier),
- you may provide a cheque in favour of The Royal Bank of Scotland plc and send this to the address shown on the top of the Instalment Payment Notice or use direct credit or BPay. Alternatively, you may pay by direct debit by completing a Direct Debit Request in the form attached to PDS Part 2. Please also attach a copy of your current driver's licence if you wish to utilise the direct debit facility,
- where your High Geared Instalments are Cap High Geared Instalments, you must decide whether to pay any Cap Payment by cheque or out of the proceeds of sale of Underlying Entities' Shares or Cap High Geared Instalments, as explained in PDS Part 2 Section 2.8. If you want to pay any Cap Payment by cheque you need to advise RBS by 5.00pm on the 5th Business Day before the applicable Reset Date or Expiry Date and deliver the cheque to RBS by 5pm on the Business Day following the Reset Date or Expiry Date,
- the Instalment Payment Notice, once given to RBS, cannot be revoked; and
- if RBS accepts your Instalment Payment Notice, you will then receive one Underlying Entities' Share for every High Geared Instalment Completed (subject to any adjustments).

Please note that an Instalment Payment Notice will only be valid if it is given by the Holder to RBS and, if RBS accepts it, the proceeds are cleared and received by RBS within five Business Days after receipt by RBS.

If a Holder delivers to the Issuer an Instalment Payment Notice electing to make the Instalment Payment that is not valid, the Issuer may in its absolute discretion either deem the Holder to have elected to exercise their Put Option on that Reset Date or Expiry Date or exercise its Security Interest in relation to the Underlying Entities' Shares and apply the proceeds of sale in accordance with the Priority Order.

You should be aware that your ability to receive the Underlying Entities' Shares on making the Instalment Payment is subject to various requirements of the relevant Underlying Entities, including the additional requirements identified above and minimum holdings of Shares. You should also note that where the number of Underlying Entities' Shares you would hold following the transfer to you of the Underlying Entities' Shares relating to your Instalment Payment Notice is less than the minimum holding levels required of investors by the Underlying Entity, RBS may either treat your Instalment Payment Notice as:

- relating to such number of High Geared Instalments as is necessary to satisfy such minimum holding levels,
- relating to all your High Geared Instalments,
- relating to such number of High Geared Instalments equal to the number of the Underlying Entities' Shares the Trustee is able to transfer to you; or
- invalid.

iv. Exercise the Put Option

If the Holder delivers to the Issuer a valid and completed Put Option Notice (or is deemed to have done so under the Trust Deed) and so exercises the Put Option, the Trustee will dispose of the Underlying Entities' Shares at the market price applicable at the time of sale.

The Holder's Cash Entitlement will be paid to the Holder on the Settlement Date. The Holder's Cash Entitlement is calculated as the price of the Underlying Parcel calculated at Closing Time on the Trading Day immediately following: (i) the day that the Put Option Notice is delivered to the Issuer; or (ii) the applicable Reset Date or the Expiry Date; or (iii) on or about the date the Holder is deemed to exercise the Put Option (as applicable):

- less, in the case of Cap High Geared Instalments, the Cap Payment (if any),
- less the Instalment Payment,
- less any costs, expenses, liabilities and/or, Taxes reasonably incurred (directly or indirectly) by the Issuer acting in a commercially reasonable manner as a result of the exercise by the Holder of the Put Option or the sale of the Underlying Entities' Shares by the Issuer; and
- less the Processing Fee.

If, in relation to a Reset Date or the Expiry Date, a Holder submits an Instalment Payment Notice that is invalid, (see Section 2.4 for circumstances where an Instalment Payment Notice will be invalid), the Issuer may determine, in its absolute discretion whether:

- the Holder will be deemed to have elected to exercise their Put Option on the date 5 Business Days after that Reset Date or Expiry Date; or
- the Issuer will exercise its Security Interest over the Underlying Entities Shares.

The Put Option must be exercised in relation to the Holder's entire holding in a Series. If the Holder exercises their Put Options over only a portion of their High Geared Instalments in a Series, the Holder is deemed to have exercised all of its Put Options in respect of High Geared Instalments in that Series.

v. Convert your existing High Geared Instalments to a new Series of High Geared Instalments

You may convert or roll over your expiring High Geared Instalments into a new Series of High Geared Instalments on the Expiry Date, provided that a new series is available over the same Underlying Entities' Shares.

If you are a Superannuation Entity you should confirm whether such a conversion might contravene the SIS Investment Rules. Given the serious ramifications that a breach could have for a Superannuation Entity (including the loss of the entity's concessional tax status) Superannuation Entities should obtain their own advice before converting their expiring High Geared Instalments.

There is no guarantee that RBS will accept a conversion application made by a Superannuation Entity and RBS may accept or reject any Application in its absolute discretion.

2.11 No action on the Expiry Date

If you do not sell your High Geared Instalment, exercise the Put Option, lodge an Instalment Payment Notice or convert into a new series of High Geared Instalments by **5:00pm on the Expiry Date**, RBS will direct the Trustee to sell the Underlying Entities' Shares by exercising its rights under the Security Interest. The Security Interest will be discharged, your High Geared Instalments will be cancelled on the sale of the Underlying Entities' Shares and you will receive an Assessed Value Payment calculated as:

$90\% \times (\text{VWAP} - \text{Instalment Payment} - \text{Cap Payment, if applicable}) / \text{Exchange Rate}$

where VWAP is the arithmetic average of the daily volume weighted average price of the Underlying Entities' Share price over the five Trading Days following the Expiry Date (excluding special, late and overseas trades).

Investors should note that the Underlying Entities' Share price, in the last two hours of trading on the Expiry Date, must be greater than the sum of the Instalment Payment and any applicable Cap Amount by at least 5% of the Loan Amount for there to be any Assessed Value Payment payable to a Holder at all.

You will be paid the Assessed Value Payment (if any) within ten Business Days after the Expiry Date.

Liquidated damages payment

If RBS fails to meet its obligations following the lodgment of a valid Instalment Payment Notice by the Holder in accordance with this PDS, RBS must, if required in writing by the Holder, pay the Holder a liquidated damages payment, in the amount and time determined in accordance with the principles of paragraph 10.12 of Schedule 10 to the ASX Operating Rules, as amended or substituted from time to time.

The Holder and RBS acknowledge to each other that the amount of damages calculated under this clause is a genuine pre-estimate of the damage that the Holder would suffer from the failure of RBS to perform its obligations. On the Holder's receipt of a notice pursuant to paragraph 10.12 of Schedule 10 to the ASX Operating Rules (where the Underlying Entities' Shares are Listed Shares) RBS is relieved of its obligations to transfer the Underlying Entities' Shares

If and when the High Geared Instalments are admitted to trading status, on the ASX to the Holder following the Holder making the Instalment Payment and its only obligation is to make the liquidated damages payment described in this section.

On payment of the liquidated damages payment in accordance with the above, the Holder's Beneficial Interest is transferred to the Issuer, the High Geared Instalment ceases to exist and RBS and Trustee have no further obligations to the Holder in respect of the High Geared Instalment.

For further details in relation to the liquidated damages payment, please refer to Clause 14 of the Trust Deed, in PDS Part 2 Section 9.

2.12 Secondary market pricing

If and when the High Geared Instalments are admitted to trading status, the secondary market prices of the High Geared Instalments on the ASX are available through channels where ASX market prices are usually quoted online, through your broker or in newspapers and other news services. These prices will vary from day to day, primarily according to the price of the Underlying Entities' Shares.

Secondary trading of the High Geared Instalments on the ASX is subject to the deferred settlement arrangements specified in PDS Part 2 Section 4.2(dd) "Deferred Settlement".

2.13 Market Making and Buy-Back

RBS (through its broker or their nominee) will maintain a reasonable bid and volume on ASX for each Series of High Geared Instalments in accordance with RBS's obligations under the ASX Operating Rules, Procedures, Schedules and guidance.

RBS (through its broker or their nominee) reserves the right to cease making a bid for any High Geared Instalments if there is a Market Disruption Event or Hedging Disruption Event. RBS (through its broker or their nominee) will continue to cease providing a bid price on ASX until such time that the condition(s) described above terminate. RBS will make an announcement on ASX and post a notice on its website shortly after this initially occurs and separately when the normal market recommences after the Market Disruption Event or Hedging Disruption Event ceases.

RBS (whether through its broker or otherwise) reserves the right to buy-back High Geared Instalments and to resell any High Geared Instalments bought back. RBS may cancel any High Geared Instalments bought back.

Investors should be aware that there is no firm indication as to how the High Geared Instalments will trade in the secondary market, nor is there sufficient evidence as to whether the market will be liquid or illiquid. Investors are warned that the price of the High Geared Instalments may fall in value as rapidly as it may rise and that the High Geared Instalments may become significantly less valuable over their term. Accordingly, Holders may lose some, or all, of the purchase price paid for the High Geared Instalments. There is also no guarantee that the High Geared Instalments will be admitted to trading status on the ASX.

2.14 Extraordinary Events and Adjustment Events

If an Adjustment Event has occurred the Issuer can, with the consent of ASX, make adjustments to the High Geared Instalments or delay or suspend any calculations. In addition, the Issuer has the ability to nominate an Early Expiry Date only upon the occurrence of an Extraordinary Event.

For more details please read PDS Part 2 Section 8.1 "Extraordinary Events and Early Expiry" and clauses 10, 15 and 16 of the Trust Deed in PDS Part 2 Section 9.

2.15 Early Expiry Date

RBS has the power, acting in good faith and in a commercially reasonable manner, to nominate an Early Expiry Date at any time before the scheduled Expiry Date upon the occurrence of an Extraordinary Event. The Loan Amount becomes immediately repayable on the Early Expiry Date and if you fail to repay the Loan Amount by this time, RBS will exercise its rights under the Security Interest to sell the Underlying Entities' Shares, provide you with an Assessed Value Payment (if any) and terminate your High Geared Instalments.

For further details, please refer to clauses 15 and 16 of the Trust Deed in PDS Part 2 Section 9.

2.16 Issue Size

The Summary Table identifies for each Series the indicative issue size for the Series.

For each Series, RBS may determine a maximum number of High Geared Instalments it may issue.

2.17 Adjustments

The following events will trigger an adjustment to the composition of Underlying Entities' Shares:

a. Reconstruction of capital

Where there is a subdivision or consolidation of the Underlying Entities' Shares, the securities issued in substitution for the Underlying Entities' Shares may be included in the High Geared Instalment. In such circumstances, the number of High Geared Instalments on issue may also adjust appropriately.

b. Return of capital

If the Underlying Entity reduces its share capital without making any capital distribution to shareholders and without cancelling any of the Underlying Entities' Shares, RBS will have no obligation as a consequence and the High Geared Instalment shall remain unchanged following the reduction of capital.

On a pro rata reduction of capital, the cash amount paid or the proceeds of sale of the securities distributed by the Underlying Entity will be reinvested in Underlying Entities' Shares in a whole number per High Geared Instalment, and acquired, where relevant on the Related Exchange or from the Underlying Entity, and included in the High Geared Instalment. If the reduction of capital involves the cancellation of Underlying Entities' Shares, the High Geared

Instalment excludes the cancelled Underlying Entities' Shares and any cash distribution will be reinvested in Underlying Entities' Shares, in a whole number per High Geared Instalment. Any excess cash in either instance will be included in the High Geared Instalment and applied in partial discharge of the Loan Amount.

c. Rights Issue

On a rights issue in respect of any Underlying Entities' Shares, no action need be taken by the Trustee to respond to the offer or to dispose of the entitlement. However, reasonable action may be taken to confer a benefit on Holders arising from the rights issue.

d. General provisions relating to certain Adjustment Events

The Trustee may, with ASX consent, alter the effect of the provisions of the Trust Deed relating to:

- Bonus issues,
- Rights issues,
- Reconstructions of capital,
- Reconstruction of High Geared Instalments,
- Reduction of capital; and
- Buy-backs,

so as to provide for the effect of any Adjustment Event taken by the Underlying Entity in respect of Underlying Entities' Shares comprising the High Geared Instalment, where in the Trustee's opinion, the interest of Holders are not materially prejudiced.

3. Frequently asked questions

a. Who should invest in High Geared Instalments?

Cap High Geared Instalments may be suitable for Applicants who have a moderate view on the Underlying Entities' Shares and want to obtain a significantly leveraged return from any price movement in the Underlying Entities' Shares, subject to the Cap.

High Geared Instalments that are not Cap High Geared Instalments may be suitable for Applicants who have a strong positive view on the Underlying Entities' Shares and want to obtain a significantly leveraged return from any price movement in the Underlying Entities' Shares, without being subject to the Cap.

High Geared Instalments will not suit potential investors who do not want to accept the risks associated with significant leverage.

Cap High Geared Instalments will not suit potential investors who do not wish to cap their appreciation in the price of the Underlying Entities' Shares over each Reset Period to the Cap Amount.

All potential investors should refer to PDS Part 2 Section 4.2 "What are the risk factors when investing in a High Geared Instalment?" for other information about the risks of investing in a High Geared Instalment.

Superannuation entities, such as Regulated Superannuation Funds (including SMSFs), approved deposit funds and pooled superannuation trusts are subject to the SIS Investment Rules including restrictions on borrowing.

Under the SIS Investment Rules, a Superannuation Trustee of a Regulated Superannuation Fund is permitted to borrow money under an arrangement that satisfies the following requirements ("**Borrowing Requirements**"):

- the borrowing is used to acquire an asset that is held on trust so that the Superannuation Trustee receives a beneficial interest and a right to acquire the legal ownership of the asset (or any replacement) through the payment of instalments,
- the issuer's recourse against the Superannuation Trustee in the event of default on the borrowing and related fees, or the exercise of rights (typically a put option) by the Superannuation Trustee, is limited to rights relating to the asset at the time of the action. These rights may include taking possession of, or disposing of, the asset; and
- the asset (or any replacement) must be one which the Superannuation Trustee is permitted to acquire and hold directly. The other applicable SIS Investment Rules, such as those on in-house assets and acquiring certain assets from a related party of the Superannuation Entity, continue to apply.

In its Taxpayer Alert 2008/5, the ATO stated it was considering whether arrangements that involve the capitalisation of interest on a

loan fail to satisfy the SIS Investment Rules regarding borrowing. In a subsequent Q&A, the ATO has stated that its concerns regarding capitalisation in Taxpayer Alert 2008/5 do not apply to commercially issued instalment warrant products where interest obligations may be met by further draw-downs of loan amounts. The Q&A indicates that such arrangements will satisfy the SIS Investment Rules regarding borrowings if the amounts capitalised are costs of the original borrowing (e.g. interest/charges directly incurred under the borrowing) and the borrowing otherwise complies with the SIS Investment Rules.

An investment in a related trust forming part of an instalment warrant arrangement, which meets the Borrowing Requirements, will only be an in-house asset (for the purposes of the SIS Investment Rules) if the underlying asset would itself be an in-house asset of the Superannuation Entity if it were held directly. Superannuation Entities investing in instalment warrants must comply with all other applicable SIS Investment Rules and the Superannuation Trustee must ensure all investments (including instalment warrants) comply with their investment strategy.

If you are a Superannuation Entity you should confirm whether an investment in High Geared Instalments is suitable for you and permitted under the SIS Investment Rules. Given the serious ramifications that a breach could have for a Superannuation Entity (including the loss of the entity's concessional tax status) Superannuation Entities should obtain their own advice before applying for High Geared Instalments. There is no guarantee that RBS will accept an Application made by a Superannuation Entity and RBS may accept or reject any Application in its absolute discretion. High Geared Instalments should be considered as derivatives. Accordingly, Superannuation Trustees of Regulated Superannuation Funds will need to comply with their derivatives risk statement when investing.

Superannuation Trustees should seek their own advice as to whether High Geared Instalments are an appropriate investment for their Superannuation Entity.

b. Will I be obliged to pay the Instalment Payment?

No. Instead of paying the Instalment Payment you may exercise your Put Option or simply let the High Geared Instalments expire without taking any action. This is the case even if the price of the Underlying Entities' Shares is less than the Instalment Payment. If you let your High Geared Instalment expire without taking any action on the Expiry Date, you will receive an Assessed Value Payment, calculated as explained in PDS Part 2 Section 2.11 "No action" which may be less than the value of your investment if you had paid the Instalment Payment and Completed the acquisition of the Underlying Entities' Shares or exercised your Put Option.

Please also refer to PDS Part 2 Section 2.10 “Alternatives on or before the Expiry Date” for more information. If you lodge an Instalment Payment Notice and you then fail to pay the Instalment Payment, your investment in High Geared Instalments may be terminated, as explained in PDS Part 2 Section 2.10(iii).

c. How do I find out about the value and other information about the Underlying Entities’ Shares?

Information about an Underlying Entity may be obtained from the relevant Underlying Entity’s website and the website of the Related Exchange on which it is listed, and the prospectuses, product disclosure statements or other offer documents and the constituent documents of the respective Underlying Entity. Applicants may obtain a copy of these documents by contacting the respective Underlying Entities. In relation to any Underlying Entities’ Share that is quoted on a Related Exchange that is not the ASX, the Related Exchange website and (in some circumstances) the Underlying Entity’s website are identified in PDS Part 1. Your licensed financial adviser may also provide you with further information or research on the Underlying Entities. See PDS Part 2 Section 8.5 “Description of Underlying Entities” for further information.

You can find out the price of and information about the Underlying Entities’ Shares through various news providers either in newspapers or online. Share prices are published on the Related Exchange’s website for Listed Shares.

Holders may also be able to access real time quotes through their broker either online or by contacting their broker directly.

d. Can I sell my High Geared Instalments prior to the Expiry Date?

Yes. You can sell your holding of High Geared Instalments on the ASX via a stockbroker or financial adviser from the date the High Geared Instalments are admitted to trading status on the ASX up until the close of trading on the Expiry Date. There is no guarantee that the High Geared Instalments will be admitted to trading status on the ASX. Please refer also to PDS Part 2 Section 4.2(f) “Illiquidity risk of High Geared Instalments”.

If you wish to sell you must contact your stockbroker or financial adviser and instruct for your holding of High Geared Instalments to be sold on market. This must be done before the close of trading on the Expiry Date of your High Geared Instalments.

Once your holding of High Geared Instalments has been sold on ASX, you will receive payment from your stockbroker or financial adviser equal to the High Geared Instalments’ market value (less brokerage fees).

e. What documentation do I receive relating to my High Geared Instalments?

Within ten Business Days of purchasing High Geared Instalments directly from RBS, you will receive a welcome letter summarising the details of the transaction and providing a breakdown of the pricing components of the High Geared Instalment.

Following the end of month of purchase, you will receive a CHES holding statement (if a broker sponsored Holding) or an issuer sponsored statement (if an issuer sponsored Holding) showing the movement of High Geared Instalments on the Register. You will also be sent a statement following the end of the month if there are any further movements on or off the Register.

Following the payment of a Distribution by the Underlying Entities’ Shares to the Trustee, the Registrar will send a statement to the Holder advising the amount of the cash Distribution either:

- to be paid to the Holder; or
- to be applied towards the Instalment Payment,

as specified in the Summary Table in PDS Part 1, and also details of the franking credits (if any) in relation to the Distribution paid.

In the case of High Geared Instalments where Distributions are to be paid to the Holder, once payment of this Distribution is received by the Trustee, Holders will ordinarily receive a cheque from the Trustee for the amount of the Distribution paid (unless a different payment method is agreed between the Issuer, Trustee, Holder and Registrar).

Between 20 and 30 Business Days before the Expiry Date of the High Geared Instalments, you will receive an expiry notification letter outlining your options before or on the Expiry Date.

f. Can the Underlying Entities’ Shares or Instalment Payment change?

The Instalment Payment will change on each Reset Date to reflect the Revised Loan Amount. Please refer to PDS Part 2 Section 2.10 “What happens at each Reset Date?”.

In addition, the Underlying Entities’ Shares, Instalment Payment, Cap, Loan Amount and Interest Rate can change if there is an Adjustment Event such as:

- a subdivision, consolidation or reclassification of an Underlying Entities’ Share,
- bonus or rights issue, a cash return of capital involving a buy-back,
- withdrawal offer for Underlying Entities’ Shares,
- compulsory redemption or cancellation of Underlying Entities’ Shares,
- Compulsory Acquisition, for example following a Takeover Bid or scheme of arrangement,
- an index related to the Underlying Entities’ Shares being suspended, ceasing to be published, calculated or announced, being replaced or materially changed or modified, or a suspension from trading of the index constituents,
- a Force Majeure Event or a Change in Law (which includes a material increase in the Issuer’s cost in performing its obligations),
- disruption or changes to the Issuer’s hedging arrangements,
- trading in the Underlying Entity being suspended or restricted, or the issuer of the Underlying Entities’ Shares or its manager becoming insolvent or bankrupt,
- material information about the Underlying Entity or a related index is not available or published; or
- other similar events.

The Instalment Payment will also be adjusted where Distributions are applied to reduce the Loan Amount. The Instalment Payment will not be adjusted where Distributions are paid to the Holder.

For additional information, please refer to PDS Part 2 Section 3(g) “Will I be entitled to Distributions during the Investment Term?” and PDS Part 2 Section 8.2 “Adjustment Events”.

If the Underlying Entities’ Shares or the Instalment Payment change, adjustments will be made in accordance with the Trust Deed, and the new Instalment Payment will be announced by RBS via the ASX company announcement platform (assuming that the High Geared Instalments have been admitted to trading status on the ASX) and on our website at www.rbs.com/warrants before trading opens on the ASX, each Trading Day.

g. Will I be entitled to Distributions during the Investment Term?

During the Investment Term, if a Distribution is paid on an Underlying Entities’ Share, that Distribution will generally be either:

- paid to Holders; or
- applied by RBS to reduce the Loan Amount,

as specified in the Summary Table in PDS Part 1 (please refer to PDS Part 2 Section 4.2(s) “Tax risk”).

Where the Distribution is applied by RBS to reduce the Loan Amount, the reduction in the Loan Amount will be determined on the Distribution Ex-Date and (assuming that the High Geared Instalments have been admitted to trading status on the ASX) will be reflected in the Instalment Payment quoted on ASX from that date. The reduction of the Loan Amount will take effect at the Distribution Record Time and the Holder at that time will be separately obliged to pay the amount of the reduction to the Issuer out of the Distribution upon receipt by the Trustee.

Transactions to sell High Geared Instalments on ASX which are entered into on or after the Distribution Ex-Date will not settle before the relevant Distribution Record Time because settlement of transactions on the ASX currently takes place on a T+3 basis. This means that:

- in relation to High Geared Instalments for which Distributions are paid to the Holder:
 - where a Holder enters into a transaction on the Distribution Ex-Date to sell High Geared Instalments on ASX, when that transfer settles, the Transferor will be entitled to receive the announced Distribution and the Transferee will not be entitled to receive the announced Distribution; but
 - where a Holder enters into a transaction before the Distribution Ex-Date to sell High Geared Instalments on ASX, when that transfer settles, the Transferee will be entitled to receive the announced Distribution and the Transferor will not be entitled to receive the announced Distribution; and
- in relation to High Geared Instalments for which Distributions are applied to reduce the Loan Amount:
 - where a Holder enters into a transaction on the Distribution Ex-Date to sell High Geared Instalments on ASX, when that transfer settles, the Loan Amount will have been reduced by the amount of the announced Distribution; but
 - where a Holder enters into a transaction before the Distribution Ex-Date to sell High Geared Instalments on ASX, when that transfer settles, the Loan Amount will not have been reduced by the amount of the announced Distribution.

h. Do I have any rights in relation to the Underlying Entities?

High Geared Instalments are not the same as the Underlying Entities’ Shares, which trade separately on a Related Exchange. The returns from High Geared Instalments will differ from the returns of the Underlying Entities’ Shares. High Geared Instalments are leveraged investments and the returns from them will be more volatile than the returns from the Underlying Entities’ Shares. This means that:

- the risks of the investment may be greater than an investment of the same amount in the Underlying Entities’ Shares,
- the price of the High Geared Instalments is likely to vary more (in percentage terms) than the price of the Underlying Entities’ Shares; and
- Holders may either lose a portion, or all of, their investment.

The Holder of a High Geared Instalment will be registered as the legal owner of the High Geared Instalment. However, the Underlying Entities’ Shares will be registered in the name of the Trustee, who will hold the Underlying Entities’ Shares on behalf of, and with the Beneficial Interest belonging to, the Holder. The Holder’s entitlement to the Underlying Entities’ Shares is subject to the Security Interest in favour of the Issuer.

Some significant differences between investments in High Geared Instalments and the Underlying Entities’ Shares that investors should be aware of include, but are not limited to, the restriction that Holders:

- will not be able to participate in the Underlying Entity’s distribution re-investment plans,
- will not receive notice of or be able to participate in: (a) the Underlying Entity’s annual general meetings; or (b) the exercise of any voting rights in relation to the Underlying Entities’ Shares,
- will not receive the Underlying Entity’s annual reports or financial statements,
- will not be able to participate in off market buy-backs or non-renounceable rights issues; and
- will not be able to participate in or accept Takeover Bids or other similar Corporate Action or Adjustment Event elections.

You should also refer to the relevant prospectus, product disclosure statement or other offer document of the relevant Underlying Entity for more information about the Underlying Entity, and the risks and any fees which relate to the Underlying Entities’ Shares (for example, management fees charged by a trustee or manager in relation to the Underlying Entity). For more information, please refer to PDS Part 2 Section 4.2 “What are the risk factors when investing in a High Geared Instalment?”.

i. When will the Security Interest be enforced?

RBS may exercise its Security Interest if a Holder:

- i. does not give a valid Instalment Payment Notice and pay the Instalment Payment or exercise the Put Option, and pay the amount of the Processing Fee, Transfer Taxes and Expenses (if any) before 5pm on the Business Day prior to the Expiry Date,
- ii. does not pay the Loan Amount on an Early Expiry Date nominated by the Issuer,
- iii. is liable to pay any other amount, including a Withholding Tax, Transfer Taxes or Expenses to the Issuer,

- iv. a Holder defaults under the Terms in any way whatsoever; or
- v. otherwise as allowed under the Terms or in this PDS.

If RBS exercises its Security Interest, then RBS (or Trustee as RBS's nominee) is entitled to exercise a power of sale under the Security Interest and apply the proceeds in accordance with the Trust Deed, appoint Receivers and do anything a Receiver can do.

In the case of (i) and (ii) only, an Assessed Value Payment will be paid by RBS to the Holder. Please see clause 20 of the Trust Deed in PDS Part 2 Section 9 for further details.

j. How do I obtain information on my Holdings and Distributions?

You may contact the Registrar, Link Market Services Ltd on 1300 733 794 for information on your High Geared Instalment holdings. You may also visit www.linkmarketservices.com.au for immediate online access.

k. What if I have a complaint?

If you have a complaint, you can contact RBS in the first instance. If the matter is not resolved to your satisfaction, RBS has an external dispute resolution process. Please refer to PDS Part 2 Section 8.12 "Complaints and enquiries" for further information.

4. Benefits & Risks

This PDS Part 2 Section 4.1 sets out the benefits of investment in the High Geared Instalments. You should also read PDS Part 2 Section 4.2 for information on the risks associated with investing in the High Geared Instalments.

4.1 What are the benefits of High Geared Instalments?

a. Access

High Geared Instalments provide you with exposure to a variety of international and Australian shares, indices and other Underlying Entities' Shares (identified in the Summary Table). In the case of Cap High Geared Instalments, your exposure to any appreciation in the price of the Underlying Entities' Shares will be limited to the Cap Amount.

b. A limited recourse Loan

High Geared Instalments include a limited recourse Loan which means that you are not obliged to pay the Instalment Payment. On the Issue Date, the Loan Amount will be between 70% and 100% of the Underlying Entities' Share price plus, if the Summary Table specifies that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee for the Underlying Entities' Shares.

c. Reset Feature

On each Reset Date, the Loan will be reset.

If the Holder wishes to continue their investment, the Holder must pay any Reset Payment payable or the Issuer will sell a number of Underlying Entities' Shares or High Geared Instalments sufficient to pay the Reset Payment and terminate the High Geared Instalments whose Underlying Parcels have been sold.

d. Holder's Cash Entitlement

High Geared Instalments include a Put Option which the Holder may exercise on any Reset Date or on the Expiry Date. On exercise of the Put Option, the Holder is entitled to the Holders' Cash Entitlement. See PDS Part 2 Section 2.10(iv) "Exercise the Put Option" for more information about the Put Option and the calculation of the Holder's Cash Entitlement.

e. Physical Delivery

High Geared Instalments give Holders the right to complete the High Geared Instalment on each Reset Date or on the Expiry Date and receive the Underlying Entities' Shares subject to the Cap

Payment (if any), provided the Holder has the necessary custodial arrangements in place to receive physical delivery.

f. Distributions

Holders of High Geared Instalments have the beneficial ownership of the Underlying Entities' Shares and are entitled to any Distributions, including franking credits (if any), paid on the Underlying Entities' Shares during the Investment Term, even though the Holder does not pay the full price of the Underlying Entities' Shares upfront.

Distributions will generally be either:

- paid to the Holder; or
- applied by RBS to reduce the Loan Amount,

as specified in the Summary Table in PDS Part 1 (please refer to PDS Part 2 Section 3(g) "Will I be entitled to Distributions during the Investment Term?" and PDS Part 2 Section 4.2(s) "Tax risk"). See also PDS Part 2 Section 5.2 for more information about the Forecast Distribution Fee.

g. Leveraged exposure to the Underlying Entities' Shares

High Geared Instalments enable you to benefit from any growth in the price of the Underlying Entities' Shares during the Investment Term, subject to the Cap Amount in the case of Cap High Geared Instalments.

Because the First Payment to acquire High Geared Instalments offered under this PDS is less than the price of the Underlying Entities' Shares, you can reduce your initial capital outlay to hold an interest in the same number of Underlying Entities' Shares or increase your equity exposure when spending the same amount of money upfront.

h. Tax consequences

i. Deductibility of the Interest Amount for income tax purposes

Holders may be able to claim income tax deductions for all or part of the Interest Amount incurred for the time the High Geared Instalment is held.

ii. Franked Distributions

Franked Distributions may be received in respect of many of the Underlying Entities' Shares, meaning that company tax currently at 30% has been paid on the profits from which the Distribution has been paid prior to Underlying Entities' Shareholders receiving it. As a result, the Underlying Entities' Shareholders (and hence Holders) may be entitled to a tax offset in the form of franking credits (if any). This depends on several factors including the tax circumstances of the Holder.

This is discussed in greater detail in PDS Part 2 Section 7 “Income Tax considerations”.

i. Other benefits

Other benefits of the High Geared Instalments include:

- less upfront cost to diversify your investment portfolio, compared to acquiring a direct holding of Underlying Entities’ Shares,
- no minimum amount when purchasing from a Holder of the High Geared Instalments on the ASX (assuming that the High Geared Instalments have been admitted to trading status on the ASX) but a Minimum Application Amount when applying directly to RBS,
- no intrusive personal credit checks, compared to some other sources of leverage such as margin loans; and
- no margin calls.

4.2 What are the risk factors when investing in a High Geared Instalment?

Investing in High Geared Instalments involves a degree of risk. The leverage provided by investing in High Geared Instalments (via the Loan Amount) means that the risks of investment are far greater than in the case of an investment of the same amount in the Underlying Entities’ Shares. This PDS Part 2 Section 4.2 is a summary of the key risks, but by its nature it cannot identify all of the relevant considerations that may be a risk for individual potential Holders, and is not a substitute for independent advice. Potential Holders should ensure that they understand fully all of the risks involved in holding the High Geared Instalments. **RBS recommends that potential Holders obtain independent financial advice regarding these risks before purchasing the High Geared Instalments.**

High Geared Instalments are speculative and potential Holders should be aware that the overall return on the High Geared Instalments:

- may be zero and Holders may lose all of the purchase price paid for the High Geared Instalment; and
- may be less than the return Holders could earn on other investments.

Investors are warned that the value of the High Geared Instalments may fall and that the High Geared Instalments may become significantly less valuable over their Investment Term. Accordingly, Holders may lose some or all of the purchase price paid for the High Geared Instalments.

a. Risk associated with taking no action before or on an Expiry Date

If you do not sell your High Geared Instalment, lodge a valid Instalment Payment Notice (by 5.00pm on the Business Day prior to the Expiry Date or Reset Date), exercise the Put Option or convert into a new series of High Geared Instalments by 5:00pm on the Expiry Date, RBS may direct the Trustee to sell the Underlying Entities’ Shares by exercising its rights under the Security Interest. The Security Interest will be discharged, your High Geared Instalments will be cancelled on the sale of the Underlying Entities’ Shares and you will receive an Assessed Value Payment.

The Assessed Value Payment may be less than your initial investment and may be less than the value of your investment if you had paid the

Instalment Payment and Completed the acquisition of the Underlying Entities’ Shares.

For more information in relation to the calculation of the Assessed Value Payment, please see PDS Part 2 Section 2.11 “No action”.

b. Risks of investing in High Geared Instalments compared to investing in the Underlying Entities’ Shares

Holding High Geared Instalments is not the same as holding the Underlying Entities’ Shares. The returns from High Geared Instalments will differ from the returns that would be gained if the Underlying Entities’ Shares were held directly. High Geared Instalments are leveraged investments and the returns from them will be more volatile than the returns from the Underlying Entities’ Shares. This means that:

- the risks of an investment in the High Geared Instalments are greater than a direct investment of the same amount in the Underlying Entities’ Shares,
- the price of the High Geared Instalments is likely to vary more (in percentage terms) than the price of the Underlying Entities’ Shares,
- Holders of Cap High Geared Instalments, will not be exposed to any appreciation in the price of the Underlying Entities’ Shares above the Cap Amount. In other words, a Cap High Geared Instalment Holder’s investment return is limited to the Cap Amount; and
- Holders may lose all of their investment if the Underlying Entities’ Share price falls below the Loan Amount. The initial Loan Amount may be greater than 100% of the Underlying Entities’ Share price on the Issue Date.

Some significant differences between investments in High Geared Instalments and the Underlying Entities’ Shares that investors should be aware of include, but are not limited to, the restrictions that Holders:

- will not be able to participate in the Underlying Entities’ Distribution reinvestment plans,
- will not receive notice of, or be able to participate in: (a), Shareholders’ meetings; or (b) the exercise of any voting rights in relation to the Underlying Entities’ Shares,
- will not receive the Underlying Entities’ annual reports or financial statements,
- in the case of Cap High Geared Instalments, will not be exposed to any appreciation in the price of the Underlying Entities’ Shares above the Cap Amount,
- will not be able to participate in any buy-backs or non-renounceable rights issues; and
- will not be able to participate in or accept Takeover Bids that do not proceed to Compulsory Acquisition.

A number of risks may exist and impact on a Holder of a High Geared Instalment as a result of Australian legislative regulation of investments. For example, the acquisition and Completion of a High Geared Instalment may have implications for Holders under the Foreign Acquisitions and Takeovers Act 1975 (Cth) and under Chapter 6 of the Corporations Act, in particular those provisions that relate to an acquisition by a person of shares or other securities that

would give rise to a relevant interest (as defined in the Corporations Act). Holders should obtain their own legal advice on these matters.

c. Jurisdiction risks in relation to foreign Underlying Entities' Shares

Rights in relation to Shares and the ability of a holder of Shares to enforce those rights vary from jurisdiction to jurisdiction. Holders should be aware that if they take delivery of Underlying Entities' Shares that are governed by the laws of a country other than Australia, the securities laws of the overseas jurisdiction of the Underlying Entity or the overseas Related Exchange will apply in relation to that holding, and those laws may be different to and may not offer the same levels of investor protection as Australian securities laws. Before you make a decision whether to take delivery of any foreign Underlying Entities' Shares, you should satisfy yourself in relation to how overseas securities laws may affect you.

It is a condition of your investment in High Geared Instalments that you have the necessary custodial arrangements in place before seeking to take delivery of the Underlying Entities' Shares. Please see PDS Part 1 for more information in relation to the Underlying Entities' Shares and where custodial or IDPS arrangements may be necessary for those Shares. Appointing a custodian in an overseas country may be time consuming and an inconvenience to you and you will incur and be responsible for the costs of your custodian.

d. Exchange Rate and foreign Underlying Entities' Shares risk

Holders should note that foreign currency risk applies in relation to the High Geared Instalments, which are denominated in Australian dollars, where the Underlying Entities' Shares and the Loan are denominated in an overseas currency.

Any currency conversions in relation to the High Geared Instalments will be made using the Exchange Rate, which is the rate of exchange between the Australian dollar and the currency in which the relevant Underlying Entities' Shares are denominated as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at the time of the currency exchange.

Fluctuations in the Exchange Rates from time to time may affect the Australian dollar value of the High Geared Instalments. The Issuer and the Trustee do not have and will not take out any hedging arrangements for you or on your behalf to hedge against any movements in the Exchange Rates.

Holders wishing to take delivery of any Underlying Entities' Shares which are foreign Shares must contact the relevant Underlying Entity before lodging an Instalment Payment Notice, to confirm whether any investment, dealing or holding restrictions apply at that time in relation to those Shares. It is a condition of investment in High Geared Instalments that Holders accept these restrictions and must have the necessary custodial arrangements in place to receive physical delivery of the Underlying Entities' Shares and provide details of these arrangements to RBS.

e. Risk of leveraged investments

High Geared Instalments are highly leveraged. Leverage magnifies losses as well as gains and the higher the leverage, the higher the Borrowing Fee and Interest Amount.

Holders receive greater exposure to the Underlying Entities' Shares while not paying the full purchase price for the Underlying Entities' Shares upfront. Leverage multiplies the effect of both increases and decreases in the value of the Underlying Entities' Shares on the value of the High Geared Instalments.

Investing in High Geared Instalments involves a much higher degree of risk than an investment in the corresponding Underlying Entities' Shares. The leverage provided by investing in High Geared Instalments (via the Loan) means that the risks of investment are greater than in the case of an investment of the same amount in Underlying Entities' Shares.

You can work out the gearing level (i.e. the amount by which your investment is leveraged) of your High Geared Instalments by taking the current Loan Amount and dividing it by the price of the Underlying Entities' Shares. The higher the leverage of your High Geared Instalments, the riskier your investment will be. It is possible for a High Geared Instalment to have leverage greater than 100% of the Underlying Entities' Share price.

As the Underlying Entities' Share price changes daily, the leverage level for the High Geared Instalment may change materially. As an example, assume that on the initial Issue Date for a Series the Underlying Entities' Share price is AUD1.8000 and the Loan Amount is AUD1.854, resulting in an initial leverage level of 103%. At the next Reset Date the Underlying Entities' Shares price has fallen in value to AUD1.3500 while the Loan Amount has remained at AUD1.854. This would mean that the leverage level of the High Geared Instalments increased to 137% ($1.854/1.3500 \times 100$).

Note: The amounts, levels and prices shown in the example above are provided for illustrative purposes only and are not an indication, projection or forecast of the amounts, levels or prices which may apply in the case of any series of High Geared Instalments. Actual amounts, levels and prices may be significantly different to those illustrated in the above example.

You can obtain the current Loan Amount for a Series online at www.rbs.com.au/markets or at the ASX website (provided that the High Geared Instalments have been admitted to trading status on the ASX). You should consider the risks of leverage and seek independent financial advice prior to investing in High Geared Instalments.

f. Illiquidity risk of High Geared Instalments

If High Geared Instalments have been admitted to trading status on the ASX, trading and transfers of High Geared Instalments will be effected through ASX Trade through the parties' brokers or through CHESS in accordance with the Corporations Act, the ASX Operating Rules, ASX Clear Operating Rules, ASX Settlement Operating Rules and the Trust Deed.

Holders should be aware that there is no firm indication as to how the High Geared Instalments will trade in the secondary market nor is there sufficient evidence as to whether the market will be liquid or illiquid. A liquid market is generally one in which there is sufficient trading activity to satisfy both buyers and sellers. An illiquid market is generally one in which it is difficult to convert High Geared Instalments into cash with minimum loss. Accordingly, in an illiquid market there is a risk that Holders may not be able to sell their High Geared Instalments at a price they wish to. To ensure sufficient liquidity, RBS undertakes to the ASX that it will make a market by maintaining buy orders at market prices for the life of the High Geared Instalments. Please note, even though Holders can sell High Geared Instalments, they may still incur a loss on the sale price of their High Geared Instalments.

If RBS market making is the only source of liquidity in the secondary market, and RBS defaulted on that market making, then there would be no liquidity in the secondary market.

There are no spread or quantity obligations applied to the market making requirements. Market making activities will be subject to competitive pressures and in times of extreme volatility, the ability of market makers to maintain a market will be put under stress. Investors should be aware that in these situations, the presence of suitable quotes in the market cannot be assured.

g. Creditworthiness of RBS and counterparty risk

The value of the High Geared Instalments and the ability of the Holder to receive the legal interest in the Underlying Entities' Shares (e.g. following lodgement of a valid Instalment Payment Notice) or receive any Assessed Value Payment or any Holder's Cash Entitlement payment depends on, among other things, the ability of RBS to perform its obligations in accordance with the Trust Deed, though the Holder will continue to hold the Beneficial Interest in the Underlying Entities' Shares subject to the terms of the Trust Deed.

The obligations of RBS to the Holder under High Geared Instalments are unsecured. RBS may not be able to meet its obligations under the High Geared Instalment. The right to receive a payment following the Expiry Date is subject to the creditworthiness of the Issuer and investors should make their own assessment of this risk. In particular, investors should note that these obligations are unsecured obligations of RBS which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of RBS. In a winding up of RBS the Holder may not receive these amounts. While RBS is a company incorporated in Scotland, it has also registered as a foreign company with ASIC and it has an Australian registered office (which is provided in the Directory at the back of this PDS Part 2).

Financial information for the RBS Group is available at www.rbs.com.au/markets, and additional information can be located at www.investors.rbs.com, however, please note that no other RBS Group entity is guaranteeing the obligations of RBS in respect of the High Geared Instalments and therefore any financial information regarding other RBS Group entities is not directly relevant to your decision whether or not to invest in the High Geared Instalments. You should instead focus on the financial information relating to RBS itself and not the RBS Group.

A Holder takes the credit risk and counterparty risk that RBS will not be able to or will not continue to perform its obligations owed to Holders under this PDS. If RBS is not able to perform its obligations in a timely fashion and in accordance with the provisions of this PDS, it may detrimentally affect the value of the High Geared Instalments.

h. Risk factors affecting High Geared Instalments value

The value of High Geared Instalments will depend on a number of factors including the price of the relevant Underlying Entities' Shares, the volatility of the Underlying Entities' Shares, the time remaining to the Expiry Date, interest rates, foreign exchange rates and general risks applicable to stock markets on which the Underlying Entities' Shares, other Shares or the High Geared Instalments are traded.

Other events which may also affect trading values include delisting or suspension of Shares or a Takeover Bid (or foreign equivalent in the respective jurisdiction of the Underlying Entities' Shares).

The value a Holder will receive for the High Geared Instalment is dependent on the ability of the Issuer to meet its obligations under the Trust Deed (and early expiry of the High Geared Instalments). Should the Issuer fail to meet these obligations (or the High Geared Instalments expire early), the actual value received by the Holder may vary significantly from a fair value.

Holders should note that the Instalment Payment will also change if an Adjustment Event or Extraordinary Event occurs. Please refer to PDS Part 2 Sections 4.2(l) "Adjustment Events risk" and 4.2(m) "Extraordinary Events risk" for further details on Adjustment Events and Extraordinary Events.

i. Interest Rate rise risk

RBS determines, acting in good faith and a commercially reasonable manner, the Interest Rate and consequently the Interest Amount. In general, under normal market trading conditions, RBS expects the Interest Rate to reflect RBS' ability to obtain funding based on interest rate levels in the wholesale money market.

It is possible for RBS, acting in good faith and a commercially reasonable manner, to increase (including substantially increase) the Interest Rate and the Interest Amount of one or more High Geared Instalments on a Reset Date. Such an increase may occur, for example, because:

- of an increase in prevailing levels of market interest rates in the country where the Underlying Entities' Shares are quoted,
- RBS has reasonably incurred or is likely to reasonably incur, acting in a commercially reasonable manner, greater costs in issuing or maintaining the High Geared Instalment,
- market conditions affect the liquidity, volatility and pricing of RBS' hedge,
- trading practices by investors in the High Geared Instalments occur which are unusual or which RBS did not intend the High Geared Instalments to be used for and which adversely impact RBS, the market integrity of the High Geared Instalments and the High Geared Instalments' market price spreads,
- risk management costs reasonably incurred by RBS acting in a commercially reasonable manner increase,
- resourcing costs reasonably incurred by RBS acting in a commercially reasonable manner increase; or
- any of the other factors listed in the table below apply or are adversely affected.

In general, an increase in market interest rates will increase the Interest Rate, as shown in the table below:

Increase in factor	Effect on Interest Rate
Level of market interest rates	Increase
Costs incurred by RBS	Increase
Volatility and liquidity of the Underlying Entities' Shares and any associated index or constituents of the index	Increase
Volatility, liquidity and associated costs of RBS' hedging arrangements	Increase
RBS' risk management costs	Increase
RBS' resourcing costs	Increase
Forecast Distribution Fee (if applicable)	Decrease

If the Summary Table identifies that the Forecast Distribution Fee does apply to a High Geared Instalment then the Forecast Distribution Fee component of the Loan is paid to RBS in consideration of providing the Loan and enables RBS to fix the Interest Rate at a lower rate than would otherwise be fixed by RBS.

If RBS increases the Interest Rate, then the amount you will pay in interest to RBS on the next Reset Date will be increased.

j. Distribution risk

Holders will be entitled to any Distributions payable on the Underlying Entities' Shares.

In respect of High Geared Instalments for which Distributions are:

- paid to the Holders, the actual amount received by Holders will be the amount of Distributions less any Withholding Tax; and
- applied to reduce the Loan Amount, for the purpose of deducting Distributions from the Loan Amount, actual Distributions will be the amount remaining after any Withholding Tax is deducted.

The amount of any Distribution is beyond the control of RBS, and RBS makes no representation as to the amount of any Distribution which may be paid at any time. Distributions may not always be announced in any given year and the amount of any announced Distributions in a year may be less than the Interest Amounts for that year.

It is possible that there may be no announced Distributions in any given year and the amount of any announced Distributions in a year may be less than any applicable Forecast Distribution Fee or the Interest Amounts for that year.

k. Market Disruption Events risk

If a Market Disruption Event occurs (see PDS Part 2 Section 10 "Glossary" for the definition of Market Disruption Event), including:

- a suspension of trading of the Underlying Entities' Shares, the High Geared Instalments or securities generally on the Related Exchange or the ASX,
- where the Underlying Entities' Shares seek to track a particular index, the index ceases to exist or fails to be calculated or published, or the method of calculation changes,
- where the Underlying Entities' Shares seek to track an index, the relevant index is materially modified,
- the declaration of a general moratorium in respect of banking activities in the country where any index/exchange associated with the Underlying Entities' Shares is located,
- the inability of the Issuer to unwind its hedge or related trading position relating to the High Geared Instalments due to illiquidity; or
- any similar event the Issuer reasonably declares to be a Market Disruption Event, including a Force Majeure Event.

Calculations required for the High Geared Instalments (such as the Instalment Payment or the Holder's Cash Entitlement) may be delayed until the Market Disruption Event ends or the High Geared Instalment expires. A Market Disruption Event may, with the consent of the ASX, be declared to be an Extraordinary Event. Please refer to clause 15 of the Trust Deed in PDS Part 2 Section 9 for further information.

l. Adjustment Events risk

If an Adjustment Event occurs or arises, the Issuer may:

- nominate the event to be treated as an Extraordinary Event and nominate an Early Expiry Date,
- nominate that the Loan Amount, Instalment Payment, Cap, Cap Amount, Cap Payment, Reset Date, Expiry Date, Underlying Parcel, Underlying Entity or other terms of the High Geared Instalments (except the Expiry Date) be adjusted or replaced by the Issuer in a fair and equitable manner, with the consent of ASX, so as to preserve as far as reasonably possible the position of the Holders and the Issuer with respect to the High Geared Instalments; or
- with the consent of ASX, make any amendments, adjustments, variations, changes to the High Geared Instalments or delay or suspend calculations as the Issuer thinks fit to enable the High Geared Instalments to continue.

Please refer to PDS Part 2 Section 8.2 "Adjustment Events" and the definition of Adjustment Event in PDS Part 2 Section 10 "Glossary" for more information in relation to the circumstances which may be Adjustment Events.

PDS Part 2 Section 8.2 "Adjustment Events" also provides more information in relation to the Issuer's powers following an Adjustment Event, which arise under clause 10 of the Trust Deed in PDS Part 2 Section 9.

m. Extraordinary Events risk

RBS may in certain circumstances, with the consent of the ASX, nominate an Extraordinary Event. These circumstances include but are not limited to:

- Adjustment Events,
- Market Disruption Events,
- delisting or suspension from trading of the Underlying Entities' Shares,
- changes to law or to taxation and Force Majeure Events,
- Increased Costs of Hedging for the Issuer; or
- any other event which would make performance of RBS' obligations for High Geared Instalments unlawful or impossible.

If an Extraordinary Event occurs, RBS may, with the consent of the ASX, nominate an Early Expiry Date which will bring forward the Expiry Date such that the Early Expiry Date nominated by RBS shall become the Expiry Date for that Series of High Geared Instalments.

RBS will give at least ten Business Days notice to the Holders of the nomination of an Early Expiry Date.

n. Risk of Security Interest and power to sell

Upon registration as a Holder of a High Geared Instalment, a Security Interest is created in favour of the Issuer over the Underlying Entities' Share and all Accretions and adjustments to the Underlying Entities' Share. Please refer to clause 2 of the terms in the Trust Deed. The Security Interest gives the Issuer the power to sell the Underlying Entities' Shares upon certain circumstances occurring, including but not limited to, the Holder's bankruptcy, a breach by the Trustee of the Trust Deed, failure by the Holder to complete the High Geared Instalment or make a payment due to the Issuer when it is due.

o. Risk of exercise of discretion by RBS and determinations made by RBS

Holders should note that some provisions of the Trust Deed confer discretions and the ability to make determinations on RBS. These include the ability to determine to vary the Interest Rate and the Interest Amount and nominate Extraordinary Events, make adjustments to the High Geared Instalments or delay or suspend any calculations with the consent of ASX, and to determine whether a material change to the relevant Underlying Entities' Shares as a result of an Adjustment Event has occurred. The exercise or non-exercise of these discretions and the making of these determinations could adversely affect the value of the High Geared Instalments.

Holders do not have the power to direct RBS concerning the exercise of any discretion or the making of any determination. The discretions and ability to make determinations are set out in the Trust Deed.

p. Risk of Takeover Offers for Underlying Entities

If a Takeover Bid, takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Underlying Entities' Shares is made in respect of any Underlying Entity, RBS will not accept the Takeover Bid or offer and will have no obligation to communicate any information it receives on, or action it may take in relation to, the Takeover Bid or offer to the Holder. Compulsory Acquisition may follow a successful Takeover Bid or offer and, in accordance with the Trust Deed, RBS may nominate an Extraordinary Event (in which case the High Geared Instalments may expire), or may nominate an Adjustment Event following which, with the consent of the ASX, the Issuer may substitute the Underlying Entities' Shares.

q. Risk of changes to Trust Deed & Terms

RBS may in certain circumstances make changes to the Trust Deed. These circumstances are set out in PDS Part 2 Section 8.3 "Amendments to the Terms" and more information is provided in clause 29 of the Trust Deed in PDS Part 2 Section 9.

r. Conflicts of interest risk

Companies in the RBS Group will conduct transactions as principal and as agent in various securities, including the High Geared Instalments and the Underlying Entities' Shares.

Potential conflicts of interest can arise because a number of entities involved in this offer are related parties, or the Trustee is a member of the RBS Group and may from time to time have one or more directors who are also senior executives of RBS.

RBS, other members of the RBS Group (including the Trustee), or their directors, employees or affiliates may, subject to law, hold shares or units in members of the RBS Group and/or hold High Geared Instalments. The directors and employees of RBS and other members of the RBS Group may receive remuneration based on the issue or performance of the High Geared Instalments, in whole or in part.

Members of the RBS Group may have business relationships or alliances (including joint ventures) with any of the Underlying Entities, issuers, managers of the Underlying Entities and where the Underlying Entities Shares seek to track an index or market, the constituents of that index or market. A member of the RBS Group may also be a substantial shareholder or manager of any of the

Underlying Entities. In addition, members of the RBS Group may from time to time advise any of the Underlying Entities or their managers in relation to High Geared Instalments or activities unconnected with the High Geared Instalments which may or may not affect the value of the Underlying Entities, the Underlying Entities' Shares or High Geared Instalments. Such relationships and advisory roles may include but are not limited to:

- acting as manager or joint lead manager in relation to the offering or placement of rights, options or other securities including Underlying Entities' Shares,
- advising in relation to mergers, acquisitions or takeover offers; and
- acting as general financial adviser in respect of, without limitation, corporate advice, financing, funds management and property and other services.

RBS may also have a commercial relationship with various senior executives of an Underlying Entity, issuers or managers of the Underlying Entities and where the Underlying Entity seeks to track an index or market, the constituents of that index or market, and may sell financial products to, or advise, such senior executives in relation to High Geared Instalments and matters unconnected with the High Geared Instalments.

These activities may have an adverse effect on the value of Underlying Entities' Shares or the High Geared Instalments.

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

s. Tax risk

PDS Part 2 Section 7 "Income Tax considerations" contains a taxation summary based on current Australian taxation laws.

Prospective Holders should read this carefully to confirm the suitability of the High Geared Instalments for them and should seek their own advice in relation to any changes in the tax law or practice that may occur after the issue of the PDS.

In certain circumstances, the Trustee or the Issuer may be required to withhold a portion of a Distribution and pay such withheld portion to the ATO ("Withholding Tax"). For instance, if you do not provide your TFN or ABN (and no exemption applies) or if you are a non-resident of Australia and you are not operating from an Australian permanent establishment, the Trustee or the Issuer may have to withhold an amount.

The Issuer and the Trustee has the right to recover this Withholding Tax by:

- a. selling some or all of the Holder's High Geared Instalments without prior notification to the Holder,
- b. receiving a re-imbusement directly from the Holder; or
- c. deducting the Withholding Tax from the Distribution.

To ensure the High Geared Instalments remain fungible and trading at the same price, if the Issuer deducts the Withholding Tax from the Distribution, it will do so for all the High Geared Instalments in that

Series if Distributions are used to repay the Loan Amount. Those Holders who have provided their TFN/ABN and who are Australian residents will then receive this deducted amount as a cash payment.

RBS may attempt to contact Holders who have not provided their TFN/ABN to obtain these details.

Where the Underlying Entities' Shares are foreign Shares, the Underlying Entity may be required to withhold an amount from distributions for withholding tax before Distributions are paid to the Trustee. PDS Part 1 may provide further information in relation to withholding tax for foreign Underlying Entities' Shares.

t. Overseas taxation consequences risk

The Underlying Entity's Shares for the High Geared Instalment offered under this PDS may be exchange traded funds and securities in companies incorporated in a country other than Australia and listed on an exchange other than the ASX. Various taxation consequences may be applicable in the overseas jurisdictions on the Distributions and the acquisition, transfer or sale of the Underlying Entity's Shares.

For example, the following taxes may be payable:

- withholding tax on the Distribution paid by the Underlying Entities,
- capital gains tax on the disposal of the Underlying Entity's Shares (including potentially on the change in beneficial ownership if the Underlying Entity's Shares are transferred to Holders following the Expiry Date); and
- stamp duty on the transfer of the Underlying Entity's Shares.

The taxes are the liability of the Holder and not RBS. Therefore, these will affect the value of the High Geared Instalment and the amount (if any) received by Holders following the Expiry Date.

u. Adjustment for Withholding Tax and foreign taxes

To ensure the High Geared Instalments remain fungible and trading at the same price, if the Issuer deducts Withholding Tax or foreign tax is withheld from a Distribution, the Trustee will withhold an equivalent amount from the other High Geared Instalment in that Series that are not subject to the Withholding Tax or foreign tax if Distributions are used to repay the Loan Amount. Those Holders will then receive this deducted amount as a cash payment.

v. Transfer Taxes and Expenses risk

Transfer Taxes include all taxes that are payable in relation to the transfer, sale or Completion of High Geared Instalments and the transfer or sale of the Underlying Entities' Shares by RBS. Expenses include any costs, expenses or liabilities of the Issuer in relation to a Completion or an Extraordinary Event and may be up to 20% of any total amount payable before deduction of the Expenses (and in the case of Cap High Geared Instalments, before the payment of the Cap Payment).

Transfer Taxes and Expenses are taken into account in the calculation of the Instalment Payment that Holders must pay if they wish to Complete their High Geared Instalments and receive the Underlying Entities' Shares. If Holders take no action on or prior to the Expiry Date, they will receive the Assessed Value Payment which is determined by reference to the Instalment Payment and therefore also affected by Transfer Taxes and Expenses. If a Put Option is

exercised, the Expenses are taken into account when calculating the Holder's Cash Entitlement.

Please refer to Section 10 "Glossary" of this PDS Part 2 for more information on Transfer Taxes and Expenses.

w. Risk of Early Expiry Date and lapse of High Geared Instalments

The Expiry Date of a High Geared Instalment may be brought forward on the occurrence of an Extraordinary Event (see PDS Part 2 Section 8.1 "Extraordinary Events and Early Expiry"). You may choose to Complete the High Geared Instalment by making the Instalment Payment and taking delivery of the Underlying Entities' Shares on a Reset Date or on the Expiry Date. The High Geared Instalment will lapse after the Expiry Date. If you do not repay the Loan Amount prior to or on the Early Expiry Date, RBS will exercise its rights under the Security Interest to sell the Underlying Entities' Shares, and you will receive an Assessed Value Payment (if any).

x. Historic performance of the Underlying Entities' Shares

Past performance of the Underlying Entities' Shares is not necessarily a guide to the future performance of the Underlying Entities Shares. Underlying Entities Shares prices are subject to market forces and may be volatile.

y. Suspension of warrant trading risk

If High Geared Instalments have been admitted to trading status on the ASX, trading of High Geared Instalments on the ASX may be halted or suspended by the ASX in accordance with the ASX Operating Rules. This may occur, for example, whenever the ASX deems such action appropriate in the interests of maintaining a fair and orderly market in High Geared Instalments or to protect investors, or if RBS fails to comply with the ASX Operating Rules or the Trust Deed.

The withdrawal or suspension of the High Geared Instalments may, at the Issuer's discretion, cause the High Geared Instalments to lapse if such withdrawal or suspension is deemed, with the ASX's consent, to be an Extraordinary Event by the Issuer.

z. General market risks

The price of High Geared Instalments may be affected, both positively and negatively, by general movements in local and international stock markets, prevailing and anticipated economic conditions, Holder sentiment, interest rates and exchange rates. Where the Underlying Entities' Shares are listed on an overseas Related Exchange, the price or value of the Underlying Entities' Shares will also be affected by market and operational risks in relation to the overseas exchange and market risks in relation to that overseas jurisdiction.

Purchasers of High Geared Instalments on the ASX are also subject to credit, settlement and delivery risk in respect of the counterparty with whom they transact. In a winding up of that counterparty, the purchaser may not be able to settle and complete that transaction.

General movement in local and international stock markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions could all affect the market price of High Geared Instalments.

Investors are warned that the price of High Geared Instalments may fall in value as rapidly as it may rise and Holders may sustain a loss of their entire investment. Prospective investors should therefore ensure that they understand the nature of High Geared Instalments and carefully study the risk factors set out in this PDS before they invest in High Geared Instalments.

aa. Changes in law

The conditions of the High Geared Instalment are based on Australian law in effect as at the date of PDS Part 1. RBS is a public limited company incorporated in Scotland and is regulated by the Financial Services Authority in the United Kingdom. Changes in the law or its interpretation, including in Australia, Scotland or the United Kingdom and including taxation and corporate regulatory laws, practice and policy, could have a negative impact on the returns to Holders and may cause an Extraordinary Event, a Disposal Event or an Adjustment Event to occur. In particular, the change of law risk in the context of income tax is discussed in Section 7 “Taxation” of this PDS Part 2. Holders should review the tax opinion with their own tax adviser.

bb. Sub-custodian risk

The Trustee may appoint a Sub-custodian to hold the Underlying Entities’ Shares for High Geared Instalments. The Trustee has no liability for any actions or omissions of an appointed Sub-custodian unless otherwise required by law. The Sub-custodian will hold the Underlying Entities’ Shares in an omnibus account for the Trustee and will hold the Underlying Entities’ Shares subject to instructions from the Trustee only.

cc. Cooling-off rights

There is no cooling-off period when you purchase High Geared Instalments.

dd. Deferred Settlement

The High Geared Instalments will initially trade on a deferred settlement basis. Any High Geared Instalments purchase entered on or before the Date of Expected Trading on a Normal Basis will settle on the Deferred Settlement Date. Both the Date of Expected Trading on a Normal Basis and the Deferred Settlement Date are identified and detailed in PDS Part 1 under the heading “Key Commercial Terms”. This means that you may transact (ie. buy or sell High Geared Instalments) on ASX on or before the Date of Expected Trading on a Normal Basis, but settlement of any such transactions will not occur until the Deferred Settlement Date (which is the third day after commencement of trading on a normal “T+3” basis).

5. Costs & fees & worked example

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australia Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a calculator to help you check out different fee options.

5.1 What are the fees and other costs of investing in High Geared Instalments?

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
<i>Establishment fee¹</i> The fee to open your investment	The Borrowing Fee is a percentage (up to a maximum of 4.4% including GST) of the Loan Amount on the Issue Date The percentage of the Borrowing Fee is set out in PDS Part 1 In relation to High Geared Instalments to which the Forecast Distribution Fee applies, as indicated in the Summary Table, the Forecast Distribution Fee is an amount estimated by RBS in its reasonable discretion, acting in a commercially reasonable manner, to be the amount of the Distributions payable on an Underlying Entities' Share in respect of a Reset Period and may take into account any Withholding Tax	The Borrowing Fee is payable on the Issue Date and will be paid as part of the First Payment and is included in your Application Amount A further Borrowing Fee is payable on each Reset Date and will be paid out of your Revised Loan Amount any/or any Reset Payment. Please see PDS Part 2 Section 5.2 for additional information If applicable, any Forecast Distribution Fee is paid to RBS in consideration of providing the Loan
<i>Contribution fee</i> The fee on each amount contributed to your investment – either by you or your employer	Not Applicable	Not Applicable

1. See 'Additional Explanation of Fees and Costs in PDS Part 2 Section 5.2 below. A reduced input tax credit does not apply in relation to the Borrowing Fee.

<i>Withdrawal fee</i>	Not Applicable	Not Applicable
The fee on each amount you take out of your investment		
<i>Termination fee</i> ²	The Processing Fee (up to a maximum of 2% of the Instalment Payment) is an amount payable in respect of an Instalment Payment Notice. The amount of the Processing Fee is determined by RBS from time to time at an amount sufficient to cover the costs RBS incurs in connection with the processing of an Instalment Payment Notice including any registry charges or other charges incurred on the transfer of Underlying Parcels on Completion	The Processing Fee is payable together with the Instalment Payment on the Business Day before the relevant Reset Date or Expiry Date in relation to which the Holder gives an Instalment payment Notice
The fee to close your investment	However please refer to PDS Part 2 Section 5.2 "Additional Explanation of Fees and Costs" for information about where a Holder does nothing on the Expiry Date or where RBS is otherwise entitled to enforce its Security Interest	
Management Costs		
The fees and costs for managing your investment ³	Not Applicable	Not Applicable
	However please refer to PDS Part 2 Section 5.2 "Additional Explanation of Fees and Costs" for information about the Interest Amount and, if applicable, the Forecast Distribution Fee	
Service Fees		
<i>Investment switching fee</i>	Not Applicable	Not Applicable
The fee for changing investment options		

2. See 'Additional Explanation of Fees and Costs in PDS Part 2 Section 5.2 below.

3. See 'Additional Explanation of Fees and Costs in PDS Part 2 Section 5.2 below.

Example Of Annual Fees and Costs

This table gives an example of how the fees and costs for this product can affect your investment over a 1 year period. You should use this table to compare this product with other products.

Example		Balance of \$50,000
Contribution Fees	Not Applicable	Not Applicable
PLUS Management Costs	Not Applicable	And , for every \$50,000 you have invested in High Geared Instalments, you will be charged \$nil for the year.*
EQUALS Cost of fund	Not Applicable	If you had an investment of \$50,000 at the beginning of the year, you would be charged fees of: nil* What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.

*Additional fees may apply:

Establishment fee – for a Loan Amount of \$50,000, you will be charged a Borrowing Fee of up to \$2,200.

See 'Additional Explanation of Fees and Costs in PDS Part 2 Section 5.2 below.

5.2 Additional Explanation of fees and costs

a. The First Payment

The First Payment of any High Geared Instalment equals the Underlying Entities' Share price multiplied by (100% - Capital Component) plus the Interest Amount plus the Borrowing Fees (if any).

The First Payment for the purchase of High Geared Instalments is variable, depending upon the factors outlined in Section 2.3 "First Payment" of this PDS Part 2.

b. Interest Amount and the Forecast Distribution Fee

Interest is charged on the Loan Amount under the Loan. Your First Payment will include an amount for the Interest Amount for Interest up to the first Reset Date.

The indicative Interest Rate used to calculate the Interest Amount may be set out in PDS Part 1 and is current as at the date of PDS Part 1. You will also be charged an Interest Amount on each Reset Date – which will be used in calculating the Reset Payment – please refer to Section 2.3 "First Payment" for details on how the Interest Amount is determined. Holders will be notified of the Interest Amount in the Reminder Notice sent by the Issuer prior to the Reset Date. You can obtain indications as to the current Interest Amount for the High Geared Instalments at any time during the Offer Period or the term of the High Geared Instalments by calling the Issuer on 1800 450 005 or visiting the Issuer's website at www.rbs.com.au/markets.

The Forecast Distribution Fee (if any) enables RBS to fix the Interest Rate at a lower rate than would otherwise be fixed by RBS. You should take into account the Forecast Distribution Fee when assessing the indicative Interest Rate and whether to invest in High Geared Instalments and when assessing the new Interest Rate for a Reset Date.

In relation to High Geared Instalments to which the Forecast Distribution Fee applies, as indicated in the Summary Table:

- the Forecast Distribution Fee is an amount estimated by the Issuer in its reasonable discretion acting in a commercially reasonable manner to be the amount of the Distributions payable on an Underlying Entities' Share in respect of a Reset Period,
- the Forecast Distribution Fee may be reset on each Reset Date, having regard to the amount of Distributions forecast in respect of the period to the next Reset Date (or if none, the Expiry Date),
- there is no guarantee that the actual Distributions in respect of a Reset Period for an Underlying Entities' Share will equal or exceed the Forecast Distribution Fee and may be less than the Forecast Distribution Fee; and
- the Forecast Distribution Fee is a component of the Loan and is paid to RBS in consideration of providing the Loan.

In relation to High Geared Instalments to which the Forecast Distribution Fee does not apply, as indicated in the Summary Table:

- no Forecast Distribution Fee is payable and the amount of the Forecast Distribution Fee is nil; and
- the Interest Rate is expected to be higher than the Interest Rate applicable to an equivalent High Geared Instalment to which the Forecast Distribution Fee applies.

Please also refer to PDS Part 2 Section 7.5 'Forecast Distribution Fee' for taxation information in relation to the Forecast Distribution Fee.

c. Borrowing Fees

RBS may charge you a Borrowing Fee which relates to the cost of providing the Loan to you.

The Borrowing Fee is calculated as a percentage of the Loan Amount and is payable on the issue of the High Geared Instalments and on each Reset Date. The maximum percentage of the Borrowing Fee is 4.4% and the actual percentage for a Series of High Geared Instalments is specified in the Summary Table in PDS Part 1.

Worked example:

Note: the amounts and levels shown in the worked example below are provided for illustrative purposes only and are not an indication, projection or forecast of the prices or levels which may apply in the case of any Series of High Geared Instalments. Actual prices and returns may be significantly different to those illustrated in the example below.

Assume:

- you make a Cash Application for XYZ High Geared Instalments with an Application Amount of AUD10,000,
- the Interest Rate charged is 10.00%,
- the Capital Component is 100%,
- the Borrowing Fee is 4.40% of the Loan Amount,
- a Forecast Distribution Fee applies and is 3% of the XYZ Share price on the Issue Date,
- there are 365 days between the Issue Date and the first Reset Date; and
- on the Issue Date, the XYZ Share price is AUD1.50, and the Loan Amount outstanding for the relevant Series is AUD1.545 (i.e. 103% leveraged).

The Borrowing Fee you are charged by RBS for the period up to the first Reset Date will be AUD0.06798 per XYZ High Geared Instalment.

The First Payment will be equal to AUD0.22248, being the (XYZ Share price (AUD1.50) x (100%-100%)) plus the Interest Amount for the period up to the first Reset Date (AUD0.1545) and the Borrowing Fee (AUD0.06798).

You will be issued 44,947 XYZ High Geared Instalments (AUD10,000 divided by AUD0.22248, rounded down).

You will be charged an aggregate Borrowing Fee of approximately AUD3,055.55 (44,947 x AUD0.06798).

Following is a table that relates to the above example of a Cash Applicant for AUD10,000 for a High Geared Instalment over XYZ Shares.

XYZ Share price	AUD1.50	
Loan Amount (103% leverage)	AUD1.545	
Borrowing Fee (4.4% of Loan Amount)	AUD0.06798	$AUD1.545 \times 0.044 = AUD0.06798$
Total of the First Payment (including the Borrowing Fee)	AUD0.22248	$(AUD1.50 \times 0\%) + AUD0.1545 + AUD0.06798 = AUD0.22248$
Application Amount for the purchase of XYZ High Geared Instalments	AUD10,000	$AUD10,000 / AUD0.22248 =$ issue of 44,947 High Geared Instalments, rounded down

d. Commission and payments to financial advisers

RBS may pay commissions to distributors of the High Geared Instalments. These commissions may be recurring and are payable by RBS out of its own funds at no additional cost to a Holder and may be payable to the distributor at any stage during the term of the High Geared Instalments.

The Issuer may at its discretion pay a fee of up to 4.00% (exclusive of GST) of the Loan Amount on the issue of High Geared Instalments to financial advisers who advise Holders with respect to the High Geared Instalments. If the Issuer pays such a fee, it will be paid out of the Issuer's own funds, at no cost to Holders.

e. Brokerage

If High Geared Instalments have been admitted to trading status on the ASX, you may pay brokerage when you acquire High Geared Instalments on the ASX: your broker will advise you of any brokerage payable.

f. Costs in relation to Expiry Date options

If you sell your High Geared Instalment before the Expiry Date, you may incur brokerage charges as explained above.

If you lodge an Instalment Payment Notice before the Expiry Date, you must pay the aggregate Instalment Payments (which is the aggregate of, for each Series of High Geared Instalments you are Completing, the Instalment Payment multiplied by the number of High Geared Instalments in that Series you are Completing) plus the Processing Fee and any Transfer Taxes and Expenses. Expenses may be up to 20% of any total amount payable before deduction of the Expenses (and in the case of Cap High Geared Instalments, before payment of the Cap Payment).

If you do not sell your High Geared Instalment, exercise your Put Option, lodge an Instalment Payment Notice or convert into a new series of High Geared Instalments by 5:00pm on the Expiry Date, you will receive an Assessed Value Payment. PDS Part 2 Section 2.11 "No action" explains how the Assessed Value Payment will be calculated. It may be less than the value of your investment if you had paid the Instalment Payment and Completed the acquisition of the Underlying Entities' Shares.

If you take no action in relation to the Expiry Date or if RBS is otherwise entitled to enforce its Security Interest, other Expenses incurred in connection with the sale of the Underlying Entities' Shares will be borne by you, including in relation to the occurrence of Completion or an Extraordinary Event.

g. Trustee Fees

No fees are payable to the Trustee for the services performed by the Trustee in connection with the High Geared Instalments issued under this PDS.

h. Transfer Taxes

It is the understanding of RBS that under current laws, Australian Transfer Taxes may be payable with respect to the acquisition, transfer or Completion of a High Geared Instalment. Please see PDS Part 2 Section 8.4 for more information about Australian stamp duty and the High Geared Instalments.

Where the Underlying Entity Shares are located, incorporated or listed in a country other than Australia, further Transfer Taxes (such as stamp duty) may be payable in that foreign country in connection with the acquisition, transfer or Completion of a High Geared Instalment. Please see clause 23 of the Trust Deed which specifies a Holder's (or a Transferee's) liability to pay those Transfer Taxes. You may wish to seek independent advice taking specific account of the Underlying Entities involved.

If Transfer Taxes are payable, prior to sending an Instalment Payment Notice for a High Geared Instalment, you should call RBS on 1800 450 005 to obtain the Transfer Tax payable for the relevant number of High Geared Instalments the Holder proposes to Complete. RBS will give you a unique identifying number to quote for that Completion, and if RBS receives your Instalment Payment Notice specifying that number within five Business Days, then the Transfer Taxes will be as quoted.

i. Processing Fee

The Processing Fee will be a flat fee per Instalment Payment Notice, payable by Holders to the Issuer (together with the Instalment Payment). The amount of the Processing Fee is determined by RBS from time to time at an amount sufficient to cover the costs RBS incurs in connection with the processing of an Instalment Payment Notice including any registry charges or other charges incurred on the transfer of Underlying Parcels on Completion. The amount of the Processing Fee is not known at date of the PDS but will not exceed 2% of the Instalment Payment. An indicative Processing Fee will be notified to Holders in the Reminder Notice.

j. Miscellaneous

Fees and costs in this section are stated inclusive of any GST (unless stated otherwise). Any fees or other expenses payable to the Registrar, and all the expenses of the offer will be paid by the Issuer. The Issuer or its affiliates may pay fees and expenses to other service providers. Please contact your financial adviser for information on any commission or similar payments that they may receive.

The Issuer may earn income and profit from its management of the underlying risk associated with the High Geared Instalments which does not impact the return on an investment in the High Geared Instalments and is not charged as a fee.

k. Worked Example

Note: the amounts and levels shown in the worked example below are provided for illustrative purposes only and are not an indication, projection or forecast of the prices or levels which may apply in the case of any Series of High Geared Instalments. Actual prices and returns may be significantly different to those illustrated in the example below.

The following two examples show (1) the Holder's outcome in the event that the Underlying Entities' Share price continue to rise over the term of the investment; and (2) where the Underlying Entities' Share price closes below the final Loan Amount on the Expiry Date.

The examples are based on the following assumptions:

- the Underlying Entities' Share is SPDR S&P/ASX 200 Fund (STW),
- the High Geared Instalment and the Underlying Entities' Shares are both denominated in AUD,
- a Forecast Distribution Fee applies and the Forecast Distribution Fee on the Issue Date is \$1.54,
- the Capital Component is set on the Issue Date at 100%,
- the Borrowing Fee is 4.4%; and
- an Interest Rate of 9% p.a.

Scenario one assumes that the Underlying Entities' Share price has increased over the term of the investment and the actual Distributions equal the Forecast Distribution Fee.

SCENARIO ONE: STW UP, Distribution as forecast		
Commencement Date	STW price (AUD)	\$ 44.0000
	Forecast Distribution Fee for first Reset Period (AUD)	\$ 1.5400
	Loan Amount (AUD)	\$ 45.5400
	Interest Rate until next Reset Date	9.000%
	Forecast distribution	\$ 1.5400
	Forecast Distribution Fee	\$ (1.5400)
	Interest Amount (AUD) (9.000% of \$45.54)	\$ 4.0986
	Borrowing Fee (AUD) (4.400% of \$45.54)	\$ 2.0038
	First Payment (AUD)	\$ 6.1024
	Cap (130% * 44.00) (AUD)	\$ 57.2000
	Actual Distributions over first period (12 months) (AUD)	\$ 1.5400
	Loan at Reset Date (AUD)¹	\$ 44.0000
1st Reset Jun 2012	STW price at first Reset Date	\$ 61.60
	Cap Payment (\$61.60 - \$57.20) (AUD)²	\$ 4.40
	Intrinsic(AUD)³	\$ 17.60

	Gain(AUD)⁴	\$ 13.20
	Forecast Distribution (AUD)	\$ 2.1560
	Revised Loan Amount (AUD) (Loan at Reset Date + Forecast Distribution)	\$ 46.1560
	Interest Rate until next Reset Date (12 months)	9.0000%
	Interest Amount (AUD) (9.000% of \$46.1560)	\$ 4.1540
	Forecast Distribution Fee	\$ (2.1560)
	Forecast distribution	\$ 2.1560
	Borrowing Fee (AUD) (4.400% of \$46.1560)	\$ 2.0309
	Reset Payment on first Reset Date (AUD)	\$ 6.1849
	Less: difference between the Revised Loan Amount and the loan amount on the Reset Date.	\$ 2.1560
	equals actual Reset Payment required	\$ 4.0289
	New Cap for next Reset Period (130% * 61.60) (AUD)	\$ 80.0800
	Actual Distributions over second period (12 months) (AUD)	\$ 2.1560
	Loan at Reset Date (AUD)¹	\$ 44.0000
2nd Reset Jun 2013	STW Share Price at second Reset Date	\$ 80.0800
	Cap Payment (\$80.08 - \$80.08) (AUD)²	\$ -
	Intrinsic (AUD)³	\$ 36.0800
	Gain(AUD)⁴	\$ 36.0800
	Forecast Distribution (AUD)	\$ 2.8028
	Revised Loan Amount(AUD) (Loan at Reset Date + Forecast Distributions)	\$ 46.8028
	Interest Rate until Expiry Date (12 months)	9.000%
	Interest Amount (AUD) (9.000% of \$46.8028)	\$ 4.2123
	Forecast Distribution Fee	\$ (2.8028)
	Forecast distribution	\$ 2.8028
	Borrowing Fee (AUD) (4.400% of \$46.8028)	\$ 2.0593

	Reset Payment on second Reset Date (AUD)	\$ 6.2716
	Less: difference between the Revised Loan Amount and the loan amount on the Reset Date.	\$ 2.8028
	equals actual Reset Payment required	\$ 3.4688
	New Cap (130% * 80.08) (AUD)	\$ 104.1040
Maturity Jun 2014	STW price at Expiry Date	\$ 100.0000
	Actual Distributions over Reset Period (12 months) (AUD)	\$ 2.8028
	Loan at Maturity Date (AUD)	\$ 44.0000
	Cap Payment (\$100.00 - \$104.10) (AUD)	\$ -
	Cap Payment (AUD)	\$ -
	Cash Settlement per Cap High Geared Instalment (AUD)	\$ 56.0000
	OR	
	Payment for physical settlement per Cap High Geared Instalment (AUD)	\$ 44.0000

SCENARIO TWO: STW below Loan Distribution below forecast

STW price (AUD)	\$ 44.0000
Forecast Distribution for first Reset Period(AUD)	\$ 1.5400
Loan Amount(AUD)	\$ 45.5400
Interest Rate until next Reset Date	9.000%
Forecast distribution	\$ 1.5400
Forecast Distribution Fee	\$ (1.5400)
Interest Amount (AUD) (9.000% of \$45.54)	\$ 4.0986
Borrowing Fee (AUD) (4.400% of \$45.54)	\$ 2.0038
First Payment (AUD)	\$ 6.1024
Cap (130% * 44.00) (AUD)	\$ 57.200
Actual Distributions over first period (12 months) (AUD)	\$ 1.0164
Loan at Reset Date (AUD)¹	\$ 44.5236
STW price at first Reset Date	\$ 30.00
Cap Payment (\$30.00 - \$57.20) (AUD)²	\$ -
Intrinsic (AUD)³	\$ -
Gain (AUD)⁴	\$ -
Forecast Distribution (AUD)	\$ 1.0500
Revised Loan Amount(AUD) (Loan at Reset Date + Forecast Distributions)	\$ 45.5736
Interest Rate until next Reset Date (12 months)	9.0000%

Interest Amount (AUD) (9.000% of \$45.5736)	\$ 4.1016
Forecast distribution	\$ 1.0500
Forecast Distributions Fee	\$ (1.0500)
Borrowing Fee (AUD) (4.400% of \$45.5736)	\$ 2.0052
Reset Payment on first Reset Date (AUD)	\$ 6.1069
Less: difference between the Revised Loan Amount and the loan amount on the Reset Date.	\$ 1.0500
equals actual Reset Payment required	\$ 5.0569

If STW is below the Loan Amount on the Reset Date, we would expect that a Holder would not choose to make the additional Reset Payment.

1. At the Reset Date the Holder has three choices:

1. Make the Reset Payment to the Issuer;
2. Take delivery of the Underlying Entities' Shares by completing and lodging the Instalment Payment Notice together with making the Instalment Payment, to the Issuer, subject to having the necessary custody arrangement in place; or
3. Cash settling (i.e. receiving the Holder's Cash Entitlement through the exercise of the Holder's Put Option).

See PDS Part 2 Section 2.10 for more details.

2. The Issuer is entitled to the Cap Payment, which can be paid in cash to the Issuer or the Holder may authorise the Issuer by the Holder to terminate CAP High Geared Instalments sufficient to pay the Cap Payment. See PDS Part 2 Section 2.10 for more details.

3. The intrinsic amount is the value of the STW CAP High Geared Instalment at the Reset Date.

4. The gain amount represents the increase in the value of the Underlying Entities' Shares since the last Reset Date (or in the case of the first Reset Date, since the Commencement Date), minus the Cap Payment.

6. Loan

Each High Geared Instalment incorporates a Loan to the Holder on the terms contained in the Trust Deed. This PDS Part 2 Section 6 is a summary of the terms of the Loan.

RBS provides the Loan to the Holder of the High Geared Instalment, with RBS taking a Security Interest over the Underlying Entities' Shares. Holders cannot either sell or transfer the Underlying Entities' Shares without first repaying the Loan by lodging a valid Instalment Payment Notice in accordance with the Trust Deed and taking legal title to the Underlying Entities' Shares.

The Instalment Payment and the Cap Payment will be denominated in the same currency as the currency in which the Underlying Entities' Shares are denominated. Interest will also be payable in that currency.

How will the Loan be used?

The Loan Amount together with the First Payment are applied towards the purchase of the Underlying Entities' Shares and payment of the Interest Amount and the Borrowing Fee (if any).

The Loan Amount for each Series of High Geared Instalments is initially set on the Issue Date. The Loan Amount will reset on each Reset Date as described in PDS Part 2 Section 2.10 "What happens at each Reset Date".

- In relation to High Geared Instalments for which the Summary Table in PDS Part 1 specifies that Distributions are to be applied by RBS to reduce the Loan Amount, the Loan Amount may be reduced by the Distributions that are paid on the Underlying Entities' Shares during the term of the High Geared Instalment (please refer to PDS Part 2 Section 4.2(s) "Tax risk"). Distributions will be applied to reduce the Loan Amount, the reduction in the Loan Amount will be determined on the Distribution Ex-Date and will be reflected in the Instalment Payment quoted on ASX from that date (assuming that the High Geared Instalments have been admitted to trading status). The reduction of the Loan Amount will take effect at the Distribution Record Time.
- In relation to High Geared Instalments for which the Summary Table in PDS Part 1 specifies that Distributions are to be paid to the Holder, the Loan Amount will not be reduced by the Distributions that are paid on the Underlying Entities' Shares during the term of the High Geared Instalments. Instead, Distributions will generally be paid to Holders in cash.

Please refer to PDS Part 2 Section 3(g) "Will I be entitled to Distributions during the Investment Term?" for more information.

The Loan Amount may also, with the consent of the ASX, vary following certain Adjustment Events. The Loan Amount may also be re-adjusted where the only Holders are members of the RBS Group.

a. Interest Amounts

You must pay interest to the Issuer on the Loan. The interest payable in respect of each Interest Period will be the Interest Amount. The initial Interest Amount is payable by you in advance on the Issue Date. Further Interest Amounts are payable on each subsequent Reset Date unless you pay the Instalment Payment or exercise the Put Option. The Issuer will notify you of the Interest Amount:

- i. in relation to the initial Interest Amount due on the Issue Date, on its website at www.rbs.com.au/markets and in the confirmation sent to you.
- ii. in relation to subsequent Interest Amounts due on Reset Dates in the Reminder Notice issued 20 Business Days before a Reset Date.

The initial Interest Amount will be calculated by reference to an Interest Rate that will not exceed the Maximum Interest Rate disclosed in the Summary Table in PDS Part 1. Subsequent Interest Amounts may be calculated by reference to an Interest Rate which exceeds that Maximum Interest Rate.

The Interest Amount payable on the Loan as part of the First Payment may have two components, being the Interest Amount payable for the First Interest Period and the Interest Amount payable for the Second Interest Period (please refer to PDS Part 1 'Key Commercial Terms' in relation to these periods).

Interest payable upon an Application

When you make an Application, the Interest Amount will form part of the First Payment.

Where the Interest Amount in respect of the first Reset Period has two components, if you apply for a High Geared Instalment during the First Interest Period, the first Interest Amount will be paid to RBS on Issue Date and the second Interest Amount will be paid to the Trustee and held on trust for you. The second Interest Amount will then be paid by the Trustee to RBS on the Second Interest Date.

If you apply for a High Geared Instalment during the Second Interest Period, you will pay the second Interest Amount to RBS for your first Reset Period on the Effective Date.

Interest payable on a Reset Date

On a Reset Date, the Interest Amount payable in respect of the next Reset Period will be deducted from the Revised Loan Amount or paid by the Holder as part of the Reset Payment (if any).

b. Transfers

Holders may sell their High Geared Instalments on the ASX during the life of the High Geared Instalments (subject to the High Geared

Instalments having been admitted to trading status and liquidity). In this case, the person buying the High Geared Instalments will draw down a new Loan with RBS for an amount equal to the previous Holder's Loan Amount. The new Holder's Loan Amount will be used to repay the previous Holder's Loan Amount and RBS' Security Interest over the Underlying Entities' Share will remain intact.

Please note that settlement of trades on the ASX currently takes place on a T+3 basis. This means that secondary market purchasers will generally not appear on the Register as the Holder of the High Geared Instalment until the fourth Business Day following the ASX transaction. Please also refer to PDS Part 2 Section 4.2(dd) "Deferred Settlement".

Off market transfers of High Geared Instalments are not permitted except with the prior written consent of RBS and on terms of transfer approved by RBS.

c. Loan repayment

The Loan may be repaid by:

- you paying the Instalment Payment, Processing Fee, Transfer Taxes and Expenses in cash on or before a Reset Date or the Expiry Date and the Trustee will then deliver the Underlying Entities' Shares to you. Where the Underlying Entities' Shares are not denominated in Australian dollars and you do not want to pay the Instalment Payment to RBS in the currency in which the Underlying Entities' Shares are denominated, you must call RBS at least two Business Days prior to submitting the Instalment Payment Notice to confirm the Australian dollar amount equivalent to that Instalment Payment (calculated at the Exchange Rate) and you must pay that Australian dollar amount when you submit your Instalment Payment Notice,
- on your behalf, a purchaser of your High Geared Instalment, when you sell your High Geared Instalments (see PDS Part 2 Section 2.10(i) "Sell your High Geared Instalments before the Expiry Date"),
- when converting your expiring High Geared Instalments into a new Series of High Geared Instalments (if available) applying any Loan Amount advanced and/or any conversion payment made by you (see PDS Part 2 Section 2.10(v) "Convert your expiring High Geared Instalments to a new series of High Geared Instalments"),
- the Issuer enforcing its Security Interest over the Underlying Entities' Shares; or
- the application of sale proceeds from selling the Underlying Entities' Shares if you exercise the Put Option.

The Loan is limited in recourse to the Underlying Entities' Shares. Instead of paying the Instalment Payment you may simply let the High Geared Instalments expire without taking any action. This is the case even if the price of the Underlying Entities' Shares is less than the Instalment Payment on the Expiry Date. Please see PDS Part 2 Section 2.11 "No action" for more information including in relation to the calculation and timing of the Assessed Value Payment.

Limited Recourse

Your liability to the Issuer for repayment of the Loan is limited to:

- i. the total amount received by the Issuer on disposal of the Underlying Parcel relating to the High Geared Instalment held by you (whether by exercising its power of sale or otherwise); and

- ii. the Put Option.

Accordingly, the Issuer will not take any action against you in relation to the Loan to recover any amount beyond enforcing the Security Interest.

Tax

- a. The Issuer is not liable for any Taxes or other charges (i) payable by the Holder in relation to or in connection with these Terms; or (ii) payable by the Issuer or any other person on, as a consequence of, or in connection with, the purchase, sale or transfer of an Underlying Entities' Share or rights, or any other supply under or in connection with these Terms.
- b. The Holder must:
 - i. pay all Taxes (including goods and services tax) and other charges for which the Investor becomes liable in relation to or in connection with these Terms; or
 - ii. pay an additional amount to the Issuer on demand equal to any applicable Taxes (including goods and services tax) and other charges for which the Issuer or any other person becomes liable on, as a consequence of, or in connection with, the purchase, sale or transfer of an Underlying Entities' Share by the Holder or rights of, or any other supply to the Holder under or in connection with these Terms.

Security Interest

You have directed the Trustee to grant to the Issuer a Security Interest over the Underlying Entities' Share, and all Accretions and adjustments to the Underlying Entities' Share, in accordance with clauses 2.1(b) and 2.2 of the Trust Deed. The Security Interest secures the due and punctual payment of the Secured Monies and performance by you of your obligations under the Trust Deed and the PDS and is granted in consideration of the Issuer agreeing to make the Loan available to you.

The terms of the Security Interest and the rights and powers of the Issuer as mortgagee and the Trustee as the mortgagee's nominee over the Underlying Entities' Share (and all Accretions and adjustments to the Underlying Entities' Share) are set out in the Trust Deed.

Exercise of powers

In accordance with the Trust Deed, if the Secured Monies are not paid and for any reason the Underlying Parcel is not immediately transferred to the Issuer (or its nominee) following the exercise of the Put Option in accordance with the Trust Deed, then the Issuer or the Trustee (as its nominee) may exercise a power of sale under the Security Interest, apply the proceeds in accordance with the Priority Order and remit the balance (if any) to the Holder.

The Issuer may exercise any other power granted by law in accordance with the terms of the Trust Deed and apply the proceeds of sale in payment of the Secured Monies.

By making an Application, you acknowledge that to the extent permitted by law, the Issuer and the Trustee have dispensed with any notice of lapse of time required by any law for the enforcement of the Security Interest or the exercise of any power by the Issuer under the Trust Deed and that the Issuer or the Trustee can exercise all other rights and powers they have under law even if they overlap with the Security Interest.

7. Income Tax considerations

High Geared Instalments – Tax Summary

The following summary sets out the main Australian income tax considerations relevant to High Geared Instalments. Because some of the Underlying Entities' Shares are located outside Australia, foreign withholding tax may be payable in connection with Distributions on the Underlying Entities' Shares in other countries or other foreign taxes may apply. This summary assumes the following:

1. Holders are an Australian resident individual taxpayer with a 30 June year end who hold their High Geared Instalments on capital account,
2. the High Geared Instalments are neither trading stock nor a revenue asset,
3. the Underlying Entities' Shares are:
 - i. listed for quotation in the official list of an approved stock exchange; or
 - ii. units in a widely held fixed trust (as defined for income tax purposes) that has at least 300 beneficiaries; and
4. the Underlying Parcel will not be the subject of any securities lending arrangement.

Holders who:

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

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

This summary is based on the Australian law and the Commissioner of Taxation's ("Commissioner") interpretation of the law, as at 5 September 2011. This summary does not take into account or anticipate any changes in the law or practice that may occur. This summary is general in nature and is provided only for the benefit of the Issuer. The tax consequences of investing in the High Geared Instalments can vary depending upon a Holder's individual circumstances. As such, this summary should not be relied upon and prospective Holders should first obtain independent professional taxation advice as to the consequences of investing in the High Geared Instalments.

References to the 1997 Act and the 1936 Act are to the Income Tax Assessment Act 1997 (Cth) and the Income Tax Assessment Act 1936 (Cth), respectively.

This summary has been prepared by Baker & McKenzie for the

purposes of inclusion in this PDS and any opinions expressed in this tax summary are those of Baker & McKenzie and not RBS. Baker & McKenzie is not involved in the marketing of this transaction and its role should not be interpreted to mean that it encourages any party to invest.

7.1 Loan

Interest

In general, interest incurred on moneys borrowed is deductible if it is incurred in producing assessable income or necessarily incurred in carrying on a business for the purpose of producing such income. Interest expenses will not be deductible to the extent to which they are of a capital, private or domestic nature.

Subject to the comments below regarding "capital protected borrowings", to the extent that Holders use the proceeds of the Loan for the purpose of investing in the High Geared Instalments where it is reasonably expected that dividends or distributions will be derived from the investment such interest incurred on the Loan may be deductible (subject to the other comments made in this section).

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

Capital protected borrowings

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

The Loan is a capital-protected borrowing for the purpose of these rules. However, provided that:

1. the aggregate of the interest on the amount borrowed plus amounts paid for capital protection,
2. **will not exceed** the total interest that would have been incurred for the year if the interest rate on the amount borrowed had

been the Reserve Bank of Australia's Indicator Lending Rate for Standard Variable Housing Loans plus 1.00% (as determined when the interest rate is fixed – or, if the interest rate is variable, the average of the rates during the variable interest rate period),

there will be no tax implications under Division 247.

If 1 did exceed 2, the excess amount would not be deductible but would instead be capitalised and included in the cost base of a notional put option deemed to be acquired by the Holder.

In the event the Holder relies on the limited recourse feature of the Loan, these capitalised non-deductible expenses should be included in the cost base of the Underlying Entities' Shares.

Pre-payment rules

On acquiring a High Geared Instalment, each investor will pay the 'Interest Amount'. If the Holder applies for a High Geared Instalment before, or during, the First Interest Period, the 'Interest Amount' may have two components; the first Interest Amount, which is paid by the Trustee to RBS on acquisition, and the second Interest Amount, which is paid by the Trustee to RBS on the Second Interest Date. The first Interest Amount is interest payable in advance for the period from the Issue Date to the Second Interest Date. If the Holder applies for a High Geared Instalment during the Second Interest Period, the second Interest Amount is paid to RBS for their first Reset Period on the Effective Date. The second Interest Amount is interest payable in advance for the period from and including the Second Interest Date to and including the next Reset Date or the Expiry Date, as relevant. Alternatively, the Interest Amount may be payable in advance on Reset Dates.

The 'anti-pre-payment rules' can restrict the availability of upfront deductions for pre-paid expenditure in certain circumstances. The 'tax shelter pre-payment rules' can further restrict the availability of upfront deductions for pre-payments.

Individuals and small business entities

Where relevant, the first Interest Amount will be paid for a period that ends less than 12 months after the payment date, and the second Interest Amount will be paid, on the Second Interest Date, for a period that ends less than 12 months after the Second Interest Date and the Interest Amount payable on Reset Dates is payable in advance for a period of less than 12 months. Because each of these prepayments relates to a period that is less than 12 months, and that does not end after the end of the year of income following the one in which the interest was paid, investors:

1. who are individuals, where the interest is not incurred in carrying on a business; or
2. that are small business entities (as defined in the Tax Act), other than those that elect to spread the tax deduction for each interest payment,

can deduct each amount of pre-paid interest in the respective income year in which each amount is incurred, to the extent of each amount of interest that is not deemed to be the cost of the Put Option under the 'capital protected borrowings' rules (see above) and subject to the 'tax shelter pre-payment rules' considered below.

Notwithstanding satisfaction of the 12 month rule, an individual or small business entity would be required to spread the tax deduction for each interest pre-payment if the 'tax-shelter pre-payment rules' were to apply. These rules apply to pre-paid expenditure incurred

under an arrangement pursuant to which the taxpayer's allowable deductions exceed the taxpayer's assessable income from the arrangement, with specific exclusions for pre payments in relation to certain types of negatively geared investments, including listed shares and units in certain widely held Trusts. We consider that the ATO is likely to accept the view that an investment in a High Geared Instalment is, in effect, an investment in the shares and/or units of the Underlying Entities. On that basis, Cash Applicants and on-market purchasers should not be subject to the 'tax-shelter pre-payment rules' in respect of interest paid on funds borrowed to acquire High Geared Instalments. However, deductions for interest that is pre-paid by Applicants will be subject to these rules (and thus will be required to be spread), unless the funds borrowed under the Loan are used for the purposes of making the relevant types of negatively geared investments; or are otherwise used for income-earning purposes that are not subject to the 'tax shelter pre-payment rules'.

Other investors

Investors who are not individuals and are not small business entities, or who are small business entities that elect to spread the tax deduction for each interest pre-payment, will not be able to claim a deduction for the full amount of each interest pre-payment (less any amounts that are deemed to be the cost of the Put Option) in the year in which it is pre-paid. The pre-paid interest should be claimed as a deduction on a prorata basis over the period to which the interest relates, thereby deferring a portion of the interest deduction until the next tax year.

7.2 Capital gains tax

As a general rule, the capital gains tax ("CGT") rules provide that, very broadly, the transfer of the Underlying Entities' Shares to or from the Holder to the Trustee on the provision and redemption of a Security Interest is not a taxable event under the CGT rules. Therefore, for CGT purposes, Holders are treated as if they were the owner of the Underlying Entities' Shares.

We note that on 10 March 2010 the Assistant Treasurer released a proposals paper regarding the tax treatment of "traditional instalment warrants", supplemented with an updated media release by the Assistant Treasurer on 17 January 2011. Relevantly, the Federal Government proposes to legislate to treat the owner of an instalment warrant over an exchange traded security as the owner of the security. In very general terms, it is expected that this should result in the same tax treatment of an investment in High Geared Instalments as is currently provided for in this summary. The details as to what will constitute a "traditional instalment warrant" are (at this stage) fairly general. You should discuss the progress of this proposal with your own professional taxation adviser.

Instalment Payment

If at the Reset Date or the Expiry Date, the Holder elects to pay the Instalment Payment, the Trustee, under the Holder's authorisation, may sell High Geared Instalments to meet the Cap Payment on the remaining High Geared Instalments (if any). The disposal will result in a CGT event whereby the Holder will make a capital gain equal to the difference between the capital proceeds and the cost base of acquiring the Underlying Entities' Share. A capital loss will arise where the reduced cost base is greater than the capital proceeds.

The remaining Underlying Entities' Shares (if any) will be transferred to the Holder. No CGT event will be triggered on this transfer as the

redemption of a security interest is not a taxable event under the CGT rules. If the Put Option is not exercised (i.e. it expires) this will trigger CGT event C2 resulting in a capital loss equal to the reduced cost base of the Put Option.

Sale of the Underlying Entities' Shares

The Underlying Entities' Shares are CGT assets.

Where an Underlying Entities' Share is disposed of, the Holder will make a capital gain equal to the difference between the capital proceeds and the cost base of acquiring the Underlying Entities' Share. A capital loss will arise where the reduced cost base is greater than the capital proceeds.

A Holder will have a cost base in the Underlying Entities' Shares that comprises:

1. the consideration paid by the Holder to originally acquire the Underlying Entities' Shares;
2. incidental costs of acquisition and disposal; and
3. costs of ownership (e.g. interest which a Holder incurs as a result of borrowing funds to acquire the High Geared Instalment where the interest is not otherwise allowable as a tax deduction).

The reduced cost base of a High Geared Instalment should include items 1 and 2, but not item 3 referred to above.

Cap Payment

Where the Holder has the obligation to pay the Cap Payment to the Issuer (i.e. the Issuer is entitled to receive the Cap Payment), the preferred view is that this amount is included in the cost base and reduced cost base of the relevant Underlying Entities' Share on the basis that the Cap Payment is made for the preservation of the Holder's title in the Underlying Entities' Share.

CGT discount

A Holder that is an individual, trust or complying superannuation entity that has held the Underlying Parcel for at least 12 months is entitled to a CGT discount. Individuals and trusts are entitled to a 50% discount and complying superannuation entities to a discount of 33¹/₃%.

Exercise of Put Option

If the Holder exercises their Put Option, the Trustee will dispose of the Underlying Entities' Shares and the excess of the proceeds of sale over the Instalment Payment and other applicable costs will be paid to the Holder.

The disposal of the Underlying Entities' Shares will trigger a CGT event. The Holder will make a capital gain where the capital proceeds on disposal of the Underlying Entities' Shares exceed the cost base of acquiring those shares. A capital loss is made if the capital proceeds are less than their reduced cost base. The elements that are included in the cost base and reduced cost base are discussed above. Where the Put Option is exercised, the cost base and reduced cost base that a Holder has in the Underlying Entities' Shares will also include any payment the Holder made to acquire the Put Option (or to renew or extend it).

If the sale proceeds received on such a disposal are less than the Loan resulting in a shortfall which the Holder is not required to

repay (i.e. due to the Loan being a limited recourse loan), it is the Commissioner's preferred view that the Holder should reduce their cost base in the Underlying Entities' Shares by the shortfall amount.

Rollover expiring High Geared Instalments into the next series of High Geared Instalments on an Expiry Date If the Holder rolls over their High Geared Instalments into a new series of High Geared Instalments over the same Underlying Entities' Shares, this will not constitute a disposal of the beneficial interest in the Underlying Entities' Shares. As such, no capital gain or capital loss should arise.

In this case, the Holder will carry over the cost base (and reduced cost base) they had in the Underlying Entities' Shares in the prior series, plus any additional costs incurred in respect of acquisition or disposal.

If you are a Superannuation Holder you should confirm whether your application under a rollover facility might contravene the SIS Investment Rules. Given the serious ramifications that a breach could have for a Superannuation Holder (including the loss of the entity's concessional tax status) Superannuation Holders should obtain their own advice before using any rollover facility the Issuer may provide.

There is no guarantee that the Issuer will accept an application for a rollover facility made by a Superannuation Holder and the Issuer may accept or reject any such application in its absolute discretion.

No action taken on Expiry Date

If on the Expiry Date, the Holder does nothing or submits an Instalment Payment Notice and the Instalment Payment Notice submitted by the Holder is otherwise invalid (please see Section 2.4 for further information on what makes an Instalment Payment Notice invalid), the Holder will be deemed to have elected to exercise the Put Option and will receive a cash payment.

The Holder will make a capital gain if the capital proceeds exceed the cost base of the Underlying Entities' Shares and make a capital loss if the capital proceeds are less than the reduced cost base.

The cost base which a Holder has in the Underlying Entities' Shares may be adjusted where the Holder does nothing at the Expiry Date and the Trustee exercises its powers of sale under the Security Interest and disposes of the Underlying Entities' Shares. If the sale proceeds received on such a disposal are less than the Loan resulting in a shortfall which the Holder is not required to repay, it is the Commissioner's preferred view that the Holder should reduce their cost base in the Underlying Entities' Shares by the shortfall amount.

7.3 Distributions

Dividends

Any dividends paid on the Underlying Entities' Shares must be included in the Holder's assessable income. This is the case irrespective of whether the dividends are paid to the Holder or used to repay the Loan.

If the Underlying Entity is an Australian resident company, and franking credits are available in respect of the dividends, then a Holder should (subject to the anti-avoidance rules discussed below):

1. include in their assessable income an additional amount equal to any franking credits attached to the dividends; and

- claim a tax offset equal to this additional amount which can be offset against the Holder's income tax liability for that income year.

Holders that are either a resident individual or a complying superannuation fund are entitled to a refund of any excess tax offsets that exceed the Holder's income tax liability for that year.

The tax legislation contains various anti-avoidance rules designed to ensure investors cannot enter schemes for the purpose of trading in franking credits and tax offsets. As a discrete investment, and subject to the following comments, we do not consider that High Geared Instalments fall within the scope of these anti-avoidance rules. However, as the application of these rules always depends upon the particular circumstances relevant to the investor, Holders should ensure that they receive professional taxation advice on this issue regarding, in particular, the potential application of:

- the 45 day at risk rules in Division 1A of Part IIIAA of the 1936 Act; and
- section 177EA of Part IVA of the 1936 Act.

45 day at risk rules

The comments below are based on Division 1A of Part IIIAA of the 1936 Act as it operated just prior to 1 July 2002 - being the date on which Division 1A of Part IIIAA of the 1936 Act ceased to apply. The Government's intention since 2002 has been to re-write these rules as part of its comprehensive re-write of the dividend imputation regime (which occurred in 2002). However, the re-written rules are not yet enacted despite the Government's express statements to the effect that there has been no intended change of policy regarding the application of these rules (in Taxation Determination TD 2007/11 the Commissioner indicated that Division 1A continues to have ongoing effect).

Division 1A of Part IIIAA of the 1936 Act requires that both the Trustee and the Holder hold the Underlying Entities' Shares "at risk" for 45 days during a specified period. Because High Geared Instalments involve related payments, this 90 day period is the 45 days each side of the relevant ex-dividend date. Very broadly, "at risk" means being exposed to at least 30% of the risks of loss and opportunities for gain associated with the Underlying Entities' Share. This is referred to as the Holder's "net position" in the Underlying Entities' Share. A Holder who is unable to satisfy this test in respect of a dividend will not be entitled to a tax offset for the franking credits attached to the dividends.

We would generally expect that Division 1A of Part IIIAA of the 1936 Act will not result in a Holder being denied the benefit of franking credits, but this is something that you should confirm with our own tax adviser as it depends on the specific terms of your investment.

As a discrete point, there is a technical issue as to whether a beneficiary of a security trust can ever satisfy this "at risk" requirement - despite the fact that they may, as a commercial matter, be exposed to changes in value of the Underlying Entities' Shares. This technical issue is due to the fact that, as the holding period provisions are currently drafted, a charge granted by a Trustee effectively reduces the net position of an investor in the underlying secured property to nil. We consider this outcome is contrary to the spirit of the holding period rules and it is unlikely that the Commissioner will apply these provisions in this manner to deny an investor their entitlement to

franking credits. This view is based on the fact that in Class Ruling CR 2007/51, which involved a security trust, the Commissioner sanctioned the flow-through of franking credits by exercising a specific discretion to allow the flow-through of franking credits to Holders where the holding period requirements were not otherwise satisfied. While Holders cannot rely on this Class Ruling, we consider that its outcome is consistent with both current market practice and the intended spirit of these provisions.

For completeness we also note that:

- these rules do not apply to an individual with an entitlement to tax offsets of \$5,000 or less (in an income year); and
- a complying superannuation fund may elect irrevocably to have a franking credit and rebate ceiling apply to them in accordance with a particular statutory formula as an alternative to satisfying the holding period rule. Broadly, this statutory formula allows the superannuation fund to claim franking credits equal to 120% of a notional total rebate amount referable to a benchmark portfolio of shares based on the All Ordinaries Index. To calculate the notional total rebate amount a superannuation fund needs to multiply its net equity exposure (this will involve working out the delta of the equity positions it takes during the relevant income year) and the average franking rebate yield for the benchmark portfolio (this yield is published on the Australian Taxation Office's website). A superannuation fund needs to seriously consider whether to elect to have this franking credit ceiling apply to it as the election is irrevocable and it may be that the fund may be entitled to more franking credits if it instead satisfied the holding period rule.

Section 177EA of Part IVA

Section 177EA of Part IVA of the 1936 Act is a specific anti-avoidance provision designed to stop the trading and streaming of franking credits. As with Part IVA generally (see discussion below), the application of this provision depends on the circumstances of the particular Holder and, consequently, Holders should obtain their own tax advice regarding the potential application of this section. However, as a general point, we do not consider that a High Geared Instalment has any terms or conditions that make it particularly sensitive to the application of section 177EA.

Foreign tax

A Holder may derive foreign sourced income. Where such income from which the distribution was made has been subject to foreign tax (e.g. foreign Withholding Tax), the Holder must gross up the distribution received and may be entitled to foreign income tax offsets.

Trust distributions

Public Trading Trusts and Corporate Unit Trusts Where an Underlying Entities' Share is a unit in a unit trust which is a 'public unit trust' or a 'corporate unit trust' under Divisions 6B or 6C of Part III of the 1936 Act, respectively, that unit trust will be treated as a company for taxation purposes and, therefore, any distributions made by the unit trust will be treated as dividends. As such, the tax treatment will be the same as that discussed above in "Distributions". For completeness, we note that the 2010/2011 Federal Budget proposes to repeal Division 6B of Part III of the 1936 Act.

Other trusts

The Underlying Entities' Shares may include interests in Underlying Entities that are not 'public trading trusts' or 'corporate units trusts' (refer above). In these circumstances, Holders should include in their assessable income their share of the "net income" of those Underlying Entities in the income year in which the income is received.

7.4 Borrowing fees

Any borrowing fees incurred by a Holder and payable to the Issuer to obtain the Loan will be deductible to the extent that the Loan is used for the purpose of producing assessable income. The borrowing fees will be deductible over the lesser of the term of the Loan or five (5) years. Where the Loan is discharged prior to the Expiry Date, the remaining undeducted balance of the Loan is deductible in the year of income the Loan is discharged. Where the borrowing expense does not exceed \$100, the expense may be deducted in the year of income it is incurred.

7.5 Forecast Distribution Fee

Any Forecast Distribution Fee incurred by a Holder should be an outgoing of a capital nature and should be non-deductible to the Holder. The Holder should include any Forecast Distribution Fee in the Holder's cost base and reduced cost base of the Underlying Entities' Shares as an incidental cost of acquisition.

7.6 Foreign Investment Fund provisions

The Foreign Investment Fund ("FIF") provisions have been repealed, and will be replaced with an anti-roll-up fund rule under which the Commissioner may make a written determination that income of the foreign entity should be attributed to an investor where, among other things, under a scheme an Australian resident investor received a "tax deferral benefit" and having regard to the circumstances, it is reasonable to conclude that an entity (whether alone or with others) entered into or carried out the scheme for the dominant purpose of that entity or another entity getting a tax benefit. As the anti-roll-up rule is currently in exposure draft form, Holders should discuss the progress of this proposal with their own professional tax adviser.

7.7 Tax File Numbers

Holders are not obliged to provide their TFN or ABN to the Issuer. However, if a TFN or an ABN is not provided, the Issuer will be required to deduct tax at the top marginal rate plus the Medicare Levy (currently a total of 46.5%) from distributions to resident Holders. If tax is withheld, the Holder can claim a credit for the amount withheld upon lodgment of their income tax return for the income year.

7.8 Taxation of Financial Arrangements ("TOFA")

Division 230 of the 1997 Act contains the new regime for TOFA. There are various exclusions to TOFA. Relevantly, 'financial arrangements' held by individuals and superannuation entities with assets less than \$100 million are excluded provided the financial arrangements are not 'qualifying securities'. As High Geared Instalments are not 'qualifying securities' the above mentioned exemptions should be applicable.

7.9 Part IVA of the Income Tax Assessment Act 1936

Part IVA of the 1936 Act outlines a general anti-avoidance regime for tax purposes. The regime can apply to any tax benefit obtained under a scheme where any party to the scheme has entered into it for the dominant purpose of enabling a taxpayer to obtain a tax benefit in connection with the scheme. The application of Part IVA of the 1936 Act depends on the circumstances of each Holder. Holders should discuss the potential application of these rules with their own professional taxation adviser.

7.10 Goods and services tax

GST would not be payable in respect of the purchase, sale, exercise, conversion or termination of the High Geared Instalments on the basis that all of these transactions are input taxed financial supplies. GST would also not apply to the Borrowing Fee, Interest Amount or Forecast Distribution Fee on the basis that these amounts are input taxed financial supplies or are directly connected with input taxed financial supplies.

8. Additional information

8.1 Extraordinary Events and Early Expiry

RBS may in certain circumstances, with the consent of the ASX, nominate an Extraordinary Event. These circumstances include but are not limited to:

- Adjustment Events,
- Market Disruption Events,
- delisting or suspension from trading of the Underlying Entities' Shares,
- changes to law or taxation and Force Majeure Events,
- Increased Costs of Hedging for the Issuer; or
- any other event which would make performance of RBS' obligations for High Geared Instalments unlawful or impossible.

Investors should review the definition of Extraordinary Event in clause 15 of the Trust Deed.

If an Extraordinary Event occurs, RBS may with the consent of the ASX, nominate an Early Expiry Date which will result in the bringing forward of the Expiry Date announced by RBS such that the Early Expiry Date nominated by RBS shall become the Expiry Date for that Series of High Geared Instalments. RBS will give at least ten Business Days notice to the Holders of the nomination of an Early Expiry Date.

Please read clauses 15 and 16 of the Trust Deed in PDS Part 2 Section 9 for further details.

8.2 Adjustment Events

Adjustment Events include but are not limited to the following:

- cash return of capital, capital reduction, buy-back or withdrawal offer for the Underlying Entities' Shares,
- a subdivision, consolidation or reclassification of any Underlying Entities' Shares,
- free distribution of any Underlying Entities' Shares by way of bonus, capitalisation or similar issue,
- Compulsory Acquisition of the Underlying Entities' Shares by the Underlying Entity,
- a rights issue, merger, demerger, Takeover Bid relating to an Underlying Entity,
- any property comprised in an Underlying Entities' Share being subject to a scheme of arrangement, quasi-scheme of arrangement or merger in the nature of a scheme of arrangement, winding up of the Underlying Entity,

- an index related to the Underlying Entities' Shares is suspended, ceases to be published, calculated or announced, is replaced or materially changed or modified, or there is a suspension from trading of the constituents,
- a Force Majeure Event, Change in Law or disruption to RBS' hedging arrangements occurs,
- trading in the Underlying Entity is suspended or restricted, or the issuer of the Underlying Entities' Shares or its manager becomes insolvent or bankrupt,
- information about the Underlying Entity or a related index is not available or published as required; or
- any other event that, in RBS' reasonable opinion is similar.

For a full description of Adjustment Event please refer to the definition in the Glossary (see PDS Part 2 Section 10).

RBS may nominate how an Adjustment Event in relation to an Underlying Entities' Share is treated under the Trust Deed. RBS may nominate that:

- a. an Adjustment Event is treated as an Extraordinary Event,
- b. the Loan Amount, Instalment Payment, Cap, Cap Amount, Cap Payment, Reset Date, Expiry Date, Underlying Entities' Shares, or other terms of the High Geared Instalments (except the Expiry Date) may be adjusted or replaced by RBS in a fair and equitable manner, subject to ASX consent, to preserve as far as reasonably possible the position of the Holders and RBS with respect to the High Geared Instalments. For example, in the event of a share split, RBS may decide to divide one High Geared Instalment into two and allocate the Loan Amount equally between each new High Geared Instalment, thereby halving the Instalment Payment payable per High Geared Instalment,
- c. the number of High Geared Instalments is consolidated or divided to a lesser or greater number in response to a bonus issue or consolidation or subdivision of Underlying Entities' Shares,
- d. the property or benefit which is the subject of the Adjustment Event, or the proceeds of sale of, such property or rights, be paid in accordance with the Priority Order,
- e. the property or benefit which is the subject of the Adjustment Event, or the proceeds of sale of such property or rights, be treated as an Accretion; or
- f. the property or benefit which is the subject of the Adjustment Event, or the proceeds of sale of such property or rights, is distributed to the Holder.

The Trustee may be obliged to dispose of an Underlying Entities' Share because of a regulatory or judicial requirement. In these

circumstances, the Trustee can take all reasonable steps to dispose of a particular Underlying Entities' Share in accordance with that obligation and the Trust Deed. If an Underlying Entities' Share is subject to a Takeover Bid, you will not be able to accept the bid. The Trustee is not under any obligation to communicate with you any information in relation to a Takeover Bid or its proposed course of action in respect of that Takeover Bid. For more information please see the definition of Disposal Event in the Glossary in PDS Part 2 Section 10 and clause 11 of the Trust Deed in PDS Part 2 Section 9.

RBS will notify Holders if there is any adjustment to their High Geared Instalments as described in this PDS Part 2 Section 8.2 "Adjustment Events".

8.3 Amendments to the Terms

RBS and the Trustee may amend the Terms (including the Trust Deed) in accordance with the ASX Operating Rules and the Trust Deed (see clause 29 of the Trust Deed).

Circumstances in which amendments may be permitted include:

- with the consent of ASX, if the amendment is necessary or desirable in the reasonable opinion of RBS to comply with any statutory or other requirements of law of the ASX,
- with the consent of ASX, if the amendment will not, in the reasonable opinion of RBS, materially prejudice the interests of Holders; or
- if the amendment is authorised by a resolution of the Holders, where not less than 75% of the votes cast are in favour of the resolution.

8.4 Stamp Duty

Australian stamp duty should not be payable on the transfer of a High Geared Instalment or an Underlying Entity Share. An exception to this may be where the Underlying Entity owns certain South Australian property. Land rich duty (or its equivalent) may also apply if the Underlying Entity is land rich or a land holder and certain threshold tests are not satisfied. You may wish to seek independent advice taking specific account of the underlying entities involved.

8.5 Description of the Underlying Entities

Each Underlying Entities' Share will be a Listed Share.

A listed entity will generally be required to disclose information to the market under the rules of a Related Exchange. Historical information about the Underlying Entities, including their Share prices and the volume of trading, can be obtained from several sources including the Underlying Entities themselves, the Related Exchange, a broker or investment adviser and newspapers. Potential holders should make their own inquiries about the Underlying Entities' Shares.

The rights and liabilities attaching to the Underlying Entities' Shares and information about an Underlying Entity are set out in their prospectus, product disclosure statement or other offer document and the constituent documents of the respective Underlying Entity. Potential Holders may obtain a copy of these documents by approaching the relevant Underlying Entity. Information about an Underlying Entity may be obtained from the relevant Underlying Entity's website and the website of the Related Exchange on which

it is listed. In relation to any Underlying Entities' Share that is quoted on a Related Exchange that is not the ASX, the Related Exchange website and (in some circumstances) the Underlying Entity's website are identified in PDS Part 1.

RBS will not take into account any labour standards or social, environmental or ethical considerations for the purpose of selecting, retaining or realising an investment. An investment in the High Geared Instalments requires the selection of the Underlying Entities' Shares only. Should an investor wish to know whether the Underlying Entity takes into account any labour standards or social, environmental or ethical considerations, the investor should make their own enquiries of those Underlying Entities. Please refer to the relevant Underlying Entity's prospectus, product disclosure statement or other offer document or to any information disclosed under the relevant Underlying Entity's continuous disclosure obligations.

8.6 Admission to Trading Status

Within 7 days after the date of the relevant PDS Part 1, an application will be made for the High Geared Instalments to be admitted to trading status by the ASX.

The Issuer will publish a notice on its website at www.rbs.com.au/markets when the Issuer receives the ASX's decision regarding this application. Holders will also be able to confirm whether their High Geared Instalments have been admitted to trading status by reviewing the ASX website.

There is no guarantee that the High Geared Instalments will be admitted to trading status. If a Series of High Geared Instalments is not admitted for trading status within 3 months of the date of the relevant PDS Part 1, then the Issuer will not issue any further High Geared Instalments in that Series and the High Geared Instalments issued in that Series will be void and the Application Amounts in respect of those High Geared Instalments will be returned as soon as practicable to those Applicants.

If the ASX approves the High Geared Instalments to be admitted to trading status, that should not be taken in any way as an indication of the merits of RBS, or of the High Geared Instalments now offered for subscription. The ASX does not warrant the accuracy or truth of the contents of this PDS. The ASX has not authorised or caused the issue of this PDS or the making of offers or invitations for the High Geared Instalments. The ASX takes no responsibility for the contents of this PDS. The ASX makes no representation as to whether this PDS and the Terms comply with the Corporations Act or the ASX Operating Rules.

To the extent permitted by the ASIC Act or any other relevant law, the ASX will be under no liability for any claim of whatever kind, including for any financial or consequential loss or damage suffered by Holders or any other person, if that claim arises wholly or substantially out of:

- reliance on any information contained in this PDS; or
- any error in, or omission from, this PDS.

8.7 National Guarantee Fund – Not a guarantee in all cases

Claims against the National Guarantee Fund may only be made for secondary trading in High Geared Instalments between brokers on the ASX and can in no way relate to the primary issue of High Geared

Instalments by RBS or settlement obligations of RBS arising from the exercise or expiry of a High Geared Instalment.

8.8 Legislation regulating disclosure by substantial Holders of securities and takeovers

The acquisition of a High Geared Instalment may have implications for a Holder under Corporations Act provisions regarding substantial holdings in securities and takeover provisions. Holders should seek their own advice about this as the precise implications depend on the Holder's particular circumstances.

8.9 Relief for on-market purchasers

The sale of a High Geared Instalment may have implications for a Holder under the Corporations Act provisions regarding the disclosure requirements for sales of securities or financial products. Holders should seek their own advice about this.

Any sale or purchase of High Geared Instalments on the secondary market does not require the Issuer to provide a PDS to the investor pursuant to ASIC Class Order 02/608 and Corporations Regulation 10.2.51(c).

8.10 Description of RBS

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

In the Asia-Pacific region, the RBS Group serves corporate, institutional and public sector clients in 11 countries. The RBS Group is a leading provider of corporate and financial services. The RBS Group has had a local presence since 1974 and works on some of the local market's largest and most complex transactions and projects for our corporate, institutional and public sector clients.

RBS is a public limited company incorporated in Scotland with registration number SC090312 and is regulated by the Financial Services Authority in the United Kingdom and is registered in Australia as a foreign company (ABN 30 101 464 528) and is an Australian Financial Services Licensee under the Corporations Act (Licence No. 241114). As at 31 December 2012, RBS had net assets of GBP 59.425 billion. This figure is updated from time to time at www.rbs.com.au/markets.

Further details can be obtained at www.rbs.com.au.

8.11 Privacy

RBS collects your personal information in order to:

- provide and manage the financial products and services provided by RBS to you,
- comply with relevant laws (such as the AML/CTF Act); and
- keep you informed of new products and services.

RBS may use the information to send out information concerning RBS' other trading and investment products. If you do not actively select to not receive any information on RBS' other trading and investment products, you are taken to have consented to receive such information. If at any time you are receiving information from RBS about RBS products and do not wish to receive further correspondence, you will need to let RBS know by calling 1800 450 005.

RBS may disclose information about you to third parties where it is necessary for business purposes in managing a financial product or service and/or where RBS has service partners involved in providing your financial products or services. On request, RBS will provide you with a copy of any personal information which RBS holds about you. RBS will inform you beforehand if there is any charge associated with providing this information to you. If you do not provide RBS with the personal information which RBS requests, RBS may not be able to provide a service, or RBS may be required by law to take particular actions such as deducting taxation at the top marginal rate.

Further information about RBS' privacy practices can be found by requesting a copy of RBS' privacy policy. If you inform RBS that information it holds about you is not accurate, complete or up to date, RBS will take reasonable steps to correct it.

8.12 Complaints and enquiries

If a Holder has an enquiry or concern about their investment, they should contact the RBS Warrants Desk on 1800 450 005 or by writing to:

The Royal Bank of Scotland plc

Warrants Department
Level 23
88 Phillip Street
SYDNEY NSW 2000

Or

GPO Box 4675 Sydney NSW 2001

If you have a complaint and it is not addressed to your satisfaction by the RBS Warrants Desk, you can then direct your complaint to the Head of Compliance using the addresses above.

RBS' compliance department will acknowledge receipt of your complaint in writing. Your complaint will be investigated in accordance with the RBS Group Complaints Policy (which can be read at www.rbs.com.au). You will be informed in writing of the result of the compliance investigation into your complaint.

If you are not satisfied with RBS' response to your complaint you can then contact the Financial Ombudsman Service ("FOS") at:

Financial Ombudsman Service

GPO Box 3
Melbourne VIC 3001

Or

Level 12, 717 Bourke Street
Docklands VIC 3008

Telephone: 1300 780 808

Email: info@fos.org.au

FOS is a free independent dispute resolution scheme. In order for a complaint to be considered by FOS, the claim involved must be under AUD500,000 (unless the Issuer and the Holder agree otherwise in writing)

8.13 No Holders

If there are no Holders of the High Geared Instalments (other than the Issuer or a Related Body Corporate of the Issuer) then the Issuer may amend or vary any term of the High Geared Instalments including, without limitation, the Instalment Payment, the Interest Rate or the Interest Amount, but not the Expiry Date.

8.14 Consents

Link Market Services Limited has, as at the date of PDS Part 1, given and not withdrawn its consent to being named as the Registrar.

The Trustee has, as at the date of PDS Part 1, given and not withdrawn its consent to being named as the Trustee and to the inclusion in this PDS of the Trust Deed in PDS Part 2.

PDS Part 1 also identifies the Underlying Entities who have consented to be named in PDS Part 1.

8.15 Loan purposes

It is a term of your investment in the High Geared Instalments that you give the declaration in the Application Form confirming that the Loan will not be applied wholly or predominantly for personal, domestic or household purposes or for purchasing or improving residential property.

8.16 Anti-money Laundering and Counter-Terrorism Financing Requirements

The Issuer is required by the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the adjunct subordinate legislative instruments ("AML/CTF legislative regime) to complete certain due diligence on any Applicant and obtain additional information as to their identity, source of funds and similar matters.

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

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

Under the AML/CTF legislative regime, the Issuer has an obligation to report suspicious matter to AUSTRAC. This obligation may require the collection of further information from Holders. The Issuer may be

prohibited from informing Holders that reporting to AUSTRAC has taken place.

The Issuer has the right to not pay benefits under the High Geared Instalments where there are reasonable grounds to believe that doing so would breach Australian law or sanctions (or the law or sanctions of any other country) and the Issuer is not liable to you for any resulting loss.

By applying for High Geared Instalments, you are acknowledging that the Issuer may, at its absolute discretion, not issue High Geared Instalments to you, cancel any High Geared Instalments previously issued to you, delay, block, freeze any transactions or redeem any High Geared Instalments issued to you if it believes it necessary to comply with the AML/CTF legislative regime. In the above circumstances, the Issuer will not be liable to you for any resulting loss.

9. Trust Deed

A Trust Deed has been established for the issue of High Geared Instalments from time to time. It is in the form set out in this PDS Part 2 Section 9, with the only differences being the actual execution by the parties to it.

Copy of Trust Deed

Deed Poll dated 9 September 2011 made by each of:

1. The Royal Bank of Scotland plc
(ABN 0 101 464 528 AFSL: 241114)
of Level 28, 88 Phillip Street,
Sydney NSW 2000
("Issuer"), and
2. RBS Nominees (Australia) Pty Limited
(ACN 094 599 989)
of Level 28, 88 Phillip Street,
Sydney NSW 2000
("Trustee"),

in favour of each other and in favour of each individual holder of the High Geared Instalments ("Holder").

It is declared as follows:

Part 1 – The Warrants

1. Application

- 1.1 Initial title to a High Geared Instalment will vest in an Applicant once the following conditions have been satisfied:
 - a. the Trustee (or its nominee) holds the legal title to the Underlying Entities' Share to which the High Geared Instalment relates; and
 - b. the High Geared Instalment has been registered in the name of that Applicant.
- 1.2 If the Issuer determines not to proceed with an offer of a Series of High Geared Instalments, it will terminate any High Geared Instalments in that Series already issued and will return any Application Amounts received in respect of that Series, without interest.

2. Creation of Security and Trust Interests

- 2.1 Upon the vesting of title to a High Geared Instalment in an Applicant:
 - a. a trust arises over the Underlying Entities' Share to which the High Geared Instalment relates in favour of the Holder from time to time of that High Geared Instalment subject to the Security Interest established under clause 2.1(b); and
 - b. the Applicant as initial Holder of the High Geared Instalment directs the Trustee to grant the Security Interest over, and the Trustee grants the Security Interest over, the Underlying Entities' Share in favour of the Issuer to secure:
 - i. amounts payable by the Holder to the Issuer in connection with the High Geared Instalment as described in this Deed Poll (including without limitation the Loan Amount and any Cap Payment); and
 - ii. the due and punctual performance by the Holder of the Holder's obligations in connection with the High Geared Instalment.
- 2.2 The trust and security interest described in clause 2.1 extend to all Accretions and adjustments to the Underlying Entities' Share, and a reference to the Underlying Entities' Share following an Accretion or adjustment to an Underlying Entities' Share will be taken as a reference to the original Underlying Entities' Share together with the Accretion or as modified by that event (as the case may be).

2.3 To the extent permitted by law, the Trustee and the Holders each dispense with any right to notice or lapse of time required by any law for or in connection with the registration, perfection or enforcement of a Security Interest or the exercise of any power by the Issuer under this Deed Poll or the Terms (including, without limitation, any notice of a verification statement under the Personal Property Securities Act).

3. Separate Trusts

3.1 The trust established under clause 2 in respect of each High Geared Instalment is a separate trust from the trust established under clause 2 in respect of each other High Geared Instalment (including all Accretions and adjustments to the Underlying Entities' Share).

3.2 Each Separate Trust begins on the Commencement Date for that Separate Trust.

3.3 The Trustee is appointed as the initial trustee of each Separate Trust.

3.4 Except as provided in paragraphs (a) to (f) below, the Trustee and the Registrar must keep separate, and not pool, the interests or the property of the Separate Trusts, High Geared Instalments and Underlying Entities' Shares, but each may administer the Separate Trusts, and the Holder acknowledges that, in relation to the administration of the Separate Trusts:

- a. Underlying Entities' Shares may be held by the Trustee (or a nominee permitted under this Deed Poll) in an account or holding with other trust property then held by the Trustee or the nominee provided the Trustee or the nominee maintains records sufficient for the Trustee to determine at any point in time the property in that account or holding that is referable to each trust and provided that no property is held in that account or holding which belongs to the Trustee or the nominee personally,
- b. all Underlying Entities' Shares held for a particular Holder from time to time may be aggregated,
- c. all High Geared Instalments held by a particular Holder from time to time in relation to a Series of High Geared Instalments may be aggregated by the Registrar,
- d. all Underlying Entities' Shares are registered in the name of the Trustee (or a nominee permitted under this Deed Poll),
- e. any money received by the Trustee in respect of the Separate Trusts may be deposited in the same bank account (which may be an account in the name of the Trustee or in the name of a Related Body Corporate which holds that account on trust whether for the Trustee alone or for the Trustee and other beneficiaries in respect of the moneys deposited in that account) with other trust moneys provided the Trustee maintains records sufficient for the Trustee to determine at any point in time the money in that account that is referable to each trust and provided that no money is held in that account which belongs to the Trustee or the nominee personally; and
- f. accounting, taxation and other records or returns may be prepared on a consolidated basis, in accordance with this Deed Poll.

3.5 A Separate Trust terminates on the earlier of:

- a. the date that it terminates by operation of law,
- b. the 80th anniversary of the Commencement Date; or
- c. the expiry of a High Geared Instalment when the Underlying Entities' Share has been transferred out of the Separate Trust or redeemed or cancelled and all other obligations of the Trustee to the Holder and the Issuer under these Terms have been met.

4. Security Interest

Priority

4.1 The Security Interest in respect of the Underlying Entities' Shares is intended to take priority over all other Encumbrances and other interests in the Underlying Entities' Shares.

Nature

4.2 The Security Interest in respect of the Underlying Entities' Share operates as a mortgage over all present and future property comprising the Underlying Entities' Share. To the extent the Security Interest fails for any reason to take effect as a mortgage over any property, it takes effect as a fixed charge or, if it fails to take effect as a fixed charge, as a floating charge over that property.

4.3 The floating charge referred to in clause 4.2 will automatically and immediately crystallise and operate as a fixed charge in respect of any asset upon:

- a. notice from the Issuer to the Trustee,
- b. any dealing by the Trustee in breach of this Deed Poll,
- c. any step being taken to enforce any Encumbrance in respect of the asset or any interest in it,
- d. the Holder becoming bankrupt or being unable to pay its debts as and when they fall due; or
- e. any government agency (including the Commissioner of Taxation) taking any step which affects that asset or the priority of the Security Interest.

Further assurances and perfection

4.4 The Trustee (and, if requested by the Issuer, the Holder) must do anything requested by the Issuer (including, without limitation, entering into a legal mortgage, an agreement of a kind contemplated by section 262(1)(g)(iii) of the Corporations Act or other documents) to ensure that the Issuer has and is able to exercise the interests, rights and powers contemplated by this Deed Poll or that those interests, rights and powers are better protected.

4.5 Without limiting clause 4.4, the Holder irrevocably directs the Trustee to, and the Trustee (and, if requested by the Issuer, the Holder) must, do anything the Issuer asks to better protect its rights under the Security Interest and its interest in the Underlying Entities' Share, or to ensure the Security Interest is enforceable on the terms provided for in this Deed Poll, including but not limited to executing documents or entering into any other arrangement requested by the Issuer to ensure that the Issuer has 'control' (within the meaning of the Personal Property Securities Act) of the Underlying Entities' Share and

that the Holder is not able to do anything that would give another person 'possession' or 'control' of any Underlying Entities' Share (within the meaning of the Personal Property Securities Act).

Protection of Security Interest under ASX Settlement Operating Rules

4.6 The Trustee and the Issuer may do all such things as may be necessary under the ASX Settlement Operating Rules or otherwise to protect the Security Interest.

Discharge of Security Interest

4.7 The Security Interest is immediately discharged upon the occurrence of an event specified in clause 8.1(b), or as otherwise provided in this Deed Poll.

Indemnity

4.8 The Holder agrees to indemnify the Issuer in respect of all reasonable expenses it may incur in exercising its rights and powers as holder of the Security Interest.

5. Nature of High Geared Instalments

5.1 The High Geared Instalments are unsecured obligations of the Issuer, entitling the Holder as against the Issuer (subject to this Deed Poll):

- a. to have each Underlying Entities' Share to which the High Geared Instalment relates held by the Trustee (in its own name or the name of its nominee) for the benefit of the Holder under a Separate Trust,
- b. upon becoming the Holder and on each Reset Date, to be granted a Loan in respect of the Underlying Entities' Shares to be applied in accordance with clause 6.3 and 6.8 (as applicable),
- c. to exercise the Put Option in accordance with this Deed Poll; and
- d. to have transferred to it the Underlying Entities' Share if it so elects by giving the Issuer a valid Instalment Payment Notice and paying the Instalment Payment (plus any applicable Processing Fee, Transfer Taxes and Expenses) before 5:00pm on the Business Day prior to the Expiry Date and paying any applicable Cap Payment in accordance with this Deed Poll.

5.2 Each High Geared Instalment corresponds to an individual Underlying Entities' Share as initially registered in the name of the Trustee (or its nominee).

5.3 Each Loan is granted on the Terms of clause 6 of this Deed Poll, which forms part of the High Geared Instalment, and the Holder is bound by those terms.

6. Loan

Initial Loan Drawdown

6.1 The Issuer agrees to make a loan to the Holder in an initial amount equal to the Instalment Payment for each High Geared Instalment acquired by the Holder on the Effective Date on the terms and conditions set out in this Deed Poll.

6.2 The Issuer may charge a Borrowing Fee and, if the Summary Table provides that a Forecast Distribution Fee applies to the High Geared Instalment, a Forecast Distribution Fee in respect

of the initial Loan granted to an Applicant as specified in the Summary Table.

Application of the initial Loan monies

6.3 Each Applicant irrevocably authorises and directs the Issuer to apply the initial Loan by paying the Loan Amount together with the First Payment on the Effective Date to the Trustee, to be applied by the Trustee in the following manner for each High Geared Instalment:

- i. to acquire the Underlying Entities' Share,
- ii. to pay to the Issuer on the Effective Date any Borrowing Fee (and if the Summary Table provides that a Forecast Distribution Fee applies to the High Geared Instalment, any Forecast Distribution Fee) for the current Reset Period, and the Interest Amount for the current Interest Period; and
- iii. if another Interest Payment Date falls between the Effective Date and the next Reset Date to pay to the Issuer on the next Interest Payment Date the Interest Amount due and payable on that date (and prior to that date to be held on trust for the Holder as part of the Separate Trust).

6.4 Each Transferee of a High Geared Instalment irrevocably authorises and directs the Issuer to apply the initial Loan by applying the Loan Amount to satisfy the Loan Amount of the Transferor of the High Geared Instalment in accordance with clause 7.

Borrowing Fee, Interest Amounts and Cap Payments

6.5 The Holder of a High Geared Instalment on the first day of an Interest Period must pay:

- i. in the case of an Interest Period commencing on a Reset Date, the Borrowing Fee (and, if the Summary Table provides that a Forecast Distribution Fee applies to the High Geared Instalment, the Forecast Distribution Fee) for the Reset Period commencing on that day,
- ii. interest on the Loan to the Issuer in respect of that Interest Period in an amount equal to the Interest Amount for that Interest Period; and
- iii. the Cap Payment, if any, payable in accordance with clause 12.6.

6.6 A Holder's liability to pay an Interest Amount, Borrowing Fee, Forecast Distribution Fee (if applicable) or Cap Payment must be discharged in accordance with this Deed Poll and not otherwise. The Issuer may determine, from time to time and acting in good faith and a commercially reasonable manner, the Interest Rate and (on or before the Issue Date) the Cap.

Reset on Reset Date

6.7 On each Reset Date:

- i. the Issuer will determine, in respect of the Reset Period commencing on that Reset Date, the Revised Loan Amount and Instalment Payment, the Cap Amount, the Interest Amount, the Borrowing Fee (subject to the maximum Borrowing Fee identified in PDS Part 1) and, if applicable, the Forecast Distribution Fee;
- ii. the existing Loan Amount (Current Loan Amount) becomes due and payable; and

- iii. unless the Holder has given a valid Instalment Payment Notice or Put Option Notice before 5.00pm on the Business Day prior to the Reset Date or the Issuer determines that the High Geared Instalment is to be terminated in accordance with clause 6.9 or clause 6.11, the Issuer will make a new Loan to the Holder in an amount equal to the Revised Loan Amount.
- 6.8 Each Holder directs the Issuer to apply the Revised Loan Amount towards the payment of:
- i. the Current Loan Amount,
 - ii. the new Interest Amount; and
 - iii. the new Borrowing Fee and, if the Summary Table provides that a Forecast Distribution Fee applies to the High Geared Instalment, the new Forecast Distribution Fee, in consideration of the Issuer's provision of the Loan for the new Reset Period.
- 6.9 On any Reset Date on which the Revised Loan Amount is less than the aggregate of the Current Loan Amount, the new Interest Amount, the new Borrowing Fee, and if applicable, any Forecast Distribution Fee, unless the Holder has given a valid Instalment Payment Notice or exercised their Put Option, a Reset Payment will be due and payable by the Holder to the Issuer in respect of the shortfall which will be satisfied in accordance with clause 12.10.

Payment

- 6.10 Unless it becomes due and payable sooner, the Loan Amount is due and payable on the Expiry Date of the High Geared Instalment to which the Loan relates.

Limited recourse

- 6.11 The Holder's liability to the Issuer for repayment of the Loan is limited to the total amount which the Issuer receives, or receives from the Trustee, from or on disposal of the Underlying Entities' Share relating to the High Geared Instalment held by the Holder (whether by exercising its power of sale or otherwise).
- 6.12 The Holder agrees to take all steps, execute all documents and do everything necessary to give effect to the transactions contemplated by this Deed Poll, including the Loan.

7. Transfer of High Geared Instalments

- 7.1 High Geared Instalments are transferable in accordance with the ASX Operating Rules, ASX Clear Operating Rules and ASX Settlement Operating Rules.
- 7.2 The High Geared Instalments are CHESS Approved Financial Products. Certificates will not be issued to Holders.
- 7.3 No High Geared Instalment transactions may take place on the ASX after Closing Time on the Expiry Date.
- 7.4 Title to a High Geared Instalment in the case of a transfer from an existing Holder will pass to the Transferee upon registration of a transfer of the High Geared Instalment in the Register.
- 7.5 Off market transfers of High Geared Instalments are not permitted except with the prior written consent of the Issuer and on terms of transfer approved by the Issuer in its absolute discretion. The Issuer may accept or reject, in its absolute discretion, any request for an off market transfer of a High Geared Instalment from a Holder to a third party.

The effect of Transfer

- 7.6 When a High Geared Instalment is transferred by a Holder, the Registrar records the transfer. When that record is made, the following occurs:
- a. a new Loan is created between the Transferee and the Issuer,
 - b. the old Loan Amount is paid out and the obligations of the Issuer and the Transferor under the old Loan are satisfied and the old Loan terminates in accordance with clause 7.7 below,
 - c. the Transferor's Beneficial Interest is transferred to the Transferee,
 - d. the Loan Amount under the new Loan is equal to the Loan Amount under the old Loan,
 - e. the Security Interest over the Underlying Entities' Shares in favour of the Issuer remains intact as security for the Transferee's obligations; and
 - f. the Put Option is transferred to the Transferee.
- 7.7 As part of the consideration for the transfer of the Beneficial Interest, the Transferee directs the Issuer to apply the advance made to the Transferee under the new Loan in repayment of the balance of the amount outstanding under the old Loan and in satisfaction of the obligations of the Issuer and the Transferor under the old Loan and in termination of the old Loan.
- 7.8 Any Holder of a High Geared Instalment from time to time takes any rights received upon acquisition of a High Geared Instalment conditional upon any obligations contained in this Deed Poll.
- 7.9 If for any reason the Transferee does not become liable to the Issuer in respect of a new Loan on the same terms as the old Loan, the old Loan continues on the same terms and secured by the same Security Interest and the Beneficial Interest in the Underlying Entities' Share is transferred to the new Holder subject to that Security Interest and all present and future liabilities in respect of the old Loan (including liability for Interest Amounts arising after the date of the loan).

8. Expiry of High Geared Instalments

- 8.1 A High Geared Instalment expires:
- a. if the High Geared Instalment has not been validly Completed by 5:00pm on the Business Day prior to the Expiry Date,
 - b. when the Underlying Entities' Shares are transferred to the Holder as a consequence of a valid Instalment Payment Notice having been given to the Issuer,
 - c. when the Holder exercises the Put Option in accordance with clause 12.9 and receives the Holder's Cash Entitlement,
 - d. when Underlying Entities' Shares are transferred to a purchaser following:
 - i. the exercise of the Issuer's powers of sale under this Deed Poll,
 - ii. the exercise of any other person's power of sale referred to in clause 11.1,

- e. following Automatic Early Completion under clause 16.5; or
 - f. on the Early Expiry Date, following nomination of an Early Expiry Date, under clause 16.
- 8.2 When a High Geared Instalment expires, it is automatically and permanently cancelled, cannot be Completed and all rights and obligations created by or in respect of it are terminated except:
- a. in respect of any payment required under clause 13.1 (Assessed Value Payment),
 - b. in respect of any payment required under clause 11.2 (Completion of Disposal),
 - c. in respect of any payment of a Transfer Tax,
 - d. in respect of any payment of a Holder's Cash Entitlement under clause 12.9,
 - e. in respect of the Loan and other amounts payable by the Holder and the Security Interest in favour of the Issuer; and
 - f. for any other rights the Holder may have arising out of a breach of this Deed Poll by the Issuer.

Part 2 – Holders' rights and entitlements

9. Holders' rights and entitlements

- 9.1 Each Holder is bound by the terms of this Deed Poll and is entitled to the benefit of the terms of this Deed Poll.
- 9.2 Subject to clauses 9.13 to 9.19 and to the other provisions of this Deed Poll, each High Geared Instalment, upon registration of a Holder, confers on the Holder the beneficial ownership of the Underlying Entities' Share in respect of the High Geared Instalment, including (but not limited to) the right or interest in:
- a. the Distributions of the Underlying Entities' Share,
 - b. any right to receive any Distribution, Shares, notes or options in relation to the Underlying Entities' Share, subject to the terms of this Deed Poll; or
 - c. any other similar thing in relation to the Underlying Entities' Share.
- 9.3 Each High Geared Instalment, upon registration of a Holder, confers on the Holder the right to exercise the Put Option on any Reset Date or the scheduled Expiry Date and receive the Holder's Cash Entitlement, provided that the Put Option is exercised in accordance with clause 12.9.
- 9.4 Subject to this Deed Poll, a Holder does not indemnify the Trustee or any creditor of the Trustee in respect of any liabilities of the Trustee arising from:
- a. any of the Separate Trusts,
 - b. the exercise of the Trustee's rights under this Deed Poll; or
 - c. the discharge of the Trustee's duties under this Deed Poll.
- 9.5 A Holder's entitlement under this Deed Poll is subject to and conditional upon the Holder being bound by the provisions of this Deed Poll.

Beneficial Interest

- 9.6 Subject to this Deed Poll, neither the High Geared Instalment nor the Beneficial Interest in the Underlying Entities' Share held by a Holder confers or entitles the Holder to:
- a. any right to require the transfer to it of the Underlying Entities' Share before payment of the Instalment Payment under clause 12,
 - b. any right to require the payment to it of any Distribution other than by way of either:
 - i. payment to the Holder in cash; or
 - ii. reduction of the Loan Amount,
 as specified in the Summary Table in PDS Part 1 or as otherwise provided in this Deed Poll,
 - c. any further assurance of that Beneficial Interest beyond that resulting from registration in the Register and the terms of this Deed Poll; or
 - d. exercise any voting rights in relation to the Underlying Entities' Share.

No Encumbrances

- 9.7 It is a term of each Separate Trust that:
- a. no Encumbrance may be created, arise or continue to exist over the Beneficial Interest or an Underlying Entities' Share; and
 - b. no person may acquire any right which could affect, or make conditional, the Security Interest or the manner of exercise of, or other dealings in relation to, that Security Interest, unless the Security Interest in that Underlying Entities' Share has been fully discharged in accordance with this Deed Poll.
- 9.8 Any purported action in breach of clause 9.7 is void and without effect as between the Holder, the Issuer, the Trustee, and any third party.

Set off Rights

- 9.9 All monetary obligations imposed on a Holder under this Deed Poll are:
- a. absolute; and
 - b. free of any right to counterclaim or set off, and may only be satisfied once the payment has cleared.
- 9.10 The Trustee may at any time (including without limitation during the Investment Term or at expiry of the High Geared Instalments):
- a. set off any amount payable to it by a Holder or the Issuer in connection with a High Geared Instalment against any amount payable by the Trustee to the Holder or Issuer (respectively) in respect of the relevant High Geared Instalment under this Deed Poll; and
 - b. withhold any amount payable by it to a Holder or the Issuer in connection with a High Geared Instalment in satisfaction of any amount payable to it by the Holder or Issuer (respectively) in respect of the relevant High Geared Instalment under this Deed Poll or otherwise.

No Disposal

9.11 The Trustee must not dispose of the Underlying Entities' Share for the duration of a Separate Trust except:

- a. the Trustee may deposit certificates for any part of the Underlying Entities' Share with a custodian,
- b. the Trustee may hold uncertificated shares in the name of a custodian; or
- c. as otherwise expressly permitted by this Deed Poll.

Holder's Sole Responsibility for Investment

9.12 Each Holder is solely responsible for making its own enquiries and decisions in respect of:

- a. whether or not to invest or to deal in High Geared Instalments,
- b. the affairs of the Issuer,
- c. the affairs or performance of the Underlying Entity and the Underlying Entities' Shares,
- d. compliance by the Issuer, the Trustee or the Registrar with their respective obligations under this Deed Poll; or
- e. the Register,

and does not rely on any of the Issuer, the Trustee or the Registrar for any of those matters.

Entitlements to Distributions

9.13 Each Holder will have, at all times, an absolute vested interest in, and be presently entitled to, any Distributions made in respect of the Underlying Entities' Shares to which the Holder's High Geared Instalments relate.

9.14 Each Holder acknowledges and agrees that:

- a. in relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be paid to the Holder, the Holder may receive any Ordinary Distributions less any Withholding Tax and any foreign tax; and
- b. in relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be applied by RBS to reduce the Loan Amount, the Holder may not receive any Ordinary Distributions whatsoever but that the Ordinary Distributions (after any Withholding Tax and any foreign tax is deducted) may be wholly applied to reduce the Loan Amount.

9.15 Ordinary Distributions will, in each case as determined by the Issuer on or before the Distribution Ex-Date be:

- a. either:
 - i. after any Withholding Tax and any foreign tax is deducted, used to reduce the Loan Amount in accordance with clause 9.16; or
 - ii. paid to the Eligible Holder in accordance with clause 9.22, less any Withholding Tax and any foreign tax,
 as specified in the Summary Table in PDS Part 1,
- b. applied in accordance with clause 13.3; or
- c. applied as otherwise specified in the PDS,

or any combination of the above and the Holder directs the Trustee to deal with Distributions in accordance with clause 9 of this Deed Poll.

9.16 In relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be applied to reduce the Loan Amount, if the Issuer determines that all or part of an Ordinary Distribution is to be used to reduce the Loan Amount:

- a. the Loan Amount (and consequently the Instalment Payment) is automatically reduced on the Distribution Record Time by the amount of the Ordinary Distribution (or the relevant part to be applied towards the Loan Amount) less any Withholding Tax and any foreign tax, calculated as at the Distribution Ex-Date; and
- b. as an obligation separate and independent of the Loan, the Holder on the Distribution Record Time becomes obliged to pay to the Issuer out of the relevant Ordinary Distribution and in consideration of the reduction of the Loan under clause 9.16(a) the amount by which the Loan Amount is reduced under clause 9.16(a), and irrevocably authorises and directs the Trustee on its behalf to apply, and the Trustee must apply, the relevant Ordinary Distribution upon receipt towards payment of that amount.

9.17 The Holder's liability under clause 9.16(b) is limited in recourse to the Ordinary Distribution (or the proceeds thereof) and survives repayment of the Loan Amount, termination of the Loan and/or expiry, Completion or transfer of the High Geared Instalment to which it relates.

9.18 Where an Ordinary Distribution is not used wholly to reduce the Loan Amount in accordance with clause 9.16 or applied in accordance with clause 13.3, the Trustee will pay the Ordinary Distribution (or the remaining Ordinary Distribution) to the Eligible Holder in accordance with clause 9.22, less any Withholding Tax in respect of the Ordinary Distributions.

9.19 The Trustee must take all necessary steps to ensure that any franking credits and associated tax offsets, and any other tax attributes associated with a Distribution, are conferred upon the Eligible Holder to the extent permitted by the Tax Act.

9.20 A Distribution other than an Ordinary Distribution must be dealt with in accordance with clause 10.1 ("Adjustment Events"). Where the Distribution is dealt with other than in accordance with 10.1(e) the Holder directs the Trustee to deal with the Distribution in accordance with the relevant nomination made by the Issuer under clause 10.1.

Power of one Holder to give receipt for Distributions

9.21 If more than one person is registered as an Eligible Holder, any of the registered persons may give an effective receipt for all Distributions in respect of the relevant Underlying Entities' Shares.

Method of payment of Distributions

9.22 Payment of a Distribution under clauses 9.15(a)(ii) or 9.18 to an Eligible Holder may be effected by the Trustee or its agents, and made by:

- a. cheque sent through the post to the Registered Address of the Eligible Holder; or

- b. by any other means agreed by the Issuer, the Trustee, the Registrar and the Holder.
- 9.23 The Trustee receives Distributions in respect of each Underlying Entities' Share as Trustee of the Separate Trust under which it is held and not in its personal capacity.
- 9.24 The payment of any Distribution to an Eligible Holder is at that Eligible Holder's risk.
- 9.25 If the Trustee is prevented from making a payment in respect of a Distribution as provided in this clause 9, the Trustee will hold the Distribution as a bare trustee for the Eligible Holder and must take all reasonable steps to transfer that Distribution to that Eligible Holder.

Transfer has no effect on Distributions

- 9.26 If a transfer of a High Geared Instalment is registered after the Record Time for a Distribution in respect of an Underlying Entities' Share:
- a. the Transferor will remain entitled (subject to clause 9.15 and 9.16 in the case of an Ordinary Distribution) to that Distribution; and
 - b. the Transferee will have no entitlement to that Distribution.

Any Ordinary Distribution may be applied in accordance with clauses 9.15, 9.16 and 9.22, irrespective of the time of transfer of the High Geared Instalment or the Record Time.

Distribution Reinvestment Plans

- 9.27 The Issuer and the Trustee have no obligation to accept or participate in any Distribution reinvestment plans on behalf of any Holder.

Ordinary Distributions received after Completion or expiry

- 9.28 If the Trustee receives an Ordinary Distribution in respect of an Underlying Entities' Share after the Completion Date or Expiry Date then:
- a. in relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be paid to the Holder, in the case of Completion or Automatic Early Completion where the Underlying Entities' Share is transferred to the Holder on an ex-Distribution basis, the Trustee will hold the amount received as a bare trustee only and will take all reasonable steps to pay the Ordinary Distribution to the Eligible Holder; and
 - b. in relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be applied to reduce the Loan Amount:
 - i. in the case of Completion or Automatic Early Completion where the Underlying Entities' Share is transferred to the Holder on an ex-Distribution basis where the Loan Amount has not been reduced in connection with the Ordinary Distribution, the Trustee will hold the amount received as a bare trustee only and will take all reasonable steps to pay the Ordinary Distribution to the Eligible Holder,
 - ii. in cases other than Completion or Automatic Early Completion where the Underlying Entities' Share has been disposed of ex-Distribution where the Loan Amount has not been reduced in connection with the Ordinary Distribution, the Ordinary Distributions must

be applied in satisfying any payment required to be made by the Trustee in accordance with the Priority Order and the balance remaining (if any) will be held by the Trustee as a bare trustee for the Eligible Holder and the Trustee must take all reasonable steps to pay the amount to such Eligible Holder; and

- iii. otherwise the Holder irrevocably directs the Trustee to pay the amount to the Issuer.

10. Adjustment Events and Takeover

Adjustment Events

- 10.1 In the event of an Adjustment Event in relation to an Underlying Entities' Share, the Issuer may nominate that:
- a. the event be treated as an Extraordinary Event under clause 15.1,
 - b. the Loan Amount, Cap, Cap Payment, Cap Amount, Instalment Payment, Reset Date, Expiry Date, Underlying Entities' Shares or other terms of the High Geared Instalment (except the Expiry Date) may be adjusted or replaced by the Issuer in a fair and equitable manner with the consent of the ASX, so as to preserve as far as reasonably possible the position of the Holders and the Issuer with respect to the High Geared Instalments. For example, in the event of a share split or bonus issue, the Issuer may decide to divide one High Geared Instalment into two and allocate the Loan Amount equally between each new High Geared Instalment, thereby halving the Instalment Payment payable per High Geared Instalment,
 - c. consolidate or divide the number of High Geared Instalments to a lesser or greater number in response to a bonus issue or consolidation or subdivision of the Underlying Entities' Shares,
 - d. any property or benefit which is the subject of the Adjustment Event, or the proceeds of sale of such property or rights, be paid in accordance with the Priority Order,
 - e. any property or benefit which is the subject of the Adjustment Event, or the proceeds of sale of such property or rights, be treated as an Accretion; or
 - f. any property or benefit, which is the subject of the Adjustment Event, or the proceeds of sale of such property or rights, be distributed to the Holder.

For the avoidance of doubt, the Issuer may nominate that the Adjustment Event be treated entirely under one of the above sub-clauses, or under a combination of more than one of these sub-clauses. If an event is both an Extraordinary Event and an Adjustment Event then the Issuer may, with the consent of the ASX, treat the event as either an Extraordinary Event or an Adjustment Event.

- 10.2 Upon the nomination of an Adjustment Event the Issuer may, with the consent of the ASX, make any amendments, adjustments, variations, changes to the High Geared Instalments or delay or suspend calculations as the Issuer thinks fit to enable the High Geared Instalments to continue or alternatively may nominate an Early Expiry Date in accordance with clauses 10.1(a) and 16.

Takeover Bids

- 10.3 If a Takeover Bid is made or announced for all or any of the Underlying Entities' Shares, or a takeover offer, tender offer,

exchange offer, solicitation, proposal or other event occurs or is announced by any entity or person seeking to purchase or otherwise obtain 100% of the outstanding Underlying Entities' Shares, the Trustee:

- a. will not accept that Takeover Bid or other offer,
- b. will be under no obligation to communicate any information or document it receives in connection with that Takeover Bid or other offer to any Holder; and
- c. will have no other obligation to any person in connection with that Takeover Bid or other offer.

Notification to Holders

10.4 The Issuer must notify Holders of any adjustment made under clause 10.

11. Disposal Events

11.1 If a Disposal Event occurs and the Trustee is obliged to dispose of some or all of the Underlying Entities' Shares relating to a Series of High Geared Instalments, the Trustee must take all reasonable steps to determine which Underlying Entities' Shares will be sold and to sell the Underlying Entities' Shares in accordance with that obligation and with this Deed Poll.

Completion of Disposal

11.2 Upon completion of a sale of an Underlying Entities' Share under this clause:

- a. the proceeds of any sale or redemption made upon a Disposal Event will be applied in accordance with the Priority Order,
- b. the High Geared Instalments which relate to Underlying Entities' Shares which have been sold are cancelled,
- c. the Security Interest in respect of those High Geared Instalments will be automatically released and extinguished,
- d. the Beneficial Interest in such Underlying Entities' Shares will merge in the legal title to such Underlying Entities' Shares; and
- e. the Issuer, Trustee and Registrar have no further obligations to the Holder in respect of the High Geared Instalments that have been cancelled.

Transferee's title

11.3 A certificate in writing by the Trustee that a sale upon a Disposal Event has occurred will be sufficient evidence of the right of the Trustee to dispose of an Underlying Entities' Share.

11.4 The Holder has no right to challenge the validity of such a transfer.

Disenfranchisement

11.5 Upon becoming actually aware of a Disenfranchisement of an Underlying Entities' Share, the Trustee must take all reasonable steps to comply with the relevant law, decree, order or judgment, and to deal fairly and equitably, as far as is reasonable, with the High Geared Instalments of that Holder which correspond to the Underlying Entities' Shares, the subject of the Disenfranchisement.

11.6 If the Trustee complies with clause 11.5, it has no liability to any Holder for any loss or damage caused by such compliance.

Part 3 – Completion

12. Exercise of High Geared Instalments

12.1 Expiry Date and Reset Date

In respect of each Reset Date or the Expiry Date, a Holder may:

- a. pay the Instalment Payment together with any Transfer Taxes, Processing Fee and Expenses and receive the Underlying Entities' Shares within the time prescribed under clause 12.6 (provided the Holder has given a valid Instalment Payment Notice and any applicable Cap Payment is satisfied in accordance with clause 12.6).
- b. exercise the Put Option and receive the Holder's Cash Entitlement in accordance with clause 12.9 below (provided that a valid Put Option Notice has been given); or
- c. in relation to the Expiry Date only, roll into a new Series (if available).

12.2 Instalment Payment

- a. A Holder has no obligation to make the Instalment Payment on the Expiry Date.
- b. A Holder can elect to pay the Instalment Payment with effect only on any Reset Date or on the Expiry Date.
- c. A Holder must lodge an Instalment Payment Notice in accordance with clause 12.4 below in order to make the Instalment Payment.
- d. RBS will give the Holder a unique identifying number to quote for Completion, and if RBS receives the Holder's Instalment Payment Notice with that identifying number within five Business Days, then the Instalment Payment amount will be as quoted.

12.3 Effectiveness of Instalment Payment Notices

- a. A valid Instalment Payment Notice given under this clause 12 is irrevocable once given.
- b. An Instalment Payment Notice will be effective only on the Reset Date occurring after receipt of the Instalment Payment Notice or the Expiry Date (as applicable) and not at any other time.
- c. The Issuer may at its absolute discretion determine whether an Instalment Payment Notice is valid. An invalid Instalment Payment Notice will be void. The Issuer will promptly inform the Holder that an Instalment Payment Notice is invalid.
- d. If more than one Instalment Payment Notice is given in respect of High Geared Instalments, the valid Instalment Payment Notice will be the Instalment Payment Notice which the Issuer knows or reasonably believes was given by the last of those persons who became entitled to be the Holder of those High Geared Instalments at 5:00pm on the Completion Date and every other Instalment Payment Notice given in respect of those High Geared Instalments is of no force or effect.

12.4 Validity of Instalment Payment Notices

The Issuer shall treat an Instalment Payment Notice as valid if:

- a. it has been duly completed, and contains the information required in relation to any custodial arrangements as outlined in PDS Part 1; and

- b. it has been given to the Issuer no later than 5.00pm the Business Day prior to the relevant Reset Date or Expiry Date but not until the Trustee (or its nominee) has been registered as legal owner of the relevant Underlying Entities' Shares; and
- c. where a Holder has called for delivery of the Underlying Parcel, it is accompanied by a cheque, Direct Debit Request or any other form of payment acceptable to the Issuer (as applicable) in an amount equal to the aggregate of the Instalment Payment, applicable Expenses, the Processing Fee and the relevant Transfer Tax (if any); and
- d. the proceeds are available to the Issuer in cleared funds within 5 Business Days of the date on which the Instalment Payment Notice is given; and
- e. the Holder provides details of the custodial arrangements the Holder has in place to accept physical delivery of the Underlying Parcel (and has those arrangements in place when they lodge the Instalment Payment Notice); and
- f. the person who gives the Instalment Payment Notice:
 - a. is the Holder of the relevant High Geared Instalments on the date that the Holder lodges an Instalment Payment Notice. If the number of High Geared Instalments included in the Instalment Payment Notice exceeds the number of High Geared Instalments held by the Holder, the Instalment Payment Notice is valid only to the extent of the number of High Geared Instalments held by the Holder, as certified by the Registrar; or
 - b. validly claims to be entitled to be registered as the Holder of the relevant High Geared Instalments when the Instalment Payment Notice is given and becomes the Holder of that High Geared Instalment within 3 Business Days of the date that the Holder lodges the Instalment Payment Notice,

and when more than one Instalment Payment Notice which should otherwise be effective is given in respect of a High Geared Instalment, the Instalment Payment Notice is the last Instalment Payment Notice given by the person who, to the knowledge or in the reasonable opinion of the Issuer, was the last of the persons giving the Instalment Payment Notice who before the time of lodgement of the Instalment Payment Notice, became entitled to be registered as the Holder of that High Geared Instalment. In the case that the High Geared Instalments are Completed, an Instalment Payment Notice given by a person who claims to be entitled to be registered as the Holder of the High Geared Instalments is valid if the person becomes registered as Holder of the High Geared Instalments within five Business Days from the Completion Date,

or if the Instalment Payment Notice is deemed to be valid under clause 12.5.

12.5 Deemed valid Instalment Payment Notices

- a. If at any time prior to the relevant Reset Date or Expiry Date an Instalment Payment Notice is given by a Holder and the Instalment Payment Notice is invalid for whatever reason, the Issuer may in its absolute discretion elect to accept any

payment by that Holder and deem that Holder to have given a valid Instalment Payment Notice for the purposes of this clause 12.

- b. If the Issuer elects to accept such a payment and deems that a valid Instalment Payment Notice has been given by such Holder, the notice will be treated as a valid Instalment Payment Notice in respect of the number of High Geared Instalments held by that Holder for which the payment accompanying the Instalment Payment Notice is sufficient to pay the Instalment Payment and the relevant Processing Fee and any Expenses or Transfer Tax (if any).
- c. If this clause 12.5 applies, the Issuer must give a notice to the Holder that this clause 12.5 applies, which notice must be accompanied by a cheque for the difference (if any and without interest) between the payment received and cleared and the Instalment Payment, Processing Fee, Expenses and Transfer Tax (if any) in respect of the High Geared Instalments for which a valid Instalment Payment Notice is deemed to be given.

12.6 Cap Payment

- a. If in respect of any Cap High Geared Instalment the Underlying Entities' Share price at Closing Time on any Reset Date or the Expiry Date is greater than the Cap Amount, then a Cap Payment becomes due and payable by the Holder to the Issuer to be satisfied by the proceeds of sale of Underlying Entities' Shares or High Geared Instalments in accordance with clause 12.6(e)(ii) or by payment in accordance with clauses 12.6(g) or 12.6(h).
- b. On any Reset Date and the Expiry Date, the Issuer will calculate the Cap Payment due from the Holder.
- c. The Cap Payment is calculated as the closing price of the Underlying Entities' Shares at Closing Time on any Reset Date or the Expiry Date minus the Cap Amount.
- d. Unless the Holder has made an election referred to in clause 12.6(e) in relation to the relevant Cap High Geared Instalments, the Holder authorises the Issuer to sell following any Reset Date as many Cap High Geared Instalments or Underlying Entities' Shares as are necessary to generate sufficient funds to pay the Instalment Payment (where Underlying Entities' Shares are sold) and Cap Payment then owing on the Cap High Geared Instalments sold or whose Underlying Entities' Shares have been sold and to pay the Cap Payment then owing in relation to the remainder of the Cap High Geared Instalments. The Cap High Geared Instalments and Underlying Entities' Shares will be sold as soon as reasonably practicable by the Issuer following the Reset Date, but no later than 5 Business Days after the Reset Date. The Cap High Geared Instalments whose Underlying Entities' Shares have been sold under this clause 12.6(d) or under clause 12.6(e) will be terminated.
- e. If in respect of a Reset Date or the Expiry Date:
 - i. the Holder elects to exercise the Put Option in respect of any Cap High Geared Instalments, then the Cap Payment for those Cap High Geared Instalments is taken into account when determining the Holder's Cash Entitlement and will not be separately payable,

- ii. the Holder elects to pay the Instalment Payment and gives a valid Instalment Payment Notice in respect of any Cap High Geared Instalments, then, subject to clauses 12.6(g) and 12.6(h), the Holder authorises the Issuer to sell following that Reset Date or Expiry Date as many Underlying Entities' Shares in respect of those Cap High Geared Instalments as are necessary to generate sufficient funds to pay the Cap Payment then owing in relation to those Cap High Geared Instalments,
 - iii. the Holder rolls over their Cap High Geared Instalments, then the Holder authorises the Issuer to sell, following the Expiry Date, as many Cap High Geared Instalments or Underlying Entities' Shares as are necessary to generate sufficient funds to repay the Instalment Payment owing on any Cap High Geared Instalments sold or whose Underlying Parcels have been sold to pay the Cap Payment owing in relation to all the Holder's remaining Cap High Geared Instalments.
- f. Any Cap High Geared Instalments or Underlying Entities' Shares to be sold under clause 12.6(e) will be sold, and the Cap High Geared Instalments whose Underlying Parcels have been sold will be terminated, as soon as reasonably practicable by the Issuer following the Reset Date or Expiry Date (as relevant), but no later than 5 Business Days after:
- i. the Reset Date or Expiry Date (as relevant); or
 - ii. if a Market Disruption Event occurs on or before the relevant Reset Date or Expiry Date, the resumption of trading following the occurrence of that Market Disruption Event.
- Where clause 12.6(e)(ii) applies, the Holder will receive physical delivery of the remaining Underlying Entities' Shares (if any) within 10 Business Days of:
- iii. the Reset Date or Expiry Date (as relevant); or
 - iv. if a Market Disruption Event occurs on or before the relevant Reset Date or Expiry Date, the resumption of trading following the occurrence of that Market Disruption Event,
- provided that the termination of Cap High Geared Instalments and payment of the Cap Payment is not suspended, delayed or interrupted for any reason whatsoever.
- g. If the Holder gives a valid Instalment Payment Notice not later than 5.00pm on the 5th Business Day before a Reset Date in respect of all or part of its holding of Cap High Geared Instalments and notifies the Issuer that it wishes to pay the Cap Payment in respect of those Cap High Geared Instalments by cheque in accordance with this clause, then:
- i. the Holder must contact the Issuer to confirm the amount of the Cap Payment and give the Issuer a cheque for the Cap Payment not later than 5.00pm on the date following the Reset Date; and
 - ii. if the Holder fails to comply with clause 12.6(g)(i) or if the Cap Payment is not received by the Issuer in cleared funds within 5 Business Days of the Reset Date, the Issuer is hereby authorised to sell as many Underlying Entities' Shares or High Geared Instalments as are necessary to generate sufficient funds to pay:
 - A. the Cap Payment in relation to all the Holder's terminated High Geared Instalments; and
 - B. any other amounts owing and referred to in the Priority Order,
 and the Issuer will pay any excess of the sale after the payments referred to in clauses 12.6(g)(ii)(A) and 12.6(g)(ii)(B) above to the Holder, provided this amount is more than \$20.00. If the Issuer sells High Geared Instalments or Underlying Entities' Shares in accordance with clause 12.6(g)(ii), that sale will occur on or about the Trading Day 6 Business Days after the Reset Date.
- h. If the Holder gives a valid Instalment Payment Notice in respect of all of its holding of Cap High Geared Instalments not later than 5.00pm on the 5th Business Day before the Expiry Date and notifies the Issuer that it wishes to pay the Cap Payment in respect of those Cap High Geared Instalments by cheque in accordance with this clause, then:
- i. the Holder must contact the Issuer to confirm the amount of the Cap Payment and give the Issuer a cheque for the Cap Payment not later than 5.00pm on the date following the Expiry Date; and
 - ii. if the Holder fails to comply with clause 12.6(h)(i) or if the Cap Payment is not received in cleared funds by the Issuer within 5 Business Days of the Expiry Date then the Issuer is hereby authorised to:
 - A. sell the Cap High Geared Instalments and the Underlying Parcels the subject of that Instalment Payment Notice, pursuant to the exercise of the Trustee's or the Issuer's power of sale under the Security Interest; and
 - B. pay the proceeds of sale in accordance with the Priority Order.
- ### 12.7 Transfer to the Holder
- On delivery of a valid Instalment Payment Notice in accordance with clause 12.4, where the Holder has called for delivery of the Underlying Parcel:
- a. the Issuer shall notify the Registrar that a valid Instalment Payment Notice has been given and the Instalment Payment, Cap Payment (if any) and the Processing Fee, Transfer Taxes and Expenses if any, have been paid and cleared in respect of the Underlying Parcel (subject to clause 12), as soon as practicable on or after the fourth Business Day following the clearance of such payments,
 - b. after notification to the Registrar pursuant to paragraph (a), the Issuer shall procure that the Trustee on the Settlement Date:
 - i. transfers the unencumbered legal title to the Underlying Parcel and, if applicable instructs its Sub-custodian to transfer the Underlying Parcel and if applicable, pays cash comprised in the Underlying Parcel to the relevant Holder (or the Holder's nominee); and
 - ii. pays, on behalf of and with funds provided by the Issuer, the excess, if any, of the actual Transfer Tax payable above the estimate provided to the Holder in the Reminder Notice.

- c. If the Holder pays an amount equal to the estimate of the Transfer Tax and the actual Transfer Tax is of a larger amount, the Issuer shall be liable to ensure the payment of the Transfer Tax without recourse to the Holder.
- d. Upon and by virtue of the transfer described in paragraph 12.7(b):
 - i. the Loan in respect of that Underlying Parcel shall be repaid and the prepaid Interest Amount (if any) of the Loan from the date of making the Instalment Payment until the Expiry Date shall be forfeited,
 - ii. the Security Interest in the Underlying Parcel shall be released and discharged;
 - iii. the High Geared Instalment corresponding to the Underlying Parcel shall cease to exist,
 - iv. the Beneficial Interest in the Underlying Parcel shall merge with the legal title to the Underlying Parcel to the extent possible if no Sub-Custodian is used; and
 - v. the Issuer and the Trustee shall have no further obligations to the Holder in respect of that Underlying Parcel and corresponding High Geared Instalment.

12.8 No valid Instalment Payment Notice and no Put Option exercise

- a. Where, in respect of a Reset Date or the Expiry Date:
 - i. an Instalment Payment Notice is given but is not valid under clause 12.4 and it is not deemed to be valid under clause 12.5; and
 - ii. the Holder does not exercise the Put Option under clause 12.9,
 then, in respect of the Underlying Parcels the subject of that Instalment Payment Notice, the Issuer may, in its absolute discretion, elect to either:
 - iii. deem the Put Option exercised on the date 5 Business Days after that Reset Date or Expiry Date and pay the Holder's Cash Entitlement; or
 - iv. sell those Underlying Parcels pursuant to the exercise of the Trustee's or the Issuer's power of sale under the Security Interest.
- b. If there is a sale of an Underlying Parcel pursuant to the exercise of the Trustee's or the Issuer's power of sale under the Security Interest then the proceeds of sale or disposal will be applied in accordance with the Priority Order.
- c. Upon and by virtue of the payment of the Holder's Cash Entitlement or payment of sale proceeds in accordance with the Priority Order described in clauses 12.8(a) and 12.8(b):
 - i. the Security Interest in the Underlying Parcel shall be released and discharged,
 - ii. the High Geared Instalment corresponding to that Underlying Parcel shall cease to exist,
 - iii. the Beneficial Interest in the Underlying Parcel held by the Holder is extinguished,
 - iv. the Issuer and the Trustee shall have no further obligations to the Holder in respect of the Underlying

Parcel and corresponding High Geared Instalment; and

- v. the Put Option will expire.

12.9 Put Option

- a. On the Commencement Date, the Issuer grants to the Holder a Put Option in respect of each High Geared Instalment.
- b. The Holder may exercise the Put Option on any Reset Date or on the Expiry Date by submitting to the Issuer a valid Put Option Notice no later than 5.00pm the Business Day prior to the relevant Reset Date or Expiry Date.
- c. On exercise of the Put Option in accordance with this clause 12.9, the Issuer must purchase the legal and beneficial interest in the Underlying Parcel from the Holder and pay to the Holder the Holder's Cash Entitlement on the Settlement Date.
- d. The Issuer shall treat a Put Option Notice as valid if:
 - i. it has been duly completed; and
 - ii. it has been given to the Issuer by no later than 5.00pm on the Business Day before the relevant Reset Date or Expiry Date; and
 - iii. the Holder has taken all steps necessary (including without limitation instructing the Trustee) to transfer the legal and beneficial interest in the Underlying Parcel to the Issuer; and
 - iv. the Put Option Notice is exercised in relation to all the Holder's High Geared Instalments in a Series and not some only (if the Put Option Notice is exercised in relation to some of the Holder's High Geared Instalments in a Series only, it will be deemed to have been exercised in relation to all of the Holder's High Geared Instalments in that Series); and
 - v. the person who gives the Put Option Notice:
 - 1. is the Holder of the relevant High Geared Instalments on the date that the Holder lodges a Put Option Notice; or
 - 2. claims to be entitled to be registered as the Holder of the relevant High Geared Instalments when the Put Option Notice is given and becomes the Holder of that High Geared Instalment within 3 Business Days of the date that the Holder lodges the Put Option Notice,
 and when more than one Put Option Notice which should otherwise be effective is given in respect of a High Geared Instalment, the Put Option Notice is the last Put Option Notice given by the person who, to the knowledge or in the reasonable opinion of the Issuer, was the last of the persons giving the Put Option Notice who before the time of lodgement of the Put Option Notice, became entitled to be registered as the Holder of that High Geared Instalment.
- e. A Put Option Notice will be effective only on the Reset Date occurring after receipt of the Put Option Notice or the Expiry Date (as applicable) and not at any other time.
- f. Upon and by virtue of the payment of the Holder's Cash Entitlement and the transfer described in paragraph (d):

- i. the Loan in respect of the Underlying Parcel shall be repaid,
 - ii. the Security Interest in the Underlying Parcel shall be released,
 - iii. the High Geared Instalment corresponding to the Underlying Parcel shall cease to exist,
 - iv. the Beneficial Interest in the Underlying Parcel shall merge with the legal title to the Underlying Parcel,
 - v. the Issuer and the Trustee shall have no further obligations to the Holder in respect of that Underlying Parcel and corresponding High Geared Instalment; and
 - vi. the Put Option is exercised.
- g. The Holder acknowledges and agrees that:
- i. the Issuer may in its reasonable discretion, transfer, assign or novate its obligations under the Put Option to a third party by giving notice to the Holder and provided that the transfer is not to the detriment of the Holder,
 - ii. the Holder is not permitted to transfer, assign or dispose of its interest in the Put Option otherwise than in accordance with this Deed,
 - iii. the Put Option in respect of a High Geared Instalment can only be exercised in connection with the Underlying Parcel relating to that High Geared Instalment,
 - iv. the Put Option can only be exercised in respect of the Underlying Parcel relating to a particular High Geared Instalment with effect on each Reset Date and on the Expiry Date,
 - v. the Put Option is not subject to the Security Interest; and
 - vi. if the Holder:
 1. in relation to an Expiry Date, submits an Instalment Payment Notice that is not valid under clause 12.4 and if clause 12.5 does not apply and fails to submit a valid Put Option Notice; or
 2. in accordance with an Expiry Date or an Reset Date, submits an Instalment Payment Notice but fails to pay the Instalment Payment; or
 3. in accordance with an Expiry Date or an Reset Date, submits an Instalment Payment Notice later than by the required deadline; or
 4. breaches any of its obligations under this Deed Poll or the PDS is affected by or likely to be affected by an Insolvency Event; or
 5. in relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be applied to reduce the Loan Amount, revokes or attempts to revoke its direction to the Trustee to apply Distributions to the Instalment Payment,

then the Issuer may, in its absolute discretion, deem the Holder to have elected to exercise the Put Option under clause 12.8(a)(iii).

12.10 Reset Payment

- a. On each Reset Date on which a Reset Payment is due in respect of a Holder's High Geared Instalments, the Holder may elect to either pay the Issuer a Reset Payment in accordance with clause 12.10(b) below or authorise the Trustee to terminate High Geared Instalments in accordance with clause 12.10(c) below.
- b. On each Reset Date the Issuer may determine the Reset Payment to be equal to the amount of the shortfall referred to in clause 6.9 unless:
 - i. the Holder confirms the Reset Payment with the Issuer at least six Business Days before the Reset Date; and
 - ii. the Issuer receives the Reset Payment confirmed under clause 12.10(b)(i) from the Holder, in cleared funds on or prior to close of business on the Reset Date, in which case the Reset Payment will be the amount as confirmed and paid.
- c. If the Issuer does not receive the Reset Payment in cleared funds by the Reset Date in accordance with clause 12.10(b), then the Issuer is hereby authorised to sell as many Underlying Entities' Shares or High Geared Instalments as are necessary to generate sufficient funds to pay the outstanding Instalment Payment on the High Geared Instalments whose Underlying Entities' Shares have been sold and terminate those High Geared Instalments and to pay the Reset Payment owing in relation to all the Holder's remaining High Geared Instalments.
- d. If the Issuer terminates High Geared Instalments in accordance with clause 12.10(c) above, it will:
 - i. on or about the Trading Day after the Reset Date sell the Underlying Parcels to meet the Reset Payment and Instalment Payment referred to in clause 12.10(d)(ii) above; and
 - ii. pay any excess of the sale referred to in clause 12.10(d)(ii) above to the Holder, provided this amount is more than \$20.00.

12.11. Reminder Notice and Instalment Payment Notice

The Issuer shall give a Reminder Notice to each Holder at least 20 Business Days prior to each Reset Date and prior to the Expiry Date containing:

- a. the number of High Geared Instalments held by the Holder on a date shortly before the date of issue of the Reminder Notice,
- b. the number and type of Underlying Entities' Shares comprising each High Geared Instalment of the Holder,
- c. the outstanding Loan Amount,
- d. the basis of calculating the Holder's Cash Entitlement payable by the Issuer to the Holder if the Holder exercises the Put Option,
- e. the Expiry Date,
- f. the indicative Cap Payment,
- g. the indicative number of High Geared Instalments that will be terminated to meet the indicative Cap Payment,

- h. an Instalment Payment Notice and a Put Option Notice to enable the Holder to exercise either its Put Option or to elect to pay the Instalment Payment,
- i. the indicative Instalment Payment,
- j. the indicative Processing Fee,
- k. the consequences of a failure to give an Instalment Payment Notice,
- l. in relation to a Reset Date only:
 - i. the indicative Revised Loan Amount,
 - ii. the indicative Interest Amount,
 - iii. the indicative Interest Rate,
 - iv. the amount of the Borrowing Fee, if any,
 - v. the indicative Reset Payment,
 - vi. the number to contact to lock in the Reset Payment if the Holder wishes to pay the Reset Payment,
 - vii. the indicative number of High Geared Instalments that will be terminated if the Reset Payment is not made,
- m. in relation to the Expiry Date only:
 - i. the outstanding Loan Amount,
 - ii. the Expiry Date,
 - iii. whether a conversion or rollover product is available; and
 - iv. the consequence to the Holder of failing to either pay the Instalment Payment or exercise the Put Option - being either the enforcement of the Security Interest or the deemed exercise of the Put Option.

Minimum holdings

12.12 If, following the exercise of the Issuer's powers to sell Underlying Entities' Shares or High Geared Instalments under this Deed, the total market value of the Underlying Entities' Shares that correspond to all the High Geared Instalments in a Series held by a Holder is less than \$500 (as determined by the Issuer in its absolute discretion), the Issuer may require the Loan in relation to those High Geared Instalments to be repaid in full, that Loan shall become immediately repayable and the Issuer may exercise its power of sale under the Security Interest and apply the proceeds in accordance with the Priority Order.

13. Assessed Value Payment

Assessed Value Payment

13.1 If the Holder fails to lodge an Instalment Payment Notice in accordance with clause 12 by 5:00pm on the Expiry Date and, for the avoidance of doubt, Automatic Early Completion under clause 16.5 has not occurred, then, the Issuer or the Trustee (acting on the Issuer's behalf) can exercise its power of sale under the Security Interest and dispose of the Underlying Entities' Shares, in which case:

- a. subject to clause 13.1(b), the Holder will be paid the Assessed Value Payment (if any) within ten Business Days after the Expiry Date,

- b. the Holder's Beneficial Interest is extinguished,
- c. the Security Interest will be discharged,
- d. the Put Option will expire,
- e. the Trustee (if exercising the power of sale on the Issuer's behalf) shall pay to the Issuer, or the Issuer (if exercising the power of sale) shall retain, the Instalment Payment and any Cap Payment to the extent that the proceeds of disposal of the Underlying Entities' Shares exceed the payment to the Holder under clause 13.1(a),
- f. that High Geared Instalment will cease to exist; and
- g. the Issuer and Trustee will have no further obligations to the former Holder in respect of that High Geared Instalment.

The Holder acknowledges and agrees that it may be liable for a Transfer Tax in connection with a transfer of the Underlying Entities' Shares from the Trustee to the Issuer as a result of the Issuer exercising its Security Interest.

Withholding Tax

13.2 If a Distribution is paid and the Issuer or the Trustee (or any nominee) is required to withhold an amount on account of Withholding Tax, or foreign tax, an amount equal to the Withholding Tax or foreign tax withheld becomes a debt due and payable immediately to the Trustee or the Issuer (as relevant) by the Holder.

13.3 If the circumstances in clause 13.2 occur, the Issuer may at its discretion:

- a. lapse, by notice in writing effective immediately, some or all of the Holder's High Geared Instalments, and exercise its rights in relation to the Security Interest in order to pay the Withholding Tax or foreign tax,
- b. apply any amounts owing by the Issuer or Trustee to the Holder in order to pay the Withholding Tax or foreign tax,
- c. seek payment of the Withholding Tax or foreign tax directly from the Holder; or
- d. deduct an amount equivalent to the Withholding Tax or foreign tax from the Distribution for all the High Geared Instalments in the affected Series and:
 - i. in relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be paid to the Holder, pay the remainder of the Distribution to the Holder in accordance with clause 9.22; or
 - ii. in relation to High Geared Instalments for which the Summary Table specifies that Distributions are to be applied to reduce the Loan Amount, apply the remaining Distribution only to reduce the Loan Amount.

If the Issuer takes this course of action, then those Holders in respect of whom no Withholding Tax or foreign tax is applicable will, if the Distributions are used to repay a Loan Amount, receive a cash payment equal to the amount deducted from the Distribution.

The Trustee may exercise the power of sale on behalf of the Issuer under the Security Interest in accordance with this Deed Poll in whole or in part and dispose of the Underlying Entities' Shares.

14. Liquidated damages payment

- 14.1 Where the Underlying Entities' Shares are Listed Shares, if the Issuer fails to meet its obligations under clause 12.7, the Issuer must, if required in writing by the Holder, pay the Holder a liquidated damages payment and in the time determined in accordance with the principles of paragraph 10.12 of Schedule 10 to the ASX Operating Rules, as amended or substituted from time to time.
- 14.2 The Holder and the Issuer acknowledge to each other that any amount of damages calculated under clause 14.1 (as applicable) is a genuine pre-estimate of the damage that the Holder would suffer from the failure of the Issuer to perform its obligations under clause 12.7 and that on the receipt of a notice pursuant to paragraph 10.12 of Schedule 10 to the ASX Operating Rules (where the Underlying Entities' Shares are Listed Shares), the Issuer is relieved of its obligations under clause 12.7 and its only obligation is to make the payments required by this clause.
- 14.3 On payment of the liquidated damages payment in accordance with clause 14.1 or 14.2 (as applicable):
- the High Geared Instalments cease to exist,
 - the Holder's Beneficial Interest in the Underlying Entities' Shares transfers to the Issuer (or its assignee) and the Trustee will hold the Underlying Entities' Shares as a bare trustee for the Issuer; and
 - the Issuer and Trustee have no further obligations to the Holder in respect of the High Geared Instalments.

15. Extraordinary Events

- 15.1 The Issuer may, at any time no later than the Settlement Date and subject to ASX consent, nominate an Extraordinary Event, and provide reasonable notice to the Trustee and Holders, if any of the following occurs in relation to an Underlying Entities' Share or a High Geared Instalment (as the case may be):
- actual or proposed delisting, withdrawal of admission to trading status or suspension, except in the case of the High Geared Instalments, where that delisting, withdrawal or suspension is caused by the Issuer,
 - a Hedging Disruption Event,
 - an Increased Cost of Hedging,
 - a Change in Law,
 - a Market Disruption Event,
 - any Adjustment Event nominated by the Issuer to be treated as an Extraordinary Event under clause 10.1,
 - where any Force Majeure Event occurs, or any other event occurs which the Issuer determines, with the consent of the ASX where required, in good faith results in the performance of its obligations in any way having become or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited,
 - a Tax Change,
 - the Instalment Payment is reduced to zero; or

- any other event which in the opinion of the ASX and the Issuer makes the performance by the Issuer of its obligations unlawful or impossible.

- 15.2 The Issuer must give at least ten Business Days notice to each Holder of the nomination of an Extraordinary Event under clause 15.1, which has not been withdrawn in accordance with clause 15.3.
- 15.3 If the Issuer has nominated an event under this clause 15, and the High Geared Instalment has not expired under clause 8.1, the Issuer may withdraw that nomination at any time within ten Business Days of the nomination.

16. Early Expiry Date

When Early Expiry Date may be Nominated

- 16.1 The Issuer may, subject to ASX consent, acting in good faith and in a commercially reasonable manner, nominate an Early Expiry Date at any time in the event of an Extraordinary Event.
- 16.2 The Issuer must notify the nomination of an Early Expiry Date by giving at least ten Business Days written notice to a Holder either by letter or by e-mail.
- 16.3 If an Early Expiry Date is nominated, that date shall become the Expiry Date for that Series of High Geared Instalments.

Alterations

- 16.4 If the Issuer nominates an Early Expiry Date, then all references in this Deed Poll to "Expiry Date" should be read as references to the "Early Expiry Date".

Automatic Early Completion

- 16.5 If the amount payable in respect of Underlying Entities' Shares as a result of an Adjustment Event under clause 10.1(d) is greater than the aggregate of all amounts payable under paragraphs (a) to (d) inclusive of the definition of Priority Order, then:
- the Trustee must as soon as reasonably practicable apply the amounts according to the Priority Order as directed by the relevant clause and transfer those remaining Underlying Entities' Shares or other property (if any) to the Holder,
 - the Security Interest in such Underlying Entities' Shares will be automatically released and extinguished,
 - the Beneficial Interest in such Underlying Entities' Shares will merge in the legal title to such Underlying Entities' Shares; and
 - the High Geared Instalments will expire.

17. Dealing in High Geared Instalments by Issuer

- 17.1 The Issuer, or any member of the RBS Group, may at any time deal in High Geared Instalments at any price.
- 17.2 The Issuer may buy back a High Geared Instalment. Any High Geared Instalments purchased by the Issuer will not be cancelled automatically and may be resold, however they may be cancelled at the discretion of the Issuer.

Further Issue of High Geared Instalments

- 17.3 The Issuer may issue further High Geared Instalments having the same terms as the existing High Geared Instalments so as to form a single Series with the existing High Geared Instalments.

Part 4 – Register

18. Register

- 18.1 The Issuer must maintain a Register of High Geared Instalments (or must procure that a Register of High Geared Instalments is maintained by the Registrar) in accordance with the ASX Operating Rules and the ASX Settlement Operating Rules.
- 18.2 The property in the High Geared Instalments is situated at the place where the Register is located.
- 18.3 Except as otherwise provided in this Deed Poll, the Issuer must recognise the registered Holder from time to time as the absolute owner of the High Geared Instalments and all persons must act accordingly.

19. Record Times

- 19.1 The Issuer must ensure that the Record Times for the High Geared Instalments are fixed as nearly as possible at the same time as the Underlying Entity fixes the relevant Record Times for the Underlying Entities' Shares.

Snapshots

- 19.2 Regulation 7.11.39 of the Corporations Regulations 2001 (Cth) must be applied by the Registrar as far as possible to determine the entitlement of Holders to Distributions in the same manner as those provisions are applied by the Underlying Entity (or the Underlying Entity's unit Registrar) in order to determine who holds Underlying Entities' Shares for the purpose of declaring Distributions and who is entitled to receive Distributions declared by the Underlying Entity.

Reliance by Trustee

- 19.3 The Trustee may rely conclusively on any advice given to it by the Registrar under this clause 19 and accordingly it will not be liable to any person in any manner whatever for relying on such advice.

Part 5 – Trustee

20. Trustee Powers

- 20.1 Subject to this Deed Poll, the Trustee has all the powers in respect of each Separate Trust that it is possible under the law to confer on a Trustee and as though it were the absolute owner of each Underlying Entities' Share and acting in its personal capacity.

Trustee's Power of Sale

- 20.2 If the Holder:
- does not give a valid Instalment Payment Notice and pay the Instalment Payment, Cap Payment, Transfer Taxes and Expenses (if any) by 5.00pm on the Business Day prior to the Expiry Date in accordance with clause 12,
 - is liable to pay a Withholding Tax, Transfer Taxes or Expenses to the Issuer,
 - becomes bankrupt or insolvent,
 - does not pay the Loan Amount on an Early Expiry Date nominated by the Issuer under clause 16.1; or

- defaults under the Terms in any way whatsoever,

then the Issuer or Trustee as its nominee is entitled to do one or more of the following in addition to anything else it is permitted to do by law:

- declare all amounts owing under the Loan to be due and payable,
- exercise a power of sale under the Security Interest and apply the proceeds in accordance with the Priority Order, and in the case of clauses 20.2(a) and 20.2(d), in accordance with clause 13.1,
- appoint one or more Receivers; or
- do anything that a Receiver could do under clause 20.6,

and the Issuer may give to the Trustee a direction on behalf of the Holder to dispose of the Underlying Entities' Shares for the purposes of this clause.

Terms of appointment of Receiver

- 20.3 In exercising its power to appoint a Receiver, the Issuer or the Trustee as its nominee may:

- appoint a Receiver to the whole or any part of the relevant property of the Separate Trust or its income; and
- set a Receiver's remuneration at any figure the Issuer determines appropriate, remove a Receiver appointed and appoint a new or additional Receiver.

- 20.4 If the Issuer or Trustee as its nominee appoints more than one Receiver, the Issuer or the Trustee (as the case may be) may specify whether they may act individually or jointly.

- 20.5 Any Receiver appointed under this Deed is the Issuer's agent. The Issuer is solely responsible for anything done, or not done, by a Receiver and for the Receiver's remuneration and costs.

Receiver's powers

- 20.6 Unless the terms of appointment restrict a Receiver's powers, the Receiver may do one or more of the following:

- sell, transfer or otherwise dispose of the property in each Separate Trust,
- obtain registration of the property in each Separate Trust; and
- do anything else the law allows an owner or Receiver of the Issuer's property in each Separate Trust to do.

Order of enforcement

- 20.7 The Issuer may enforce its Security Interest before it enforces other rights or remedies:

- against any other person; or
- under another document, such as another Encumbrance.

If the Issuer has more than one Encumbrance, it may enforce them in any order it chooses.

Disposal of the Separate Trust property is final

- 20.8 The Holder agrees that if the Issuer, the Trustee or a Receiver sells or otherwise disposes of the Separate Trust property:

- a. the Holder will not challenge the acquirer's right to the Separate Trust property (including on the ground that the Issuer, the Trustee or the Receiver was not entitled to dispose of the Separate Trust property or that the Holder did not receive notice of the intended disposal) and the Holder will not seek to reclaim that property; and
- b. the person who acquires the Separate Trust property need not check whether the Issuer, the Trustee or the Receiver has the right to dispose of the Separate Trust property or whether the Issuer, the Trustee or the Receiver exercises that right properly.

Exclusion of the notice unless mandatory

20.9 Neither the Issuer, the Trustee nor any Receiver need give the Holder any notice or demand or allow time to elapse before exercising a right under the Security Interest or conferred by law (including a right to sell) unless the notice, demand or lapse of time is required by law and cannot be excluded.

Exercise of power of sale

20.10 In exercising any power of sale under this Deed Poll in respect of Underlying Entities' Shares:

- a. the Trustee must (subject to any directions given to it by the Issuer) prescribe the time for the sale of the Underlying Entities' Shares and attribute an average sale price if executed in different parcels,
- b. the Trustee may rely on advice of the Issuer as to:
 - i. the time, mode and broker (if any) for the sale of the Underlying Entities' Shares,
 - ii. the effect of any sale or realisation over a period of time, including the price per unit of a number of sales, made over time in different parcels and for different amounts but with a view to maximising the sale proceeds of one or more larger parcels,
 - iii. the size of the lots or parcels for a sale,
 - iv. the fixing and varying of reserve prices below which the Underlying Entities' Shares may not be sold,
- c. the Trustee is under no liability to a Holder and a Holder is not entitled to bring any action against the Trustee in connection with the price received by the Trustee on the sale by the Trustee of any Underlying Entities' Shares,
- d. the Trustee may, and if directed by the Issuer, the Trustee must sell Underlying Entities' Shares to the Issuer or its Related Body Corporate,
- e. none of the Trustee, the Issuer or a Related Body Corporate of the Issuer will be liable to a Holder and a Holder is not entitled to bring an action against the Trustee, the Issuer or a Related Body Corporate of the Issuer in connection with the sale of any Underlying Entities' Shares contemplated by this clause 20.10; and
- f. to the extent the Trustee would be unable as a matter of law to exercise a power in a manner contemplated by this clause 20.10, as nominee to the Issuer, the Holder directs it to do so on its behalf.

Delegation

- 20.11 The Trustee may authorise any person(s) to act as its delegate (in the case of a joint appointment, jointly and severally) to hold title to any Underlying Entities' Shares, perform any act or obligation or exercise any discretion within the Trustee's power. The delegate may be an associate of the Issuer, the Trustee or the Registrar.
- 20.12 The authorisation may be in such form as the Trustee determines.
- 20.13 The Trustee remains liable for the acts or omissions of a delegate, except the Trustee will not be liable in respect of:
 - a. the holding of property or receipt or payment of money through a recognised settlement system or clearing system; or
 - b. a delegate whose acts or omissions are not reasonably capable of supervision by the Trustee.

Indemnity

- 20.14 The Issuer indemnifies the Trustee for any liability incurred by the Trustee in performing or exercising any of its powers or duties in relation to any Separate Trust or to the extent caused by any default by the Issuer under this Deed Poll. This indemnity is in addition to any indemnity allowed by law, but does not extend to liabilities arising from a breach of trust, negligence or fraud of the Trustee.
- 20.15 The Trustee must not act or fail to act if by doing so it will knowingly incur any material liability in the proper performance by the Trustee of its obligations under this Deed Poll for which it is indemnified and for which the Issuer has no right of recourse from the Holders or from the Underlying Entities' Shares except:
 - a. if it has the prior written consent of the Issuer which will not be withheld unreasonably; or
 - b. if the Trustee is expressly indemnified for that liability under this Deed Poll (other than under clause 20.14); or
 - c. if it is a liability that is payable or reimbursable by the Issuer under clause 22.5.

Retirement

- 20.16 The Trustee must retire as the Trustee of each Separate Trust when required to retire by the operation of law. The Trustee may retire by giving three months' notice to the Issuer or any shorter notice period the Issuer accepts. Any retirement shall not take effect until the appointment of a new Trustee in accordance with clause 20.19.

Voting rights

- 20.17 The Trustee will not have power and is not required to exercise any voting rights in relation to the Underlying Entities' Shares.

Removal

- 20.18 Subject to clauses 20.19 and 20.20, the Issuer may at any time remove the Trustee as the Trustee of all the Separate Trusts, subject to the appointment of a new Trustee in accordance with clause 20.19.

New Trustee

20.19 If the Trustee retires or is removed, the Issuer may appoint a replacement Trustee by deed. The appointment is not complete until the new Trustee executes a deed by which it covenants to be bound by this Deed Poll.

20.20 No removal and appointment may be made under clause 20.18 and 20.19 respectively, without the consent of the ASX.

Release

20.21 When it retires or is removed as trustee of each Separate Trust, the Trustee is released from all obligations in relation to each Separate Trust arising from the time it retires or is removed, except that the Trustee is still obliged:

- a. to vest the property of each Separate Trust in the new trustee (subject to the satisfaction of all liabilities owed to the Trustee on its own account under this Deed Poll or for which the Trustee may be personally liable or for which there has been provision satisfactory to the Trustee); and
- b. to deliver all books and records relating to each Separate Trust to the new trustee, and this Deed Poll continues to be in effect in respect of anything done or omitted to be done by the retiring trustee when it was trustee.

The retiring trustee retains the rights and remedies available to it under this Deed Poll or at law in relation to the performance and exercise of its powers, duties and functions while trustee.

No Guarantee

20.22 None of the Issuer and its Related Bodies Corporate guarantees that the Trustee will perform or otherwise comply with its obligations under this Deed Poll. Nothing in this Deed Poll constitutes a guarantee by the Issuer or its related bodies corporate of those obligations.

Knowledge of the Trustee

20.23 The Trustee will only be considered to have knowledge, awareness or notice of a thing or grounds to believe anything by virtue of its officers having actual knowledge, actual awareness or actual notice of that thing or grounds to believe that thing.

21. Rights and liabilities of Trustee

21.1 Nothing in this Deed Poll restricts the Trustee or its associates from:

- a. dealing with each other, the Issuer any Separate Trust or any Holder,
- b. being interested in any contract or transaction with each other or the Issuer or any Holder or retaining for its own benefit any profits or benefits derived from any such contract or transaction,
- c. acting in the same or a similar capacity in relation to any other scheme; or
- d. selling Underlying Entities' Shares to the Issuer,

subject to the Trustee acting at all times with good faith toward Holders.

Nothing in this Deed Poll restricts the Issuer or its associates or nominees acquiring Underlying Entities' Shares from the Trustee or elsewhere.

Payments to the Issuer

21.2 Subject to this Deed Poll, whenever the Trustee:

- a. sells, redeems or otherwise disposes of Underlying Entities' Shares; or
- b. takes any action to enforce the Security Interest,

the Trustee must endeavour to direct that any payments received by it from that sale or action and which will be payable to the Issuer are made directly to the Issuer (or as it directs). The Trustee may endorse to the Issuer (or as it directs) any cheque representing such payments which have been drawn in favour of the Trustee.

Limitation on liability

21.3 The Trustee does not have any obligations or duties in respect of the Separate Trusts, the High Geared Instalments, the Underlying Entities' Shares or anything in relation to them except as expressly set out in this Deed Poll.

21.4 If the Trustee acts in good faith and without wilful default or negligence in endeavoring to perform its obligations under this Deed Poll, it is not responsible to Holders for any loss suffered in respect of the relevant Separate Trust including in case of a breach of an obligation imposed on the Trustee under this Deed Poll.

21.5 The liability of the Trustee in relation to each Separate Trust is in any case limited to the property of the Separate Trust.

21.6 The Trustee is not liable for the acts or omissions of any brokers or other agents whose acts or omissions are not reasonably capable of supervision by the Trustee.

21.7 The Trustee is not responsible for the performance by the Issuer or the Registrar of their respective obligations under this Deed Poll or the PDS.

21.8 The Trustee is not liable for the acts or omissions of the Issuer or the Registrar (including any of its agents), including for any breach of this Deed Poll to the extent caused by such act or omission.

Trustee's Reliance

21.9 The Trustee may take and act upon:

- a. the opinion or advice of counsel or solicitors instructed by the Trustee in relation to the interpretation of this Deed Poll or any other document (whether statutory or otherwise) or generally as to the administration of each of the Separate Trusts or any other matter in connection with the Separate Trusts,
- b. the advice, statements or information from any bankers, accountants, auditors, valuers and other persons consulted by the Trustee who are in each case believed by the Trustee in good faith to be expert in relation to the matters upon which they are consulted and who are independent of the Trustee,
- c. advice, statements, notices or information from the Issuer or Registrar in respect of all matters arising under this Deed Poll; and
- d. any other opinion, advice, statement or information provided to the Trustee in respect of the Separate Trusts, however it is given to the Trustee, unless the Trustee has reasonable

grounds to believe that the document is not genuine or correct,

and the Trustee will not be liable for anything done, suffered or omitted by it in good faith in reliance upon such opinion, advice, documents, statements, notices or information, including in respect of payments and dealings with Underlying Entities' Shares required by this Deed Poll. If the Trustee requests any advice, information, notices or statement from any person under this clause, the Trustee has no liability in connection with any delay in the exercise or performance of the relevant powers or duties the subject of the relevant advice, information, notice or statements.

Exercise of discretion

- 21.10 The Trustee need not act except when required to do so by this Deed Poll.
- 21.11 The Trustee may decide how and when to exercise its powers at its absolute discretion.
- 21.12 The Trustee need not consult with the Holders before acting, giving any consent, approval or agreement or making any determination under this Deed Poll except if this Deed Poll expressly provides otherwise.

Directions of the Court

- 21.13 The Trustee may apply to a court for directions as to any matter arising in connection with performance of its obligations including the exercise of the powers and functions of the Trustee under this Deed Poll. The Trustee is not liable to any person for any delay arising as a result of that application.

No responsibility for Deed Poll

- 21.14 The Trustee and the ASX have no responsibility for the form or contents of this Deed Poll or the PDS and accordingly have no liability as a result of or in connection with:
- any inadequacy, invalidity or unenforceability of any provision of this Deed Poll; or
 - any statement in, omission from or publication of the PDS.

Further obligations

- 21.15 Notwithstanding any other provision of this Deed Poll:
- the Trustee is not required to do or to omit to do anything or to incur any liability unless the Trustee's liability is limited in a manner satisfactory to the Trustee,
 - the Trustee will not be under any obligation to advance or to use its own funds for the payment of any costs, expenses or liabilities,
 - the Trustee is under no obligation to invest any property of a Separate Trust,
 - the Trustee is not required to keep itself generally informed as to the circumstances or activities of the Underlying Entity, Registrar, Issuer or any other person, including their compliance with their obligations in connection with this Deed Poll, the High Geared Instalments, the Underlying Entities' Shares or the Register; and
 - a liability or obligation of the Trustee arising under this Deed Poll is strictly limited to the extent to which (and can be enforced against the Trustee only to the extent to which) the Trustee is actually indemnified for the liability by the

Issuer or the liability or obligation can lawfully be satisfied in accordance with this Deed Poll out of the property of a Separate Trust.

Satisfaction of liabilities of each Separate Trust

- 21.16 Liabilities of or referable to each Separate Trust are to be satisfied from the property of that Separate Trust except as specified in this Deed Poll.

Appointments

- 21.17 The Trustee may for the purpose of exercising any of its rights or discharging any of its obligations appoint (and remove) officers or any related body corporate or engage agents or sub-contractors or experts on such terms, including remuneration, as the Issuer thinks fit.
- 21.18 The Trustee may appoint a nominee to be the registered holder of Underlying Entities' Shares held under this Deed Poll but so that:
- the nominee is a bare trustee for the Trustee with no power to deal in the Underlying Entities' Shares except as directed by the Trustee,
 - the Trustee or a holding company of it is the sponsor of the nominee's CHES holdings,
 - the nominee may be a Related Body Corporate of the Issuer or the Trustee; and
 - the registered holdings of Underlying Entities' Shares of a nominee are deemed for the purposes of this Deed Poll to be a registered holding of the Trustee.

Obligations are several

- 21.19 The obligations of the Issuer, the Trustee and the Registrar under this Deed Poll are several only and not joint.

Providing information

- 21.20 The Trustee may, to the extent permitted by law, on request, provide to the Issuer information concerning the High Geared Instalments or the Underlying Entities' Shares. The Trustee does not have to inquire as to the purpose of the Issuer for requesting the information except to the extent required by law.
- 21.21 The Issuer may make arrangements with the Trustee to provide any Holder with any information concerning the affairs, financial condition or business of the Issuer or its Related Bodies Corporate.
- 21.22 The Trustee is not obliged to disclose any information relating to the Issuer or its Related Bodies Corporate, whether to the Holder or any other person, except under an arrangement agreed in accordance with clause 21.21. Disclosure is in any case not required if in the opinion of the Trustee disclosure would or might breach a law or duty of confidence or other fiduciary duty.

22. Funding of Trustee

Principles

- 22.1 The Trustee will have no right of recourse:
- to recover any of its outgoings under this Deed Poll in relation to a Separate Trust,

- b. in respect of any claim, loss or liability which may arise from its actions or omissions as the Trustee of a Separate Trust; or
- c. in respect of any right of indemnity in relation to a Separate Trust which it might have under this Deed Poll or at law,

against the property which corresponds to that Separate Trust, save as provided in clause 22.2.

- 22.2 The only right of recourse which the Trustee has against the property of a Separate Trust is as set out in those specific provisions of this Deed Poll which authorise the Trustee to recoup from the Trust fund of a Separate Trust.
- 22.3 The Trustee is entitled to require the Issuer to pay on behalf of the Trustee (in accordance with the succeeding provisions of this clause 22), all disbursements, liabilities, expenses and outgoings reasonably and properly incurred by the Trustee or on its behalf in performing the Trustee's functions or obligations or discretions under this Deed Poll.
- 22.4 The Trustee may be remunerated by the Issuer for its services in addition to the indemnities and rights to reimbursement under this Deed Poll. The Trustee and the Issuer may determine and amend the basis for that remuneration from time to time without giving notice to or requiring the approval of Holders or any other person.

Reimbursement of outgoings

- 22.5 All costs, fees, expenses and liabilities reasonably and properly incurred by the Trustee in connection with any or all of the Separate Trusts or in performing its obligations under this Deed Poll are payable or reimbursable by the Issuer. This includes (without limitation) those expenses permitted as expenses by other clauses of this Deed Poll and expenses connected with:
- a. this Deed Poll and the formation of the Separate Trusts and any supplemental deed amending this Deed Poll,
 - b. the sale, purchase, insurance, custody and any other dealing with the property of the Separate Trusts,
 - c. the administration, management, promotion or valuation of any property of a Separate Trust or its Underlying Entities' Shares, compliance with the ASX Listing Rules or the ASX Operating Rules, and maintenance of the Register,
 - d. communications with Holders (written or otherwise),
 - e. Transfer Taxes (except for those levied on the general business of the Trustee) and bank fees,
 - f. the engagement or consultation of persons in accordance with this Deed Poll including legal costs on a full indemnity basis,
 - g. preparation and audit of the taxation returns and accounts of the Separate Trusts,
 - h. termination of the Separate Trusts and the retirement or removal of the Trustee and the appointment of a new trustee; and
 - i. any court proceedings, arbitration or other dispute concerning any or all of the Separate Trusts including proceedings against the Trustee (except to the extent that the Trustee is found by a court to have acted or to have omitted to act in a manner for which the Trustee is not

entitled to be to be reimbursed or indemnified in which case any expenses reimbursed under this clause 22.5(i) must be repaid).

Trustee to Account

- 22.6 At such intervals and in such form as the Issuer may from time to time direct, the Trustee will account to the Issuer for all expenses paid or incurred by the Trustee in accordance with this clause 22.

Recourse to Separate Trusts

- 22.7 The Trustee may have recourse to the Separate Trusts for any remuneration or reimbursement or indemnity permitted under this Deed Poll only if the Trustee is expressly authorised to deduct costs and fees from the proceeds of any payment received by the Trustee from the Issuer or any third party on the sale or disposal of the Underlying Entities' Shares or any other property of the Separate Trusts.

23. Taxes

- 23.1 The Issuer is not liable for any Transfer Tax or other Tax or charge arising from the ownership, transfer or Completion of a High Geared Instalment (except as described in clause 23.4).
- 23.2 Holders or Transferees (as the case may be) must pay all Transfer Tax and other Taxes and charges including a goods and services tax and stamp duties, if any, and any taxes payable by the Trustee or the Issuer in connection with the ownership, transfer and Completion of the High Geared Instalments.
- 23.3 If the Holder is required to deduct any Transfer Tax or Tax from any payment, then:
- a. the Holder must pay that amount to the appropriate authority and promptly give the Issuer evidence of that payment,
 - b. the amount payable is increased so that (after deducting that Transfer Tax or Tax and paying any Transfer Taxes or Taxes on the increased amount) the Issuer receives the same amount it would have received had no deduction been made; and
 - c. the Holder must indemnify the Issuer against the Transfer Tax or Tax and any amounts recoverable from the Issuer in respect of the tax.

Failure to Pay

- 23.4 If the Holder fails to pay any Transfer Taxes or Taxes within the required period, then the Issuer must pay the amount of the Transfer Taxes or Taxes on behalf of the Trustee and the Holder. That amount and any related costs or expenses, including reasonable interest, is recoverable by the Issuer from the person who is registered as the Holder as a debt due.

Nothing in this clause obliges a Holder to pay stamp duty in respect of a transfer of High Geared Instalments only because notice of the transfer has been given to the Trustee by a person other than the Holder.

Stamp Duty

- 23.5 The Holder will be responsible for paying all stamp duties assessed in respect of the Separate Trusts, the Loan, the Security Interest or the Underlying Entities' Shares to which the High Geared Instalments of that Holder relate.

24. Statements, Accounts And Audit

Obligation of Trustee

24.1 The Trustee must prepare and lodge consolidated accounts and financial and taxation returns (if it is required by law to do so).

Exemption

24.2 The Trustee is empowered to apply for any waiver, modification or exemption which will or may have the effect of reducing the extent of its obligations under clause 24.1 and to give undertakings and to perform any conditions associated with any such application or any such modification or exemption.

No obligation to provide financial information

24.3 Subject to the ASX Operating Rules and contrary provisions of this Deed Poll, the Trustee has no obligation whatsoever to provide or to procure the Registrar to provide information to Holders about the Separate Trusts or the Underlying Entities' Shares.

24.4 In particular, the Trustee has no obligation to provide Holders with any financial accounts, financial reports or financial statements for the Separate Trusts.

24.5 The Trustee is not obliged in any event to make available or to forward its own financial accounts, reports or statements to any Holder.

Part 6 – General

25. Notices

25.1 Except as otherwise provided by this Deed Poll, a notice required or permitted to be given to a Holder under this Deed Poll or by the Corporations Act must be in writing and is to be treated as being given in writing if:

- a. left at the Registered Address of the Holder,
- b. sent by pre-paid mail to the Registered Address of the Holder,
- c. sent by facsimile transmission to the Holder's facsimile number,
- d. sent by email to the Holder's email address,
- e. posted as a notice on the Issuer's website; or
- f. in the event of time constraints, by such other method as approved by the ASX.

Notice by Advertisement

25.2 Any notice which is required or allowed by a court of competent jurisdiction to be given to a Holder by advertisement will, unless otherwise stipulated or required by law or by a court in Australia or in any relevant foreign jurisdiction, be sufficiently advertised if advertised once in a daily newspaper circulating in the States and Territories of Australia.

Notices by Holders

25.3 All notices required or permitted to be given by Holders to the Issuer, Trustee or Registrar under this Deed Poll or otherwise in respect of High Geared Instalments must be in writing and

are treated as being duly given upon being actually received by the Issuer, the Trustee, or the Registrar at its principal office in Sydney or such other address as it may by notice to the Holder specify.

Notices for Adjustment Events

25.4 The Issuer must give notice in accordance with ASX company announcement platform procedures upon an Adjustment Event in relation to any Underlying Entities' Shares, as soon as reasonably practicable.

26. Calculation and rounding

26.1 Except as otherwise provided in this Deed Poll, all calculations will be made to not fewer than four decimal places. Any money amounts to be paid to a Holder will be rounded down to the nearest whole cent after aggregating all entitlements of that Holder. Any numbers of Underlying Entities' Shares to be transferred to a Holder will be rounded down to the nearest whole number after aggregating all entitlements of that Holder.

27. Payment to Holders

Methods of Payment

27.1 Any money payable to a Holder may be paid in a manner agreed between the Issuer and the Trustee.

Receipt

27.2 The receipt of the Holder in respect of a High Geared Instalment and any money payable in respect of it is a good discharge to the Trustee or the Issuer.

Unclaimed Money

27.3 Any payments made to Holders but remaining unclaimed for more than 12 months after the date of payment may, at the discretion of the Trustee but subject to applicable laws, be paid to the Issuer, for the sole benefit of the Issuer and the relevant Holder has no claim, whether against the Issuer, the Trustee, the Registrar or otherwise, to any amount paid to the Issuer under this clause.

28. Impact of ASX Rules

28.1 All provisions of this Deed are subject to any contrary requirement from time to time of the ASX Operating Rules or ASX Clear Operating Rules or the ASX Settlement Operating Rules unless the ASX or, if appropriate, the ASX, ASX Clear or ASX Settlement gives or has given a waiver or consent in respect of the High Geared Instalments of any of those rules.

29. Amendments To Deed Poll

Issuer and Trustee may amend

29.1 Subject to the ASX Operating Rules, the Issuer and the Trustee may together by supplemental deed amend this Deed Poll if one or more of the following applies:

- a. in the reasonable opinion of the Issuer and the Trustee acting in a commercially reasonable manner, and with the consent of the ASX:
 - i. the amendment is necessary to comply with any statutory or other requirement of law (including as

modified or applied in any respect to the High Geared Instalments) or any requirement of the ASX,

- ii. the amendment is necessary or desirable to rectify any inconsistency, defect, manifest error or ambiguity in the terms of this Deed Poll, providing that the amendment does not materially prejudice the interests of Holders,
 - iii. the amendment is necessary or desirable to provide for the consequences of any unforeseen circumstance, Adjustment Event or Extraordinary Event which has arisen in respect of the Underlying Entities' Shares,
 - iv. the amendment is necessary or desirable to permit transfers of High Geared Instalments by a method other than as set out in the terms of this Deed Poll,
 - v. the amendment is necessary or desirable for a purpose referred to in clause 4.4 or 4.5; or
 - vi. the amendment is not materially prejudicial to the interests of Holders; or
- b. the terms of the amendment are authorised by a resolution of the Holders passed in accordance with this Deed Poll.

The Issuer and Trustee may otherwise amend this Deed Poll as contemplated by the ASX Operating Rules (particularly paragraphs 10.3.5 and 10.3.6 of Schedule 10 to the ASX Operating Rules).

The Expiry Date may not be amended under this clause.

Notice of Amendment

- 29.2 If requested by the ASX, the Issuer will procure notice of the proposed amendment or the fact of the amendment to be given generally or also specifically to Holders.

No Holders

- 29.3 If there are no Holders, other than the Issuer or a Related Body Corporate of the Issuer, the Issuer may with ASX consent, amend or adjust any terms of the High Geared Instalment including, without limitation, the Instalment Payment, the Interest Rate or Interest Amount, but excluding the Expiry Date.

30. Resolution of Holders

- 30.1 The Issuer must notify all Holders in writing of a proposed amendment under clause 29.1(b).
- 30.2 Holders may return ballot papers to the Issuer by no later than 20 Business Days after the date of the notice. Each Holder is entitled to one vote for each High Geared Instalment held.
- 30.3 A resolution is duly passed if 75% or more of the votes cast are in favour of the amendment.
- 30.4 The Issuer or its associates must not vote unless they are voting as Trustee or nominee for a person who is not an associate.
- 30.5 An amendment must be notified to the ASX.

31. Obligation of Holders to provide information

- 31.1 A Holder will:
- a. provide such information as the Issuer or the Trustee may request as required by law; and
 - b. on request by the Registrar, provide the Registrar with details of any holding it has of Shares relating to its Application.

32. General provisions

Waiver

- 32.1 The failure, delay, relaxation or indulgence on the part of the Issuer or the Trustee in exercising any power or right conferred upon the Issuer or the Trustee under this Deed Poll does not operate as a waiver of that power or right nor does any single exercise of any power or right preclude any other or further exercise of it or the exercise of any other power or right under this Deed Poll.

Effect of Amendment

- 32.2 This Deed Poll as amended applies to each Separate Trust and binds the Trustee, each Holder and any person claiming through any of them as if each of them had been a party to this Deed Poll.

Governing law

- 32.3 This Deed Poll is governed by the laws in force in New South Wales.

Provision of documents and information

- 32.4 Where the PDS provides for a notification, receipt, acknowledgement or for information or copies of documents to be given to or made available to Holders (including Reminder Notices) the Issuer will ensure that such notifications, information, receipts, acknowledgements and documentation are provided or made available to Holders in the time and manner provided in the PDS and in accordance with this Deed Poll.

- 32.5 If a Holder informs the Issuer that information the Issuer holds about the Holder is not accurate, complete or up to date, the Issuer will take reasonable steps to correct that information.

Market making

- 32.6 The Issuer will maintain a market in High Geared Instalments in accordance with its undertaking to the ASX in relation to making a market by maintaining buy orders at market prices for the life of the High Geared Instalments.

33. Novation, assignment and severability

- 33.1 The Holder may not novate, assign or sub-participate any or all of its rights and obligations in connection with the High Geared Instalment at any time other than in accordance with this Deed Poll.
- 33.2 Any provision of this Deed Poll which is prohibited or unenforceable in any jurisdiction is ineffective in that jurisdiction to the extent of the prohibition or unenforceability.

34. Interpretations

- 34.1 Definitions

In this Deed Poll, unless the contrary is expressed:

- a. "PDS" means the product disclosure statement relating to the High Geared Instalments, comprising PDS Part 1 and PDS Part 2 (PDS Part 2 being dated on or around the date of this Deed Poll), as supplemented from time to time; and
- b. capitalised words have the meanings shown in PDS Part 2 Section 10 "Glossary" of the PDS.

34.2 General Interpretation

In this Deed Poll, unless the context otherwise requires:

- a. terms defined in the ASX Operating Rules, the ASX Clear Operating Rules the ASX Settlement Operating Rules or the Corporations Act are used with their defined meaning,
- b. the words “including” and “for example” when introducing a list of items does not exclude a reference to other items, whether of the same class or genus or not,
- c. amend includes delete or replace,
- d. headings and marginal notes are for convenience only and do not affect interpretation of this Deed Poll,
- e. the singular includes the plural and vice versa,
- f. if an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning,
- g. a reference to this Deed Poll or to any other deed, agreement or document, includes, respectively, this Deed Poll or that other deed, agreement or document as amended, novated, supplemented, varied or replaced,
- h. a reference to a clause is a reference to a clause of this Deed Poll,
- i. a reference to any legislation, statute, ordinance code or other law includes all ordinances, by-laws, regulations, rules, rulings, directions, guidelines and other statutory instruments under it, and any modifications, consolidations, re-enactments, replacements and substitutions of any of them,
- j. a reference to a person includes a reference to an individual, firm, company, corporation, Related Body Corporate, statutory body, Trust, partnership, joint venture, association whether incorporated or unincorporated, or an authority,
- k. if a reference is made to any body or authority which has ceased to exist, the reference must be construed as a reference to the body or authority which at the time of construction serves substantially the same objects as that body or authority,
- l. references in this Deed Poll to the Beneficial Interest in an Underlying Entities’ Share merging with the legal title to that Underlying Entities’ Share in certain circumstances involving the transfer of an Underlying Entities’ Share, signify that upon registration of such a transfer the Security Interest in that Underlying Entities’ Share is extinguished, that the Holder ceases to have a separate Beneficial Interest in the Underlying Entities’ Share and that any obligations which the Trustee may have had in relation to the Beneficial Interest in that Underlying Entities’ Share cease,
- m. any reference to any matter relating to the High Geared Instalments when being construed in respect of a particular Series of High Geared Instalments shall be read as if the reference applies to that Series of High Geared Instalments alone and as if there were no other Series of High Geared Instalments the subject of this Deed Poll,
- n. if a day or date specified is not a Business Day, then the day or date will refer to the next Business Day; and
- o. where an Underlying Entities’ Share or Underlying Parcel is itself a beneficial interest, references to ‘legal title’, ‘legal interest’ and ‘legal owner’ are references to the title to, interest in, or ownership of that beneficial interest.

**EXECUTED AND DELIVERED
as a Deed Poll in Sydney**

Executed as a deed by The Royal Bank of Scotland plc
(ABN 30 101 464 528) by its attorneys in the presence of:

Signature of Witness

Signature of Attorney

Print Name of Witness

Print Name

Address of Witness

Signature of Attorney

Print Name

Executed as a deed in accordance with section 127 (1) of the
Corporations Act 2001 by RBS Nominees (Australia) Pty
Limited (ACN 094 599 989) in the presence of:

Director Signature

Director/Secretary Signature

Print Name

Print Name

10. Glossary

“Acceptance” means acceptance by RBS of an Application for High Geared Instalments.

“Accretion” means the property or benefit nominated under clause 10.1(e) of the Trust Deed.

“Adjustment Event” means any of the following:

- a. where the Underlying Entities’ Share is a security, debenture, CHESSE depository interest or other financial product or interest in a managed investment scheme, trust, fund or collective investment vehicle:
 - i. a Corporate Action,
 - ii. the declaration or payment by the Underlying Entity of a non-cash Distribution or special Distribution; or
 - iii. the Underlying Entity’s insolvency by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Underlying Entity,
- b. where the Underlying Entities’ Share seek to track an index:
 - i. that index is suspended or ceases to be published for a period of 24 hours or more,
 - ii. that index is not calculated and announced by the index sponsor, but is calculated and announced by a successor to the index sponsor,
 - iii. that index is replaced by a successor index using the same or a substantially similar formula for and method of calculation,
 - iv. there is a suspension or material limitation on trading of securities generally on a relevant index for a period of 24 hours or more,
 - v. material information about that index is not published or made available; or
 - vi. the index sponsor or any successor makes a material change in the formula for or the method of calculating that index or the constituents of the index or in any way materially modifies that index,
- c. any actual or proposed event that may in the Issuer’s reasonable opinion be expected to lead to any of the events referred to in paragraphs (a) to (b) above occurring;
- d. any Force Majeure Event occurs, or any other event occurs which the Issuer determines in good faith results in the performance of its obligations having become or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited,
- e. a Change in Law occurs,
- f. the Issuer is unable, on any date on or after the Issue Date up to and including the Expiry Date or any other relevant date, after using commercially reasonable efforts, to:
 - i. acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems reasonably necessary to hedge the risk of entering into and performing its obligations with respect to the High Geared Instalments; or
 - ii. realise, recover or remit the proceeds of any such transaction(s) or asset(s),
- g. the Issuer would, on any date on or after the Issue Date up to and including the Expiry Date or any other relevant date, incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to:
 - i. acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the High Geared Instalments; or
 - ii. realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer will not be deemed an Adjustment Event,
- h. the Issuer’s hedging arrangements are suspended, terminated, adjusted, changed or delayed for any reason or any Share or asset relevant to the hedging arrangement is terminated, suspended, adjusted, changed or delayed in any way or any calculations under the hedging arrangements are suspended, terminated, adjusted, changed, delayed, brought forward or calculated on a different day,
- i. a security granted by the Underlying Entity, its manager or its service providers becomes enforceable or any of their trading or dealing arrangements become terminable because of default by them,
- j. the price of the Underlying Entities’ Shares is not calculated or published as required, or the timing of the calculation or publication changes, or the methodology used changes,
- k. material information about the Underlying Entity is not published or made available,
- l. trading in the Underlying Entities’ Shares is suspended or restricted,

- m. the Underlying Entity, its manager or its sponsor, or its service providers become insolvent by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting the Underlying Entity,
- n. there is an event in respect of the Underlying Entity, its manager or its sponsor, by which:
 - i. the Underlying Entity will be merged with another entity (unless it will continue as an entity without reclassification or change of its Shares); or
 - ii. there is a change in control of the Underlying Entity.

“AML/CTF Act” means Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth) and Anti-Money Laundering and Counter Terrorism Rules.

“Applicant” means a person or persons making an Application through lodging an Application Form.

“Application” means an offer by a person to RBS to subscribe for High Geared Instalments, being an offer on terms referred to in an Application Form.

“Application Amount” means the amount paid or payable by an Applicant on Application, which is the dollar amount which an investor wishes to invest under the Application.

“Application Form” means the application form attached to or enclosed in the PDS.

“ASIC” means the Australian Securities and Investments Commission.

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

“Assessed Value Payment” means:

$(90\% \times (\text{VWAP} - \text{Instalment Payment} - \text{Cap Payment, if applicable})) / \text{Exchange Rate,}$

determined in accordance with PDS Part 2 Section 2.11. Investors should note that the Assessed Value Payment will be zero if in the last two hours of trading on the Expiry Date the amount determined by reference to the actual price the Issuer is able to dispose of the relevant Underlying Entities' Shares on a best efforts basis is not greater than the sum of the Instalment Payment and any applicable Cap Payment by at least 5% or more of the Loan Amount.

“ASX” means ASX Limited (ABN 98 008 624 691) or the financial market operated by ASX, as the context requires.

“ASX Clear” means ASX Clear Pty Limited (ABN 48 001 314 503).

“ASX Clear Operating Rules” means the clearing rules of ASX Clear, as amended from time to time.

“ASX Listing Rules” means the official listing rules of the ASX.

“ASX Operating Rules” means the operating rules of ASX regulating trading in warrants and shares on the ASX, as amended or substituted from time to time.

“ASX Settlement” means ASX Settlement Pty Limited (ABN 49 008 504 532).

“ASX Settlement Operating Rules” means the operating rules of ASX Settlement, as amended from time to time.

“ASX Trade” means the ASX Trade trading platform operated by ASX.

“ATO” means the Australian Taxation Office.

“Australian dollars” or **“AUD”** means the lawful currency of Australia.

“Automatic Early Completion” means the occurrence of an Adjustment Event which results in the transfer of the Underlying Entities' Shares, release and extinguishing of the Security Interest and merger of Beneficial Interest and legal title in accordance with clause 16.5 of the Trust Deed.

“Beneficial Interest” means the beneficial interest which a Holder acquires in a specified Underlying Entities' Share and in any other property of a Separate Trust subject to the Security Interest (if any).

“Beneficiary” means in relation to a Loan or a Security Interest:

- a. the Issuer; or
- b. any person to whom the Issuer has assigned (legally or equitably) rights under that Loan.

“Borrowing Fee” means the fee, if any, charged by the Issuer from time to time for providing the Loan for a Reset Period in accordance with the Trust Deed and PDS and as set out in the Summary Table in PDS Part 1.

“Business Day” has the meaning given in the ASX Operating Rules.

“Calculation Agent” means the Issuer or such other calculation agent as appointed by the Issuer at its absolute discretion.

“Cap” means the percentage determined by the Issuer on the Issue Date and notified to Holders in the confirmation they receive from the Issuer, as explained in PDS Part 2 Sections 2.7 and 2.8. The indicative Cap and the minimum Cap are specified in the Summary Table.

“Cap Amount” means the amount determined for a Reset Period commencing on the Issue Date or a Reset Date, by applying the Cap to the price of the Underlying Entities' Shares at the Closing Time on the Issue Date or the Reset Date (as applicable).

“Cap High Geared Instalment” means a High Geared Instalment to which a Cap applies, as identified in the Summary Table.

“Cap Payment” means the payment a Holder must pay to the Issuer if the Underlying Entities' Share price is above the Cap Amount, calculated as the Market Value of the Underlying Entities' Share price at Closing Time on the Expiry Date or Reset Date minus the Cap Amount.

“Capital Component” means (for a Series) the percentage specified in the Summary Table expressed as a percentage of the Underlying Entities' Share price.

“Change” means, in respect of the Trust Deed, any modification, variation, alteration or deletion of, or addition to, the Trust Deed.

“CGT” means the Capital Gains Tax.

“Change in Law” means that on or after the Effective Date (a) due to the adoption of or change in any applicable law or regulation in any jurisdiction (including, without limitation, any tax law) or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation in any jurisdiction (including any action taken by a taxing authority) it:

- i. has become illegal to hold, acquire or dispose of the Underlying Entities' Shares or the Issuer's hedge; or
- ii. the Issuer will incur a materially increased (as compared with circumstances existing at the time the High Geared Instalments are listed on the ASX) cost in performing its obligations (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"CHES" means the Clearing House Electronic Subregister System operated in accordance with the ASX Settlement Operating Rules.

"CHES Approved Financial Products" means financial products which are approved by ASX Settlement in accordance with the section 8 of the ASX Settlement Operating Rules.

"Closing Time" means the close of the "Closing Single Price Auction" phase on ASX Trade following the close of normal trading on the ASX or, in relation to Underlying Entities' Shares which are quoted on a Related Exchange other than the ASX, the close of the equivalent phase following the close of normal trading in relation to those Underlying Entities' Shares on that Related Exchange under the rules of that Related Exchange.

"Commencement Date" means in relation to a Separate Trust, the date on which initial title to the High Geared Instalment to which the Separate Trust relates vests in the Applicant in accordance with clause 1.1 of the Trust Deed.

"Complete" means submit a valid Instalment Payment Notice to RBS in accordance with the Trust Deed and the PDS.

"Completion" means the act of submitting a valid Instalment Payment Notice in accordance with the Trust Deed and the PDS.

"Completion Date" means the date on which a Holder Completes a High Geared Instalment.

"Compulsory Acquisition" means an acquisition where a person is able to compulsorily acquire from, or cancel a holder's Underlying Entities' Shares pursuant to a Takeover Bid, scheme of arrangement, reduction of capital or under section 664A of the Corporations Act (or otherwise thereunder) or pursuant to an equivalent action in the relevant foreign jurisdiction under the relevant foreign legislation relating to the High Geared Instalment.

"Corporate Action" means in relation to Underlying Entities' Shares to which a Series of High Geared Instalments relate:

- a. the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro-rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, takeover bid, special dividend, non cash dividend, share split or any other similar or like event or which will result in a replacement of the Underlying Entities' Shares with some form of other security or property,
- b. any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the Underlying Entity or other similar or like event (however described),
- c. any event which is or which results in the actual or proposed delisting of the Underlying Entity (or any of its component securities, in the case of a share basket) or the actual or proposed removal

from quotation of the Underlying Entity (or any Underlying Entities' Shares) or the actual or proposed suspension from trading of the Underlying Entities' Shares or similar event,

- d. a Takeover Bid is made or announced for all or any of the Underlying Entities' Shares; or
- e. a scheme of arrangement, quasi-scheme of arrangements or merger in the nature of a scheme of arrangement occurs in relation to the issuer of the Underlying Entities' Shares.

"Corporations Act" means the Corporations Act 2001 (Cth) (as amended from time to time) and "Corporation Regulations" means the Corporations Regulations 2001 (Cth) (as amended from time to time).

"Deed Poll" or **"Deed"** or **"Trust Deed"** means the deed poll in PDS Part 2 Section 9 as amended from time to time.

"Direct Debit Request" means a direct debit request notice in the form approved by the Trustee and attached to PDS Part 2.

"Disenfranchisement" means, in relation to an Underlying Entities' Share, the cancellation, suspension, restriction or disregarding of any rights (including without limitation a Beneficial Interest or those rights connected with voting or Distributions) attaching to or in respect of that Underlying Entities' Share, as a result of:

- a. a Disposal Event; or
- b. the operation of any law, decree, order or judgment.

"Disposal Event" means, if as a result of the application of:

- a. any law of the Commonwealth of Australia or of any State or Territory of it or any law of any overseas jurisdiction (including the jurisdictions in which the Underlying Entity is incorporated or based), whether or not such law exists at the date of the Deed Poll,
- b. any ordinance, rule, regulation or by-law made pursuant to them; or
- c. any decree, order or judgment of any competent court,

the Trustee is obliged to dispose of any Underlying Entities' Shares but excluding Compulsory Acquisitions following a Takeover Bid, disposals under a Scheme and disposals under a reduction of capital.

"Distributions" means dividends or distributions of income or capital, including ordinary distributions and special distributions, by the Underlying Entity.

"Distribution Ex-Date" means a date on which the Underlying Entities' Shares cease trading "cum" a Distribution and commence trading "ex" the Distribution.

"Distribution Manager" means the distribution manager for a Series of High Geared Instalments as specified in PDS Part 1.

"Distribution Record Time" in relation to each Distribution, means the Record Time fixed by the Registrar to be at the same time as the Record Time fixed by the relevant Underlying Entity for entitlement to payment of that Distribution or as nearly as possible.

"Early Expiry Date" means a date nominated by RBS in accordance with clause 16.1 of the Trust Deed.

"Effective Date" means the date the Applicant or Transferee (as applicable) is recorded on the Register as the holder of a High Geared Instalment.

“Eligible Holder” means the Holder on the Register at the Record Time in respect of any right or Distribution to be conferred by the Underlying Entity.

“Encumbrance” means any mortgage, pledge, lien, charge, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person or any act, arrangement or omission by which a right or an asset may be or be liable to be vested in any person but does not include the Security Interest.

“Exchange Rate” means, the rate of exchange between the Australian dollar and the currency in which the relevant Underlying Entities’ Shares are denominated as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at the time of the currency exchange.

“Expenses” means any costs, expenses or liabilities of the Issuer determined by the Issuer at its absolute discretion including, but not limited to, incidental or indirect costs and costs incurred in selling or disposing of the Underlying Entities’ Shares, unwinding of hedging arrangements, Transfer Taxes and/or expenses and brokerage (if applicable) incurred by the Issuer in relation to the exercise of a Put Option, a Completion or an Extraordinary Event. These costs and expenses may be up to 20% of any total amount payable before deduction of the expenses (and in the case of Cap High Geared Instalments, before payment of the Cap Payment).

“Expiry Date” means the date shown above the Summary Table in PDS Part 1 under the heading “Key commercial terms” or any other date as substituted or amended in accordance with the Trust Deed or PDS.

“Extraordinary Event” means any of the events determined in accordance with clause 15.1 of the Trust Deed.

“First Interest Date” has the meaning given to it in PDS Part 1 under the heading “Key Commercial Terms”.

“First Interest Period” has the meaning given to it in PDS Part 1 under the heading “Key Commercial Terms”.

“First Payment” means the amount determined by RBS as the purchase price of a High Geared Instalment for a Cash Applicant on a particular day, determined in accordance with PDS Part 2 Section 2.3 “The First Payment”.

“Force Majeure Event” means an event or circumstance beyond the reasonable control of the Issuer that prevents the Issuer from performing its obligations under the terms of the Trust Deed.

“Forecast Distribution Fee” means:

- a. in relation to a High Geared Instalment to which the Summary Table specifies that the Forecast Distribution Fee applies, an amount estimated by the Issuer in its reasonable discretion, acting in a commercially reasonable manner, to be the amount of the Distributions payable on an Underlying Entities’ Share in respect of a Reset Period and may take into account any Withholding Tax; or
- b. in relation to a High Geared Instalment to which the Summary Table specifies that the Forecast Distribution Fee does not apply, nil.

“GST Legislation” means A New Tax System (Goods and Services Tax) Act 1999 and related Acts introduced by the Federal Government and GST means the goods and services tax payable pursuant to the GST Legislation and Supply and other terms used in clause 24.2 which have meanings under the GST Legislation have the meanings proposed and implemented pursuant to the GST Legislation.

“Hedging Disruption Event” means, in respect of an Underlying Entities’ Share, any event, the result of which is the termination, adjustment or change of the Issuer’s hedging arrangement or the result of which is that RBS is unable, or it is impractical for RBS, after using commercially reasonable efforts to:

- a. acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the risk relating to such Underlying Entities’ Share or of it entering into and performing its obligations with respect to High Geared Instalments; or
- b. realise, recover or remit the proceeds of any such transaction or asset, including without limitation, where such inability or impracticability has arisen by reason of any restrictions by the relevant Underlying Entity on any investor’s ability to redeem or dispose of such Underlying Entities’ Shares, in whole or in part, or any existing or new investor’s ability to make new or additional investments in such Underlying Entities’ Shares.

“High Geared Instalment” means the warrant issued pursuant to the terms set out in the Trust Deed and the PDS.

“Holder” means the person whose name is from time to time entered in the Register as the holder of a High Geared Instalment, and in the case of a joint Holder means each such holder on a joint and several basis.

“Holder’s Cash Entitlement” means an amount equal to the price of the Underlying Parcel calculated at Closing Time on the Trading Day immediately following: (i) the day that the Put Option Notice is delivered to the Issuer; or (ii) the applicable Reset Date or the Expiry Date; or (iii) the date the Holder is deemed to exercise the Put Option (as applicable), less:

- a. in the case of Cap High Geared Instalments, the Cap Payment (if any),
- b. the Instalment Payment (if any),
- c. any costs, expenses, liabilities and/or Taxes reasonably incurred (directly or indirectly) by the Issuer acting in a commercially reasonable manner as a result of the exercise by the Holder of the Put Option or the sale of Underlying Entities’ Shares by the Issuer; and
- d. the Processing Fee.

“Increased Costs of Hedging” means a situation where on or prior to the Completion Date or any other relevant date, the Issuer would incur a materially increased (as compared with circumstances existing at the time the High Geared Instalments were listed on the ASX) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the High Geared Instalments, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that

is incurred solely due to the deterioration of the creditworthiness of the Issuer or which is otherwise caused by the Issuer, shall not be deemed an Increased Cost of Hedging.

“Insolvency Event” means, in respect of a person, the occurrence of one or more of the following events:

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

“Instalment Payment” means an amount payable (apart from any Processing Fee, Transfer Taxes and Expenses) by a Holder, per High Geared Instalment, on delivery of an Instalment Payment Notice in accordance with the Trust Deed, being the amount initially notified to Holders in their confirmation of issue of the High Geared Instalments and as otherwise determined or announced on each Reset Day or such other frequency as specified in accordance with the PDS. The Instalment Payment will equal the Loan Amount for the relevant Series of High Geared Instalments.

“Instalment Payment Notice” means a notice substantially in the form or to the effect of the form in PDS Part 2 Section 11 for the Holder to elect to pay the Instalment Payment.

“Interest Amount” means, for any Interest Period, the amount determined by the Issuer on or before the first day of the Interest Period to be the interest payable for that Interest Period for the High Geared Instalment as notified in the Summary Table or a Reminder Notice or otherwise notified to Holders in writing.

“Interest Payment Date” means the Effective Date, each Reset Date, the First Interest Date and the Second Interest Date specified in this PDS.

“Interest Period” means each period from and including an Interest Payment Date to but excluding the next Interest Payment Date (or if there is no further Interest Payment Date, the Expiry Date).

“Interest Rate” means the interest rate applicable to the Loan Amount, used to calculate the Interest Amount and as disclosed indicatively in PDS Part 1 and the Reminder Notice for each Reset Period.

“Investment Term” means the term for which a Holder holds a High Geared Instalment as specified in PDS Part 1 under the heading “Key Commercial Terms”.

“Issue Date” means the relevant date on which a High Geared Instalment is issued to a Holder by the Issuer.

“Issue Size” means the total issue size determined by the Issuer for a Series and specified in the Summary Table.

“Issuer” means The Royal Bank of Scotland plc (ABN 30 101 464 528 AFSL: 241114).

“Liquidation” includes receivership, compromise, arrangement, amalgamation, administration, reconstruction, winding up, dissolution, assignment for the benefit of creditors, bankruptcy or death.

“Listed Share” means a Share that is quoted or admitted to trading status by the ASX or a Related Exchange.

“Loan” means each loan provided by the Issuer to a successful Applicant or Transferee on the terms and conditions set out in the Application Form and the Trust Deed, being in respect of each High Geared Instalment.

“Loan Amount” means the amount outstanding from time to time under the Loan as advised by RBS to Holders in accordance with the PDS. The Loan Amount will equal the Instalment Payment for the relevant Series.

“Market Disruption Event” means the occurrence or existence on any Trading Day during the one-half hour period that ends at the Closing Time of any of the following events, in the determination of the Issuer:

- a. the suspension or material limitation of trading in (i) any Underlying Entities’ Shares, or (ii) the High Geared Instalments, or (iii) securities generally on a Related Exchange; or
- b. any index associated with the Underlying Entities’ Shares ceases to exist or is materially changed, fails to be calculated and published, or the method of calculation materially changes; or
- c. the declaration of a general moratorium in respect of banking activities in the country where any index/exchange associated with the Underlying Entities’ Shares is located; or
- d. the inability of the Issuer to unwind its hedge or related trading position relating to the High Geared Instalments due to illiquidity; or
- e. any similar event the Issuer reasonably declares to be a Market Disruption Event, including a Force Majeure Event.

For the purposes of this definition:

1. a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any index or exchange associated with the Underlying Entities’ Shares,

2. a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by any index or exchange associated with the Underlying Entities' Shares will constitute a Market Disruption Event; and
3. issues of materiality are to be determined at the discretion of the Issuer, and with the consent of the ASX if necessary.

"Market Value" means the share price of the Underlying Entities' Shares at Closing Time on the relevant calculation date, or as otherwise indicated in this PDS as appropriate.

"Maximum Interest Rate" means, in relation to a Series, the rate specified as such for the Series in the Summary Table.

"Minimum Application Amount" means the amount specified as such in respect of a Series in the Summary Table.

"Mortgage Enforcement Costs" means, in relation to an Underlying Parcel, any fees, (including the Processing Fee), costs, charges, liabilities, Tax (including Transfer Tax) and expenses which the Trustee or the Issuer incurs under or in relation to the Security Interest in relation to that Underlying Parcel (including any fees, costs, charges, liabilities, Tax and expenses incurred in enforcing the Security Interest or as a result of the exercise of any power under the Security Interest).

"New Interest Amount" means, on any Reset Date, the Interest Amount applicable to the Revised Loan Amount for the Interest Period commencing on that Reset Date as determined by the Issuer and specified in the Reminder Notice prior to that Reset Date or otherwise notified to Holders in writing.

"Offer Closing Date" means the offer closing date specified in PDS Part 1 under the heading "Key Commercial Terms".

"Offer Open Date" means the offer open date specified in PDS Part 1 under the heading "Key Commercial Terms".

"Offer Period" means the period starting on the Offer Open Date and ending on the Offer Closing Date.

"Ordinary Distribution" means a Distribution or part of a Distribution, that is not attributable to an Adjustment Event.

"PDS" means the Product Disclosure Statement issued for the High Geared Instalments comprising PDS Part 1 and PDS Part 2, as supplemented from time to time.

"PDS Part 1" means Part 1 of the PDS. **"PDS Part 2"** means Part 2 of the PDS.

"Personal Properties Securities Act" means the Personal Property Securities Act 2009 (Cth).

"Priority Order" means the payment by the Trustee of the proceeds of a sale or disposal of the Underlying Entities' Shares or of a surplus or other amount held by the Trustee (or as otherwise directed under the Trust Deed) in the following order:

- a. first, in payment or reimbursement of all costs, charges, liabilities and expenses of the Trustee which have been incurred in or are incidental to the exercise or performance of a power or duty, or an attempt to exercise or perform, in respect of the Underlying Entities' Shares or any other amount payable to the Trustee in accordance with the Trust Deed,
- b. second, in payment or reimbursement of all fees, costs, charges, liabilities and expenses incurred in the sale, transfer or other disposal of an Underlying Entities' Share (including in

payment or reimbursement of all of the Transfer Taxes owed, paid or which become, or are likely to become owing by the Holder relating to an Underlying Entities' Share),

- c. third, in payment to the Issuer of the Instalment Payment. If the amount available is insufficient to pay the Instalment Payment, then the amount available will be used to repay the Instalment Payment in part,
- d. fourth, in payment to the Issuer of the Cap Payment,
- e. fifth, in payment to the Issuer for any Expenses; and
- f. sixth, any balance of the said proceeds or surplus will be paid to the relevant Holder.

"Processing Fee" means a flat fee per Instalment Payment Notice, details of which are provided in PDS Part 2 Section 5.1, to a maximum of 2% of the Instalment Payment.

"Put Option" means the right of the Holder to require the Issuer to purchase the Holder's Beneficial Interest and legal interest in the Underlying Parcel relating to a High Geared Instalment.

"Put Option Notice" means the notice given by the Holder to the Issuer exercising the Put Option in the form attached to the Reminder Notice.

"RBA" means the Reserve Bank of Australia.

"RBA Cash Rate Target" means the Reserve Bank of Australia overnight cash lending rate as advised from time to time.

"RBS" means The Royal Bank of Scotland plc (ABN 30 101 464 528 AFSL: 241114).

"RBS Group" means RBS and its Related Bodies Corporate.

"Reasonable Action" means action taken by the Issuer or by the Trustee after consultation with and on the advice of the Issuer and which is lawful, practicable, does not create a risk of liability for the Issuer or the Trustee unacceptable to it and is otherwise reasonable in its effect on Holders.

"Receiver" means a receiver or receiver and manager appointed under the Trust Deed.

"Record Time" means the date and time as at which any right is conferred or obligation is imposed by the holding of High Geared Instalments or the holding of Underlying Entities' Shares, as the case may be, including, without limitation, the right to receive Distributions or other benefits resulting from holding the Shares.

"Register" means the register of Holders kept and maintained by the Registrar.

"Registered Address" means in relation to a Holder whether or not there is one or more than one Holder registered in respect of that High Geared Instalment, the single address recorded in the Register in respect of that High Geared Instalment.

"Registrar" means any person RBS may appoint from time to time to maintain the Register.

"Regulated Superannuation Fund" means a regulated superannuation fund (as defined in the SIS Act).

"Related Body Corporate" has the same meaning as that in section 50 of the Corporations Act.

"Related Exchange" means the stock or securities exchange on which Underlying Entities' Shares are quoted, as identified in PDS Part 1.

“Reminder Notice” means a notice sent pursuant to clause 12.11 of the Trust Deed.

“Reset Date” means the dates specified or described in PDS Part 1 under the heading “Key Commercial Terms” on which each High Geared Instalment will be reset in accordance with clause 12.10 of the Trust Deed.

“Reset Payment” means the amount calculated by the Issuer as the amount payable by a Holder on a Reset Date to continue the High Geared Instalment. The Reset Payment is calculated after the Cap Payment (if any) has been calculated and paid by a Holder. The Reset Payment will be calculated in accordance with the PDS, using the Loan Amount immediately before the Reset Date and the Revised Loan Amount, Interest Amount and Borrowing Fee.

“Reset Period” means the period from and including:

- a. the Issue Date to but excluding the first Reset Date (or if there is none, to but including the Expiry Date); or
- b. a Reset Date to but excluding the next Reset Date (or if there is none, to but including the Expiry Date),

as applicable.

“Revised Loan Amount” means the new Loan Amount per High Geared Instalment determined by the Issuer which does not exceed the lesser of:

- a. the amount determined by the Issuer on each Reset Date in accordance with the following formula:

$(\text{Capital Component} \times \text{Market Value of Underlying Entities' Shares}) + \text{Forecast Distribution Fee}$

Where:

Market Value of Underlying Entities' Shares means the price of the Underlying Entities' Shares at the Closing Time on the Trading Day 25 Business Days before the Reset Date, as notified in the Reminder Notice; and

- b. the sum of the existing Loan Amount, the New Interest Amount, the new Forecast Distribution Fee and the new Borrowing Fee.

For the purposes of paragraphs (a) and (b) above, if the Summary Table specifies that a Forecast Distribution Fee does not apply to the High Geared Instalment, the amount of the Forecast Distribution Fee is nil.

“Scheme” means any arrangement, compromise, merger, demerger or reconstruction of the Underlying Entity which falls within Part 5.1 of the Corporations Act (or any equivalent foreign legislation) and which results in an Accretion or in the reconstruction, cancellation, replacement or modification of the Underlying Entities' Shares.

“Second Interest Date” has the meaning given to it in PDS Part 1 under the heading “Key Commercial Terms”.

“Second Interest Period” has the meaning given to it in PDS Part 1 under the heading “Key Commercial Terms”.

“Secured Monies” means, in relation to a High Geared Instalment:

- a. all monies which a Holder is or at any time may become actually or contingently liable to pay to a Beneficiary under or in relation to the Loan in relation to that Underlying Parcel or that otherwise relates to that High Geared Instalment, including without limitation, if an Instalment Payment Notice is delivered prior to the Expiry Date, the aggregate of the Instalment Payment and the costs incurred by the Issuer for early termination of its funding arrangements; and
- b. the Mortgage Enforcement Costs.

“Security Interest” means the security, within the meaning of sections 104-10 and 109-15 of the Tax Act (or any equivalent provisions in a foreign jurisdiction), which the Issuer has in each Underlying Entities' Share held by the Trustee from time to time.

“Separate Trust” means each of the trusts, one for each Underlying Entities' Share, constituted under the Trust Deed.

“Series” means the High Geared Instalments, which relate to an Underlying Entities' Share of the relevant Underlying Entity and otherwise have identical rights.

“Settlement Date” means 10 Business Days from:

- a. the scheduled Expiry Date,
 - b. an Early Expiry Date,
 - c. payment of the Instalment Payment; or
 - d. lodgement or deemed exercise of the Put Option Notice,
- as applicable.

“Share” means:

- a. a share in a company, trust, fund, collective investment vehicle, body, interest in a managed investment scheme, debenture, CHESS depository interest or other financial product (as defined in the Corporations Act),
- b. a right or interest in any of the above,
- c. a combination of any of the above stapled together, such that they cannot be dealt with separately; or
- d. a combination of any of the above.

“SIS Act” means the Superannuation Industry (Supervision) Act 1993 (Cth) (as amended from time to time and (“SIS Regulations”) means the Superannuation Industry (Supervision) Regulations 1994 (Cth) (as amended from time to time).

“SIS Investment Rules” means the investment rules imposed on Superannuation Entities under the SIS Act and SIS Regulations.

“SMSF” means a self managed superannuation fund (as defined in the SIS Act).

“Sub-custodian” means The Bank of New York Mellon Corporation or such other person appointed by the Trustee from time to time to act as a sub-custodian in respect of Underlying Entities' Shares.

“Summary Table” means the summary table of High Geared Instalments in PDS Part 1.

“Superannuation Entity” means a Regulated Superannuation Fund (including a SMSF), an approved deposit fund or pooled superannuation trust (as those terms are defined in the SIS Act).

“Superannuation Trustee” means a Holder who invests in High Geared Instalments in its capacity as trustee of a Superannuation Entity.

“Suspension” means any temporary cessation of the trading or quotation of a security, including a trading halt on the ASX or Related Exchange (as the context requires).

“TFN/ABN” means Tax File Number / Australian Business Number.

“Takeover” means a Takeover Bid to acquire Underlying Parcels pursuant to chapter 6 of the Corporations Act or the equivalent foreign action under the relevant foreign jurisdiction’s legislation for the Underlying Entities’ Shares.

“Takeover Bid” has the same meaning given in section 9 of the Corporations Act and also includes an offer of the type to which section 414 of the Corporations Act applies.

“Tax” includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a government or government agency, and any related interest, penalty, charge, fee or other amount, excluding stamp duty payable on the Trust Deed (other than mortgage duty and any duty payable on the creation of each Separate Trust) or on the transfer of Underlying Entities’ Shares to the Trustee.

“Tax Act” means the Income Tax Assessment Act 1936 (Cth) and/or the Income Tax Assessment Act 1997 (Cth) as the context requires.

“Tax Change” means a change to the Tax Act whereby the Trustee is taxed in a manner similar to companies or Trust distributions are taxed in a manner similar to corporate distributions or any other change which has a material financial impact over the issue, holding, cancellation transfer or expiry of High Geared Instalments or any change or reasonably anticipated change in the stamp duties legislation of an Australian State or Territory, where as a result of such change the Issuer or the Trustee or any other person is or will be required to pay additional stamp duty on the Deed Poll or in relation to the Security Interest, Underlying Entities’ Shares or the High Geared Instalments.

“Terms” means the terms and conditions of the High Geared Instalments as contained in this Product Disclosure Statement and the Trust Deed.

“Trading Day” has the meaning given to it in the ASX Operating Rules or the rules of another Related Exchange, as applicable.

“Transfer Tax” means all goods and services tax, and stamp duties and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with:

- a. the purchase, sale or transfer of a High Geared Instalment,
- b. the Completion of the High Geared Instalment and subsequent transfer or delivery of the Underlying Entities’ Shares; or
- c. any subsequent transfer or sale of the Underlying Entities’ Shares by RBS (or its agent or assignee) on or after the Holder’s failure to Complete the High Geared Instalment.

“Transferee” means a person who becomes entitled to be registered as a Holder following the transfer of a High Geared Instalment from a Transferor.

“Transferor” means a Holder who transfers a High Geared Instalment to a third party.

“Trust Deed” means the deed poll executed by the Trustee and RBS on or about the date of PDS Part 2 titled ‘High Geared Instalments Trust Deed September 2011’, the content of which is contained in PDS Part 2 Section 9 and is subject to amendment from time to time.

“Trust Property” means:

- a. the Underlying Parcel held by the Trustee in respect of that Holder which corresponds to a High Geared Instalment but excluding the Put Option,
- b. all income, distributions, interest, property or assets arising from or attributable to the property referred to in paragraph (a); and
- c. the Put Option corresponding to each High Geared Instalment except in relation to the Security Interest which excludes the Put Option.

“Trustee” means the trustee for the time being of the Separate Trusts, appointed as such by the Trust Deed and includes any subsequent trustee or any nominee, custodian, delegate or agent of the Trustee as the context requires.

“Underlying Entity” means for each Series of High Geared Instalments the corresponding Underlying Entity referred to in the Summary Table in PDS Part 1. If the Underlying Entity is a trust or managed investment scheme or collective investment scheme, any reference in this PDS to some action or thing being done by the Underlying Entity is to be read as a reference to that action or thing being done by or to be done by the trustee or the responsible entity or manager or issuer of the interests in the trust or scheme as appropriate, if the context in which it appears requires that interpretation.

“Underlying Entities’ Share” means in relation to a Series of High Geared Instalments, one Share of the Underlying Entity that is an eligible security as defined by section 26BC of the Tax Act, as adjusted in accordance with the Trust Deed.

“Underlying Parcel” means, for each High Geared Instalment, one Underlying Entities’ Share, any Accretions or cash added to the relevant Underlying Entities’ Share and which remain undistributed.

“VWAP” is the arithmetic average of the daily volume weighted average prices of the Underlying Entities’ Share price over:

- a. where the relevant Underlying Entities’ Share is quoted on the ASX, the five Trading Days following the Expiry Date; or
- b. where the relevant Underlying Entities’ Share is quoted on a Related Exchange other than the ASX, the five “trading days” under the rules of that Related Exchange following the Expiry Date,

excluding special, late and overseas sales.

“Warrant Issuer” means RBS and “Issuer” has a corresponding meaning.

“Withholding Tax” means Australian tax withheld by the Trustee or the Issuer from any Distribution received on behalf of a Holder.

Part A: How to apply

Important information for advisers

Know Your Client requirements – advisers who submit Applications on behalf of their clients must complete and sign the form entitled “Know Your Client – Investor Application Signoff by your financial adviser” and send this together with the Application Form. Applications that are submitted by an adviser on behalf of their clients must affix their stamp in the designated locations on the Application Form. Application Forms submitted by advisers who do not affix their stamp to their client’s Application Form will have the forms returned to them and these Applications will not be processed until they are completed in accordance with the instructions contained herein. The following provides information regarding the supporting documentation required for identification purposes under the AML/ CTF Act.

1. Category – Individuals

1.1 What information must be verified

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

1.2. Documents used to verify individual’s identity

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

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

- a. the client’s residential address; or
- b. date of birth, or both, from:
 - i. an original or certified copy of a primary photo identification document; or
 - ii. both:
 - A. an original or certified copy of a primary non photo identification document; and
 - B. an original or certified copy of a secondary identification document; and
- c. verify that any document produced by the customer has not expired (other than in the case of a passport issued by the Commonwealth that expired within the preceding two (2) years).

1.3 Primary photo identification

Primary photo identification includes:

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

1.4 Primary non photo identification document

Primary non photo identification documents means any of the following:

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

1.5 Secondary identification document

Secondary identification document means any of the following:

- a. a notice that was issued to an individual by the Commonwealth, a State or Territory within the preceding twelve (12) months that:
 - i. contains the name of the individual and his or her residential address; and
 - ii. records the provision of financial benefits to the individual under a law of the Commonwealth, State or Territory;
- b. a notice that:
 - i. was issued to an individual by the Australian Taxation Office within the preceding twelve (12) months,
 - ii. contains the name of the individual and his or her residential address; and
 - iii. records a debt payable to or by the individual by or to (respectively) the Commonwealth under a Commonwealth law relating to taxation;
- c. a notice that:
 - i. was issued to an individual by a local government body or utilities provider within the preceding three (3) months,
 - ii. contains the name of the individual and his or her residential address; and
 - iii. records the provision of services by that local government body or utilities provider to that address or to that person; and
- d. in relation to a person under the age of eighteen (18), a notice that:
 - i. was issued to a person by a school principal within the preceding three (3) months,
 - ii. contains the name of the person and his or her residential address; and
 - iii. records the period of time that the person attended at the school.

1.6. Verification of individuals using electronic data

An individual client's name and residential address can be verified using reliable and independent electronic data from at least two (2) separate data sources and either:

- a. the customer's date of birth using reliable and independent electronic data from at least one data source; or
- b. that the customer has a transaction history for at least the past three (3) years.

2. Category – Companies

2.1 Information to be verified

- a. The full name of the company as registered by ASIC,
- b. whether the company is proprietary or public,
- c. the ACN or ABN; and
- d. the names and address of each beneficial owner of a proprietary or private company.

2.2 Documents used to verify beneficial owners

Beneficial owners need to meet the document verification standards of individuals set out in Sections 1.2-1.6 above.

3. Category – Trusts

3.1 Information to be verified

- a. The full name of the trust,
- b. the full name of each trustee,
- c. either the date of birth or address for each trustee; and
- d. the full name of each beneficiary.

3.2 Documents used to verify trust name

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

3.3 Documents used to verify a trustee or beneficiary

Trustees and beneficiaries need to meet the document verification standards of individual set out in Sections 1.2-1.6 above.

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

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

Potential investors should read this PDS before making any investment decision.

Applicants should read the instructions in order to complete the Application Form. Applications will only be accepted on the Application Form attached to this PDS and only if RBS has reasonable grounds to believe that the Application Form was included in, or accompanied by, a copy of this PDS when the Application Form was distributed. Each Application must be for at least the Minimum Investment Amount as set out above the Summary Table in PDS Part 1. RBS may decide at its absolute discretion, and reserves the right whether or not to accept an Application in whole or in part. RBS may reject an Application if:

- a. RBS does not receive the Application Amount in cleared funds within five (5) Business Days of accepting the Application Form; and/or
- b. the Application Form has not satisfied the instructions as detailed in the "How to Apply" Section of this PDS.

Applicants – Steps to follow:

Step	Action	Check
1	<p>Complete the Application Form by following the instructions in the next part entitled “How to complete the Application Form”.</p> <p>Applicants make all the relevant declarations and sign the Application Form and the adviser completes, signs, stamps and encloses the form entitled “Know Your Client – Investor Application Signoff By Your Financial Adviser” together with their Application Form.</p> <p>If RBS receives an incomplete or incorrect Application Form, RBS will inform the adviser who will then be responsible for providing the missing information to RBS. No incomplete or incorrect Applications will be processed by RBS. If an Application Form or any attachment is incomplete or incorrect, or RBS otherwise requires the amendment of any part of that Application Form or an attachment (acting reasonably), you agree to execute and return that amended or replacement Application Form and any attachments promptly upon request by RBS and to take any other steps reasonably requested by RBS.</p> <p>Applicants who invest directly with RBS need to ensure that they complete all the relevant declarations, sign the Application Form and ensure that the supporting documentation, detailed in the instructions of “How to complete the Application Form” on the following page, is complete and is sent in together with their Application.</p>	<input type="checkbox"/>
2	<p>Please indicate which payment method you are using by completing Section F in the Application Form.</p> <p>If you are paying by cheque, attach the cheque for the total amount payable to The Royal Bank of Scotland plc.</p>	<input type="checkbox"/>
3	<p>Send the completed and signed Application Form plus all attachments to The Royal Bank of Scotland plc:</p> <p>Attn: Manager, Warrant Operations High Geared Instalments GPO Box 4675 Sydney NSW 2001.</p>	<input type="checkbox"/>
4	<p>Complete the Application Form by following the instructions in the next part entitled “How to complete the Application Form”.</p>	<input type="checkbox"/>

How to complete the Application Form

Please complete all relevant sections of the **Application Form**.

These instructions are cross-referenced (see the letters below) to each section of the Form.

Section	Heading	Instructions
A	Personal Details Individual, Joint	<p>Tick the boxes that denote what type of Applicant you are. For each type of Applicant, details of at least one natural person is required.</p> <p>Write the Full Names(s) you wish to appear on the Register.</p> <p>For each natural person named in this Application Form, include a copy of a primary photo identification document such as your Passport certified by any person detailed in Section 4 “Persons authorised to certify a copy of documents used to verify individual’s identity” of PDS Part 2 Part A, “How to apply”.</p> <p>For details of acceptable primary photo identification documents please refer to Section 1.3 “Primary Photo Identification” of PDS Part 2 Part A “How to apply”.</p> <p>Please note that in general, we request that you provide either your:</p> <ul style="list-style-type: none"> i. Tax File Number (TFN); ii. Australian Business Number (ABN) if a business account (to be provided in Section C, D or E as applicable); or iii. exemption category. <p>Where applicable, please enter the TFN for each joint Applicant. Collection of TFNs and ABNs is authorised by taxation laws. Quotation of your TFN or ABN is not compulsory and will not affect your Application.</p>
B	Sole Trader or Partnership	Complete Section A and then details of the business or partnership in this Section.
C	Registered Company	Complete Section A and then this Section if you are applying as a registered company.

Section	Heading	Instructions
		<p>Where you are, please use the nominated table to complete the company details and ensure that you provide the following supporting documentation:</p> <ul style="list-style-type: none"> • for each company officer who is the subject of this Application; and • for each of the ultimate beneficial owner(s) of the Company, <p>you will need to provide a copy of a primary photo identification document such as a passport certified by any person detailed in Section 4 “Persons authorised to certify a copy of documents used to verify individual’s identity” of PDS Part 2 Part A “How to apply”.</p> <p>You will need to enclose these documents, as applicable, together with your Application Form when lodging your Application with RBS. Failure to provide the requested information may result in delaying the processing of your Application until such time that RBS receives the required information in the specified format.</p> <p>Enter your postal address for all correspondence. All communications to you from the Registrar (including statements, distribution of cheques/advices, annual/interim reports, correspondence, etc) will be mailed to the postal address and marked for the attention of the primary contact person as shown in the enclosed Application Form.</p>
D	Trustee Applicants only	<p>Complete Section A and then this Section if you are applying as a trustee of a trust and Section C if you are a company who is also a trustee for the purpose of this Application.</p> <p>Important information for an Applicant who is a trustee and applies directly to RBS.</p> <p>Except where your Application is submitted on your behalf by your financial adviser, you will need to enclose a certified copy of the dated and stamped trust deed, together with any amendments, or other document evidencing the terms of the trust together with your Application Form when lodging an Application.</p> <p>For each trust and beneficiaries of the trust, please provide a primary photo identification document. For details of acceptable primary photo identification documents, please refer to Section 1.3 “Primary Photo Identification” in PDS Part 2 Part A “How to apply”.</p>
E	Payment options	<p>Select by ticking your chosen method of payment and complete the relevant Section, ensuring that you supply all the requested details and in the case of payment by direct debit, complete and sign the Direct Debit Request Form and enclose a copy of each Applicant’s driver’s licence.</p> <p>It is also the responsibility of the investor to advise RBS in writing at least five (5) Business Days prior to any payment date of any changes in the banking details relating the direct debit of their payment. This includes the necessary lodgment of any and all completed and signed documentation to RBS, to ensure that RBS can direct debit the payment from the bank account (that bank account being the subject of this information). The investor must take all actions necessary to facilitate the receipt of the payment by RBS. Failure by the investor to meet these conditions will result in the High Geared Instalment being terminated and the investor being liable for costs.</p>
F	Investment election	Complete Section F by following the detailed instructions provided in the Application Form and in PDS Part 2 Section 2.9 “How do I buy High Geared Instalments?”
G	National Credit Code declaration	It is a term of your investment in the High Geared Instalments that you give the declaration in the Application Form confirming that the Loan will not be applied wholly or predominantly for personal, domestic or household purposes or for purchasing or improving residential property.
H	Investor Declarations	Read this Section carefully. Tick the box if you wish to opt out from receiving any information on RBS other trading and investment products.
I	Signatures	Sign the Application Form.

Checklist to ensure that you have completed the relevant Sections in the Application Form if you are:

An individual...	A Company...	An Individual as Trustee...	A Company as Trustee...
<input type="checkbox"/> A Personal details for Individual, Joint	<input type="checkbox"/> A Personal Details for Directors/ Secretaries	<input type="checkbox"/> A Personal Details for Individual Trustee(s)	<input type="checkbox"/> A Personal Details for Directors/Secretaries of Registered Company Trustee
<input type="checkbox"/> B For Sole Trader and/or Partnerships only	<input type="checkbox"/> C Registered Company	<input type="checkbox"/> D Trustee Applicant Only	<input type="checkbox"/> C Registered Company
			<input type="checkbox"/> D Trustee Applicant Only

All Cash Applications must complete the following sections...

A Personal Details	<input type="checkbox"/>
B, C or D Partnership, company or trustee details (if required)	<input type="checkbox"/>
E Payment Options	<input type="checkbox"/>
F Investment Election	<input type="checkbox"/>
G National Credit Code declaration	<input type="checkbox"/>
I Signatures	<input type="checkbox"/>

Important information

Under RBS guidelines, the date of birth for each natural person who is named in this Application must be provided.

You should refer to "Correct Forms of Registrable Name" if you are unsure how your holding of High Geared Instalments should be registered.

Applications made in the individual name(s) of the person(s) who is (are) the legal guardian(s), Trustee(s), proprietor(s), partner(s) or office bearer(s) (as applicable) of those entities are acceptable.

Applications in the name of a minor, an unincorporated or unregistered body such as a Trust or estate, business, firm or partnership, club, association or other cannot be accepted.

Correct Forms of Registerable Name

Note that legal entities are allowed to hold High Geared Instalments. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to RBS. At least one full name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by the way of an account designation if completed exactly as described in the examples below in the relevant Section of the Application Form.

Type of investor	Correct form	Examples of incorrect form
Trusts (Do not use the name of trust, use trustee(s) personal names)	John Smith <Smith Family A/C>	John Smith Family Trust
Deceased Estates (Do not use the name of deceased, use executor(s) personal names)	Michael Smith <Est John Smith A/C>	Estate of the Late John Smith
Partnerships (Do not use the name of partnership, use partners' personal names)	John Smith and Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies (Do not use name of club or body, use name of trustee of club or body)	John Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds (Do not use name of fund, use name of trustee of fund)	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

Part B: Application Forms

Adviser and office use only

Know Your Client – Investor application signoff by your financial adviser

This form is to be completed by all financial advisers and returned to RBS together with the completed Application Form and any required attachments.

1. Insert Subscription Number (if applicable) in Section F of the Application Form
2. I confirm the following:
 - i. the Application Form is completed and signed,
 - ii. the Investor Declaration is completed and signed,
 - iii. for trustee applicants the trustee applicant is empowered and authorised by the terms of the trust to enter into and bind the trust to the transactions contemplated by the Trust Deed and the PDS; and
 - iv. for trustee applicants a certified copy of the dated and stamped trust deed, together with any amendments, or other document evidencing the terms of the trust, has been received; and
3. I confirm:

That in accordance with the requirements of the AML/CTF Act:

 - a. the Applicant's identity has been verified,
 - b. the methods and procedures used in relation to the verification and identification of the client have been carried out in accordance with the AML/CTF Act,
 - c. if requested the verification and identity record, made in accordance with section 112(2) of the AML/CTF Act will be made available to RBS; and
 - d. details of identity document(s) sighted such as the document number, are noted below.

Applicant #1

Given Name(s)	Surname
Type of Document	Type of Document
Document Number	Document Number
Expiry Date	Expiry Date

Applicant #2

Given Name(s)	Surname
Type of Document	Type of Document
Document Number	Document Number
Expiry Date	Expiry Date

Adviser Name

Job Title

Organisation

Signature

Date

Application Form for High Geared Instalments

Send the completed and signed **Application Form**
plus all attachments to:

The Royal Bank of Scotland plc
Attn: Manager, Warrants Operations
High Geared Instalments
GPO Box 4675 Sydney NSW 2001

Broker's Stamp

Adviser

Borrowing Fee

%

Please complete all pages of this Application Form in black ink, using BLOCK LETTERS. Refer to the previous pages for instructions on how to complete this Application Form. This Application Form relates to PDS Part 2 for High Geared Instalments dated 9 September 2011 and the applicable PDS Part 1 for the Series applied for, both issued by The Royal Bank of Scotland plc (ABN 30 101 464 528, AFSL 241114).

A. Personal Details (for individuals, Partners, Directors, Secretaries, Trustees)

Applicant Details – Please tick which type of Applicant you are and complete the designated section(s)

- | | | | |
|---|--|--|--|
| <input type="checkbox"/> Individual, Joint
(Section A) | <input type="checkbox"/> Sole Trader or Partnership
(Section A & B) | <input type="checkbox"/> Registered Company
Director
(Section A & C) | <input type="checkbox"/> Trustee (including in respect
of a SMSF) Director or
Individual (Section A & D) |
|---|--|--|--|

You must ensure that your Application Form has the required identification documentation attached or we will be unable to process your Application. Please refer to PDS Part 2 Part A “How to apply” for further information.

For Applicants using a financial adviser, original primary photo identification documents can be provided directly to your financial adviser. Please refer to PDS Part 2 Part A “How to apply” for details of suitable identification documents.

If more than two beneficiaries/partners, please attach an Annexure which details all other parties to the account and which sets out the information contained below for each individual.

You must provide a street address. Post Office (PO) Box addresses may also be provided in addition to your street address. If provided, all correspondence will be sent to your PO Box address.

Personal Details (1)

Mr/Mrs/Miss/Ms/Dr/Other	Full First Names(s)		
Surname	Date of Birth (dd/mm/yy) / /		
Tax File Number or Exemption			
Telephone Number	Work	Mobile	Email
Street Address			
Suburb	State		
Country	Postcode		
Postal address (if different from above)			
Suburb	State		
Country	Postcode		
Occupation / Business Activity			

Applicants Details – Please tick which type of Applicant you are and complete the designated

- Individual (2), Joint (Section A)

 Partnership (2) (Section A & B)

 Registered Company Director (2) (Section A & C)

 Trustee Director or Individual (2) (Section A & D)

Personal Details (2)

Mr/Mrs/Miss/Ms/Dr/Other	Full First Names(s)		
Surname	Date of Birth (dd/mm/yy)	/	/
Tax File Number or Exemption			
Telephone Number	Mobile	Work	Email
Street Address			
Suburb	State		
Country	Postcode		
Postal address (if different from above)			
Suburb	State		
Country	Postcode		
Occupation / Business Activity			

B. For Sole Traders and Partnerships

Full name of business/partnership	
Full address of principal place of business	
Street Address	
Suburb	State
Country	Postcode
ABN	Applicable registration number
Describe the principal nature of business of the partnership (e.g. legal practice, accounting practice, financial services etc):	

C. Registered Company

Your registered company address is required. Correspondence can only be sent to a different postal address or Post Office Box address if the registered company address is on file.

If applying directly, ensure that you enclose the required supporting documentation as detailed in the section entitled "How to complete the Application Form".

For Applicants using a financial adviser, original primary photo identification documents can be provided directly to your financial adviser. Please refer to Part A, "How to apply" for details of suitable identification documents.

If the company has more than two (2) directors, please attach an Annexure detailing the names and details of all directors of the company as set out below.

Please attach an Annexure listing all ultimate beneficial owners of the Company.

Full Name of Company	
Company ACN/ABN/ARBN	
Registered Company Address	
Street Address	
Suburb	State
Country	Postcode
Company Postal Address	
Street Address	
Suburb	State
Country	Postcode

Nature of primary business of company (e.g. textile manufacturing, financial services, dry cleaning etc)

Primary Contact Details*

Name of Primary Contact

Daytime Phone Number

After Hours Phone Number

Mobile Phone Number

Fax Number

Email Address

* Insert primary contact person name and contact details and include the area code and the applicable international country code where outside of Australia. Only complete this section if the primary contact details are different to the details of the directors.

D. Trustee Applicant Only – Includes Trustees of Self Managed Superannuation Funds (SMSFs).

Important Instructions Trustee Applicants (including SMSFs)

Please attach to this Application:

- a. for Applicants who are not using a financial adviser, a certified copy of the dated and stamped trust deed, (together with any other amendments to the trust deed or documents evidencing the terms of the trust); and
- b. for each trustee and beneficiary of the trust, please provide a primary photo identification document.

For Applicants using a financial adviser, a certified copy of the dated and stamped trust deed (together with any other amendments to the trust deed or documents evidencing the terms of the trust) and original primary photo identification documents can be provided directly to your financial adviser. Refer to PDS Part 2 Part A "How to apply" for details of suitable identification documents.

Name of Superannuation Fund or Trust (use BLOCK LETTERS)

ABN/TFN or Exemption

Name of Registered company/trustee or Individual(s) trustee

Street Address

Suburb

State

Country

Postcode

Postal address (if different from above)

Suburb

State

Country

Postcode

If more than two (2) trustees, please attach an Annexure detailing all other parties to the account.

If the beneficiary(ies) is/are different from the trustee(s), please include an Annexure listing all beneficiaries.

Nature of Primary Business of Registered Company Trustee (e.g. Investments, Holding Company, etc)

For Registered Company Trustees, Section C must also be completed. A street address is required. Correspondence may be sent to the different postal address or PO Box address if provided.

E. Payment options – Tick the single method of payment and complete the relevant option.

1. Direct Credit - Tick if paying by **direct credit**. Please reference payments with your name or your company name.

Account Name	The Royal Bank of Scotland plc Trust Account		
Bank Name	Westpac Banking Corporation		
BSB	032 024	Account Number	960 440
Subscription Number	Amount (\$)		

2. BPay - Tick if paying by **BPay**. Please reference payments with Reference Number shown below.

BPay Biller Code	Please contact RBS directly for this information.	Reference Number	Please contact RBS directly for this information.
BPay Receipt Number ¹	Date paid by BPay		
Amount (\$)			

¹ Write the BPay Receipt Number and date paid by BPay in the nominated space as it will assist us in identifying your payment.

3. Direct Debit – Tick if paying by **direct debit**. You will need to complete and sign the "Direct Debit Request" found at the back of this Application Form and enclose this together with a copy of a driver's licence for each Signatory with your Application Form.

NOTE: Bank account name(s) must match the name(s) given as Applicant(s) on your Application Form.

Account Name	
Bank Name	
BSB	Account Number
Total Amount to Debit	\$

4. Cheque – Tick if paying by cheque.

Please make cheque payable to '**The Royal Bank of Scotland plc**' crossed 'Not Transferable'. Provide the cheque and your details as follows:

Payer Details	
Account Name	Bank Name
Branch Address	
BSB	Account Number (if applicable)
Cheque Number	Amount (\$)

F. Investment Election – Complete the table below and refer to the instructions below if you require assistance.

I/We apply for the High Geared Instalments indicated in the table below.

Cash Applicants

High Geared Instalment ASX Code	Application Amount per Series in dollars if dollar amount ¹	Subscription (RBS to Complete)
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
Total Amount	\$	

¹ Write the dollar amount you wish to invest in each Series of High Geared Instalments. RBS will determine how many High Geared Instalments per Series you will be issued with by rounding the number of High Geared Instalments which can be purchased using your Application Amount to the nearest whole number. If this results in your Application Amount exceeding the value of the High Geared Instalments issued to you under your Application, you will receive this difference as a refund, provided that the refund exceeds \$20. RBS will confirm if you are entitled to a refund when you are notified of the details of your High Geared Instalments. No interest will be paid on any refund amount. Within 10 Business Days of Acceptance, you will receive written notice from RBS regarding the details of your Holding.

If you wish to have your allotment of High Geared Instalments made into the CHESSE environment, you must complete the Broker Sponsored Holdings details overleaf.

Write the Full Names(s) **exactly as it appears on your current Holding Statement that you wish to appear on the Register.**

Broker Sponsored Holders Only - For delivery of your High Geared Instalments

Complete your CHESSE Holdings details

Name of Sponsoring Broker

Account Name

PID Number (if Known)

HIN

G. National Credit Code declaration (* Delete if not applicable)

I/We* declare that the credit to be provided to me/us* by The Royal Bank of Scotland plc is not to be applied wholly or predominantly for:

- personal, domestic or household purposes; or
- for the purchase or improvement of residential property; or
- for the refinancing of the purchase or improvement of residential property.

IMPORTANT

You should only sign this declaration if this loan is wholly or predominantly for:

- business purposes; or
- investment purposes (other than investment or improvement of residential property or the refinancing of investment or improvement of residential property).

If this declaration is correct the National Credit Code does not apply to you in relation to the Loan.

Signature of Applicant/Holder	Signature of Applicant/Holder
-------------------------------	-------------------------------

Print name	Print name
------------	------------

Date Signed	/	/	Date Signed	/	/
-------------	---	---	-------------	---	---

(Read the **Investor Declarations** below and please sign the Application Form)

H. Investor Declarations

I/We irrevocably appoint each director and secretary of The Royal Bank of Scotland plc (“RBS”) or any employee of RBS or any Related Body Corporate of RBS whose title includes the words “director”, “head” or “manager” severally as my/our attorney to: complete any blanks in the Application Form; do anything which I am/we are obliged to do under or in relation to the Trust Deed or any other agreement or arrangement between me/us and RBS relating to the Loan; and do anything incidental or necessary in relation to the above (including, but not limited to, appointing any person as sub-attorney to do any of the above).

I/We represent and warrant that: I am/we are not bankrupt or insolvent (as the case may be) and am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets or make an arrangement, compromise or composition with any of my/our creditors. I/We further represent and warrant that I/ we have never been a director or officer of any company to which a liquidator, receiver, receiver and manager or similar person has been appointed. I/We acknowledge and confirm that RBS will rely on any representations and warranties given and any declarations made by me/us in making its decision to enter into any contract with me/us.

I/We am/are over eighteen (18) years of age.

I/We acknowledge that RBS has given me/us the opportunity to obtain independent professional advice in relation to my investment in High Geared Instalments. I/We acknowledge that if I/we have not obtained such advice then I/we have read the entire PDS (comprising of PDS Part 1 and PDS Part 2), and understand my/our obligations and the risks of investing in the High Geared Instalments, and consider that they are suitable for me/us.

I/We acknowledge that in providing this PDS, RBS does not provide any personal financial product advice or recommendations in relation to the High Geared Instalments or any Underlying Parcel.

I/We, whose full name(s) and address(es) appear above, hereby apply for the number of High Geared Instalments as set out on this Application Form, to be issued in accordance with the terms of the PDS and the Trust Deed.

I/We have read and understood the PDS (comprising of PDS Part 1 and PDS Part 2) to which this Application Form is attached and agree to accept the High Geared Instalments on the terms and conditions of the Trust Deed or as otherwise set out in the PDS (including the tape recording by RBS and its agents, for record purposes, of any telephone conversation concerning the High Geared Instalments). I/ We will take out a Loan from RBS for each High Geared Instalment to be issued to me/us.

I/We acknowledge and confirm that I am/we are not any of the following: (a) a U.S. Person (as defined in Exhibit I.1 attached hereto); (b) a corporation which is not a U.S. Person in which U.S. Persons hold 10% or more of either voting power or value; (c) a partnership which is not a U.S. Person in which a U.S. Person is a partner, or (d) a trust which is not a U.S. Person whose grantor or any of whose beneficiaries is a U.S. Person. I/We further acknowledge that except with the consent of RBS, neither the rights to any High Geared Instalments nor the rights to any Underlying Entities’ Shares may be owned by, and I/we will not sell, offer or transfer any rights to any High Geared Instalments or rights to any Underlying Entities’ Shares to, any of the persons enumerated in (a-d) above.

I/We, by signing this Application Form and RBS accepting my/our Application, acknowledge and confirm that I am/we are bound by the terms of the Trust Deed.

I/We acknowledge and consent that RBS collects my/our personal information in order to:

- provide and manage the financial products and services which I/we request from RBS,
- comply with relevant laws (including the AML/CTF Act); and
- keep me/us informed of new products and services.

In particular, RBS may/may not use the information to send out information on RBS' other trading and investment products, such as instalment warrants and RBS Asset Management's managed funds products. If I/we do not actively select not to receive any information on RBS' other trading and investment products, I/we are taken to not have consented to receipt of such information. If at any time I/we are receiving information from RBS about RBS' products and do not wish to receive further correspondence, I/we will let RBS know. I/we also acknowledge that RBS may disclose information about me/us to third parties where it is necessary for business purposes in managing a financial product or service and/or where RBS has service partners involved in providing my/our financial products or services. On request, RBS will provide me/us with a copy of any personal information which RBS holds about me/us. RBS will inform me/us beforehand if there is any charge associated with providing this information to me/us. If I/we do not provide RBS with the personal information which RBS requests, RBS may not be able to provide a service, or RBS may be required by law to take particular actions such as deducting taxation at the top marginal rate. Further information about RBS' privacy practices can be found by requesting a copy of RBS' privacy policy from RBS.

I/We represent and warrant that all information set out in this Application Form, supporting documentation or otherwise provided to RBS is true and correct.

For valuable consideration and to facilitate the granting of the Loan and Security Interest, I/we irrevocably appoint the Trustee or its nominee as my/our nominee on the terms of this Application, the PDS and the Trust Deed for any of my/our Underlying Entities' Shares to which this Application relates ("My Securities"); authorise and direct the Trustee to do all things (including completing any documents) necessary for it or its nominee to become the registered holder of My Securities; and to do anything incidental or necessary to complete any of the above.

I/We direct the Trustee and RBS to do anything necessary to effect the transfer to the Trustee of any of My Securities.

Where I am/we are a trustee applicant, I/we represent and warrant that:

- the trust has been validly constituted and is subsisting at the date of this application;
- I/we have been properly appointed as trustee and I/we are the sole trustee(s) of the trust;
- I/we are empowered and authorised by the terms of the trust to enter into and bind the trust to the transactions contemplated by the Trust Deed and the PDS;
- the terms of the trust do not restrict the my/our right to be fully indemnified out of the assets of the trust to satisfy any liability to RBS (or any of its related bodies corporate) properly incurred by me/us as trustee(s) of the trust arising out of the transactions contemplated by the Trust Deed and the PDS; and
- there is no conflict of interest or duty of the trustee, and if the trustee is a company, of any of its directors, which would preclude the trustee entering into the transactions contemplated by the Trust Deed and the PDS.

I. Signatures

I/We have read the PDS and accept the terms contained herein.

Dated this _____ Day of _____, 20____

If the Holder(s) is/are individual(s)

Signature of Applicant/Holder

Signature of Applicant/Holder

Print name

Print name

Date Signed

/ /

Date Signed

/ /

If the Holder is not an individual (E.g. a Company)

Company Name

Sole Director/Director of Company/Secretary Signature

Director/Secretary Signature

Print name

Print name

To ensure that you have completed the Application Form correctly, please use the Checklist found at the end of "How to complete the Application Form".

Please ensure that supporting documentation is provided with your Application. Applicants who invest using an adviser need to ensure that the "Know your client – Investor application signoff by your financial adviser" form has been completed and is submitted with their Application. Applicants who invest directly with RBS need to provide supporting identification documentation.

Definition of “U.S. Person”

For purposes of the applicable prohibitions against ownership and transfer of the rights to any High Geared Instalments or Underlying Entities’ Shares, the term “U.S. Person” means a person that (a) qualifies as (i) a “U.S. Person” as defined under Regulations S promulgated under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and (ii) a “U.S. Person” as defined under the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and the U.S. Treasury Regulations promulgated thereunder and (b) does not fall within the definition of a “Non-United States Person” under the U.S. Commodity Exchange Act. Each of such terms is defined below.

a. Regulation S Definition of U.S. Person

1. “U.S. Person” means:

- i. any natural person resident in the United States,
- ii. any partnership or corporation organised or incorporated under the laws of the United States,
- iii. any estate of which any executor or administrator is a U.S. person,
- iv. any trust of which any trustee is a U.S. person,
- v. any agency or branch of a foreign entity located in the United States,
- vi. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person,
- vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- viii. any partnership or corporation if:
 - A. organised or incorporated under the laws of any foreign jurisdiction; and
 - B. formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a “U.S. person.”

3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a U.S. person shall not be deemed a U.S. person if:

- i. an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and
- ii. the estate is governed by foreign law.

4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a U.S. person shall not be deemed a U.S. person if a trustee who is not a

U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person.

5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. person.

6. Notwithstanding (1) above, any agency or branch of a U.S. person located outside the United States shall not be deemed a “U.S. Person” if:

- i. the agency or branch operates for valid business reasons; and
- ii. the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed “U.S. Persons.”

b. Under the Code and the U.S. Treasury Regulations promulgated thereunder, a “U.S. Person” is defined as:

1. an individual who is a U.S. citizen or a U.S. “resident alien.” Currently, the term “resident alien” is defined to generally include an individual who (i) holds a Permanent Residence Card (a “green card”) issued by the U.S. Immigration and Naturalization Service or (ii) meets a “substantial presence” test. The “substantial presence” test is generally met with respect to any current calendar year if (i) an individual is present in the U.S. on at least 31 days during such year and (ii) the sum of the number of days on which such individual is present in the U.S. during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days;
2. a corporation or partnership created or organised in the United States or under the law of the United States or any state;
3. a trust where (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust or (ii) a valid election is in effect for the trust to be treated as a U.S. Person; and
4. an estate that is subject to U.S. tax on its worldwide income from all sources.

c. Under the U.S. Commodity Exchange Act, a “Non-United States Person” is defined as:

1. a natural person who is not a resident of the United States,
2. a partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction,

3. an estate or trust, the income of which is not subject to United States income tax regardless of source,
4. an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States Persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the Commodity Futures Trading Commission's regulations by virtue of its participants being Non-United States Persons; and
5. a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

For purposes of the foregoing, the term "United States" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia. Persons requiring details regarding other terms used in the foregoing definition (such as "accredited investor") should contact RBS.

J. Signatures

I/we have read the PDS and accept the terms contained here in.

Dated this _____ Day of _____, 20____

If the Holder(s) is/are individual(s)

Signature of Applicant/Holder

Signature of Applicant/Holder

Print name

Print name

Date Signed

/ /

Date Signed

/ /

If the Holder is not an individual (E.g. a Company)

Company Name

Sole Director/Director of Company/Secretary Signature

Director/Secretary Signature

Print name

Print name

To ensure that you have completed the Application Form correctly, use the checklist found at the end of "How to complete the Application Form"

Please ensure that supporting documentation is provided with your Application. Applicants who invest using an adviser need to ensure that "Know your Client – Investor Application Signoff By Your Financial Adviser" has been completed. Applicants who invest directly with RBS need to provide supporting identification documentation.

Direct Debit Request

Client Account Name

Client Account Number

For Direct Debits all bank account holders must sign this section.

Default/Nominated Bank Account The Applicant authorises Pershing to directly debit the Nominated Bank Account

Financial Institution Name

Account Name

BSB

Account number

Non Default/Nominated Bank Account The Applicant authorises Pershing to directly debit the Nominated Bank Account

Financial Institution Name

Account Name

BSB

Account number

Clients To Complete

Individual / Director (1): Full name	Signature	Date	/	/
--------------------------------------	-----------	------	---	---

Individual / Director (2): Full name	Signature	Date	/	/
--------------------------------------	-----------	------	---	---

Individual / Director (3): Full name	Signature	Date	/	/
--------------------------------------	-----------	------	---	---

If client is a Company, please indicate which office held:

Sole Director / Sole Secretary

Two or more directors – (two or more directors must sign)

Declaration

If you have elected to authorise Pershing Securities Australia Pty Ltd (ABN 60 136 184 962, AFSL No 338264) (Pershing) to direct debit your Nominated Bank Account and by signing this Direct Debit Request, you agree to be bound by the Direct Debit Terms and Conditions and the Direct Debit Agreement.

Direct Debit Terms and Conditions

If you complete the Direct Debit Request Form and sign the form in the manner required, you:

- (a) request and authorise Pershing (Debit User Identification number 227738) to arrange for any amount which you owe to Pershing from time to time to be debited through the Bulk Electronic Clearing System and paid to Pershing from the account you have nominated in the Application Form;
- (b) authorise Pershing to debit in accordance with the Direct Debit Agreement the account nominated by you in the Application Form with any amount Pershing may debit or charge you; and
- (c) acknowledge having read and understood, and agree to be bound by, the terms in the Direct Debit Agreement below.

Direct Debit Agreement

1. Definitions

In this Direct Debit Agreement:

Account means the account identified as the direct debit account in the Direct Debit Request Form, but only if that account is held with a Financial Institution.

Banking day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia, or where there is a public holiday simultaneously in Victoria and New South Wales.

Debit Day means the day that payment is due from you to Pershing.

Debit Payment means a particular transaction where a debit is made.

Direct Debit means the direct debit request which you make to Pershing by completing the Direct Debit Request Authority Form and signing the Application Form.

Financial Institution means a financial institution with whom Pershing has a direct debit facility arrangement. Please contact your adviser to check whether Pershing has a direct debit facility arrangement with Your Financial Institution.

Pershing means Pershing Securities Australia Pty Ltd ABN 60 136 184 962 AFSL No 338264

Your Financial Institution means the Financial Institution at which the Account is kept.

2. Debiting The client's Account

- 2.1 By completing the Direct Debit Request Form and signing in the manner prescribed, you authorise Pershing to arrange for funds to be debited from the Account and you warrant and represent that you are duly authorised to request the debiting of payments from the nominated bank account.
- 2.2 Pershing will only arrange for funds to be debited from the Account as authorised in the direct debit request.
- 2.3 If the Debit Day falls on a day that is not a Banking day, Pershing may direct Your Financial Institution to debit the account on the following Banking day. If you are unsure about the day on which the Account has or will be debited, you should ask Your Financial Institution.

3. Your Obligations

- 3.1 It is your responsibility to ensure that there are sufficient clear funds available in the Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.
- 3.2 If there are insufficient funds in the Account to meet a Debit Payment:
 - (a) you may be charged a fee and/or interest by Your Financial Institution;
 - (b) you may also incur fees or charges imposed or incurred by Pershing; and
 - (c) you must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in the Account by an agreed time so that Pershing can process the Debit Payment.
- 3.3 You should check the Account statement to verify that the amounts debited from the Account are correct.
- 3.4 If Pershing is liable to pay Goods and Services Tax (GST) on a supply made in connection with this agreement, then you agree to pay Pershing on demand an additional amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

4. Changes

- 4.1 You may request deferment of, or alteration to, suspension of these direct debit arrangements or stop any debit item by providing signed written instructions to your financial adviser.
- 4.2 You may also cancel your authority for Pershing to debit the Account by providing notice to your financial adviser.
- 4.3 Pershing may make changes or terminate these arrangements at any time by giving 14 days notice in writing to you.

5. Dispute

- 5.1 If you believe that there has been an error in debiting the Account, you should notify Pershing directly on (02) 8999 4000 and confirm that notice in writing as soon as possible by faxing to (02) 8999 4099 or posting to GPO Box 5343, Sydney NSW 2001.
- 5.2 If Pershing concludes as a result of our investigations that the Account has been incorrectly debited Pershing will arrange for Your Financial Institution to adjust the Account accordingly. Pershing will also notify you in writing of the amount by which the Account has been adjusted.
- 5.3 If Pershing concludes as a result of our investigations that the Account has not been incorrectly debited Pershing will provide you with reasons and any evidence for this finding.
- 5.4 Any queries about an error made in debiting the Account should be directed to Pershing in the first instance (and not to Your Financial Institution) so that Pershing can attempt to resolve the matter with you. If the matter cannot be resolved in this manner Pershing may refer it to Your Financial Institution which will obtain details from you of the disputed transaction.

6. Accounts

Pershing recommends that you:

- (a) confirm with Your Financial Institution whether direct debiting through the Bulk Electronic Clearing System (BECS) is available from the Account as direct debiting may not be available on all accounts offered by Your Financial Institution; and
- (b) check that the Account details provided to Pershing are correct by checking them against a recent Account statement. If unsure, you should check with your Financial Institution before completing the Direct Debit Request.

7. Confidentiality

- 7.1 Pershing will keep any information (including Account details) in your Direct Debit confidential.
- 7.2 Pershing will only disclose information that it has about you:
 - (a) to the extent specifically required by law; or
 - (b) for the purposes of this Direct Debit Agreement (including disclosing information in connection with any query or claim); or
 - (c) as permitted by the Terms.

8. Governing Law

These terms are governed by the laws in force in New South Wales.

11. Instalment payment notice

High Geared Instalments – Instalment Payment Notice

To: The Royal Bank of Scotland plc
 Level 23
 88 Phillip Street
 Sydney NSW 2000

Dear Sirs,

This is to notify you and any assignee appointed by you that, I/we, being the Holder/entitled to be registered as Holder of the number of High Geared Instalments indicated below relating to the Underlying Entities' Shares and issued in accordance with the terms set out in the Trust Deed and pursuant to the PDS issued by The Royal Bank of Scotland plc (the "Warrant Issuer"), give this Instalment Payment Notice in respect of those High Geared Instalments to:

ASX Code of High Geared Instalment Identifier:

PART A – Holders Options

ASX Code	Quantity of High Geared Instalments to Complete	Instalment Payment* (quantity x Instalment Payment)	Processing Fee plus Expenses & Transfer Tax	Total payment for Completion

*You must call RBS Warrants on 1800 450 005 to obtain the current Instalment Payment, and Processing Fee (plus any applicable Transfer Taxes or Expenses). If the Underlying Entities' Shares are not denominated in Australian dollars and you do not want to pay the Instalment Payment to RBS in the currency in which the Underlying Entities' Shares are denominated, you must call RBS at least two Business Days prior to submitting the Instalment Payment Notice to confirm the Australian dollar amount equivalent to that Instalment Payment (calculated at the Exchange Rate) and you must pay that Australian dollar amount when you submit this Instalment Payment Notice.

Part B – Payment options – Tick the single method of Payment and complete the relevant option.

1. Direct Credit - Tick if paying by **direct credit**. Please reference payments with your name or your company name

Account Name	The Royal Bank of Scotland plc Trust Account		
Bank Name	Westpac Banking Corporation		
BSB	032 024	Account Number	960 440
Subscription Number	Amount (\$)		

2. BPay - Tick if paying by **BPay**. Please reference payments with Reference Number shown below.

BPay Biller Code	Please contact RBS directly for this information.	Reference Number	Please contact RBS directly for this information.
BPay Receipt Number ¹	Date paid by BPay		
Amount (\$)			

¹ Write the BPay Receipt Number and date paid by BPay in the nominated space, as it will assist us in identifying your payment.

3. Direct Debit – Tick if paying by direct debit. You will need to complete and sign a “Direct Debit Request” found at the back of the Application Form and enclose this together with a copy of a driver’s licence for each Signatory with your Instalment Payment Notice.

NOTE: Bank account name(s) must match the name(s) given as Applicant(s) on your Application Form.

Account Name	
Bank Name	
BSB	Account Number
Total Amount to Debit	\$

4. Cheque – Tick if paying by Cheque.

Please make cheque payable to **‘The Royal Bank of Scotland plc’** crossed ‘Not Transferable’. Provide the cheque and your details as follows.

Payer Details	
Account Name	Bank Name
Branch Address	
BSB	Account Number (if applicable)
Cheque Number	Amount (\$)

PART C – Holder details

Name ¹	
Address	
Phone No	Mobile No
Email Address	
CHESS Details for High Geared Instalments:	
PID ²	HIN ²
Shareholder Reference Number SRN ³	
Date	/ /

¹ As it appears in the Register.

² Insert your PID and HIN if the High Geared Instalments are held on the CHESS Sub-register.

³ Insert your SRN if the High Geared Instalments are held on the Issuer Sponsored Subregister.

PART D – Details of any custodial or IDPS arrangements for taking delivery of Underlying Entities' Shares

Please tick the relevant box below to confirm whether you need to have a custodial or IDPS (or an IDPS like scheme) arrangement in place to take delivery of the Underlying Entities' Shares on Completion (see PDS Part 1 for details of where such an arrangement may be needed)

- Yes**, a custodial or an IDPS (or an IDPS like scheme) arrangement is required
- No**, a custodial arrangement is not required and an IDPS (or an IDPS like scheme) arrangement is not required

If you ticked the first box above (the yes box) you must insert the details of the custodian or the operator of the IDPS (or IDPS like scheme) to whom your Underlying Entities' Shares are to be transferred:

Custodian/ IDPS operator name
Custodian company number / IDPS operator ABN
Custodian / IDPS operator address
Custodian / IDPS operator phone No
Custodian/ IDPS operator email Address

If you ticked the first box above (the yes box) you authorise and direct RBS to deliver any Underlying Entities' Shares you would be due to receive in respect of this Instalment Payment Notice, to the custodian or the operator of the IDPS or IDPS like scheme specified above.

PART E – High Geared Instalment Execution (This must be signed to execute the Instalment Payment Notice)

Dated this _____ day of _____, 20____

If Holder is an individual

If Holder is a company

Signature/s

Company Name

Director/Secretary

Director

Please affix Common Seal if required in accordance with the company's constitution

This Form may only be used to give Instalment Payment Notices for High Geared Instalments and must be received by RBS within five Business Days of confirming the Instalment Payment amount.

Directory

Warrant Issuer

(and contact details to obtain annual reports, a paper copy of this PDS and financial statements)

The Royal Bank of Scotland plc
Level 23, 88 Phillip Street
Sydney NSW 2000

Registrar

Link Market Services Limited
Level 12
300 Queen Street
Brisbane QLD 4000

Inspections of Register

Link Market Services Limited
Level 22
300 Queen Street
Brisbane QLD 4000

Complaints and enquiries

If a Holder has an enquiry or concern about their investment, they should contact the RBS Warrants Desk on 1800 450 005 or by writing to:

The Royal Bank of Scotland plc

Warrants Desk
Level 23, 88 Phillip Street
Sydney NSW 2000
Or

GPO Box 4675
Sydney NSW 2001

If you have a complaint and it is not addressed to your satisfaction by the RBS Warrants Desk, you can then direct your complaint to the Head of Compliance using the addresses above.

RBS' compliance department will acknowledge receipt of your complaint in writing. Your complaint will be investigated in accordance with the RBS Group Complaints Policy (which can be read at www.rbs.com.au). You will be informed in writing of the result of the compliance investigation into your complaint.

If you are not satisfied with RBS' response to your complaint, you can then contact the Financial Ombudsman Service ("FOS") at:

Financial Ombudsman Service Limited

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Or

Level 12, 717 Bourke St
Docklands VIC 3008

Email: info@fos.org.au

Disclaimer:

The Royal Bank of Scotland plc is a public limited company incorporated in Scotland with registration number SC090312 and is registered in Australia as a foreign company (ABN 30 101 464 528) and is an Australian Financial Services Licensee under the Corporations Act (Licence No. 241114). No member of the RBS Group guarantees the performance of the obligations of The Royal Bank of Scotland plc under this PDS. The obligations of The Royal Bank of Scotland plc are unsecured obligations which (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of The Royal Bank of Scotland plc, and in a winding up you may not receive these amounts. The Royal Bank of Scotland plc is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth). However, the obligations of The Royal Bank of Scotland plc do not represent deposits or other funds of The Royal Bank of Scotland plc and The Royal Bank of Scotland plc does not stand in any way behind the capital value and/or performance of the High Geared Instalments.

The Royal Bank of Scotland plc, to the maximum extent permitted by law and the ASX Operating Rules, accepts no liability or responsibility whatsoever for any:

- i. direct or indirect loss (including any lost profits); or
- ii. direct, indirect, special, incidental, consequential, punitive, or exemplary damages,

arising from the High Geared Instalments or any use of this PDS (or its contents). This PDS is the proprietary information of The Royal Bank of Scotland plc, and may not be reproduced, distributed or published for any purpose without the prior written consent of The Royal Bank of Scotland plc.

In preparing this PDS, (which comprises PDS Part 1 and PDS Part 2), The Royal Bank of Scotland plc has not taken into account an investor's individual objectives, financial situation or particular needs. Before a potential investor makes an investment decision, they should consider the appropriateness of any advice relating to the High Geared Instalments in light of their particular investment needs, objectives and financial circumstances. The Royal Bank of Scotland plc, to the maximum extent permitted by law, accepts no liability or responsibility whatsoever for any loss arising from any use of this PDS or its contents. The Royal Bank of Scotland plc does not accept any liability or responsibility for, and makes no representation or warranty as to, the affairs of any Underlying Entity identified in this PDS. Investors should obtain independent advice on the nature, activities and prospects of the Underlying Entities and the merits of an investment in the Underlying Entities and the High Geared Instalments. Nothing in this PDS is a recommendation by The Royal Bank of Scotland plc, its related entities, its associates or any other person to invest in the High Geared Instalments or in the Underlying Entities.

This PDS has been prepared by The Royal Bank of Scotland plc from publicly available information only. No entity has been a party to its preparation or furnished any information specifically to The Royal Bank of Scotland plc for the purpose of its preparation, except to the extent expressly stated in the PDS. Similarly, information in this PDS concerning an entity has not been independently verified. The Royal Bank of Scotland plc has not used information concerning an entity or its subsidiaries other than that which is in the public domain.

Nothing in this PDS can be relied upon as implying that there has been no change in the affairs of an entity or The Royal Bank of Scotland plc since the dates as at which information is given in this PDS.

No person is authorised by The Royal Bank of Scotland plc to give any information to investors or make any representation not contained in this PDS.

© 2013 The Royal Bank of Scotland plc



To find out more about High Geared Instalments,
log on to www.rbs.com.au/markets or call 1800 450 005.



Warrant Issuer: The Royal Bank of Scotland plc (ABN 30 101 464 528, AFSL: 241114) (a public limited company incorporated in Scotland).