



LeveragedEquities

Short Plus

Product Guide
Dated 1 January 2011

Provided by
Leveraged Equities Limited as Lender
ABN 26 051 629 282 AFSL 360118

Important Notice

This Product Guide is designed to assist you in deciding whether to add Short Plus to your Margin Loan Facility (whether you have an existing Margin Loan Facility or are applying for one at the same time as Short Plus). The Leveraged Equities Margin Loan with Short Plus is a standard margin lending facility for the purposes of the Corporations Act. This Product Guide contains information about some of the potential benefits, significant risks, fees and costs of Short Plus. This Product Guide supplements and should be read in conjunction with the Leveraged Equities Margin Loan Product Disclosure Statement and Margin Loan Product Guide.

Lender

Leveraged Equities Limited (ABN 26 051 629 282, AFSL 360118) is the author of this Product Guide and is the Lender (either in its own capacity or as trustee of any trust) for the Leveraged Equities Margin Loan. A reference to the Lender, Leveraged Equities, LE, we or us or similar words means Leveraged Equities Limited unless otherwise specified.

The Lender, Sponsor and Nominee are not authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Cth). Any obligation of the Lender or money held in a Loan Account are not deposits with or other liabilities of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879), any other entity in the Bendigo and Adelaide Bank Group, any other deposit-taking institution or any other entity named in this Product Guide or in any document related to the Leveraged Equities Margin Loan.

Defined words and expressions

Some words and expressions used in this Product Guide are capitalised as they have defined meanings. Capitalised terms in this Product Guide have the meaning given in Part 1 of the Margin Loan terms and conditions (the Margin Loan Agreement) and Clause 1 of the Short Plus terms and conditions (the Short Plus Agreement) set out in this Product Guide. A reference to time in this Product Guide is to the time in Sydney, unless otherwise stated. A reference to AUD, \$, or dollars is to Australian currency, unless otherwise stated.

Product Documentation

Documentation for the Leveraged Equities Margin Loan with Short Plus comprises the Leveraged Equities Margin Loan Product Disclosure Statement dated 1 January 2011 or later (Margin Loan PDS), the Leveraged Equities Margin Loan Product Guide dated 1 January 2011 or later (which includes the Margin Loan Agreement), the Leveraged Equities Margin Loan Application Form dated 1 January 2011 or later or its electronic equivalent, this Product Guide (which includes the Short Plus Agreement) and Short Plus Application Form (all together the Product Documentation). Information contained in the Product Documentation may change from time to time. The Lender may not always supplement or replace a document to reflect the change. To find out about any up to date information contact the Client Service Team or the Lender's website.

The Product Documentation is not financial advice. No person is authorised by the Lender to provide any information or to make any representation in connection with the Leveraged Equities Margin Loan with Short Plus which is not in the Product Documentation.

It is strongly recommended that Borrowers and any Guarantors read all of the Product Documentation before applying for a Leveraged Equities Margin Loan with Short Plus or granting a Guarantee.

Product Documentation may contain references to listed securities, shares, Managed Funds and other financial products. These references are provided for illustrative purposes only in connection with the operation of a Margin Loan Facility with Short Plus. The Product Documentation contains general information only and has been prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the information, having regard to your objectives, financial situation and needs, by seeking professional advice including taxation, financial and legal advice, before making a decision to apply for a Margin Loan Facility with Short Plus or adding Short Plus to an existing Margin Loan Facility.

To the extent of any inconsistency between any part of the Product Documentation and the Agreement then the Agreement prevails.

Examples

The examples in the Product Documentation are for illustration only and do not indicate any view of, or expectation about, a Margin Loan Facility with Short Plus or any investment or transaction. The examples do not cover all the possible outcomes of using a Margin Loan Facility with Short Plus or any investment. The examples are not intended as a recommendation, are simplified and may not reflect actual outcomes, market prices or movements, or taxation treatment.

Risks

Short selling is a complex financial strategy and you should seek financial advice before applying to add Short Plus to a Margin Loan Facility or entering into any short selling arrangement. You should refer to section 3 in this Product Guide for the details of some of the significant risks associated with adding Short Plus to a Margin Loan Facility. These risks are in addition to the risks associated with a Margin Loan Facility itself. As well as the risks associated with using a Margin Loan Facility with Short Plus you should consider the risks associated with your investment choices and how those investments fit in your overall financial circumstances and objectives.

No warranty or guarantee is given by the Lender, any other party named in any of the Product Documentation or any of their respective bodies corporate for the performance of the Leveraged Equities Margin Loan with Short Plus, any investment acquired using money borrowed through a Margin Loan Facility or held as part of the Secured Portfolio, any transaction in relation to Short Plus and anything on a list of Acceptable Investments of the Lender.

You should also consider how borrowing through a Margin Loan Facility fits with other loans you may have, your capacity to pay amounts as they become due and how it fits in your overall personal balance sheet. A Margin Loan Facility with Short Plus may not be suitable for all investors and may involve some extra risks. You should not apply for a Margin Loan Facility with Short Plus or offer a Guarantee unless you understand and are comfortable with the risks and have read and understood all of the Product Documentation. You must regularly monitor your Margin Loan Facility. Cooling-off rights may not be available in respect of the Margin Loan Facility.

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Introduction

Adding Short Plus to a Margin Loan Facility may have benefits for some investors, but it is important to understand how it works, how to use it and the associated risks. This section is an introduction to the information in this Product Guide.

1.1 What is Short Plus?

Short Plus is a feature you may be able to add to your Margin Loan Facility. Under Short Plus you borrow certain Securities listed on the Australian Securities Exchange (ASX) from the Lender which you may then sell. Selling Securities that you have borrowed but don't own is called covered short selling. You then purchase the Securities at a later date (which must be less than 11 months and 15 days) and return the borrowed Securities (or their equivalent) to the Lender.

The return you earn (or loss you incur) is the difference between the sale price of the Securities and the subsequent purchase price less transaction costs, fees and taxes. If the subsequent purchase price is lower than the initial sale price then you will earn a return (ignoring transaction costs, fees and taxes). If however the price of the Securities rises so that the purchase price is higher than the sale price then you will incur a loss.

You must return the borrowed Securities (or their equivalent) to the Lender in less than 1 year (i.e. 11 months and 15 days). While you continue to borrow Securities from the Lender you may have to pay to the Lender the value of any income or distributions (for example dividends and franking credits) or the value of any corporate action that is paid or accrues on the borrowed Securities. If you continue to borrow the Securities over an entitlement date then you may become liable to pay the value of any distribution or corporate action even if you don't receive the benefit yourself and irrespective of whether you sell the borrowed Securities or not.

The Lender publishes a list of Securities that may be available for covered short selling. Only Securities listed on the ASX may be available for covered short selling. Any particular Security may not be available at all times for use with Short Plus.

! Short selling is a complex financial strategy. You should seek financial advice before applying to add Short Plus to a Margin Loan Facility or entering into any short selling arrangement.

1.2 Possible Investors

Whether a Margin Loan with Short Plus will be appropriate for you will depend on your financial situation and objectives. Investors who may like to consider whether adding Short Plus to their Margin Loan Facility is appropriate for them include:

- Investors who believe the price of a particular Security may fall at some time in the short to medium term and would like to earn a return if the expected fall in price does occur.
- Investors who would like to offset potential losses in an existing investment portfolio if an expected fall in the price of a Security in their portfolio does occur in the short to medium term.
- Investors who believe the price of one Security may increase while the price of a different Security may decrease and would like to earn a return if the expected price movements do occur in the short to medium term.

1.3 Potential Benefits

Earn a return if the price of a Security falls

You will earn a return (less transaction costs, fees and taxes) if the price of the Security you have short sold is lower at the time you buy back the Security. You may be able to short sell a range of listed Securities through Short Plus. Any particular Security may not be available at all times for short selling.

An alternate hedging strategy

If you own an existing investment portfolio and are concerned that the price of a certain Security in your portfolio might fall over the short to medium term then covered short selling may be an effective strategy to offset potential losses without selling your investments. Unlike some other hedging products you only need to provide the Collateral (brokerage, fees and other charges may apply).

Implement a long/short or pairs trading strategy

Using Short Plus with your Margin Loan Facility, you may be able to buy a Security you believe may rise in price and short sell a Security you believe may fall in price over the short to medium term. This is called a long/short or pairs trading strategy. If, at the time you close the strategy, the expected price movement has occurred then you will earn a return (ignoring transaction costs, fees and taxes).

1.4 Significant Risks

Losses are potentially unlimited

You will incur a loss if, at the time you buy the Security back, the price of the Security is higher than the initial sale price. It is possible for the price of a Security to increase by an unlimited amount. This means that the amount you can lose is potentially unlimited. Refer to section 3.2 in this Product Guide for further information.

Security income paid to the Lender

If a Security that you have borrowed pays or accrues a dividend, franking credit or otherwise returns capital, that dividend, franking credit or return of capital must be paid to the Lender as part of the arrangement to borrow the Securities. Refer to section 3.3 in this Product Guide for further information.

Events may occur that result in you providing additional Collateral

It is possible for certain events to occur, unexpectedly and at any time, which result in the Lender requiring you to provide additional Collateral. Refer to section 3.4 in this Product Guide for further information.

Powers of the Lender and other changes

The Lender has a number of discretions. For example, the Lender may require you to close out any short sale arrangement and return the borrowed Securities before your planned timeframe. Changes in legislation, regulations and taxation policies may also impact any expected benefits of short selling, how it operates or may result in a complete ban on short selling. Refer to section 3.5 in this Product Guide for further information.

Short selling is a complex financial transaction

Short Plus is a feature you add to your Margin Loan Facility, whether you have an existing Margin Loan Facility or are applying for a facility at the same time as Short Plus. You should consider all the risks of a Margin Loan Facility as well as those specific to Short Plus. Refer to section 3.6 in this Product Guide and the Margin Loan Product Guide for further information.

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Short Plus Facility Details

2.1 What is covered short selling?

Short selling means you sell Securities that you don't currently own. You then buy those Securities back at a later date. You may decide to short sell Securities if you expect the price at the time you buy the Securities back to be lower than your initial sale price. Covered short selling is where you first borrow the Securities that you intend to sell. If you do sell the borrowed Securities then the Securities you subsequently buy back are returned to the Lender to satisfy the Securities borrowing arrangement.

2.2 How Short Plus works

The example in this section demonstrates how a Margin Loan Facility with Short Plus can be used for covered short selling. For simplicity, the example in this section assume that you hold no other investments as part of the Secured Portfolio and that you will contribute required funding from other sources. If you have sufficient borrowing capacity under your Margin Loan Facility you will typically borrow money instead of contributing the required funds. Refer to the Margin Loan Product Guide for further information about borrowing capacity.

Borrowing the Securities

To borrow Securities you make a Security Borrow Request. A Security Borrow Request is made for each Security you want to borrow. For example, if you want short sell a portfolio of Share A and Share B you will make a Security Borrow Request for each Security. If the Lender accepts your request to borrow the Securities, the Lender will then deliver the Securities to the Nominee who holds them on your behalf until the Securities are sold by you through your Broker. In return, you pay to the Lender the Collateral. While the borrowed Securities are held by the Nominee on your behalf they form part of the Secured Portfolio.

What is the Collateral?

Collateral is an amount equal to a Security's market value multiplied by a collateral percentage determined by the Lender from time to time. The collateral percentage is typically 105 per cent. You pay this amount to the Lender when you borrow the Securities as an assurance that you will return the borrowed Securities (or their equivalent). If you have sufficient borrowing capacity, you will typically borrow the Collateral through your Margin Loan Facility. Borrowing the Collateral through your Margin Loan Facility means interest will accrue on the higher Facility Balance.

Typically, you will immediately arrange to sell the borrowed Securities and the sale proceeds will fund 100 per cent of the Market Value (less brokerage fees). Therefore the net amount you need to fund or borrow through your Margin Loan Facility is usually approximately 5 per cent (100 per cent sale proceeds less 105 per cent Collateral) plus brokerage and other transaction costs. It is possible for the market value used to calculate the Collateral to be different to the sale proceeds. This is further discussed under "Selling the Securities".

The amount of Collateral required is assessed daily. If the Reference Price of the borrowed Securities increases, the Lender may require you to provide additional Collateral. If the Reference Price of the borrowed Securities decreases, the Lender may credit any excess Collateral to the Loan Account. Whether or not the Lender requires additional Collateral or returns any excess Collateral depends on:

- market factors (for example volatility of price of the Securities); and
- the nature of the Securities being borrowed (for example the ease with which the Lender can obtain the Securities in the wholesale market).

While you continue to borrow the Securities, the Collateral belongs to the Lender and is held for its benefit alone. Once you return the borrowed Securities (or their equivalent) the Lender pays the Collateral (net of any outstanding amounts) to the Loan Account. Your right to the return of the Collateral is recognised as part of the Secured Portfolio and is usually given a Lending Ratio of 100 per cent. Interest may also accrue on the Collateral while you continue to borrow the Securities. Whether interest does accrue depends on the amount of Collateral. If interest is earned on the Collateral, the rate will be usually less than the Reserve Bank of Australia's target cash rate. That interest, if any, will be credited to the Loan Account when you return the borrowed Securities and the Lender returns the Collateral.

What is a Safety Margin?

In addition to the Collateral, the Lender protects its interest in the borrowed Securities by setting a Safety Margin for each approved Short Plus Security. The Safety Margin for a particular Security is an amount equal to a Security's market value multiplied by a safety margin percentage determined by the Lender. The safety margin percentage set by the Lender is typically between 10 per cent and 30 per cent but may be higher depending on the Security you wish to borrow. The list of Securities available for short selling and their applicable Safety Margin is available on the Lender's website.

The Safety Margin does not represent an additional amount borrowed. The Lender uses the Safety Margin to reserve borrowing capacity against possible increases in the Securities price. This reduces the overall Lending Value for your Margin Loan Facility and your ability to borrow money for other purposes. As outlined in the Margin Loan Product Guide, a reduction in Lending Value reduces your borrowing capacity. The examples in this section assume you provide sufficient funding for the Collateral and to ensure you have sufficient Lending Value to cover the Safety Margin. Typically, you will have sufficient Lending Value from other investments that are part of the Secured Portfolio and will not provide funds to cover the Safety Margin.

Example 2.2 A Borrowing the Securities

You expect the price of Share B to fall over the short term. You give the Lender a Security Borrow Request for Share B. If the Lender accepts your request, and you borrow the Collateral and any fees through your Margin Loan Facility, then the Lending Value and Facility Balance on your Margin Loan are adjusted as follows.

- Share B has a current market price of \$10.00 and you intend to short sell 6,000 units.

Calculations

	Share B
Units you intend to short sell	6,000
Reference Price	\$10.00
Market Value (Reference Price x units)	\$60,000
Safety Margin (15% x market value)	\$9,000
Collateral (105% x market value)	\$63,000

Lending Value

Subtract Safety Margin	\$9,000
Add 100% of the value of the Collateral	\$63,000
Net Short Plus Lending Value	\$54,000

Facility Balance

Borrow the Collateral	\$63,000
Minimum Fee to borrow the Securities	\$50
Facility Balance	\$63,050

Covered short selling occurs in two stages: borrowing the Securities and selling the borrowed Securities. Further, you will typically have borrowing capacity as a result of other investments held as part of the Secured Portfolio.

Therefore, while it is possible for a Margining Event (refer to the Margin Loan Product Guide for an explanation of Margining Events) to arise as a result of your covered short selling activities, the example continues in the next section which resolves the position of the Facility Balance relative to the Lending Value.

Selling the borrowed Securities

When the Lender accepts your Security Borrow Request, you simultaneously arrange to sell 6,000 units of Share B using an approved broker of your choice who settles the transaction through your Margin Loan Facility. After the sale transaction the following activities occur on your Margin Loan Facility.

- A short position in Share B is recorded on your Margin Loan Facility.
- Net sale proceeds of \$59,400 (being \$60,000 less \$600 brokerage) are credited to your Loan Account.

The Lending Value and Facility Balance on your Margin Loan are adjusted as follows.

Example 2.2 B Selling the borrowed Securities

Lending Value

Subtract Safety Margin	\$9,000
Subtract market value	\$60,000
Add 100% of the value of the Collateral	\$63,000
Net Short Plus Lending Value	-\$6,000

Facility Balance

Borrow the Collateral	\$63,000
Capitalise the Minimum Fee	\$50
Credit the net sale proceeds	-\$59,400
Facility Balance	\$3,650

This example assumes you have no other borrowing capacity. In this case you will provide funds of \$9,650 (Lending Value of \$6,000 plus Facility Balance of \$3,650) as part of the Secured Portfolio.

Typically, you will have borrowing capacity as a result of other investments that are part of the Secured Portfolio. For example, assume that you hold a portfolio of Share A as part of the Secured Portfolio with no other amounts borrowed. Assume Share A has a Market Value of \$60,000 and a Lending Value of \$45,000 (being the Market Value multiplied by a Lending Ratio of 75% for Share A). In this case, assuming your Credit Limit is higher than the Lending Value, you will not need to provide additional funds as part of the Secured Portfolio.

Events while you continue to borrow the Securities

While you continue to borrow the Securities (irrespective of whether you actually sell the borrowed Securities or not) the Reference Price and hence the market value of the Securities can change. A change in the Market Value of the borrowed Securities affects the amount of Collateral and the Safety Margin.

Example 2.2 C Price of Share B Increases

Assume that the price of Share B increases to \$10.15 while you hold the covered short sale position. The Lender may ask you to contribute additional Collateral of \$945 being the difference between the current Collateral and the Collateral calculated at the current Reference Price. This example assumes that the Lender does not ask you to provide any additional Collateral and shows the impact on Lending Value and hence your borrowing capacity under the Margin Loan Facility.

Calculations

	Share B
Units you have short sold	6,000
Reference Price	\$10.15
Market Value (Reference Price x units)	\$60,900
Safety Margin (15% x market value)	\$9,135
Current Collateral	\$63,000
Revised Collateral (105% x market value)	\$63,945

Lending Value

Subtract Safety Margin	\$9,135
Subtract Market Value	\$60,900
Add 100% of the value of current Collateral	\$63,000
Net Short Plus Lending Value	-\$7,035

Facility Balance

Current Collateral	\$63,000
Capitalised the Minimum Fee	\$50
Credit the net sale proceeds	-\$59,400
Facility Balance	\$3,650

In this example, the Net Short Plus Lending Value increased from \$6,000 to \$7,035 and this reduces your borrowing capacity by \$1,035. The change in borrowing capacity can also be calculated by multiplying the 6,000 units by the \$0.15 increase in the Reference Price and 115 per cent (being 100 per cent plus the Safety Margin percentage). In this example your Facility Balance remains unchanged because the Lender has not asked you to contribute additional Collateral.

Example 2.2 D Price of Share B Decreases

Assume that the price of Share B decreases to \$9.50 while you hold the covered short sale position. The Lender may credit excess Collateral of \$3,150 to the Loan Account being the difference between the current Collateral and the Collateral calculated at the current Reference Price. This example assumes that the Lender does not credit the excess Collateral.

Calculations

	Share B
Units you have short sold	6,000
Reference Price	\$9.50
Market Value (Reference Price x units)	\$57,000
Safety Margin (15% x market value)	\$8,550
Current Collateral	\$63,000
Revised Collateral (105% x market value)	\$59,850

Lending Value

Subtract Safety Margin	\$8,550
Subtract Market Value	\$57,000
Add 100% of the value of current Collateral	\$63,000
Net Short Plus Lending Value	-\$2,550

Facility Balance

Current Collateral	\$63,000
Capitalised the Minimum Fee	\$50
Credit the net sale proceeds	-\$59,400
Facility Balance	\$3,650

In this example, the Net Short Plus Lending Value decreased from the original \$6,000 to \$2,550 and this increases your borrowing capacity by \$3,450. The change in borrowing capacity can also be calculated by multiplying the 6,000 units of Share B by the \$0.50 decrease in the Reference Price and 115 per cent. In this example your Facility Balance remains unchanged because the Lender has not credited any excess Collateral to your Loan Account.

Closing the Short Sale Arrangement

Continuing example 2.2 D, assume that you decided to close out your short sale arrangement when the price for Share B is \$9.50. After you buy back 6,000 units of Share B and return them to the Lender the following activities occur on your Margin Loan Facility.

- The short position in Share B is closed.
- The Collateral is credited to the Loan Account.
- The net amount to buy back the equivalent units of Share B is borrowed through your Margin Loan Facility. The net amount is \$ 56,400, being 6,000 units multiplied by the purchase price of \$9.50 minus \$600 brokerage, is credited to your Loan.
- The Net Short Plus Lending Value will be zero and no longer affects the borrowing capacity under your Margin Loan Facility.

Facility Balance

Current Facility Balance	\$3,650
Credit back Collateral	-\$63,000
Borrow the amount required to purchase the equivalent Securities	\$57,600
Facility Balance	\$1,750 CR

This credit Facility Balance represents the net return earned on the short sale arrangement. This return can be calculated as 6,000 units multiplied by the difference between the \$10 sale price and \$9.50 purchase price and then subtract the fees and brokerage of \$1,250. Typically, you will have borrowed other amounts under your Margin Loan Facility and should not retain a credit Facility Balance.

2.3 Other important information

Before you apply to add Short Plus to your Margin Loan Facility and before entering into any covered short sale arrangement, it is important to understand the following points.

- When you apply for Short Plus the Lender sets a Net Short Limit. If the aggregate Market Value of the Secured Portfolio, including all long and short positions, is negative then this aggregate Market Value must not

exceed your Net Short Limit. For example, if the Secured Portfolio includes a short sale of Share B which has a Market Value of \$20,000 and a \$10,000 holding of Share C then the aggregate Market Value is -\$10,000 and this must not exceed your Net Short Limit. If your Net Short Limit is or is likely to be exceeded, the Lender may require you to close out any short sale arrangement or may require the Borrower or a Guarantor to add investments to the Secured Portfolio.

- Before you arrange to sell the Securities the Lender must accept and authorise your Security Borrow Request. The Lender may for any reason decline any Security Borrow Request. For example, the Lender may decline a request if it cannot obtain the Securities you want to borrow or the number of units you want to borrow in the wholesale market. The Lender will decline a request if doing so will result in a Margining Event or your Margin Loan Facility being 'in the buffer' (refer to the Margin Loan Product Guide for information about Margining Events and being 'in the buffer').
- If the Lender accepts your Security Borrow Request then you must take delivery of all of the Authorised Securities irrespective of whether you actually sell some or all of the Securities borrowed unless you cancel the request. A request to cancel will only be accepted if you contact the Lender before 4:15pm (Sydney time) on the day the Lender accepted your Security Borrow Request. The minimum period for which you may be required hold the borrowed Securities is one (1) Business Day.
- If for any reason you are unable to meet your obligations in relation to any Security Borrowing Request, for example you have insufficient borrowing capacity to fund the payment of the Collateral, the Lender may cancel any Securities Loan and will not deliver the Authorised Securities to you.
- Before you sell the Securities, you must arrange for your Nominated Broker to give to the Lender (in a method acceptable to the Lender) a Sale Confirmation by 4.15pm (Sydney time) on the day the Authorised Securities are to be sold. Typically this will be done by your Broker when they sell the Securities..
- Until you arrange to sell the borrowed Securities they are part of the Secured Property.
- The maximum period for which you may hold the borrowed Securities (and therefore any short sale position) is 11 months and 15 calendar days from the date the Security Borrow Request is authorised by the Lender. This means that you may have to buy back the Securities before the price has fallen to a level that meets your expectation and objectives.

- The minimum value of the Securities you can usually arrange to borrow under a Security Borrow Request is \$20,000 but may be higher for certain Securities, for example if it is difficult for the Lender to obtain the Securities for borrowing purposes.

2.4 Distributions on borrowed Securities and Corporate Actions

Corporate actions are events such as takeovers, rights issues, bonus issues, company restructures, returns of capital, buy backs, option exercises, share purchase plans and call payments. Distributions include dividends, interest, franking credits and any other income paid or accrued on a Security.

If a Security you have borrowed becomes the subject of a Corporate Action or pays or accrues a distribution (irrespective of whether you have sold those borrowed Securities or not) then you may be required to either:

- Pay the Lender the cash value of any distributions including dividends and franking credits.
- Pay the Lender the cash value of any returns of capital or other entitlements earned on the Securities as a result of a Corporate Action.
- Close your short sale arrangement prior to the ex-entitlement date by buying an equivalent number of Securities and returning them to the Lender.

If you do not take the actions required by the Lender, the Lender will take any action it considers prudent to protect its interest. Typically the Lender will close your short sale position by buying an equivalent number of Securities and returning them to the Lender. The Lender may, but is not required to contact you, your Financial Adviser or your Broker prior to taking any action.

Any decision, action, delayed action or inaction by the Lender may not have the same result as if you decided how to respond to the corporate action and this may affect your financial objectives and strategies.

2.5 How to transact

If you do not already have a Margin Loan Facility with the Lender you will need to apply for a Margin Loan as well as Short Plus. Refer to the Margin Loan Product Guide for information about applying for a Margin Loan Facility.

You must ensure you have sufficient borrowing capacity under your Margin Loan Facility to be able to cover the Safety Margin. Refer to section 2.2 in this Product Guide for information about the Safety Margin. Refer to the Margin Loan Product Guide for information about borrowing capacity. You can check your borrowing capacity using the Online Service or by calling the Client Service Team.

You can choose the Securities and number of units you wish to borrow provided you meet the \$20,000 minimum per Security Borrow Request. Only certain Securities are approved by the Lender for short selling and may not be available at all times. The list of Securities available for short selling is available on the Lender's website.

You, an Authorised Person or Broker should contact the Client Service Team to make a Security Borrow Request. The request should include:

- The Security and number of units you wish to borrow
- Proposed settlement date (if known)
- Name of the Broker
- Period you intend to hold the borrowed Securities if your request is accepted by the Lender (if known).

If the Lender authorises your request the Lender will give you or your Broker an Authorisation Confirmation of Sale Authority. This will include an authorisation number, details of the Securities you have been authorised to borrow and the number of units and any fees. The number of units authorised by the Lender may be less than the number of units in your request.

! You should only short sell the number of Securities authorised by the Lender.

Once you or your Broker have received the Authorisation, you can place a sale instruction with your Broker, informing them that the transaction is to be settled to your Margin Loan Facility. Your Broker should provide the Lender with confirmation of the sale transaction no later than 4.15pm (Sydney Time) on the day the borrowed Securities are sold.

If you wish to close a short sale position you will purchase an equivalent number of Securities through your Broker. In order to close the arrangement to borrow the Securities you must notify the Lender of your intention no later than 4.15pm (Sydney time) at least one (1) Business Day before you wish to return the borrowed Securities.

2.6 Taxation

It is recommended that you seek professional advice including tax advice. Taxation law and practice may change and changes can impact any Securities borrowing arrangement and short selling transactions. Each investor will have unique financial circumstances and obligations under Australian tax laws.

2.7 Applying for Short Plus

You and any Guarantor must read this Product Guide completely including the terms and conditions and obtain appropriate advice. You must already have a Margin Loan Facility or apply for a Margin Loan Facility at the same time.

The Lender may accept the following types of applicants:

- An individual or two individuals (called joint Borrowers) who are at least 18 years old
- A company; or
- A trustee on behalf of a trust (except as trustee of a self managed superannuation fund)

Return the completed and signed Short Plus Application Form to your Nominated Financial Adviser, Broker or directly to the Lender at:

New Business Team

Mailing Address: GPO Box 5388
Sydney NSW 2001

You may also need to complete an application for an account with your Broker. If you require any information in relation to applying for Short Plus you can contact the Client Service Team.

When the Lender receives your application it will assess whether it is prepared to activate Short Plus on your Margin Loan Facility. To make its assessment the Lender may require you or a Guarantor to provide additional information. If approved the Lender will activate Short Plus on the Margin Loan Facility identified on the application for Short Plus and the Lender will notify you of the approval. You will not be able to enter into a short sale arrangement until you, your Nominated Financial Adviser and your Broker complete all the actions required by the Lender.

3 Significant Risks

3.1 Overview

Covered short selling involves a number of risks beyond those of borrowing to invest through a Margin Loan Facility. Risks are events or circumstances that are unpredictable and that may result in you losing some or all of your capital or the Secured Portfolio, earning a return less than expected or required or that may limit your ability to deal with your investments. When considering risk it is important to think about the likelihood of any event or series of events occurring and your ability to cope with and respond to the impact of the event or circumstance. It is also important to understand that risk is not constant which means the likelihood of any event occurring changes over time.

! You are responsible for your investment choices including any Security you short sell and consequently whether the net return from any transaction is sufficient to cover the cost of borrowing and other costs and whether a transaction is suitable to your circumstances and financial objectives.

Neither the Lender, any other party associated with the operation of your Margin Loan with Short Plus or any other party named in this Product Guide guarantee that borrowing money through the Margin Loan Facility or short selling will have a positive outcome for you in your circumstances.

This section is a summary of what are considered to be the significant risks of using Short Plus. If you are a Guarantor then you are guaranteeing that the Borrower will meet their obligations under their Margin Loan Facility with Short Plus. This means you should also consider the risks in this section.

This document doesn't list every risk of investing, borrowing to invest, short selling or acting as a Guarantor. This document doesn't cover the specific risks of any investment or short selling a particular Security.

Before deciding whether to apply for a Margin Loan with Short Plus, you and any Guarantor should read the Margin Loan PDS, the Margin Loan Product Guide and this Product Guide and you and any Guarantor should carefully consider

the following risks in relation to covered short selling. You should have regard to your own financial objectives, circumstances and needs, and consider the need for professional advice, including taxation and legal advice.

3.2 Losses are potentially unlimited

The price of a Security can change rapidly, unexpectedly and can increase by an unlimited amount. When you short sell a Security you will incur a loss if the purchase price of a Security is higher than the initial sale price of that Security. This means that the loss you can potentially incur is theoretically unlimited.

3.3 Security income paid to the Lender

You must return the borrowed Securities (or their equivalent) to the Lender in less than 1 year (i.e. 11 months and 15 days). This means you do not benefit from, and may have to pay to the Lender the value of any income or distributions (for example dividends and franking credits) or the value of any corporate action that is paid or accrues on the borrowed Securities while you have borrowed them. If you continue to borrow the Securities over the relevant entitlement date then you may become liable to pay the value of any distribution or corporate action even if you don't receive the benefit yourself and irrespective of whether you sell the borrowed Securities or not.

To avoid becoming liable to pay an amount equivalent to the value of a corporate action or a distribution you may need to buy back any sold Securities and return the Securities to the Lender prior to the relevant entitlement date for the corporate action of distribution. This may occur before the end of your planned investment horizon which means the short sale strategy may not reach the return you expected or required.

3.4 Events may occur that result in you providing additional Collateral

An increase in the price of the borrowed Securities may result in a Margining Event and hence a Margin Call. Refer to the Margin Loan Product Guide for information about Margin Calls. If you do not resolve a Margin Call by the required time and in a manner acceptable to the Lender then your Margin Loan Facility becomes subject to Gearing Adjustment. If this occurs the Lender is entitled to sell some or all of the investments in the Secured Portfolio and to close out any short sale position. This may occur before the end of your planned investment horizon which means the short sale strategy may not reach the return you expected or required.

Collateral is assessed daily and where the price of the borrowed Securities has increases the Lender may ask you to contribute additional Collateral. Typically, you will borrow this additional Collateral through your Margin Loan Facility if you have sufficient borrowing capacity. Interest will accrue on the higher Facility Balance. If you don't have sufficient borrowing capacity then you will need to provide the additional Collateral from other sources. You may earn interest on the Collateral paid to the Lender but this will almost certainly not be greater than the cost of borrowing the Collateral through your Margin Loan Facility.

If you don't provide the additional Collateral when requested by the Lender, the Lender is entitled to close out any short sale position. The Lender may do this before the end of your planned investment horizon which means the short sale strategy may not reach the return you expected or required.

3.5 Powers of the Lender and other changes

The Lender may ask you to close out your short position at any time. This may occur before the end of your planned investment horizon which means the price of the Security may not have fallen as expected. This means you may incur a larger loss or earn a smaller return than expected or required. The Lender may remove any Security from the list of Securities available under Short Plus or for a particular Security to become unavailable for short selling. The Lender may also change the Safety Margin or Collateral applicable to any Securities. Any such acts or changes may adversely impact your ability to operate your Margin Loan

Facility with Short Plus in a way that suits your circumstances or meets your financial objectives.

Short selling is a regulated activity and these regulations can change at any time and at short notice. Changes in legislation, regulations and taxation policies may impact potential benefits of short selling, how it operates or may result in a complete ban on short selling. This means you may not be able to use some of the Short Plus features and any short sale arrangement may become unsuitable for your circumstances or financial objectives.

3.6 Short selling is a complex financial transaction

Short Plus is a feature you add to your Margin Loan Facility, whether you have an existing Margin Loan Facility or are applying for a facility at the same time as Short Plus. You should consider all the risks of a Margin Loan Facility as well as those specific to Short Plus.

It is strongly recommend that you and the Guarantor read the entire Short Plus Product Guide including the terms and conditions and seek financial advice including taxation advice before deciding to apply to add Short Plus to your Margin Loan Facility or enter into any short sale arrangement.

4 Additional Information

4.1 Fees and Costs

Please refer to the Margin Loan Product Guide or the Lender's website for information on fees and costs associated with your Margin Loan Facility. The Lender may apply a fee to each authorised Security Borrow Request. The minimum fee is \$50.

The Lender may apply a fee greater than the minimum to any Security Borrow Request. The Lender will notify you when you make a Security Borrow Request if the fee is greater than the minimum fee. Factors that are likely to cause the fee to be higher than the minimum include the market value of the Securities you intend to borrow and general market conditions which may make it difficult for the Lender to obtain these Securities from wholesale counterparts.

A minimum fee applies to a Security Borrow Request irrespective of whether you sell the borrowed Securities or not.

4.2 Cooling Off Period

Cooling off rights are not available in respect of any application to add Short Plus to a Margin Loan Facility. You may not be able to withdraw an instruction or request once it is received by the Lender. Cooling off rights may not be available in respect of an order to buy or sell any Securities and you should refer to your Broker for further information.

4.3 Personal Information and Privacy

By completing an Application Form for a Margin Loan with Short Plus and operating a Margin Loan Facility you and any Guarantor supply personal information to the Lender, the Nominee and the Sponsor. You and any Guarantor consent to this information being disclosed to other entities associated with opening and operating your Margin Loan Facility, being provided through the Online Service and being included in various Notices that may be sent electronically. If you do not provide all the required information then the Lender may not be able to process your application or you will not be able to operate your Margin Loan Facility with Short Plus. Refer to Part 8 (Privacy Disclosure and Consent) of the Agreement for how your personal information may be collected, used or disclosed.

4.4 Anti-Money Laundering and Counter-Terrorism Financing

The Lender is committed to the requirements for Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF). To comply with these requirements the Lender may:

- Require you and other parties named in the Short Plus Application Form to provide to the Lender, or authorise the Lender to otherwise obtain, any documentation or other information that identifies you or the other party.
- Suspend, block or delay transactions on your Margin Loan Facility including any Security borrowing arrangement, or refuse to provide services to you.
- Report any actual or proposed transaction or activity to any body authorised to accept such reports relating to AML/CTF or any other law.

4.5 Lender's Customer Relations and Dispute

If you are dissatisfied with any Security sale or buy transaction you should contact your Broker. If you are dissatisfied with the Lender's services or processes then you should contact the Client Service Team.

Client Service Team Client Complaint Management

Mailing Address: GPO Box 5388
Sydney NSW 2001

Telephone: 1300 307 807

Facsimile: (02) 8282 8383

Email: info@leveraged.com.au

You can expect the Lender to acknowledge your complaint, explain the steps it will take to investigate your complaint and keep you informed of its progress to respond to your complaint. If you are dissatisfied with the Lender's final response to your complaint or how your complaint was managed you can raise the matter directly with the Financial Ombudsman Service.

Financial Ombudsman Service Limited

Mailing Address: GPO Box 3
Melbourne VIC 3001

Telephone: 1300 78 08 08

Web Address: www.fos.org.au

Terms and Conditions

1. Definitions and Interpretation

1.1 Definitions

Term	Meaning
Authorisation	Verbal or written Notice indicating the Lender's acceptance of a Securities Borrow Request and which includes: <ol style="list-style-type: none"> (a) an authorisation number; and (b) the number of Authorised Securities (such number may be less than the number requested in the Securities Borrow Request).
Authorised Securities	Short Plus Securities that the Lender agrees to make the subject of a Securities Loan in accordance with the Short Plus Agreement.
Collateral Interest Rate	The interest rate (if any) applicable to the Collateral as varied from time to time by the Lender.
Collateral	An amount equal to 105% (or such other percentage as otherwise determined by the Lender from time to time) of the Short Security Value as applicable from time to time.
Delivery Date	The date on which the Lender delivers Authorised Securities to the Security Owner in accordance with Clause 3.6 of the Short Plus Agreement.
Equivalent Securities	<p>Securities of an identical type, nominal value, description and amount to the particular Authorised Securities and such expression will include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (if appropriate).</p> <p>To the extent that the particular Authorised Securities are partly paid or have been converted, subdivided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing, the expression will have the following meaning:</p> <ol style="list-style-type: none"> a) in the case of conversion, subdivision or consolidation: the Securities into which the relevant Authorised Securities have been converted, subdivided or consolidated provided that, if appropriate, notice has been given in accordance with Clause 8.4 of the Short Plus Agreement; (b) in the case of redemption: a sum of money equivalent to the proceeds of the redemption; (c) in the case of a takeover: a sum of money or Securities, being the consideration or alternative consideration of which the Lender has given notice to the Security Owner in accordance with Clause 8.4 of the Short Plus Agreement; (d) in the case of a call on partly paid Securities: the paid-up Securities provided that the Lender has paid to the Security Owner an amount of money equal to the sum due in respect of the call; (e) in the case of a capitalisation issue: the relevant Securities together with the Securities allotted by way of a bonus on those Securities; (f) in the case of a rights issue: the relevant Securities together with the Securities allotted on those Securities, provided that the Lender has given notice to the Security Owner in accordance with Clause 8.4 of the Short Plus Agreement, and has paid to the Security Owner all and any sums due in respect of those Securities; (g) in the event that; <ol style="list-style-type: none"> i. a payment or delivery of Income is made in respect of the relevant Securities in the form of Securities or a certificate which may at a future date be exchanged for Securities; or ii. an option to take Income in the form of Securities or a certificate which may at a future date be exchanged for Securities;

Term	Meaning
Equivalent Securities (continued)	<p>and notice has been given to the Security Owner in accordance with Clause 8.4 of the Short Plus Agreement, then the relevant Securities together with Securities or a certificate equivalent to those allotted; and</p> <p>(h) in the case of any event similar to any of the foregoing: the relevant Securities together with or replaced by a sum of money or Securities equivalent to that received in respect of such Securities resulting from such event.</p> <p>For the purposes of this definition, Securities are equivalent to other Securities where they are of an identical type, nominal value, description and amount, and such term will include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate).</p>
Franked Dividend	A dividend the whole or part of which is taken to have been franked in accordance with section 160AQF of the Tax Act.
Income	Any dividends, interest or other distributions of any kind whatsoever with respect to any Securities.
Income Date	The earlier of the date on which Income is paid or the date on which the registered holder becomes entitled to the Income.
Margin Loan Agreement	The agreement under which the Lender has or will agree to make a Margin Loan Facility available to the Borrower, as amended from time to time.
Net Short Limit	The amount which the Lender sets in its absolute discretion, to be the maximum amount by which the Net Short Position may be less than zero.
Net Short Position	<p>An amount calculated by the Lender as the sum of:</p> <ul style="list-style-type: none"> • the aggregate of the Short Security Value of any Authorised Securities sold under Clause 4 of the Short Plus Agreement (such aggregate to be treated as a negative number); plus • the aggregate Market Value of the Secured Portfolio, excluding the Market Value of any Authorised Securities sold under Clause 4 of the Short Plus Agreement.
Net Short Plus Lending Value	An amount equal to the aggregate of the Safety Margin for any Authorised Securities the subject of an outstanding Securities Loan from time to time, and if there are no outstanding Securities Loan means zero.
Reference Price	The lower of the last sale price or buyer bid for a Security on the ASX or such other price as determined by the Lender from time to time.
Rules	The ASX Market Rules, the ASTC Settlement Rules and ACH Clearing Rules and all policies, rules or guidance notes thereunder, as amended or substituted from time to time.
Safety Margin	An amount equal to the Short Security Value multiplied by a percentage determined by the Lender from time to time in its absolute discretion in respect of particular Short Plus Securities. Such percentage may differ for particular Short Plus Securities.
Sale Confirmation	A confirmation of the sale of any Authorised Securities in a form acceptable to the Lender. A Sale Confirmation is irrevocable.
Security Borrow Request	<p>A Notice from the Security Owner, or Nominated Broker on behalf of a Security Owner, given to the Lender in a manner required by the Lender and specifying:</p> <ul style="list-style-type: none"> (a) the code, description and number of Short Plus Securities the Security Owner wants to borrow from the Lender; (b) the proposed Delivery Date; (c) the duration the Security Owner proposes to borrow the Short Plus Securities; and (d) other matters required by the Lender from time to time.
Security Loan	An arrangement whereby the Lender may make Authorised Securities available to the Security Owner in accordance with the Short Plus Agreement from time to time.

Term	Meaning
Short Plus Agreement	The agreement, on these terms and conditions, which is created when the Lender notes in its records that Short Plus is available in relation to a particular Margin Loan Facility.
Short Plus Securities	Securities which the Lender may accept for the purposes of the Short Plus Agreement from time to time at its absolute discretion.
Short Security Value	An amount equal to the number of Authorised Securities multiplied by the relevant Reference Price applicable from time to time.
Standard Settlement Time	Three Business Days or such lesser time in which transactions in listed securities are customarily required to be settled in Australia.
Tax Act	The Income Tax Assessment Act, 1936 and the Income Tax Assessment Act, 1997.

- 1.2 Part 1 (Definitions and Interpretation), Part 6 (General Provisions) and Part 8 (Privacy Disclosure and Consent) of the Margin Loan Agreement are incorporated into the Short Plus Agreement.
- 1.3 Words defined in the Margin Loan Agreement have the same meaning when used in this Short Plus Agreement and this Short Plus Agreement is to be interpreted according to the same interpretation rules as apply to the Margin Loan Agreement.
- 1.4 The Short Plus Agreement is supplementary to, forms part of and is conditional upon the Facility Agreement and is to be read in conjunction with the Facility Agreement.
- 1.5 To the extent of any inconsistency between the Short Plus Agreement and the Margin Loan Agreement, the Short Plus Agreement shall prevail in respect of all transactions contemplated by the Short Plus Agreement.
- 1.6 Notwithstanding the use of expressions such as “borrow”, “lend”, “collateral”, “margin”, “redeliver” etc., which are used to reflect terminology used in the market for transactions of the kind provided for in the Short Plus Agreement, all right, title and interest in and to the Authorised Securities and the Collateral (“title”) shall pass free and clear of any liens, claims, charges or encumbrances or any other interest (other than a lien routinely imposed on all securities in a relevant clearance system) except to the extent the Authorised Securities become part of the Secured Portfolio. Each delivery of Authorised Securities or Equivalent Securities will be made so as to constitute or result in a valid and legally effective transfer of the securities and beneficial title to the recipient.

2. Short Plus Agreement

- 2.1 The Short Plus Agreement is a transaction document for the purpose of the definition of Agreement under the Margin Loan Agreement. Each Borrower and Guarantor agrees to be bound by the Short Plus Agreement.
- 2.2 Nothing in the Short Plus Agreement obliges the Lender to allow the Margin Loan Facility to be used in connection with the Short Plus Agreement.

- 2.3 The Lender may at any time in its sole discretion cancel or refuse to permit or limit or impose conditions on the Security Owner’s dealings in respect of the Short Plus Agreement.
- 2.4 The Borrower agrees that the Lending Value is at all times reduced by the Net Short Plus Lending Value.
- 2.5 At all times the Borrower must ensure that the Net Short Limit is not exceeded.

3. Borrowing Short Plus Securities

- 3.1 If the Security Owner wants to enter into a Securities Loan it must give the Lender a Securities Borrowing Request.
- 3.2 The Security Owner is not entitled to make a Securities Borrow Request unless:
- the Margin Loan Facility is not subject to Gearing Adjustment;
 - an Event of Default is not subsisting and is unlikely to occur;
 - the Borrower has and will (after taking into consideration any proposed Securities Loan) satisfy all of the requirements for borrowing money under the Margin Loan Facility;
 - in the opinion of the Lender, the Facility Balance is and will be (after taking into consideration any proposed Securities Loan) less than the lesser of the Credit Limit or Lending Value (after any actual and proposed Net Short Plus Lending Value is subtracted);
 - in the opinion of the Lender, the Net Short Limit is or is not likely to be (after any actual and proposed transaction under the Short Plus Agreement) exceeded;
 - the Security Owner has given the Lender any approval, document or information which the Lender reasonably requests and which is satisfactory to the Lender (including as to its stamping and registration);
 - the Security Owner has paid the Lender all fees required to be paid under the Short Plus Agreement;

- (h) the Security Owner has complied any other requirements the Lender reasonably imposes; and
 - (i) the Security Owner has fully complied with the procedures from time to time required by the Lender in relation to the Short Plus Agreement and the Rules.
- 3.3 The Security Owner or a Nominated Broker may submit a Securities Borrow Request to the Lender verbally or in writing in a form acceptable to the Lender.
- 3.4 Even if everything required in this Clause 3 has been done, the Lender may in its absolute discretion decline to accept a Securities Borrow Request. The Lender may in its absolute discretion accept a Securities Borrow Request even if everything required in this Clause 3 has not been done.
- 3.5 Unless the Lender agrees, the Security Owner may not cancel or change a Securities Borrow Request once it is made. If, in its absolute discretion, the Lender does agree to cancel or change a Securities Borrow Request, irrespective of whether an Authorisation has been given or not, the Security Owner must pay to the Lender any costs incurred by the Lender in relation to the cancelled Securities Borrow Request.
- 3.6 The Security Owner agrees to pay any fee requested by the Lender in respect of a Securities Borrow Request. The Lender may vary the fee and the Security Owner agrees that the fee may depend on the prevailing or expected Short Security Value and the Lender's difficulty in obtaining the Authorised Securities. The fee may include any government and bank costs, charges and fees imposed as a result of the Securities Borrow Request or subsequent Securities Loan. The Security Owner's obligation to pay the fee arises regardless of whether the Security Owner has or intends to sell the Authorised Securities.
- 3.7 If, in its absolute discretion, the Lender accepts a Securities Borrow Request, the Lender will give the Security Owner or the Nominated Broker an Authorisation. Such Authorisation may be for a lower number of Authorised Securities than requested.
- 3.8 If, in its absolute discretion, the Lender accepts a Securities Borrow Request, the Security Owner must:
- (a) take delivery of the Authorised Securities in the manner specified by the Lender on the Delivery Date irrespective of whether the Security Owner has or intends to sell the Authorised Securities unless otherwise agreed by the Lender;
 - (b) provide or arrange to provide the Collateral in accordance with Clause 5 (Collateral);
 - (c) give any authorisations and instructions required to be given in respect of the Securities Borrow Request or the delivery of the Authorised Securities in accordance with the Short Plus Agreement;
 - (d) satisfy all other requirements of the Lender and all requirements of the Rules; and
 - (e) instruct the Nominated Broker to satisfy all requirements of the Lender and the Rules.
- 3.9 If in the opinion of the Lender, the Security Owner is or will be unable to meet any of its obligations under Clause 3.8, the Lender may, in its absolute discretion, cancel the Securities Loan and will not deliver the Authorised Securities.
- 3.10 Unless otherwise agreed by the Lender in its absolute discretion, the Authorised Securities are part of the Secured Portfolio until the Authorised Securities are sold under Clause 4 (Selling Authorised Securities).
- 3.11 A Securities Loan, in respect of the Authorised Securities delivered by the Lender under Clause 3.6 of the Short Plus Agreement, begins when the Authorised Securities cease to be registered in the name of the Lender (or the relevant transferor) and ends when the Equivalent Securities are registered in the name of the Lender (or the relevant transferee) upon or following delivery under Clause 9 (Redelivery of Equivalent Securities).
- 3.12 The Security Owner must ensure that a Securities Loan is outstanding for no less than 1 calendar day (unless otherwise agreed by the Lender) and no longer than 11 calendar months and 15 calendar days.
- ### 4. Selling Authorised Securities
- 4.1 If at any time the Security Owner sells any or all of the Authorised Securities, it must:
- (a) give, or arrange for the Nominated Broker to give to the Lender (in a method acceptable to the Lender) a Sale Confirmation by 4.15pm (Sydney time) on the day the Authorised Securities are to be sold;
 - (b) instruct the Nominated Broker to pay all sale proceeds into the Loan Account; and
 - (c) instruct the Nominated Broker to settle the sale of the Authorised Securities in a manner specified by the Lender.
- 4.2 The Security Owner agrees:
- (a) the Lender is not liable for any loss the Security Owner suffers because the price of any Authorised Securities changes during the time the Lender takes to deliver the Authorised Securities to the Security Owner; and
 - (b) to pay the Lender all costs and expenses it has or will reasonably incur as a result of the failure of the Nominated Broker to act in accordance with this Clause 4.
- ### 5. Collateral
- 5.1 On the Delivery Date, the Security Owner must pay the Collateral to the Lender in immediately available funds and in a manner acceptable to the Lender.
- 5.2 The Collateral is for the benefit of the Lender to protect its interest in the Authorised Securities. The Lender does not hold the Collateral on behalf of the Security Owner or the Borrower. The Security Owner agrees that any and all of their rights in respect of the Collateral are part of the Secured Portfolio.

5.3 If at any time the Short Security Value changes, then:

- (a) If the Collateral after the change in Short Security Value is greater than the current Collateral, the Security Owner must, if requested by the Lender, pay the deficit amount to the Lender in accordance with Clause 5.4 of the Short Plus Agreement.
- (b) If the Collateral after the change in Short Security Value is less than the current Collateral, the Lender may (but is not obliged to) pay the excess amount to the Loan Account to reduce the Total Amount Owing.

5.4 Except as provided in Clause 5.5 of the Short Plus Agreement, the Security Owner must pay the deficit amount pursuant to Clause 5.3(a) of the Short Plus Agreement to the Lender in immediately available funds by 4.00pm (Sydney time) on the first Business Day immediately after the change in the Short Security Value.

5.5 If the Short Security Value changes by more than 10%, the Security Owner must pay the deficit amount pursuant to Clause 5.3(a) of the Short Plus Agreement to the Lender in immediately available funds by 3.00pm (Sydney time) on the day the Short Security Value changed.

5.6 The Security Owner may not assign, transfer or otherwise dispose of, or mortgage, charge or otherwise encumber, or otherwise deal with their rights in respect of the Collateral without the prior written consent of the Lender.

6. Interest earned on Collateral

6.1 Interest that may be earned on the Collateral (as varied from time to time in accordance with Clause 5 of the Short Plus Agreement) is calculated at the Collateral Interest Rate. Interest on the Collateral accrues daily and becomes payable at the end of the Securities Loan. The Lender will pay any interest earned on the Collateral to the Loan Account to reduce the Total Amount Owing.

6.2 Collateral in relation to different Securities Loans will not be aggregated for the purposes of determining any interest that may accrue or be payable by the Lender.

7. Borrower's Authorisation

7.1 The Borrower irrevocably makes Borrowing Requests in accordance with the Facility Agreement for:

- (a) an amount equal to the Collateral or any deficit amount under Clause 5.3(a) of the Short Plus Agreement;
- (b) an amount equal to any transaction fees, costs and expenses incurred by the Security Owner including any costs and expenses incurred in relation to any failure of the Nominated Broker to settle a Sale Confirmation;
- (c) any amount payable by the Security Owner under Clause 8 (Distributions earned on Authorised Securities);

(d) any costs and expenses incurred by the Security Owner under Clause 9 (Redelivery of Equivalent Securities); and

(e) any other amount incurred or payable by the Security Owner to the Lender.

7.2 The Borrower irrevocably authorises the Lender to use any amounts borrowed pursuant to this Clause 7 to meet the Security Owner's obligations under the Short Plus Agreement.

7.3 Any authorisations and instructions given by the Security Owner or the Borrower under the Short Plus Agreement are irrevocable until all Equivalent Securities have been delivered pursuant to Clause 9 (Redelivery of Equivalent Securities) and while any money the Security Owner owes to the Lender remains unpaid.

7.4 The authorisations in this Clause 7 apply whether it is a Borrower, a Guarantor or a Nominated Broker on their behalf, who arranges the Securities Loan.

8. Distributions earned on Authorised Securities

8.1 If Income is earned or becomes payable on any Authorised Securities, the Security Owner must:

(a) pay or deliver (with any such endorsements or assignments as are customary and appropriate to effect the delivery) the Income;

(b) pay a sum of money equivalent to the Income; or

(c) deliver (with any such endorsements or assignments as are customary and appropriate to effect the delivery) property equivalent to the Income

to the Lender on the Income Date or such other date as the Lender may agree from time to time.

8.2 The Securities Owner's obligations under Clause 8.1 of the Short Plus Agreement arise irrespective of whether the Security Owner actually receives the Income or not.

8.3 If:

(a) an Income Date occurs during a Securities Loan; and

(b) had the Lender been the holder of the Authorised Securities on the relevant Income Date such that the Lender would have received a Franked Dividend in respect of those Authorised Securities; then

(c) on the relevant Income Date, the Security Owner must pay to the Lender an amount equal to the franking credit referable to the Franked Dividend calculated in accordance with the following formula:

$$A = F \times T / (1-T)$$

Where:

A = the amount payable;

F = the amount of the Franked Dividend (or, where the Franked Dividend is partly franked, the amount of the franked component of the Franked Dividend) paid or to be paid in respect of an equivalent parcel of Securities; and

T = the rate of income tax, expressed as a decimal, determined under the Tax Act at the Income Payment Date as that payable in respect of a company (other than a private company, a company in the capacity of a trustee or a non-profit company that is a dispensary or a friendly society).

- 8.4 Subject to Clause 8.5 of the Short Plus Agreement, unless otherwise agreed, where, in respect of any Authorised Securities any rights relating to conversion, subdivision, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Authorised Securities, become exercisable prior to the delivery of Equivalent Securities then the Lender may, within a reasonable time before the latest time for the exercise of the right or option, give a Notice to the Security Owner that, on delivery of Equivalent Securities it wishes to receive Equivalent Securities in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as it specified in such written notice.
- 8.5 Where any right or option in respect of the Authorised Securities are or will be issued, the Security Owner must deliver or make, as the case may be, to the Lender on the date of such issue or on such other date as the Lender may from time to time agree:
- (a) the right, or option;
 - (b) an identical right or option; or
 - (c) a payment equal to the value to the Lender of the right or option; together with any such endorsements or assignments as are customary and appropriate.

9. Redelivery of Equivalent Securities

- 9.1 Subject to Clause 9.2 of the Short Plus Agreement, the Security Owner must deliver Equivalent Securities to the Lender no later than 11 calendar months and 15 calendar days from the Delivery Date.
- 9.2 The Lender may call for delivery of all or any Equivalent Securities at any time by giving a Notice to the Security Owner. The Security Owner must deliver such Equivalent Securities called by the Lender in accordance with the Lender's instructions on the day which is the Standard Settlement Time for such Equivalent Securities.
- 9.3 The Security Owner must:
- (a) notify the Lender of its intention to deliver the Equivalent Securities no later than 4.15pm (Sydney time) at least one (1) Business Day before the Security Owner intends to deliver the Equivalent Securities;
 - (b) provide the Lender with a copy of the contract note (if any) under which the Security Owner will purchase the Equivalent Securities to be delivered; and

(c) instruct the Nominated Broker to deliver the Equivalent Securities to the Lender in the manner required by the Lender.

- 9.4 The Lender may, but is not obliged, to treat any contract note for the purchase of Equivalent Securities as notification of the Security Owner's intention to deliver the Equivalent Securities.
- 9.5 Where the Security Owner has borrowed the same type of Securities under more than one Securities Loan, the Lender will nominate which Securities Loan the delivery of Equivalent Securities relates to.
- 9.6 If:
- (a) the Security Owner does not deliver Equivalent Securities in accordance with this Clause 9;
 - (b) an Event of Default occurs; or
 - (c) the Margin Loan Facility becomes subject to Gearing Adjustment for any reason;
- the Lender may (but is not obliged to) buy some or all of the Equivalent Securities on its own account on the open market (a "buy in").
- 9.7 If the Lender "buys in" Equivalent Securities, the Security Owner must pay to the Lender the total costs (including the purchase price of the Equivalent Securities) and expenses reasonably incurred by the Lender as a result of the "buy in".
- 9.8 If Equivalent Securities are delivered to the Lender, or the Lender "buys in" Equivalent Securities, the Lender will pay the Collateral (less any amounts the Lender is entitled to set-off against the Collateral under the Short Plus Agreement) to the Loan Account.

10. Title

- 10.1 The Lender and Security Owner will arrange for the execution and delivery of all necessary documents and ensure that all right, title and interest in any Authorised Securities or Equivalent Securities passes on delivery of these documents free from all Security Interests.
- 10.2 In the case of any Short Plus Securities registered in CHESS, delivery and transfer of title will take place in accordance with the ASX Settlement Operating Rules.

11. Representations, warranties, declarations, undertakings and acknowledgements

- 11.1 All Borrowers and Guarantors repeat for the benefit of the Lender all the representations, warranties and undertakings set out in the Margin Loan Agreement. References to the Secured Portfolio include any and all of the Security Owner's rights in respect of the Collateral.

11.2 In addition, the Security Owner, the Borrower and all Guarantors acknowledge that:

- (a) they have obtained independent financial advice in relation to the taxation consequences of borrowing Securities under this Short Plus Agreement and any related sale or purchase of Securities; and
- (b) the Lender has not provided the Borrower or any Guarantor with personal financial advice. This means each Borrower and Guarantor has not relied on any information which the Lender may have provided. Each Borrower and Guarantor must make its own decisions or seek advice from its financial, legal or other professional adviser, on whether transactions under the Short Plus Agreement suit their needs.

11.3 The Security Owner undertakes:

- (a) to provide such further property as the Lender may, in its absolute discretion, from time to time, require as part of the Secured Portfolio to secure performance of the Security Owner's obligations under this Short Plus Agreement; and
- (b) to immediately notify the Lender if it is unable to comply with its obligations under this Short Plus Agreement.

11.4 Without prejudice to the rights of the Lender under Clause 45 of the Margin Loan Agreement (Consequences of an Event of Default), if at any time an Event of Default occurs, the Security Owner's delivery and payment obligations (and any other obligations the Security Owner has under this Short Plus Agreement) will be accelerated so as to require performance of these obligations at the time the Event of default occurred. In such event:

- (a) the Lender will determine the Equivalent Securities to be delivered and payments to be made, as the case may be; and
- (b) on this basis an account will be taken of what is due from the Security Owner to the Lender and from the Lender to the Security Owner and the sums due from one party will be set-off against the sums due from the other and only the balance of the account will be payable and such balance will be payable on the date of the relevant default.

12. Net Short Limit

12.1 If the Net Short Limit is exceeded, or in the opinion of the Lender is likely to be exceeded, then:

- (a) The Lender may call for delivery of all or any Equivalent Securities in accordance with Clause 9.2; or
- (b) the Lender may take reasonable steps to give a Notice to the Borrower to give or direct a Guarantor to give to the Lender a Security Interest over additional Securities or property that is satisfactory to the Lender in its sole discretion and that becomes part of the Secured Portfolio. The

Borrower must deliver (or direct a Guarantor to deliver) such additional Securities in accordance with the Notice. The date and time specified in the Notice may be less than 24 hours after the time the Lender sends the Notice and will be determined by the Lender as a period reasonably required to protect its interests in the circumstances.

13. Other costs, charges and indemnities

13.1 Pursuant to Clause 8.3 of the Short Plus Agreement, the Lender will be entitled to receive an amount for any franking credits referable to any Franked Dividend paid in relation to Authorised Securities.

13.2 The Security Owner must promptly pay and account for any transfer or similar duties or taxes (if any) chargeable in connection with any Securities Borrow Request or delivery of Authorised Securities or Equivalent Securities, and will indemnify and keep indemnified the Lender against any liability arising in respect of any transfer or similar duties or taxes as a result of the Security Owner's failure to do so.

13.3 The Security Owner undertakes to pay to the Lender upon demand, interest (before as well as after judgement) on the net balance due and outstanding, for the period commencing on and inclusive of the original due date for payment to (but excluding) the date of actual payment. The Lender will calculate daily the amount of interest on such overdue amounts on the basis of the Overdue Money Rate. The Security Owner must pay such interest on demand.

13.4 The Security Owner indemnifies the Lender against any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment which the Lender pay, suffer, incur or become liable for, in respect of or arising from:

- (a) the Security Owner's failure to act in accordance with any Sale Confirmation;
- (b) the Nominated Broker not settling any sale of Authorised Securities in accordance with the relevant Sale Contract;
- (c) any failure by the Security Owner to comply with the provisions of Clause 5 (Collateral);
- (d) the Lender being required to "buy-in" Equivalent Securities in accordance with Clause 9 (Redelivery of Equivalent Securities); or
- (e) any other breach by the Security Owner of the Short Plus Agreement.

13.5 The indemnity contained in this Clause 12:

- (a) is a continuing obligation of the Security Owner despite any settlement of account or the occurrence of any other thing;
- (b) remains in full force and effect until all moneys owing, contingently or otherwise, under this agreement have been paid in full; and
- (c) survives termination of this Short Plus Agreement.

Short Plus Application Form

Instructions

Capitalised terms in this Application Form have the meaning given in Part 1 (Definitions and Interpretation) of the terms and conditions in the Leveraged Equities Margin Loan Product Guide dated 1 January 2011 or later and in clause 1 (Definitions and Interpretation) of the terms and conditions in the Leveraged Equities Short Plus Product Guide dated 1 January 2011.

“You” and “your” means the Borrower or the Guarantor as the case may be.

- Please complete this form using a BLACK pen and print within the boxes in CAPITAL LETTERS.
- Do not use correction fluid. If you make an error, cross it out and have all parties initial the change.

Leveraged Equities Short Plus

1. MARGIN LOAN FACILITY DETAILS

Tick this box if you are applying for Short Plus and a Margin Loan Facility with the Lender at the same time.

Tick this box if you applying for a Short Plus Facility on an existing Margin Loan Facility with the Lender.

Existing Facility Name:

Existing Facility Number:

2. EXECUTION

2.1 Acknowledgements

By signing the Short Plus Application Form, you, being a Borrower and a Guarantor (if any):

- acknowledge that all information in this Short Plus Application Form is correct and not misleading in any way;
- acknowledge that you have read the Short Plus Product Guide, including the description of risks contained in the Short Plus Product Guide;
- request the Lender to make Short Plus available on your Margin Loan Facility;
- agree that Short Plus constitutes an Arrangement for which each Guarantor is liable under the Guarantee, and each Guarantor consents to the Borrower entering into the Short Plus Agreement;
- agree to be bound by the terms and conditions of the Short Plus Agreement;
- direct each attorney under the Power of Attorney which you have given to the Lender to sell or otherwise deal with Securities and other property pursuant to the Short Plus Agreement on your behalf;
- if you are a Guarantor, you acknowledge that you are signing both as a Security Owner for Short Plus and as Guarantor for the Borrower's obligations under the Margin Loan Facility with Short Plus.

2.2 Borrower(s)

Individual or Trust Borrower(s)

The Short Plus Agreement is executed and delivered as a deed.

Borrower 1

Print full name

Signature

Date / /

Witness

Print full name

Phone number

Signature

Date / /

The Short Plus Agreement is executed and delivered as a deed.

Borrower 2

Print full name

Signature

Date / /

Company Borrower(s)

The Short Plus Agreement is executed and delivered as a deed.

Director 1 / Sole Director

Print full name

Office Held (e.g. Director/Secretary)

Signature

Date / /

Witness

Print full name

Phone number

Signature

Date / /

Director 2 / Secretary

Print full name

Office Held (e.g. Director/Secretary)

Signature

Date / /

Company Seal (if required under company constitution)

2.3 Guarantor(s)

Individuals and Company Directors

The Short Plus Agreement is executed and delivered as a deed.

Guarantor 1

Print full name

Signature

Date / /

The Short Plus Agreement is executed and delivered as a deed.

Guarantor 2

Print full name

Signature

Date / /

Witness

Print full name

Phone number

Signature

Date / /

Witness

Print full name

Phone number

Signature

Date / /

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For more information or to obtain a copy of the Margin Loan PDS, or the other information referred to in this Product Guide, speak to your Financial Adviser or contact the Client Service Team.

Call 1300 307 807

Fax (02) 8282 8383

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Sydney NSW 2001

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