

## Information Memorandum



### **The Benevolent Society Social Benefit Trust No 1** (ABN 90 243 235 502)

A\$7,500,000 Class P Social Benefit Bonds  
A\$2,500,000 Class E Social Benefit Bonds

## Joint Lead Managers

**Commonwealth Bank of Australia**  
(ABN 48 123 123 124)

**Westpac Banking Corporation**  
(ABN 33 007 457 141)

2 August 2013

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# Important Notice

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This Information Memorandum relates to an issue of A\$7,500,000 Class P Social Benefit Bonds due August 2018 ("**Class P Bonds**") and A\$2,500,000 Class E Social Benefit Bonds due August 2018 ("**Class E Bonds**") and together with the Class P Bonds, the "**Bonds**" and each a "**class of Bonds**") by Perpetual Corporate Trust Limited (ABN 99 000 341 533) ("**Issuer**" or "**Trustee**") in its capacity as trustee of The Benevolent Society Social Benefit Trust No 1 (ABN 90 243 235 502) ("**Trust**").

The manager of the Trust is The Benevolent Society (ABN 95 084 695 045) (acting in that capacity, the "**Manager**").

The Trust is not registered with, or regulated by, the Australian Securities and Investments Commission ("**ASIC**"). The offering of the Bonds has not been, nor will be, examined or approved by ASIC.

## Terms and conditions of issue

Each class of Bonds will be issued in a single series and will be constituted by, and owing under, the SBB Deed Poll dated 2 August 2013 ("**Bond Deed Poll**") made by the Issuer.

The terms and conditions ("**Conditions**") applicable to each class of Bonds are included in this Information Memorandum in the sections entitled "*Conditions of the Class P Bonds*" or "*Conditions of the Class E Bonds*" below.

A single issue supplement ("**Issue Supplement**") will be issued by the Issuer on or around the issue date for both classes of Bonds. The Issue Supplement will contain details of the trust fund allocation methodology for each class of Bonds, and may contain other terms that may be applicable to each class of Bonds. The form of the Issue Supplement is set out in the section entitled "*Form of Issue Supplement*" below.

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

## Selling restrictions and no disclosure

The Bonds may only be issued, sold or transferred to Australian residents who are not acquiring the Bonds through a permanent establishment outside Australia.

This Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act 2001 of Australia ("**Corporations Act**").

Neither this Information Memorandum nor any other disclosure document in relation to the Bonds has been, or will be, lodged with ASIC. Investors should be aware that the offer and issue of the Bonds by the Issuer will not be subject to any requirement that (1) a prospectus, product disclosure statement or other disclosure document is prepared by the Issuer or any other person

and registered with ASIC or (2) the Issuer enters into a trust deed.

A person may not make or invite an offer of the Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Bonds in Australia unless the offer or invitation (1) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act, (2) does not constitute an offer or invitation to a "retail client" as defined for the purposes of Chapter 7 of the Corporations Act, (3) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place and (4) does not require any document to be lodged with ASIC or any other regulatory body in Australia.

**Each investor subscribing for, purchasing or otherwise dealing in any Bonds is deemed to have represented and warranted that it is (1) a person to whom it is lawful to make an offer of the Bonds, (2) a person to whom an offer or invitation for the issue, sale or transfer of the Bonds may be made without disclosure under Part 6D.2 or 7.9 of the Corporations Act, (3) not a "retail client" as defined for the purposes of Chapter 7 of the Corporations Act and (4) an Australian resident who is not acquiring the Bonds through a permanent establishment outside Australia.**

In particular, each non-institutional investor must be able to demonstrate that they are either:

- a "sophisticated investor" for the purposes of section 708(8)(c) of the Corporations Act by providing a certificate given by a qualified accountant dated no more than 6 months before the offer is made confirming that the investor has (1) net assets of at least A\$2.5 million or (2) has a gross income for each of the last 2 financial years of at least A\$250,000 a year; or
- a "professional investor" for the purpose of section 708(11) of the Corporations Act by either being (1) a person covered by the definition of "professional investor" in section 9 of the Corporations Act (except a person mentioned in paragraph (e) of the definition) or (2) a person who controls gross assets of at least A\$10 million in accordance with section 708(11)(b) of the Corporations Act.

The distribution and use of this Information Memorandum, including any advertisement or other offering material, and the offer or sale of Bonds may be restricted by law and intending purchasers and other investors should inform themselves about, them and observe any, such restrictions. In particular, no action has been taken by any Relevant Party which would permit a public offering of any Bonds or distribution of this Information Memorandum in any jurisdiction.

A person may not (directly or indirectly) offer for issue, subscription or sale or issue an invitation to subscribe for or purchase any Bonds, nor distribute or publish this

Information Memorandum or any other offering material or advertisement relating to the Bonds except if the offer or invitation complies with all applicable laws, regulations and directives.

The Bonds may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the United States Securities Act of 1933 (as amended) ("**U.S. Securities Act**").

#### **No offer**

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of any Relevant Party to any person to subscribe for, purchase or otherwise deal in any Bonds.

#### **No authorisation**

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

#### **Agency and distribution arrangements**

The Issuer may agree to pay fees to the Trustee, the Security Trustee and each Agent for undertaking their respective roles and reimburse them for certain of their expenses properly incurred in connection with the Bonds.

The Issuer may also agree to pay fees to the Joint Lead Managers and the Manager may indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of Bonds.

The Manager, the Joint Lead Managers, PCTL, the Security Trustee or any Agent from time to time (other than the Issuer), and their respective related entities, directors, officers and employees, may have pecuniary or other interests in the Bonds and may also have interests pursuant to other arrangements and may act as a principal in dealing in, or as a custodian or nominee in holding, any Bonds.

#### **Manager's responsibility**

This Information Memorandum has been prepared by the Manager. The Manager accepts responsibility for the information contained in this Information Memorandum other than information provided by the Joint Lead Managers, the Issuer and the Security Trustee (each as defined in the section entitled "*Summary*" below) in relation to their respective details in the section entitled "*Directory*" below. This Information Memorandum is not intended to, nor does it, constitute financial product advice for the purposes of the Corporations Act.

#### **No independent verification**

The only role of the Joint Lead Managers, the Issuer and the Security Trustee in the preparation of this Information Memorandum has been to confirm to the Manager that their respective details in the section

entitled "*Directory*" below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, no Relevant Party (other than the Manager) has independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them, as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Manager in connection with the Bonds.

The Joint Lead Managers, PCTL, the Security Trustee and the Agents from time to time (other than the Issuer) expressly do not undertake to review the financial condition or affairs of the Issuer at any time or to advise any holder of a Bond ("**Holder**") of any information coming to their attention with respect to the Issuer and make no representations as to the ability of the Issuer to comply with its obligations under the Bonds.

The New South Wales Government ("**NSW Government**") and the State of New South Wales (including all departments, agencies and other State bodies and personnel) are not responsible for the issue of this Information Memorandum and take no responsibility for and do not guarantee the performance of any Bonds, the interest rate, the return of capital to investors, any particular rate of return or any taxation consequences of any investment made in any Bonds.

#### **Currency of information**

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Bonds is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, the Issuer is under no obligation to any person to update this Information Memorandum at any time after an issue of Bonds.

#### **Documents incorporated by reference**

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

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

- the Bond Deed Poll;
- the Issue Supplement;
- the Early Benevolent Donation Deed Poll (as

defined in the section entitled “*Summary*” below); and

- all other documents issued by the Manager and stated to be incorporated in this Information Memorandum by reference.

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

Copies of documents which are incorporated by reference in this Information Memorandum may also be obtained from the offices of the Manager on request.

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

### Interpretation

References herein to “**Information Memorandum**” are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

In this Information Memorandum references to:

- “**Relevant Parties**” means (1) the Issuer, (2) the Manager (3) Commonwealth Bank of Australia (acting in any capacity, including as a Joint Lead Manager or as a Management Committee Member or otherwise) (“**CBA**”) and any person nominated as its representative to the Management Committee, (4) Westpac Banking Corporation (acting in any capacity, including as a Joint Lead Manager or as a Management Committee Member or otherwise) (“**Westpac**”) and any person nominated as its representative to the Management Committee (5) Perpetual Corporate Trust Limited (in its personal capacity) (“**PCTL**”) (6) the Security Trustee and (7) any person other than the Issuer acting as an Agent from time to time, and “**Relevant Party**” means any of them, as the context admits;
- “**Preparation Date**” means (1) in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended, or supplemented, the date indicated on the face of that amendment or supplement, and (2) in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness;
- the Bonds includes an interest in them; and
- “\$”, “A\$” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia.

**Intending purchasers to make independent investment decision and obtain tax advice**

This Information Memorandum contains only summary information concerning the Issuer, The Benevolent

Society (“**TBS**”), and the Bonds. It should be read in conjunction with the documents which are deemed to be incorporated by reference in it, the Conditions, the Issue Supplement and the Bond Deed Poll. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Bonds and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any Relevant Party that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Bonds or any rights in respect of any Bonds.

An investment in the Bonds is designed for investors for whom the charitable purposes of the Trust are a component of their investment decisions. Investors should be aware that, in some scenarios, no interest will be payable on either class of Bonds and repayment of principal on the Class E Bonds may be at risk (see further the sections entitled “*Summary*”, “*Risk Factors*” and “*Transaction Structure & Key Documents – Description of the Trust*” below). This Information Memorandum is not investment advice and has been prepared without taking into account the investment objectives, financial situation or particular needs (including financial and taxation issues) of any investor. Each investor contemplating subscribing for, purchasing or otherwise dealing in any Bonds or any rights in respect of any Bonds should:

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

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Bonds or rights in respect of them, or in connection the Benevolent Donation Options (as defined in the section entitled “*Summary*” below), and each investor should consult their own professional adviser.

**This Information Memorandum does not describe all of the risks of an investment in any Bonds or the exercise of any rights in connection with them. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Bonds and the suitability of investing in the Bonds in light of their particular circumstances. Neither the Issuer nor the Bonds are rated by any credit ratings agency.**

# The Benevolent Society SBB

## The Benevolent Society SBB

In connection with a request for proposal issued on 30 September 2011 by the NSW Government (through New South Wales Treasury), a consortium comprising TBS, CBA and Westpac (the “**Consortium**”) was identified as a proponent to develop a social benefit bond (“**SBB**”) in the area of intensive family support.

The Minister for Family and Community Services for and on behalf of the State of New South Wales, acting through the Community Services Division, Department of Family and Community Services (“**Department**”) and the Consortium have agreed, following collaborative work and negotiations during a joint development phase in 2012 and 2013, to undertake a SBB in the area of intensive family support (“**The Benevolent Society SBB**”).

On 13 June 2013, the Department and the Issuer entered into a Deed of Implementation Agreement for TBS Social Benefit Bond Pilot (“**Implementation Deed**”) as a contract for Services supporting The Benevolent Society SBB.

The performance of these Services will be undertaken in full by TBS pursuant to the Services Agreement for TBS Social Benefit Bond Pilot dated 2 August 2013 (“**Services Agreement**”) between the Issuer and TBS (acting in that capacity, the “**Services Subcontractor**”).

The Implementation Deed, Services Agreement, the Operations Manual agreed between the Department, the Issuer and the Services Subcontractor (“**Operations Manual**”) and the other transaction documents entered into as part of The Benevolent Society SBB establish a framework for TBS to provide intensive family support services to families where children are at risk of being placed into Out-of-Home Care (OOHC) (or ‘foster care’) by the NSW Government. The Services will be provided in central and south-west Sydney.

The objectives for The Benevolent Society SBB are:

- to provide intensive family support services;
- to demonstrate that the NSW Government, community and investors can all benefit from SBB initiatives;
- to mobilise new sources of mainstream capital to tackle social problems; and
- to establish an investment model with potential for scaling investment into other social impact services.

A detailed description of the transaction structure for The Benevolent Society SBB is set out in the section entitled “*Transaction Structure & Key Documents*” below. Terms used in this section but not otherwise defined have the meaning given to them in the section entitled “*Glossary of Implementation Deed & Operations Manual Terms*” below.

## What is a social benefit bond (SBB)?

SBBs are financial investments that pay a return based on the performance of a social service provider in addressing a social problem. Under a SBB structure, a government engages the private sector to identify how savings can be made with respect to a particular program being provided. The SBB is structured such that the private sector funds (up front) a social program to deliver benefits that, if realised, are intended to:

- cover the cost of the social service provider;
- enable payment of a success dividend to investors; and
- deliver net savings to the government after the above payments.

A SBB is ordinarily structured so that the returns to investors are linked to the results achieved by the social program in which they invested (as determined by a measurement framework agreed between the parties).

## The scope of out-of-home care (OOHC) in NSW

The Benevolent Society SBB will focus on delivering support to families with identified child protection risks. The number of children in OOHC in NSW has risen from 12,700 in 2007 to 18,000 in 2012, equating to 1.13% of all children in NSW. Of this number, 35% were Aboriginal or Torres Strait Islander children.

The average cost of OOHC was estimated to be A\$38,000 per child per annum in 2012-13.<sup>1</sup> Less than one in ten of the highest risk families are offered an intensive support service like the Resilient Families intensive family support service (the “**Resilient Families Service**”) to be offered under The Benevolent Society SBB, leaving many families without enough support to ensure the safety and wellbeing of their children. As a result, in excess of 3,000 children in NSW per annum are removed from their families and placed in OOHC, a removal rate driving the rapid growth of total numbers in care and leaving many children disconnected from their families and cultures.

The Benevolent Society SBB will allow up to 400 additional Families to benefit from intensive family support services.

## Overview of the Resilient Families Service funded by The Benevolent Society SBB

The Benevolent Society SBB will provide funding for TBS’s Resilient Families Service. Through its Resilient Families Service, TBS will deliver intensive family support services over a period of five years to selected Families referred by the Department based on specified criteria. TBS will work with up to 400 Families that have

<sup>1</sup> Source: 2013-14 NSW Department of Family and Community Services Budget Paper.

In 2009, the Boston Consulting Group estimated that OOHC costs up to A\$66,000 per annum per child for family-based foster care or A\$303,000 per annum per young person in residential care.

resident children aged 5 years or younger (including unborn children) at risk of significant harm, as determined by the Department.

A mix of existing and new infrastructure, programs and professional staff will be utilised to deliver the Resilient Families Service, which will aim to reduce the incidence of the children of these families receiving child protection notifications, child safety investigations and entering OOH. The program is based on TBS's "Resilience Practice Framework" and has been informed by TBS's extensive experience in working with at-risk families as well as international evidence based programs including the Homebuilders® model from the United States of America.

The Resilient Families Service will utilise performance information supplied by the NSW Government to identify service strengths and areas for improvement.

#### How the Resilient Families Service assists families and children

- The Resilient Families Service design provides for an initial intensive intervention of 6 to 12 weeks, designed to address crises and build client trust. During this period TBS's Resilient Families Service staff will seek to comprehensively assess the Family's situation, and work with the Family to identify both immediate and longer term goals. From the start of contact, TBS's Resilient Families Service staff will aim to stabilise the family environment, address housing and debt problems (including through the use of discretionary funding), secure income support and provide safety planning where domestic violence is an issue.
- Once the crisis period has passed, the Resilient Families Service will target improvement in the Family's functioning and support networks and arrange for children to receive any specialist support they need.
- The Resilient Families Service then provides for up to 9 months additional support in order to embed sustained changes in behaviour, build family capacity to cope with future challenges and connect the Family with the wider community services network.
- The final component of the Resilient Families Service involves TBS's Resilient Families Service staff developing a schedule for check-ins following exit, offering the Family the opportunity to renew contact if problems re-emerge, and informing the Family that TBS will contact them again if advised by the Department of fresh child protection concerns.

#### Service locations

The Resilient Families Service will work with Families across two main regions – Region 1 and Region 2 (the "RFS Regions"). These can be identified using the map below:



where:

- "Region 1" includes the Eastern Sydney, Central Sydney, Burwood and Lakemba areas;
- "Region 2" includes the Bankstown, Campbelltown, Fairfield, Liverpool and Ingleburn areas; and
- "Region 3" includes the Auburn, Blacktown, Hawkesbury, Parramatta, Penrith, Mt Druitt, St Marys and St George areas

The Families who receive the Resilient Families Service (the "Intervention Group") can be drawn from local Department service areas (known as 'Community Services Centre areas') in either Region 1 or Region 2 depending on vacancies in the Resilient Families Service. The impact of the service on the Intervention Group children will be assessed with reference to a Control Group. The Control Group can be drawn from either of the two RFS Regions, or where no suitable comparison child can be identified within that region, also from an area in Region 3.

#### Participant Selection Process

The Department will refer eligible Families to TBS on notification of a vacancy. The whole Intervention Group family will be treated, but only the youngest child in each family will be measured for the performance of the service, and that youngest child may be an unborn child at the time of selection. This child is referred to in the measurement framework as the "Index Child".

A family may be referred to the Resilient Families Service if they have children that meet the following eligibility criteria:

- from a family in the appropriate RFS Region;
- parental responsibility remains with the resident parent or carer;
- aged five years and younger (including children in utero);

- subject of an open SARA<sup>2</sup> with “Safe with Plan” assessment;
- sexual abuse was not an issue identified in the SARA;
- there is no substantiated allegation of sexual abuse relating to a person who is currently resident in the home;
- there are no criminal proceedings relating to abuse or neglect of a child in respect of anyone resident in the home of the family; and
- their family is not already receiving a family support service similar to the Resilient Families Service.

### Control Group Selection Process

The Index Child will be matched with another child to form a Control Group. This process involves reviewing the Department’s database for similar children whose experience will be tracked and compared to that of the Index Child and identifying the best match (the “**Matched Child**”). The matching process will take into account elements such as:

- history of OOHC in the family;
- history of safety assessments;
- age of the child;
- the location where the family lives;
- family size; and
- whether the child’s family identifies as Aboriginal or Torres Strait Islander.

### Measurement of Performance

The returns to investors will be based on payments by the Department at the end of The Benevolent Society SBB. This is expected to be 5 years from the first referral to the Resilient Families Service (the first referral is currently expected to be made on 26 August 2013). There are a number of circumstances where The Benevolent Society SBB may be terminated earlier than 5 years and investors should refer to the section entitled “*Summary*” below for more detail.

Payments by the Department, and therefore the returns to investors, will be based on the performance of the program. Performance will be based on the Outcomes for the Intervention Group versus the Control Group over the period of the trial. The key performance measures for The Benevolent Society SBB will be by reference to the numbers of:

- entries into OOHC per Child (“**Entries**”);
- Helpline Reports (“**Reports**”); and
- SARAs (“**Assessments**”),

in each of the Intervention Group and the Control Group.

The measurement approach, described more fully below, will rely on NSW Government administrative data and the data and measurement process will be independently checked and certified.

### Measurement approach

Investors will be rewarded based on the Performance Percentage, which will be calculated as at the Measurement Date and certified by an independent third-party (“**Independent Certifier**”). The Measurement Date is expected to be 4 years and 9 months after the date of the first referral (but may be an earlier date in certain limited circumstances if the Implementation Deed is terminated). The data on which the Independent Certifier will base its calculation will be provided by the Department.

Children in the Intervention Group and the matched children in the Control Group will be allocated to an Annual Cohort. There will be four Annual Cohorts, one for each year of referrals. No new referrals will be accepted after year 4. Measurement for each child in the Intervention Group will usually commence from the point they are referred and end on the Measurement Date. Children in the Control Group will be measured from an equivalent date in the child protection / review cycle, and end at that date which allows an equivalent observation period (in days) to its matched Intervention Group child.

The “**Performance Percentage**” will be calculated by the Independent Certifier by reference to the simple average of the Improvement Percentage calculated for each Annual Cohort of referrals and their Matched Children (subject to adjustment for additional factors to mitigate the impact to Holders in the event that an Index Child cannot be matched (an “**Unmatched Child**”) or where the Department does not provide the guaranteed level of referrals), all as set out in section 6 of the Operations Manual.

The “**Improvement Percentage**” for an Annual Cohort will be calculated by the Independent Certifier by application of the following formula:

$$\text{Improvement Percentage} = (66\% \times \text{Entries}) + (17\% \times \text{Reports}) + (17\% \times \text{Assessments})$$

where, in summary, “**Entries**”, “**Reports**” and “**Assessments**” are each calculated as the aggregate frequency of the measure for the Control Group less the aggregate frequency of the measure for the Intervention Group, expressed as a percentage of the aggregate frequency of the measure for the Control Group (subject, amongst other things, to conditions for annual minimum numbers of entries to OOHC, Helpline Reports and SARAs on a state-wide basis, exclusions, measurement periods and period adjustments), all as set out in section 6 of the Operations Manual.

<sup>2</sup> An “open” SARA refers to circumstances where the Department has visited the family as a result of claims of potential or actual harm to the child and the case has not been closed.



# The Benevolent Society

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*The information in this section is a brief summary only of The Benevolent Society and its operations and does not purport to be, nor is it, complete. Investors should review, among other things, this Information Memorandum, the documents which are deemed to be incorporated in this Information Memorandum by reference and the documents available for inspection in connection with The Benevolent Society SBB when deciding whether to purchase any Bonds.*

## History

The Benevolent Society is Australia's first charity and is a not-for-profit and non-religious organisation.

In 1813, an association called The New South Wales Society for Promoting Christian Knowledge and Benevolence was formed to assist the needy. In 1818, that organisation was reconstituted as The Benevolent Society of New South Wales (the "**Society**") with the aim of "relieving the Poor, the Distressed, the Aged and Infirm". From its inception, the Society sought to improve the conditions of vulnerable people and was also the colony's leading advocate for social reform and government assistance.

In 1821, the Society's Benevolent Asylum was formally opened by Governor Macquarie to provide a place of refuge for needy people, which over time came to incorporate a hospital wing. In 1896, Sir Arthur Renwick, President of the Society, formed the Old Age Pensions League that successfully lobbied for the establishment of the first old age pension, introduced in Australia in 1901.

In 1901, a women's hospital, subsequently named Royal Hospital for Women in 1904, was opened by the Society in Paddington. The Society administered the hospital until the early 1990s when its operation was transferred to the NSW Government.

Throughout such crises as the 1893 Bank Crash, the First World War, the Pneumonic Influenza epidemic that followed it and The Great Depression of the 1930s, the Society was one of the State's foremost providers of services to those in need. It has continued in this role, serving children, women and the aged.

In 1998, the Benevolent Society of New South Wales Act 1902 (NSW), which constituted the Society as a statutory corporation, was repealed and the funds, assets, and liabilities of the statutory corporation were assumed by the Society, being a company registered under the Corporations Act.

On 4 April 2000, the Society changed its name to The Benevolent Society.

## Objects and purposes

The Benevolent Society is established as a charitable institution and is constituted to pursue charitable purposes.

The predominant objects for which the Society is established are to:

- raise funds for, and otherwise assist and support, programmes supporting;
- improve the economic, personal and social circumstances of; and
- by any appropriate means (including by training people), act as, and support and assist others to be, leaders in the provision of relief for,

people and communities in Australia who are disadvantaged, in need or vulnerable.

The profits (if any) or other income or property of the Society must be applied solely towards the promotion of these objects and purposes.

The Society's current aims are to help people change their lives through support and education, and to speak out for a just society where everyone thrives.

## Operations

As at 1 July 2013, the Society employed 990 staff. In the financial year ended 30 June 2012, the Society's total revenue exceeded A\$81 million and the organisation assisted over 60,000 clients.

The Society currently works predominantly in five key areas:

- community development;
- children and families;
- community aged care;
- mental health; and
- social leadership.

The Society has over 60 permanent bases in New South Wales and Queensland, and delivers consultancy, training and leadership programs in other Australian jurisdictions. TBS also offer post adoption advice and support nationally via its website and through telephone counselling services. The majority of the Society's services are delivered through outreach, either in clients' homes or in other community settings.

Selected historic financial information for the Society is set out in the section entitled "*Selected Financial Information*" below.

## Further information

Further information on The Benevolent Society (including full Annual Reports for the past six financial years and details with respect to its directors) and its operations can be found at its website [www.benevolent.org.au](http://www.benevolent.org.au).

## Selected Financial Information

*The information in this section has been extracted from the audited annual financial reports of The Benevolent Society for the financial years ended 30 June 2012, 30 June 2011, 30 June 2010, 30 June 2009 and 30 June 2008. It is a brief summary only of selected historic financial information for The Benevolent Society and does not purport to be, nor is it, complete. Copies of the 2012, 2011, 2010, 2009 and 2008 annual reports for The Benevolent Society can be found at its website [www.benevolent.org.au](http://www.benevolent.org.au).*

### Selected information from the Statement of Income for a year ended 30 June in each year from 2008 to 2012

	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
Total revenue	81,748	76,610	60,205	50,436	47,292
Total expenses from continuing operations	(80,431)	(74,850)	(56,731)	(52,471)	(46,942)
Surplus (deficit) before tax	1,317	1,760	3,474	(2,035)	350
Income tax expense	-	-	-	-	-
Surplus (deficit) from continuing operations	1,317	1,760	3,474	(2,035)	350
Surplus (deficit) from discontinued operations	1,788	282	182	(131)	(1,295)
Surplus (deficit) for the year	3,105 <sup>1</sup>	2,042	3,656	(2,166)	(945)

<sup>1</sup> The net surplus for the financial year ended 30 June 2012 resulted from the sale of Sans Souci Gardens Hostel and interest on subordinated and deeply subordinated notes in GoodStart, as well as a surplus from continuing operations.

### Selected information from the Balance Sheet as at 30 June in each year from 2008 to 2012

	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
<b>Assets</b>					
Total current assets	27,437	37,260	18,845	18,332	21,992
<b>Non-current assets</b>					
Receivables	6,695	5,822	5,000	-	100
Property plant and equipment	35,753	36,172	38,292	34,893	35,278
Other financial assets	40,321	36,902	49,506	45,087	51,393
Total assets	110,206	116,156	111,643	98,312	108,763
Total liabilities	(19,155)	(27,456)	(24,521)	(17,690)	(23,933)
Net assets	91,051	88,700	87,122	80,622	84,830
Total Society Funds	91,051	88,700	87,122	80,622	84,830

## Summary

*The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum (including any document incorporated by reference) and, in particular, in relation to any Bonds, the applicable Conditions, the Bond Deed Poll, the Issue Supplement and the Early Benevolent Donation Deed Poll. A term used below but not otherwise defined has the meaning given to it in the Conditions or in the section entitled “Glossary of Implementation Deed & Operations Manual Terms” below.*

<b>Trust</b>	The Benevolent Society Social Benefit Trust No 1 (ABN 90 243 235 502).
<b>Issuer</b>	Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee of the Trust.
<b>Manager</b>	The Benevolent Society (ABN 95 084 695 045).
<b>Services Subcontractor</b>	The Benevolent Society (ABN 95 084 695 045).
<b>Security Trustee</b>	P.T. Limited (ABN 67 004 454 666) as trustee of The Benevolent Society Social Benefit Security Trust No 1.
<b>Joint Lead Managers</b>	Commonwealth Bank of Australia (ABN 48 123 123 124). Westpac Banking Corporation (ABN 33 007 457 141).
<b>Registrar</b>	Initially, the Issuer or, subsequently, such other person appointed by the Issuer under an Agency Agreement to perform registry functions and establish and maintain a Register (as defined below) on the Issuer’s behalf from time to time (“ <b>Registrar</b> ”).
<b>Issuing &amp; Paying Agent</b>	Initially, the Issuer or, subsequently, such other person appointed by the Issuer under an Agency Agreement to act as issuing or paying agent on the Issuer’s behalf from time to time (“ <b>Issuing &amp; Paying Agent</b> ”).
<b>Agents</b>	Each of the Registrar, Issuing & Paying Agent and any other person appointed by the Issuer to perform other agency functions with respect to any class of Bonds (together, the “ <b>Agents</b> ”).
<b>Classes of Bonds</b>	<p>The Bonds will be issued in two classes:</p> <p><i>Class P Bonds:</i> Senior, performance-based secured bonds; and</p> <p><i>Class E Bonds:</i> Subordinated, principal ‘at risk’, performance-based secured bonds.</p> <p>Payments of amounts in respect of each class of Bonds will depend upon an assessment of the delivery of the Outcomes. The Services which are intended to deliver the Outcomes are set out in the Implementation Deed. The performance of the Services will be undertaken in full by the Services Subcontractor pursuant to the Services Agreement.</p>
<b>Form of Bonds</b>	Bonds will be issued in registered form and will be debt obligations of the Issuer which are constituted by, and owing under, the Bond Deed Poll. Bonds take the form of entries in a register (“ <b>Register</b> ”) maintained by the Registrar. No certificates will be issued to Holders unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.
<b>Status and ranking</b>	<p><i>Class P Bonds:</i> Limited recourse, unsubordinated and second secured obligations of the Issuer, ranking equally among themselves and at least equally with all other unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.</p> <p><i>Class E Bonds:</i> Limited recourse, subordinated and second secured obligations of the Issuer, ranking equally among themselves and subordinate to the Class P Bonds and subordinate to all other unsubordinated obligations of the Issuer, including liabilities mandatorily preferred by law.</p>

<b>Security</b>	<p>The repayment obligations of the Issuer in respect of each class of Bonds will be secured by a second ranking security granted by the Issuer over the assets of the Trust. The Issuer has granted a first ranking security over the assets of the Trust in favour of the Department for such amounts as may be owing by the Issuer to the Department under the Implementation Deed. Further details of the first and second ranking securities, and the regulation of priorities for payments of amounts recovered upon the enforcement of them are set out in the section entitled “<i>Transaction Structure &amp; Key Documents – Priority arrangements</i>” below.</p> <p>The distribution of amounts recovered by the Security Trustee upon any enforcement of its second ranking security will be made in accordance with the Trust Fund Allocation Methodology set out in the Issue Supplement, with the holders of Class P Bonds entitled to payment of amounts owing under the Class P Bonds in priority to the entitlement of holders of Class E Bonds to payment of amounts owing under the Class E Bonds.</p>																
<b>Limited recourse</b>	<p>The assets available to the Issuer to be applied to the payment or repayment of amounts owing on the Bonds are limited to the assets of the Trust.</p> <p>The distribution of assets of the Trust available for distribution to the Holders prior to any enforcement of the first or second ranking securities will be made in accordance with the Trust Fund Allocation Methodology set out in the Issue Supplement, with the holders of Class P Bonds entitled to payment of amounts owing under the Class P Bonds in priority to the entitlement of holders of Class E Bonds to payment of amounts owing under the Class E Bonds.</p>																
<b>Denomination</b>	<p>Bonds will be issued in the single denomination of A\$50,000 per Bond.</p> <p>Investors should note the issue and transfer restrictions for the Bonds, including, without limitation, those set out under Conditions 1.3 and 9.3.</p>																
<b>Aggregate issue amount</b>	<p><i>Class P Bonds:</i> A\$7,500,000.</p> <p><i>Class E Bonds:</i> A\$2,500,000.</p>																
<b>Issue Date</b>	26 August 2013.																
<b>Redemption Date</b>	<p>26 August 2018 (5 years), subject to early redemption in certain circumstances following an Early Termination Event.</p> <p>As the scheduled redemption date of 26 August 2018 is not a Business Day, payments of amounts due and payable on the Bonds on their scheduled maturity date will be paid on the next following Business Day, being 27 August 2018.</p>																
<b>Assessment of Performance Level and Annual Review</b>	<p>The “<b>Performance Level</b>” applicable to payments on each class of the Bonds will be subject to calculation by the Independent Certifier (an independent third-party), with the determination period commencing either (i) where the Implementation Deed proceeds to term, 4 years and 9 months after the Referral Date or (ii) on the date that the Implementation Deed is terminated due to an Early Termination Event. Each Performance Level depends upon the assessed Performance Percentage (as described in the section entitled “<i>The Benevolent Society SBB – Measurement approach</i>” above) with the following measures to apply:</p> <table> <tr> <th><i>Performance Percentage:</i></th><th><i>Performance Level:</i></th></tr> <tr> <td>&lt;5%</td><td>Fail</td></tr> <tr> <td>≥5% &lt;15%</td><td>Baseline</td></tr> <tr> <td>≥15% &lt;20%</td><td>Good 1</td></tr> <tr> <td>≥20% &lt;25%</td><td>Good 2</td></tr> <tr> <td>≥25% &lt;35%</td><td>Good 3</td></tr> <tr> <td>≥35% &lt;40%</td><td>Good 4</td></tr> <tr> <td>≥40%</td><td>Out-Performance</td></tr> </table> <p>At the beginning of each financial year commencing 1 July, the Department and the</p>	<i>Performance Percentage:</i>	<i>Performance Level:</i>	<5%	Fail	≥5% <15%	Baseline	≥15% <20%	Good 1	≥20% <25%	Good 2	≥25% <35%	Good 3	≥35% <40%	Good 4	≥40%	Out-Performance
<i>Performance Percentage:</i>	<i>Performance Level:</i>																
<5%	Fail																
≥5% <15%	Baseline																
≥15% <20%	Good 1																
≥20% <25%	Good 2																
≥25% <35%	Good 3																
≥35% <40%	Good 4																
≥40%	Out-Performance																

	Issuer will undertake a review of the performance of the Implementation Deed (“ <b>Annual Review</b> ”), which will include (among other things) a review of the performance of the Services and progress in delivery of the Outcomes for the Intervention Group during the year under review. A summary of the results of each Annual Review will be communicated to Holders on a commercial-in-confidence basis.																								
Interest	<p>Interest (if any) on each class of Bonds will be paid on the Redemption Date for the Bonds in arrear.</p> <p>The Bonds will bear the following annual compounding interest rates associated with performance:</p> <table><tr><th><i>Performance Level: (Performance Percentage)</i></th><th><i>Class P Bonds:</i></th><th><i>Class E Bonds:</i></th></tr><tr><td>Fail (<math>&lt;5\%</math>)</td><td>0% p.a.</td><td>0% p.a.</td></tr><tr><td>Baseline (<math>\geq 5\% &lt; 15\%</math>)</td><td>5% p.a.</td><td>8% p.a.</td></tr><tr><td>Good 1 (<math>\geq 15\% &lt; 20\%</math>)</td><td>6% p.a.</td><td>10.5% p.a.</td></tr><tr><td>Good 2 (<math>\geq 20\% &lt; 25\%</math>)</td><td>7% p.a.</td><td>15% p.a.</td></tr><tr><td>Good 3 (<math>\geq 25\% &lt; 35\%</math>)</td><td>8% p.a.</td><td>20% p.a.</td></tr><tr><td>Good 4 (<math>\geq 35\% &lt; 40\%</math>)</td><td>9% p.a.</td><td>25% p.a.</td></tr><tr><td>Out-Performance (<math>\geq 40\%</math>)</td><td>10% p.a.</td><td>30% p.a.</td></tr></table>	<i>Performance Level: (Performance Percentage)</i>	<i>Class P Bonds:</i>	<i>Class E Bonds:</i>	Fail ( $<5\%$ )	0% p.a.	0% p.a.	Baseline ( $\geq 5\% < 15\%$ )	5% p.a.	8% p.a.	Good 1 ( $\geq 15\% < 20\%$ )	6% p.a.	10.5% p.a.	Good 2 ( $\geq 20\% < 25\%$ )	7% p.a.	15% p.a.	Good 3 ( $\geq 25\% < 35\%$ )	8% p.a.	20% p.a.	Good 4 ( $\geq 35\% < 40\%$ )	9% p.a.	25% p.a.	Out-Performance ( $\geq 40\%$ )	10% p.a.	30% p.a.
<i>Performance Level: (Performance Percentage)</i>	<i>Class P Bonds:</i>	<i>Class E Bonds:</i>																							
Fail ( $<5\%$ )	0% p.a.	0% p.a.																							
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Good 4 ( $\geq 35\% < 40\%$ )	9% p.a.	25% p.a.																							
Out-Performance ( $\geq 40\%$ )	10% p.a.	30% p.a.																							
Principal repayment on redemption	<p><i>Class P Bonds:</i> Repayment of outstanding principal amount of each Class P Bond.</p> <p><i>Class E Bonds:</i> Repayment of outstanding principal amount of each Class E Bond, provided that if the Performance Level is, at redemption, assessed at “Fail”, then the right of repayment is limited to the assets of the Trust available (if any) (i.e. the ability of the Issuer to repay principal on the Class E Bonds will be dependent upon its ability to deliver the Outcomes at a Performance Level at or above “Baseline”, otherwise Holders of Class E Bonds may not receive any repayment of principal on the Class E Bonds).</p> <p>The amount of the Outcome Payment to be received by the Issuer from the Department under the Implementation Deed will vary depending upon whether the Implementation Deed proceeds to term or, if it is terminated upon the occurrence of an Early Termination Event, the type of the Early Termination Event upon which the termination is enforced.</p> <p>If:</p> <ul style="list-style-type: none"><li>the Department terminates the Implementation Deed by reference to a Termination for Cause, and the circumstances giving rise to that termination were by the acts, omissions or circumstances of the Services Subcontractor;</li><li>the Performance Level is finally assessed at a “Fail” level; and</li><li>following the satisfaction of prior ranking amounts, the assets of the Trust are insufficient for the Issuer to repay the outstanding principal amount of any Class E Bond in full (the amount of any such shortfall, the “<b>Class E Principal Shortfall Amount</b>”),</li></ul> <p>then in such circumstances, the Services Subcontractor has undertaken in the Services Agreement to pay to the Issuer the Class E Principal Shortfall Amount up to a maximum liability amount of A\$2.5 million. If any such Class E Principal Shortfall Amount is paid to the Issuer, that amount will become an asset of the Trust and will be distributed in accordance with the Trust Fund Allocation Methodology as set out in the Issue Supplement.</p>																								

<b>Benevolent Donation Options</b>	<p>A Holder may, in respect of a Bond held by that Holder and at any time prior to the Redemption Date, elect that:</p> <ul style="list-style-type: none"> <li>on any date during the Early Donation Period nominated by the Holder, the Bond is transferred to TBS in connection with a donation made by the Holder to TBS ("<b>Early Benevolent Donation</b>"); or</li> <li>as at the Redemption Date: <ul style="list-style-type: none"> <li>all of the outstanding principal amount of, and all of the interest (if any) payable on, the Bond ("<b>Redemption Date Benevolent Donation (All Amounts)</b>"); or</li> <li>part only of the principal amount of the Bond ("<b>Redemption Date Benevolent Donation (Part Principal)</b>"); and/or</li> <li>all or part only of the interest (if any) payable on the Bond ("<b>Redemption Date Benevolent Donation (Interest)</b>"),</li> </ul> </li> </ul> <p>be donated by the Holder to TBS,</p> <p>together, the "<b>Benevolent Donation Options</b>", all as set out under Condition 7 of each class of the Bonds.</p> <p>Any election by a Holder of a Benevolent Donation Option in respect of a Bond must be made by delivery by the Holder to the Issuer of a duly completed and signed Benevolent Donation Notice.</p> <p>For an Early Benevolent Donation to be made in respect of a Bond, under the applicable Benevolent Donation Notice the Holder will irrevocably offer to (1) transfer the Bond to TBS for a transfer price equal to the outstanding principal amount of the Bond, (2) donate an amount equal to that transfer price to TBS and (3) direct that, on the Early Donation Date, the transfer price payable by TBS to the Holder be set off against the donation payable by the Holder to TBS in full satisfaction of each such payment obligation. TBS has, pursuant to an Early Benevolent Donation Deed Poll dated 2 August 2013 ("<b>Early Benevolent Donation Deed Poll</b>"), undertaken that it will accept any such offer from a Holder during the Early Donation Period.</p> <p>Where a Holder makes a Redemption Date Benevolent Donation (All Amounts), a Redemption Date Benevolent Donation (Part Principal) or a Redemption Date Benevolent Donation (Interest) in respect of any Bond, a condition of any such election is that that the Holder will agree not to transfer, sell or otherwise deal with the Bond at any future time without the prior written consent of TBS (acting in its absolute discretion).</p> <p><b>Investors should obtain their own taxation, stamp duty and other revenue advice regarding any Benevolent Donation Option election.</b></p>
<b>Early Termination Events</b>	<p>An Early Termination Event shall occur at any time that the Implementation Deed is terminated prior to its scheduled term.</p> <p>All of the Bonds of each class will be redeemed in circumstances where an Early Termination Event has occurred. There are no other circumstances in which the Bonds are to be redeemed early by the Issuer and no other default events apply to the Bonds.</p> <p>In summary, the Implementation Deed may be terminated prior to its scheduled term:</p> <ul style="list-style-type: none"> <li>by the Department, at any time, for convenience and without cause ("<b>Termination for Convenience</b>");</li> <li>by the Department, at any time with immediate effect, for cause: <ul style="list-style-type: none"> <li>for material or recurring breach of the Implementation Deed by the Issuer;</li> <li>for material breach of the Services Agreement by the Services Subcontractor;</li> <li>upon the insolvency or winding-up of the Issuer or the Services Subcontractor;</li> <li>upon the abandonment, or cessation or substantial cessation, of the Services by the Issuer or the Services Subcontractor;</li> <li>if the Services Agreement is terminated;</li> </ul> </li> </ul>

- if there is a change of control of the Issuer or the Services Subcontractor which the Department reasonably considers will have an adverse impact on the performance of the Services or delivery of the Outcomes;
- where the Department determines there is a conflict of interest that affects the Issuer and that conflict cannot be managed;
- where there is an acceleration of the repayment of the principal amount of the Bonds;
- where certain transaction documents are amended (without the consent of the Department) or are declared invalid or unenforceable;
- in any year, the Issuer fails to make the required number of requests for referrals of Families to the Services and fails to show cause to the Department's reasonable satisfaction why the Implementation Deed should continue; or
- without the Department's consent, the Issuer is replaced as trustee of the Trust,

(each a "**Termination for Cause**");

- by the Issuer, at any time with immediate effect, for material breach of the Implementation Deed by the Department ("**Termination for Department Default**");
- by:
  - either the Department or the Issuer if a force majeure event occurs that has the result that the affected party fails to perform all or substantially all of its obligations under the Implementation Deed for more than 3 months; or
  - the deemed satisfaction of the above conditions where a force majeure event occurs that has the result that the Services Subcontractor fails to perform all or substantially all of its obligations under the Services Agreement for more than 3 months (as provided under the Priority Deed dated 2 August 2013 between the Issuer, the Department and the Security Trustee ("**Priority Deed**")),

(each a "**Termination upon Force Majeure Event**"); or

- by the Issuer if there is:
  - a future change of tax law which has a materially adverse impact on the amount of tax that the Issuer is required to pay under the Implementation Deed; or
  - a future change of any law which has or is likely to have a materially adverse impact on the Issuer's reasonably expected financial return on the performance of the Implementation Deed in accordance with its terms,

(each a "**Termination for Change in Law**").

all as more particularly described and defined in the Implementation Deed and the Services Agreement (including as to applicable grace and notice periods and limited remedy provisos).

In addition, under the Priority Deed, the Department has agreed with the Issuer and the Security Trustee that where there has been:

- a material breach of the Services Agreement by the Services Subcontractor; or
- an abandonment, or cessation or substantial cessation, of the Services by the Issuer or the Services Subcontractor,

in respect of which the Department has not terminated the Implementation Deed, the Department will not waive that default event without the prior consent of the Issuer and the Security Trustee and will exercise its termination rights in respect of that default event upon written direction from the Issuer and the Security Trustee.

<b>Implementation Deed proceeds to term</b>	<p>If the Implementation Deed proceeds to term, it is expected that the Outcome Payment to be received by the Issuer under the Implementation Deed will enable:</p> <ul style="list-style-type: none"> <li>the outstanding principal amount for both classes of Bonds to be repaid (in the case of the Class E Bonds, subject as summarised under “<i>Principal repayment on redemption</i>” above); and</li> <li>interest to be paid on both classes of Bonds for an accrual period of 5 years, subject to delivery of the Outcomes at a Performance Level at or above “Baseline”.</li> </ul>
<b>Termination for Convenience</b>	<p>In the event there is a Termination for Convenience, it is expected that the Outcome Payment to be received by the Issuer under the Implementation Deed will enable:</p> <ul style="list-style-type: none"> <li>the outstanding principal amount for both classes of Bonds to be repaid (in the case of the Class E Bonds, subject as summarised under “<i>Principal repayment on redemption</i>” above); and</li> <li>interest to be paid on both classes of Bonds for a deemed accrual period of 5 years (irrespective of date of termination, and undiscounted), subject to delivery of the Outcomes up to the date of the termination at a Performance Level at or above “Baseline”.</li> </ul>
<b>Termination for Cause</b>	<p>In the event there is a Termination for Cause, it is expected that the Outcome Payment to be received by the Issuer under the Implementation Deed will enable:</p> <ul style="list-style-type: none"> <li>the outstanding principal amount of the Class P Bonds to be repaid by the Issuer, with:</li> <li>the repayment of the outstanding principal amount of the Class E Bonds to depend upon there being sufficient assets of the Trust available (including any Class E Principal Shortfall Amount that is recovered by the Issuer and subject also as summarised under “<i>Principal repayment on redemption</i>” above); and</li> <li>interest entitlements for both classes of Bonds to be based on an accrual period from (and including) the Issue Date to (but excluding) the termination date for the Implementation Deed and assessed on the delivery of the Outcomes up to the date of the termination at the appropriate Performance Level.</li> </ul>
<b>Termination for Department Default</b>	<p>In the event there is a Termination for Department Default, it is expected that the Outcome Payment to be received by the Issuer under the Implementation Deed will enable:</p> <ul style="list-style-type: none"> <li>the outstanding principal amount for both classes of Bonds to be repaid (in the case of the Class E Bonds, subject as summarised under “<i>Principal repayment on redemption</i>” above); and</li> <li>interest to be paid on both classes of Bonds to be based on an accrual period from (and including) the Issue Date to (but excluding) the applicable Payment Date and assessed on the delivery of the Outcomes up to the date of the termination at a Performance Level at or above “Good 2”.</li> </ul>
<b>Termination upon Force Majeure Event or Termination upon Change in Law</b>	<p>In the event there is a Termination upon Force Majeure Event or Termination upon Change in Law, it is expected that the Outcome Payment to be received by the Issuer under the Implementation Deed will enable:</p> <ul style="list-style-type: none"> <li>the outstanding principal amount for both classes of Bonds to be repaid (in the case of the Class E Bonds, subject as summarised under “<i>Principal repayment on redemption</i>” above); and</li> <li>interest to be paid on both classes of Bonds to be based on an accrual period from (and including) the Issue Date to (but excluding) the applicable Payment Date and assessed on the delivery of the Outcomes up to the date of the termination at a Performance Level at or above “Baseline” if the termination occurs within 18 months of the Referral Date.</li> </ul>
<b>Selling and transfer restrictions</b>	<p>The Bonds may only be issued or transferred to Australian residents who are not acting through a permanent establishment outside Australia. Certain restrictions on the offer, sale, delivery or transfer of Bonds in Australia are set out in the applicable Conditions. The Bonds may not be issued or transferred to non-Australian residents or Australian residents acting through a permanent establishment outside Australia.</p>

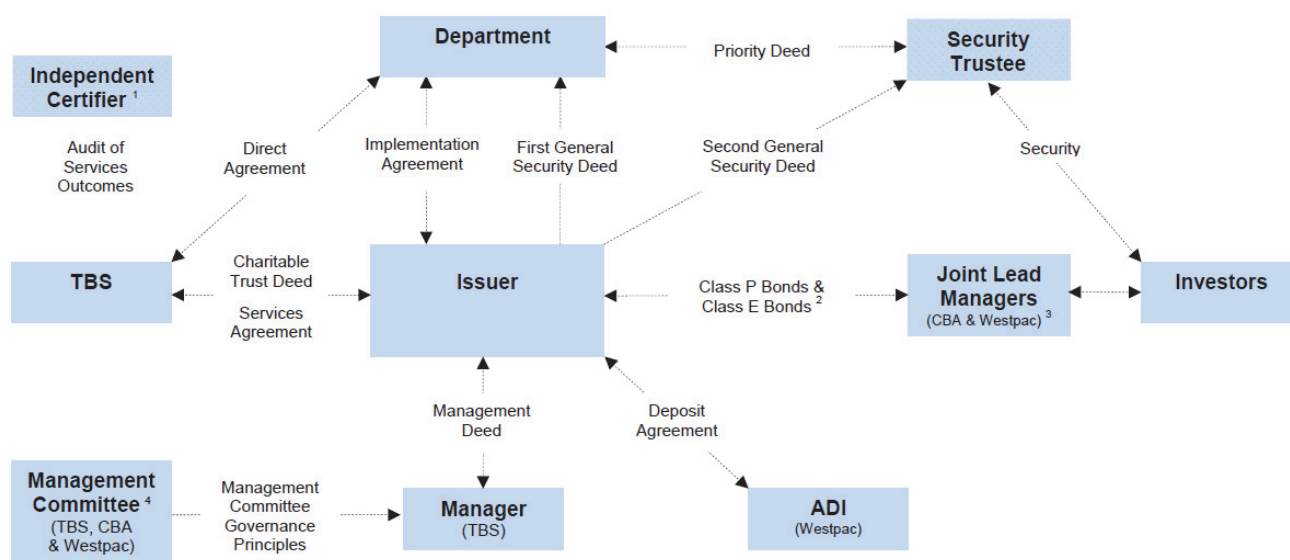


<b>Clearing System</b>	Bonds are intended to be traded on the clearing and settlement system operated by Austraclear Ltd (ABN 94 002 060 773) (" <b>Austraclear System</b> ").
<b>Title</b>	Title to Bonds passes when details of the transfer are entered in the Register. Bonds which are held in the Austraclear System will be registered in the name of Austraclear Ltd (ABN 94 002 060 773).
<b>Transfer procedure</b>	Bonds may only be transferred in whole and in accordance with the Conditions. Transfers of Bonds held in the Austraclear System will be made in accordance with the rules and regulations of the Austraclear System.
<b>Taxes and stamp duty</b>	<p>The Bonds do not provide for any additional amounts to be paid in respect of any withholdings or deductions from amounts payable on the Bonds that may be required by law.</p> <p><b>Investors should obtain their own taxation, stamp duty and other revenue advice regarding an investment in any Bonds.</b></p>
<b>Listing</b>	The Bonds will not be listed or quoted on any stock or securities exchange.
<b>Rating</b>	Neither the Issuer nor the Bonds have been or will be rated by any credit ratings agency.
<b>Governing law</b>	The Bonds, the Bond Deed Poll the Issue Supplement, and the Early Benevolent Donation Deed Poll and all related documentation will be governed by the laws of New South Wales, Australia.

# Transaction Structure & Key Documents

## Structure overview

The diagram below provides an overview of the corporate and security structure of The Benevolent Society SBB.



<sup>1</sup> The Independent Certifier is to be appointed by the Issuer in accordance with the Implementation Deed.

<sup>2</sup> The documentation for the Bonds includes the Conditions, the Bond Deed Poll, the Issue Supplement and the Early Benevolent Donation Deed Poll.

<sup>3</sup> The Lead Managers will enter into a Subscription Agreement for the Bonds with the Trustee and the Manager.

<sup>4</sup> The Management Committee Members will be appointed under the Conflicts Management Co-ordination Agreement, to which the Management Committee Governance Principles will be a schedule.

A further description of the cash flows and amounts for The Benevolent Society SBB is set out under “*Source and use of funds*” below. The main transaction documents referred to in the above diagram have been identified and are defined and further described under “*Key Documents*” below.

## Description of the Trust

The Trust is a special purpose trust established for the purposes of The Benevolent Society SBB. The sole member of the Trust is TBS.

The Trust is established and must be maintained exclusively for public charitable purposes. The core purposes of the Trust are:

- through the trial of a pilot social benefit bond, to raise funds for, and otherwise assist and support, children and families in communities in New South Wales who are disadvantaged, in need or vulnerable;
- for the outcomes to further an improvement of the economic, personal and social circumstances of children and families in communities in New South Wales who are disadvantaged, in need or vulnerable; and
- to provide the services as an appropriate means for the Trust and the subcontractor of the services to be provided under the Implementation Deed to act as, and support and assist others to be, leaders in the provision of relief for children and families in communities in New South Wales who are disadvantaged, in need or vulnerable.

## Conflicts management

Certain material rights, discretions, actions and determinations relating to key issues that are to be exercised, performed or made by the Manager or the Issuer (by direction of the Manager) in relation to the Trust (the “**Reserved Matters**” as set out in the Issue Supplement), and in respect of which the Manager’s interests may be in conflict with those of the Holders, will be subject to a review procedure.

A review of a Reserved Matter (a “**Review**”) will be undertaken by a committee (the “**Management Committee**”) comprising TBS and a representative from, or related to, each of CBA and Westpac (together, the “**Management Committee Members**”), and which is governed in accordance with agreed principles. The Management Committee

Members are appointed under the Conflicts Management Co-ordination Agreement (as described under “Key documents” below).

The outcome of each Review will be binding on the Manager, and the Manager may be irrevocably directed and bound to (or not to) exercise certain rights and/or perform and discharge certain obligations to the Trust (including by the Manager directing the Issuer) without any ability to exercise its own discretion.

In performing its role as a member of the Management Committee, CBA and Westpac, and any of their respective nominees acting at any time as a Management Committee Member:

- is not liable to any person for any loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right, obligation or remedy under the Conflicts Management Co-ordination Agreement or for any determination it makes, or does not make, as a Management Committee Member;
- is not a trustee for the benefit of, is not a partner of and does not have a fiduciary duty to, or other fiduciary relationship with, the Issuer, the Manager, the Trust, the Holders or any other person; and
- is not obliged at any time to monitor, or make any investigation in relation to, the Manager in respect of its performance of its role as manager of the Trust.

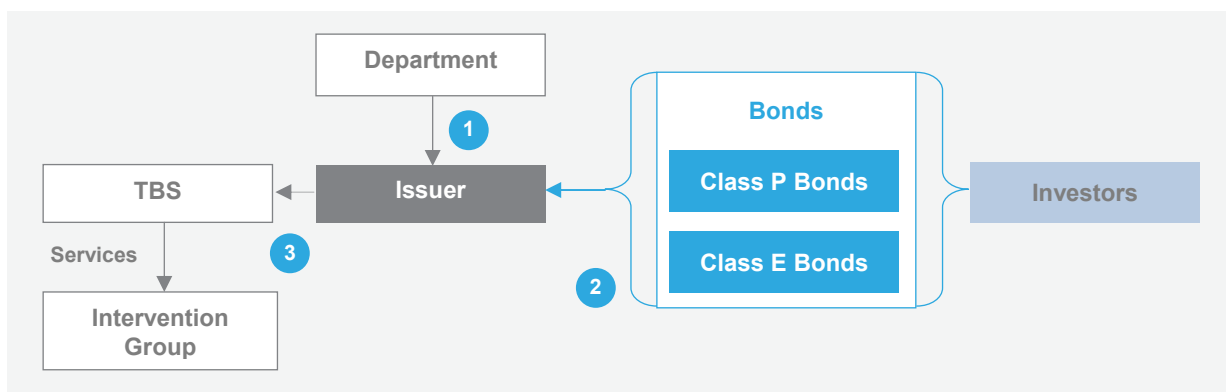
### Source and use of funds

Pursuant to the Implementation Deed, on or before the Referral Date the Department will provide an upfront standing charge of A\$5.75 million (“**Standing Charge**”) to facilitate the establishment of the program for the Resilient Families Services (shown at item 1 in the diagram below).

Investors in the Bonds will subscribe for A\$7.5 million of the Class P Bonds and A\$2.5 million of the Class E Bonds, for an aggregate issue size for the Bonds of A\$10 million (“**Bond Issue Proceeds**”) (shown at item 2 in the diagram below).

The Standing Charge and the Bond Issue Proceeds will be held in cash as a deposit with an account bank (the “**Account Bank**”, initially Westpac Banking Corporation) for the term of the Implementation Deed (or may be deposited or invested in certain other “Authorized Investments”).

The Services Subcontractor will provide the Services to the Intervention Group families over 5 years, drawing the Bond Issue Proceeds (subject to drawdown limits and in accordance with pre-defined criteria) to pay for the Services (shown at item 3 in the diagram below). The Issuer will pay the Services Subcontractor monthly instalments of A\$166,667 (excl. GST) in consideration of the Services Subcontractor undertaking to provide the Services under the Services Agreement.



Upon termination of the Implementation Deed, the Department will be required to pay to the Issuer an Outcome Payment (in an amount that depends on the circumstances in which the Outcome Payment becomes payable and subject to the assessment of the Performance Level) at such time as the Implementation Deed terminates (whether as a result of the Implementation Deed proceeding to term or an Early Termination Event). The Outcome Payment will be based upon the Outcomes achieved and investors in the Bonds will be paid principal and interest (if any) in accordance with the applicable Conditions.

If an Early Termination Event occurs, against the Department making the Outcome Payment, the Issuer will pay to the Department the Remaining Standing Charge, where:

“**Remaining Standing Charge**” or “**RSC**” means the amount calculated by the following formula:

$$RSC = SC \times \left( \frac{1 - v^{(60 - T)}}{1 - v^{60}} \right)$$

where

**SC** = A\$5,750,000 (being the Standing Charge as set out in Part A of Schedule 3 to the Implementation Deed);

**v** =  $1 / (1 + (0.0371/12))$ ; and

**T** = the number of days elapsed from (and including) the Referral Date to (but excluding) the Payment Date, converted to months by dividing by 30.42 (being (365/12)).

In addition, depending upon the assessed Performance Level, the members of the Consortium may receive a performance payment which will constitute the remaining amount (if any) of the applicable Outcome Payment after all amounts payable on the Bonds, and any other amounts payable in connection with the Trust, have been satisfied in full.

### Priority arrangements

The distribution of:

- amounts recovered by the Security Trustee upon any enforcement of the Second General Security Deed; and
- assets of the Trust available for distribution to the Holders prior to any enforcement of the First General Security Deed or the Second General Security Deed

will be made in accordance with the Trust Fund Allocation Methodology set out in the Issue Supplement, with the holders of Class P Bonds entitled to payment of amounts owing under the Class P Bonds in priority to the entitlement of holders of Class E Bonds to payment of amounts owing under the Class E Bonds.

Under the Priority Deed, the Department and the Security Trustee have agreed that the payment of amounts secured at any time under either of the First General Security Deed and the Second General Security Deed shall rank in the following order of priority:

- first, to the Department for all amounts owing, or contingently owing, in respect of (1) the Remaining Standing Charge and (2) any other amount owing (A) to the Department under, or in connection with, the Implementation Deed for which a corresponding amount has been received by, or duly paid to, the Issuer that is so received or paid in compensation for the amount owing to the Department, and (B) to the Department or any receiver in respect of costs, charges and expenses (“**Costs**”) in acting in connection with the First General Security Deed and the Implementation Deed, including (among other things) in enforcing or preserving rights thereunder, and, in each case, secured at any time under the First General Security Deed;
- secondly, (1) all amounts owing, or contingently owing, in respect of the repayment of principal, and all amounts of interest due and payable, on the Class P Bonds and (2) any other amount owing to any receiver appointed in accordance with the Security Trust Deed, for its remuneration, Costs and fees, the Security Trustee for its Costs and other amounts due to it for its own account in connection with its role as security trustee, and the Trustee for its Costs and other amounts due to it for its own account in connection with its role as trustee of the Trust, and, in each case secured under the Second Security;
- thirdly, all other amounts secured at any time under the First General Security Deed; and
- fourthly, all other amounts secured at any time under the Second General Security Deed (which will include all amounts owing, or contingently owing, in respect of the repayment of principal, and all amounts of interest due and payable, on the Class E Bonds),

all as more fully set out in the Priority Deed.

### Key Documents

The main transaction documents under The Benevolent Society SBB are as follows:

<b>Charitable Trust Deed</b>	Charitable Trust Deed of The Benevolent Society Social Benefit Trust No 1 dated 12 June 2013 between (among others) the Issuer and the Manager, establishing the Trust.
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<b>Management Deed</b>	The Benevolent Society Social Benefit Trust No 1 Management Deed dated 2 August 2013 between the Issuer and the Manager, relating to the management of the Trust.
<b>Conflicts Management Co-operation Agreement</b>	Conflicts Management Co-operation Agreement to be dated on or about the date of the Issue Supplement between the Management Committee Members, relating to the establishment of the Management Committee and the implementation of the “Management Committee Governance Principles” in connection with certain key issues where the Manager’s interests may be in conflict with those of the Holders.
<b>First General Security Deed</b>	The Benevolent Society Social Benefit Trust No 1 First General Security Deed dated 12 June 2013 between the Issuer and the Department, granting a first ranking security over the assets of the Trust in favour of the Department.
<b>Security Trust Deed</b>	The Benevolent Society Social Benefit Trust No 1 Security Trust Deed dated 12 June 2013 between the Issuer, the Manager and the Security Trustee, establishing a security trust for the benefit of (among others) the Holders.
<b>Second General Security Deed</b>	The Benevolent Society Social Benefit Trust No 1 Second General Security Deed dated 12 June 2013 between the Issuer, the Manager and the Security Trustee, granting a second ranking security interest over the assets of the Trust in favour of the Security Trustee.
<b>Priority Deed</b>	Priority Deed dated on or about 2 August 2013 between the Issuer, the Department and the Security Trustee, regulating the priority of enforcements and other related matters as between the First General Security Deed and the Second General Security Deed.
<b>Implementation Deed</b>	Deed of Implementation Agreement dated 13 June 2013 between the Department and the Issuer, including the Operations Manual, providing the framework for The Benevolent Society SBB as further described in the section entitled “ <i>The Benevolent Society SBB</i> ” above.
<b>Services Agreement</b>	Services Agreement for TBS Social Benefit Bond Pilot dated 2 August 2013 between the Issuer and the Services Subcontractor, relating to the provision of the Services by the Services Subcontractor to the Issuer.
<b>Direct Agreement</b>	TBS Social Benefit Bond Pilot Direct Agreement dated on or about 2 August 2013 between the Department and the Services Subcontractor, providing for certain direct rights and obligations of the Department and the Services Subcontractor as between themselves.
<b>Deposit Agreement</b>	The deposit agreement between the Issuer and Westpac Banking Corporation relating to the deposit of the Standing Charge and Bond Issue Proceeds.
<b>Information Memorandum</b>	This Information Memorandum, which sets out the Conditions for each class of Bonds.
<b>Bond Deed Poll</b>	SBB Deed Poll dated 2 August 2013 made by the Issuer, constituting the Bonds and setting out limited recourse provisions, meetings provisions and relevant forms.
<b>Issue Supplement</b>	The Benevolent Society Social Benefit Trust No 1 Issue Supplement to be confirmed by the Issuer, the Manager and the Security Trustee in the form set out in the section entitled “ <i>Form of Issue Supplement</i> ” below.
<b>Early Benevolent Donation Deed Poll</b>	Early Benevolent Donation Deed Poll dated 2 August 2013 made by TBS, in respect of the undertaking given by TBS in favour of Holders to accept offers relating to Early Benevolent Donations during the Early Donation Period.
<b>Subscription Agreement</b>	SBB Subscription Agreement to be dated on or about the date of the Issue Supplement between the Issuer, the Manager and the Joint Lead Managers in respect of the offer and initial subscription of the Bonds.

Copies of the above documents (other than the Deposit Agreement and the Subscription Agreement) are available upon request made to the Manager during normal business hours. Certain commercial-in-confidence information will be redacted from the copy of the Implementation Deed that will be available from the Manager.

# Risk Factors

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*Prospective investors should carefully consider the risks and uncertainties described below and the other information contained in this Information Memorandum before making an investment in the Bonds. They are not an exhaustive description of all the risks associated with an investment in Bonds and the Issuer may be unable to fulfil its payment or other obligations under or in connection with the Bonds due to a factor which the Manager did not consider to be a material or significant risk based on information currently available to it or which it may not currently be able to anticipate.*

*If any of the risks described below (or an unlisted risk) actually occurs, the value and liquidity of the Bonds could decline, and an investor could lose all or part of their investment. These factors are contingencies which may or may not occur and the Manager is not in a position to express a view on the likelihood of any such contingency occurring.*

## **TBS performance risks**

The amount of the Outcome Payment to be paid to the Issuer under the Implementation Deed depends (among other things) on the performance by TBS of the Services and the assessment of the applicable Performance Level. The Performance Level will be measured over the term of The Benevolent Society SBB by reference to performance and delivery of Outcomes in sub-periods. Anomalous or unforeseen performance results in any particular sub-period may have an impact upon the final Performance Level by affecting the outcome of the calculation of average performance for all sub-periods over the full term of The Benevolent Society SBB.

The Performance Level, once assessed, will be the basis upon which amounts of interest (if any) due and payable under the Bonds are determined and may, in certain circumstances, affect the ability of the Issuer to repay all amounts due in respect of the Bonds in full. In particular, where the Performance Level is assessed at "Fail", no interest will be payable on either class of Bonds and repayment of principal on the Class E Bonds may, in some scenarios, be at risk and holders of Class E Bonds may not receive any repayment of principal on the Class E Bonds they hold.

A key service risk is the attraction and retention by TBS of highly qualified senior child and family workers to deliver the Resilient Family Services. Whilst salary levels and professional supports have been, or will be, established to minimise this risk, and there is a contingency option to fill Resilient Families Service staff vacancies by transferring staff from other intensive family support programs operated by TBS, the loss of staff members could potentially have an adverse impact on TBS's performance under The Benevolent Society SBB.

In addition, if TBS fails to meet the required minimum number of annual referral requests set out in under the Operations Manual or is otherwise in material breach of the Services Agreement, this may (subject to applicable grace periods and cure conditions) constitute a Termination for Cause, which, under the terms of the

Implementation Deed, would result in a lesser Outcome Payment being received by the Issuer than in other termination scenarios and may affect the final Performance Level.

## **Department performance risks**

Administrative data created and maintained by the Department's staff is the basis for calculation of performance under The Benevolent Society SBB. Whilst the Operations Manual includes procedures for data comparison and checking, human error in the entry and extraction of data for the purpose of calculating the Performance Level may impact returns (if any) on the Bonds.

## **TBS credit risk**

If a Termination for Cause occurs, the recovery by the Issuer of any Class E Principal Shortfall Amount will depend upon the financial ability of TBS to fulfill its obligations at that time and is accordingly subject to credit risks relating to TBS.

## **Limited recourse and Trust Fund Allocation Methodology**

The assets available to the Issuer to be applied to the payment or repayment of amounts owing on the Bonds are limited to the assets of the Trust. In addition, payments of amounts due in respect of the Bonds, and of amounts recovered upon enforcement of the security, will be made in accordance with the Trust Fund Allocation Methodology set out in the Issue Supplement, which (among other things) provides that amounts due in respect of the Class P Bonds will be paid before amounts due in respect of the Class E Bonds. If, for any reason, the assets of the Trust are insufficient to satisfy all or any part of any payment due in respect of a Bond in accordance with the Trust Fund Allocation Methodology, the Holder of that Bond may not recover that amount and may lose all or part of its investment in the Bond.

## **Realisation of deposits and Authorised Investments**

The Standing Charge and the Bond Issue Proceeds will be held in cash as a deposit with the Account Bank for the term of the Implementation Deed (or may be deposited or invested in certain other Authorised Investments). The Bond Issue Proceeds will be drawn (subject to drawdown limits and in accordance with pre-defined criteria) to pay for the Services.

The repayment of the outstanding principal amount of, and the payment of interest (if any) on, the Bonds in full will depend on the Issuer realising the remaining deposited amounts (and any other Authorised Investments) at or prior to the applicable Redemption Date. The realisation of such amounts at the relevant time will rely upon the ability of the Account Bank (or other Authorised Investment counterparty) to fulfil its obligations, which is linked to the financial wellbeing and to the effectiveness of its internal systems, processes and procedures, and is accordingly subject

to credit and operational risks relating to the Account Bank (or other applicable counterparty).

#### **Enforcement of the Implementation Deed against the Department**

If the Department does not perform its obligations under the Implementation Deed, subject to the applicable dispute resolution provisions therein, the Issuer could commence civil proceedings against the Department which would be subject to the Crown Proceeding Act 1988 (NSW) ("**Crown Proceedings Act**"). In such proceedings, the proceedings and rights of parties are as nearly as possible the same, and judgment and costs shall follow or may be awarded on either side, and shall bear interest, as in an ordinary case between subjects of the State of NSW. However, if a judgment is obtained against the Department, no execution, attachment or similar process can be issued against the Department or any property of the Department. Nevertheless, if any judgment is given against the Department in such proceedings, the Treasurer of the State of NSW is obliged to satisfy the judgment out of money legally available.

In order to render money legally available, specific appropriation by legislation passed by the Parliament of the State of NSW would be necessary before any payment is made, unless the amount involved is such that it could be paid out of funds available under an existing standing appropriation.

#### **Limitation on amounts payable under the Implementation Deed**

The aggregate amount of all payments by the Department under the Implementation Deed is capped at A\$25 million (excl. GST) ("**Aggregate Cap**"). Pursuant to the Implementation Deed, the Department is entitled to dispute any amount payable to the Issuer under the Implementation Deed (including all or any part of an Outcome Payment). In accordance with Condition 12.2 of the relevant Conditions, if the Department disputes any part of an amount that constitutes all or part of any amount payable in respect of the Bonds, (i) that amount is not an amount that is due under these Conditions and does not form part of the Redemption Amount unless that payment is found to be payable in accordance with the dispute resolution processes under the Implementation Deed (an "**Overdue Amount**"), and interest (calculated on a daily basis) will accrue on that Overdue Amount at the Prescribed Rate from (but excluding) the original due date for the payment of that amount to (and including) the date on which it is paid to the relevant Holders. However, depending on the duration of the dispute, there is a risk that the aggregate amount of interest payable on any such Overdue Amount will mean that the aggregate amount of all payments claimed from the Department under the Implementation Deed exceeds the Aggregate Cap and Holders may not receive the full amount of such interest in respect of Overdue Amounts.

#### **Holders have no direct rights against the Department or TBS**

In acting as trustee of the Trust, the Issuer does not act, and will not be acting, as a bond trustee on behalf of, or for the benefit of, any Holder. Neither the Holders nor

the Security Trustee will have any direct rights against the Department or TBS and may not be empowered to compel the Issuer to take any particular course of action or enforce any particular rights it may have against the Department, TBS or any other person.

#### **Intensive family support and dealing with at risk children and families**

The Benevolent Society SBB operates in the area of intensive family support, with the Services to be provided where children are at risk of being placed into OOHC by the NSW Government. As these matters are subject to governmental policy and oversight, there is a risk that the NSW Government or Commonwealth Government may, at any time, initiate new, or change existing, laws and policies or implement intervention programs that affect or prevent the provision of the Services to some or all of the families in the Intervention Group, which may in turn affect the delivery of the Outcomes and/or the ability of TBS to fulfil its obligations under the Services Agreement.

In addition, if any aspect of the delivery of the Services by TBS or by any of TBS's Resilient Families Service staff is a matter of, or falls into, disrepute, the value, marketability and liquidity of the Bonds may be affected by their connection with the financing of The Benevolent Society SBB.

#### **Insurances**

To mitigate the risks across The Benevolent Society SBB and the delivery of the Services, TBS (and its subcontractors) will be required to maintain third party insurance of the type and coverage as set out in the Implementation Deed and Services Agreement. If the relevant insurance carriers fail to perform their obligations or the coverage amount is insufficient, such third party insurance cover may be insufficient for a particular matter or group of related matters and could adversely impact the recovery of amounts by the Issuer in respect of any related claim it may have under the Services Agreement.

#### **The Bonds are second secured obligations**

Investors should be aware that the Bonds will be second secured obligations of the Issuer. As described in the section entitled "*Transaction Structure & Key Documents – Priority arrangements*", certain first secured obligations of the Issuer owing to the Department in connection with the Implementation deed will rank senior in the right to payment of amounts recovered upon the enforcement of security to the rights of a Holder in respect of amounts owing on their Bonds.

#### **The Bonds do not have the benefit of any third party guarantees**

Investors should be aware that no guarantee is given in relation to the Bonds by TBS (acting in any capacity), the NSW Government, any Joint Lead Manager, PCTL, the Security Trustee or any other person. Accordingly, in the event that the assets of the Trust are insufficient to enable the Issuer to fulfil its obligations under the Bonds, such obligations would not be assumed by any other person.

### **Early redemption risk**

The Bonds are required to be redeemed by the Issuer where an Early Termination Event has occurred. At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate that the Holder expects will be the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate or may not be able to do so at all. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **Modifications and waivers**

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of a class of Bonds, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

### **Change of law**

The Conditions are based on the relevant law in effect as at the date of the issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision, change to law (including by the NSW Government) or administrative practice after the date of issue of the Bonds.

### **The secondary market generally**

The Bonds will have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid.

Investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Bonds. No assurance of a secondary market or a market price for the Bonds is provided by the Manager or by any other person.

In addition, investors should be aware of the risk that global credit market conditions may result in a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary

resales even if there is no decline in the performance of the assets of the Trust.

### **Comparable investments**

Investment in the Bonds involves the risk that the performance by TBS of the Services and the assessment of the Performance Levels may adversely affect the value of the Bonds, including that no interest may be payable on the Bonds if the Performance Level is assessed at the "Fail" level. As the determination of the applicable interest rate relies upon an assessment of the applicable Performance Level made at a future time, there is a risk that interest (if any) payable on the Bonds will, once known, be less attractive when compared to the rates of return on other comparable securities. In addition, the market value of the Bonds may fluctuate based upon independent assessments by Holders and other market participants of the progressive performance by TBS in achieving the Outcomes. Holders may suffer unforeseen losses (including opportunity costs) due to fluctuations in market values or by the determination of the applicable interest rate making the rate of return on comparable securities or investments more favourable than the rate of return under the Bonds.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Bonds.

### **Investors should obtain tax advice**

This Information Memorandum does not include any information in respect of the taxation treatment of an investment in the Bonds. Investors or purchasers should, in connection with an investment or other dealing in any Bonds (including their transfer or any exercise of a Benevolent Donation Option in respect of them), consult their own professional adviser.



# Conditions of the Class P Bonds

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*The following are the terms and conditions of the Class P Bonds.*

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## 1 Form

### 1.1 Form

- (a) The Bonds are debt obligations of the Issuer constituted by, and owing under, the Bond Deed Poll.
- (b) The Bonds are issued as a single class in registered form by entry in the Register.
- (c) Each entry in the Register in respect of a Bond constitutes:
  - (i) an unconditional and irrevocable undertaking by the Issuer to the Holder to:
    - (A) pay principal, any interest and any other amount in accordance with these Conditions and the Bond Deed Poll; and
    - (B) comply with all other terms of these Conditions and the Bond Deed Poll; and
  - (ii) an entitlement to the other benefits given to the Holder in respect of the Bond under these Conditions and the Bond Deed Poll.
- (d) Entries in the Register in relation to a Bond constitute conclusive evidence that the person so entered is the absolute owner of the Bond subject to correction for fraud or manifest or proven error.
- (e) Each Holder is entitled to the benefit of, is deemed to have notice of and is bound by, the provisions of the Bond Deed Poll.
- (f) No certificates will be issued to Holders unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.

### 1.2 Currency and denomination

The Bonds are issued in Australian dollars in a single denomination of A\$50,000 per Bond.

### 1.3 Issue restrictions

- (a) The aggregate principal amount of Bonds issued and outstanding may not, at any time, exceed A\$7,500,000.
- (b) The Bonds may only be offered (directly or indirectly) for issue, or applications invited for the issue of Bonds, if the offer or invitation (including any resulting issue):

- (i) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
  - (ii) does not constitute an offer or invitation to a “retail client” as defined for the purposes of Chapter 7 of the Corporations Act; and
  - (iii) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place; and
  - (iv) does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory body in Australia.
- (c) The Bonds may only be issued to Australian residents who are not acquiring the Bonds through a permanent establishment outside Australia.

### 1.4 Clearing systems

Bonds may, but need not, be held in the Austraclear System, in which case the rights of a person holding an interest in the Bonds lodged in the Austraclear System are subject to the Austraclear Regulations.

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## 2 Status and ranking

### 2.1 Status

The Bonds are limited recourse, unsubordinated and second secured obligations of the Issuer as set out in the Security Documents.

### 2.2 Ranking

The Bonds rank for payment:

- (a) equally among themselves; and
- (b) at least equally with all other unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.

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## 3 Security

The Bonds are secured under the provisions of the Security Documents and are subject to the terms of, and the ranking for payments set out under, the Security Documents and these Conditions and each Holder is entitled to the benefit of, is deemed to have notice of and is bound by, the provisions of the Security Documents.

*The Issuer has granted a first ranking security over the assets of the Trust in favour of the Department for such amounts as may be payable*

by the Issuer to the Department under the Implementation Deed.

#### 4 Limited recourse

The recourse of the Holders in respect of the assets of the Trust and the obligations of the Issuer (including payment obligations) under these Conditions and the Bond Deed Poll is limited as set out in the Bond Deed Poll.

#### 5 Interest

##### 5.1 Interest

- (a) Each Bond bears compounding interest on its outstanding principal amount from (and including) the Issue Date to (but excluding) the Maturity Date or, if an Early Termination Event has occurred, the Calculation Period End Date at the Interest Rate.
- (b) The aggregate amount of interest payable on each Bond shall be calculated by the Manager in accordance with the following formula:

Interest payable =

$$(FV \times (1 + \text{Interest Rate})^N) - FV$$

where:

“**FV**” is the outstanding principal amount of the Bond at the Maturity Date or Calculation Period End Date (as applicable); and

“**N**” is 5 or, if an Early Termination Event (other than a Termination for Convenience) has occurred, the number of days elapsed from (and including) the Issue Date to (but excluding) the applicable Calculation Period End Date, divided by 365.

- (c) Interest is payable in arrear on the Redemption Date.

##### 5.2 Interest Rate

The “**Interest Rate**” for each Bond shall be the per annum rate of interest derived by reference to the relevant Performance Level as follows:

Performance Level (Performance Percentage)	Interest Rate
Fail ( $<5\%$ )	0% per annum
Baseline ( $\geq 5\% < 15\%$ )	5% per annum
Good 1 ( $\geq 15\% < 20\%$ )	6% per annum
Good 2 ( $\geq 20\% < 25\%$ )	7% per annum
Good 3 ( $\geq 25\% < 35\%$ )	8% per annum
Good 4 ( $\geq 35\% < 40\%$ )	9% per annum
Out-Performance ( $\geq 40\%$ )	10% per annum

where:

“**Performance Level**” refers to the determination of the “Performance Level” by the Independent Certifier for the purposes of, and in accordance with, the Implementation Deed, subject, in the case of any legitimate dispute of that determination, to the outcome of any applicable dispute resolution process under the Implementation Deed in respect of that determination.

#### 6 Redemption and purchase

##### 6.1 Redemption

The Issuer shall redeem each Bond on the Redemption Date at its Redemption Amount unless:

- (a) the Bond has been previously redeemed; or
- (b) the Bond has been purchased and cancelled.

##### 6.2 Purchase

The Issuer, and any person managing the Issuer, may at any time purchase Bonds at any price. Bonds purchased under this Condition 6.2 may be held, resold or cancelled at the discretion of the purchaser and (if the Bonds are to be cancelled) the Issuer, subject to compliance with any applicable law or directive.

#### 7 Benevolent options

*Each Holder who wishes to make an election in respect of any of the following Benevolent Donation Options should consult their own tax advisers concerning the application of any tax laws applicable to their particular circumstances.*

##### 7.1 Benevolent Donation Options

A Holder may, in respect of a Bond held by that Holder, at any time elect that:

- (a) on any date during the Early Donation Period nominated by the Holder, the Bond be transferred to TBS in connection with a donation made by the Holder to TBS, all in accordance with Condition 7.2 (“Early Benevolent Donation”) (an “Early Benevolent Donation”); or
- (b) as at the Redemption Date:
  - (i) the Redemption Amount of the Bond be donated by the Holder to TBS (a “**Redemption Date Benevolent Donation (All Amounts)**”); or
  - (ii) part only of the principal amount of the Bond be donated by the Holder to TBS (a “**Benevolent Donation (Part Principal)**”); and/or
  - (iii) all or part only of the interest (if any) payable on the Bond be donated by the Holder to TBS (a “**Redemption Date Benevolent Donation (Interest)**”),

together, the “**Benevolent Donation Options**” and, in each case, subject to Condition 7.6 (“Procedures”).

## 7.2 Early Benevolent Donation

Where a Holder has elected to make an Early Benevolent Donation in respect of a Bond, under the applicable Benevolent Donation Notice the Holder will irrevocably offer to:

- (a) transfer the Bond to TBS on the date nominated by the Holder in the Benevolent Donation Notice (the “**Early Donation Date**”) for a transfer price (“**Transfer Price**”) equal to the outstanding principal amount of the Bond;
- (b) donate an amount equal to the Transfer Price to TBS on the Early Donation Date; and
- (c) direct that, on the Early Donation Date, the Transfer Price payable by TBS to the Holder be set off against the donation payable by the Holder to TBS (as described in Condition 7.2(b)) in full satisfaction of each such payment obligation.

*TBS has, pursuant to the Early Benevolent Donation Deed Poll dated 2 August 2013, undertaken that it will accept any such offer from a Holder during the Early Donation Period.*

## 7.3 Redemption Date Benevolent Donation (All Amounts)

Where a Holder has elected to make a Redemption Date Benevolent Donation (All Amounts) in respect of a Bond:

- (a) by delivering an applicable Benevolent Donation Notice the Holder will be deemed to irrevocably:
  - (i) agree that the Redemption Amount of that Bond on the Redemption Date shall be donated by the Holder to TBS on the Redemption Date;
  - (ii) agree that the Holder will not transfer, sell or otherwise deal with the Bond at any future time without the prior written consent of TBS (acting in its absolute discretion); and
  - (iii) direct that, on the Redemption Date, the payment of that Redemption Amount be made to TBS instead of the Holder; and
- (b) TBS shall receive the payment of the Redemption Amount of that Bond on the Redemption Date in accordance with this Condition 7.3.

## 7.4 Redemption Date Benevolent Donation (Part Principal)

Where a Holder has elected to make a Redemption Date Benevolent Donation (Part Principal) in respect of a Bond:

- (a) by delivering an applicable Benevolent Donation Notice the Holder will be deemed to irrevocably:
  - (i) agree that the part of the outstanding principal amount of that Bond nominated by the Holder in the Benevolent Donation Notice to be subject to the Redemption Date Benevolent Donation (Part Principal) shall be donated by the Holder to TBS on the Redemption Date. The donation will be effected as a deduction from the Redemption Amount payable on that Bond to the Holder;
  - (ii) agree that the Holder will not transfer, sell or otherwise deal with the Bond at any future time without the prior written consent of TBS (acting in its absolute discretion); and
  - (iii) direct that, on the Redemption Date, such nominated part of the outstanding principal amount of that Bond be paid to TBS instead of the Holder;
- (b) TBS shall receive payment of the nominated part of the outstanding principal amount of that Bond on the Redemption Date in accordance with this Condition 7.4; and
- (c) subject to any election made by the Holder under Condition 7.5 (“Redemption Date Benevolent Donation (Interest)”), the Holder shall be entitled to payment of interest (if any) accrued on the entire principal amount of the Bond on the relevant Redemption Date.

## 7.5 Redemption Date Benevolent Donation (Interest)

Where a Holder has elected to make a Redemption Date Benevolent Donation (Interest) in respect of a Bond:

- (a) by delivering an applicable Benevolent Donation Notice the Holder will be deemed to irrevocably:
  - (i) agree that the amount of interest (if any) on that Bond nominated by the Holder in the Benevolent Donation Notice to be subject to the Redemption Date Benevolent Donation (Interest) shall be donated by the Holder to TBS on the Redemption Date;
  - (ii) agree that the Holder will not transfer, sell or otherwise deal with the Bond at any future time without the prior written consent of TBS (acting in its absolute discretion); and
  - (iii) direct that, on the Redemption Date, such nominated interest amount be paid to TBS instead of the Holder;
- (b) TBS shall receive payment of the nominated interest amount on that Bond on the

Redemption Date in accordance with this Condition 7.5; and

- (c) subject to any election made by the Holder under Condition 7.4 (“Redemption Date Benevolent Donation (Part Principal)”), the Holder shall be entitled to repayment of the outstanding principal amount of that Bond on the Redemption Date.

## 7.6 Procedures

- (a) Any election by a Holder of a Benevolent Donation Option in respect of a Bond must be made by delivery by the Holder to the Issuer and TBS of a duly completed and signed Benevolent Donation Notice and:
  - (i) in the case of an Early Benevolent Donation, will be effective and irrevocable immediately upon TBS accepting the relevant offer by the Holder (which shall be evidenced by TBS countersigning the applicable Benevolent Donation Notice); and
  - (ii) in each other case, once made, is irrevocable.
- (b) A Benevolent Donation Notice may, only with the agreement of TBS (acting in its absolute discretion):
  - (i) include the death of the Holder as a condition to the effectiveness of a relevant Bond Donation Option election; and
  - (ii) specify an alternative Transfer Price for the purposes of Condition 7.2 (“Early Benevolent Donation”) that represents the market value of the Bond as may be agreed between TBS and the Holder.
- (c) In respect of any Bond which is lodged in the Austraclear System, a reference in this Condition 7 to the “Holder” of that Bond and for the purposes of any Benevolent Donation Notice includes the person in whose Security Record (as defined in the Austraclear Regulations) that Bond is recorded.

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## 8 Early Termination Event

### 8.1 Early Termination Event

An “**Early Termination Event**” shall occur in respect of the Bonds if the Implementation Deed is terminated prior to its scheduled maturity.

### 8.2 Consequences of an Early Termination Event

If an Early Termination Event occurs, each Bond is to be redeemed by the Issuer paying to the Holder the applicable Redemption Amount for the Bond on the Redemption Date.

### 8.3 Notification

If an Early Termination Event occurs, the Issuer must promptly (and in any event within five Business Days) after becoming aware of it notify

the Agents and the Holders of the occurrence of the Early Termination Event (and specifying its details).

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## 9 Title and transfer

### 9.1 Title

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

### 9.2 Recognition of interests

- (a) Except as ordered by a court of competent jurisdiction or required by law or directive, the Issuer and the Agents must treat the person whose name is entered in the Register as the Holder of a Bond as the absolute owner of that Bond. This Condition applies whether or not a Bond is overdue and despite any notice of ownership, trust or interest in the Bond.
- (b) Where two or more persons are entered in the Register as the joint holder of a Bond then they are taken to hold the Bond as joint tenants with rights of survivorship, but the Registrar not bound to register more than four persons as joint holders of a Bond.

### 9.3 Transfer restrictions

- (a) Bonds may only be transferred:
  - (i) in whole and not in part;
  - (ii) to Australian residents who are not acquiring the Bonds through a permanent establishment outside Australia; and
  - (iii) if the transfer:
    - (A) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
    - (B) does not constitute a transfer to a “retail client” as defined for the purposes of Chapter 7 of the Corporations Act;
    - (C) complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place; and
    - (D) does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory body in Australia.
- (b) A Bond may not, without the prior written consent of TBS, be transferred, sold or otherwise dealt with if an election for a Redemption Date Benevolent Donation (All Amounts), a Redemption Date Benevolent Donation (Part Principal) or a Redemption Date Benevolent Donation (Interest) has been made in respect of that Bond.

- (c) A transfer of a Bond to an unincorporated association is not permitted.
- (d) Transfers of Bonds which are not lodged in the Austraclear System cannot be made between a Record Date and the Redemption Date.
- (e) Transfers of Bonds will not be registered later than close of business in the place where the Register is maintained on the eighth day prior to the Redemption Date of the applicable Bonds.

#### **9.4 Transfer procedures**

Bonds may be transferred:

- (a) in respect of any Bond which is lodged in the Austraclear System, in accordance with the Austraclear Regulations; or
- (b) in respect of any Bond which is not lodged in the Austraclear System, by the delivery to the Registrar of:
  - (i) a duly completed Transfer and Acceptance Form executed by the transferor and the transferee; and
  - (ii) such evidence as the Registrar considers sufficient to establish the due completion and execution of that Transfer and Acceptance Form,

and, in each case, otherwise in accordance with these Conditions and the Bond Deed Poll.

#### **9.5 Estates**

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

#### **9.6 Transfer of unidentified Bonds**

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

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### **10 Calculations**

#### **10.1 Calculation of interest**

The amount of interest (if any) payable in respect of a Bond in accordance with Condition 5 shall be determined by the Manager as soon as reasonably practicable following the final determination of the applicable Performance Level

but in any case, no later than 5 Business Days prior to its Redemption Date.

#### **10.2 Notification of Redemption Amount**

The Issuer must give notice to the Agents and the Holders of the Redemption Amount for each Bond (specifying the amount of interest (if any) payable on the Bond) as soon as practicable after completing its calculations under Condition 10.1 ("Calculation of interest").

#### **10.3 Determinations final**

- (a) The determination by the Manager of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of fraud or manifest or proven error, final and binding on the Issuer, each Agent and each Holder.
- (b) The Performance Level, once finally determined, shall be, in the absence of fraud or manifest or proven error, final and binding on the Issuer, the Manager, each Agent and each Holder.

#### **10.4 Rounding**

For the purposes of any calculations required under these Conditions:

- (a) all percentages resulting from the calculations must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.);
- (b) all figures must be rounded to five decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent.

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### **11 Taxation**

#### **11.1 No set-off, counterclaim or deductions**

Except as set out in Condition 7.2 ("Early Benevolent Donation") all payments in respect of the Bonds must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

#### **11.2 Withholding tax**

If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of a Bond such that the Holder would not actually receive on the due date the full amount provided for under the Bonds, then:

- (a) the Issuer agrees to deduct the amount for the Taxes; and
- (b) no additional amounts are payable under these Conditions.

## 12 Payments

### 12.1 Payments to Holders

Payments of the Redemption Amount will be made to each person registered in the Register as at 10.00 am on the applicable Redemption Date as the holder of a Bond.

### 12.2 Disputed amounts

Pursuant to the Implementation Deed, the Department is entitled to dispute any amount payable to the Issuer under the Implementation Deed. If the Department disputes any part of an amount that constitutes all or part of any amount payable under these Conditions:

- (a) that amount is not an amount that is due under these Conditions and does not form part of the Redemption Amount unless that payment is found to be payable in accordance with the dispute resolution processes under the Implementation Deed (an “**Overdue Amount**”); and
- (b) interest (calculated on a daily basis) will accrue on that Overdue Amount at the Prescribed Rate from (but excluding) the original due date for the payment of that amount to (and including) the date on which it is paid to the relevant Holders.

### 12.3 Late payments

If any payment due on any Bonds is not paid by its due date, interest (calculated on a daily basis) will be payable on that amount at the Prescribed Rate (converted to a daily rate of interest) from (but excluding) the day on which payment of that amount was due to (and including) the date the payment of that amount is made, provided that no such interest shall be payable if the aggregate amount of such interest is less than or equal to A\$20.

### 12.4 Payments to accounts

Payments in respect of a Bond will be made:

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

to an account in Australia previously notified by the Holder to the Issuer and the Agents.

### 12.5 Payments by cheque

If a Holder has not notified the Agents of an account to which payments to it must be made by close of business on the Record Date or it has notified the Agents that it wishes to be paid by cheque, payments in respect of the Bond will be made by cheque sent by prepaid post on the Redemption Date, at the risk of the registered Holder, to the Holder (or if two or more persons are entered in the Register as joint Holders, to the first named joint Holder of the Bond) at its address appearing in the Register at close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the Redemption Date and no further amount will be payable by the Issuer in respect of the Bonds as a result of the Holder not receiving payment on the due date.

### 12.6 Payments subject to law

All payments are subject to applicable law but without prejudice to the provisions of Condition 11 (“Taxation”).

### 12.7 Payments on Business Days

If a payment:

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

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

### 12.8 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

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

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

## **12.9 Payment to joint Holders**

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

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## **13 Time limit for claims**

A claim against the Issuer for a payment under a Bond is void unless made within five years from the date on which payment first became due.

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## **14 Meetings of Holders**

The Meetings Provisions contain provisions for convening meetings of the Holders to consider any matter affecting their interests, including any variation of these Conditions.

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## **15 Variation**

### **15.1 Variation with consent**

Unless Condition 15.2 ("Variation without consent") applies, the Bonds may only be varied by the Holders in accordance with the Meetings Provisions.

### **15.2 Variation without consent**

Any Condition may be amended by the Issuer with the consent of the Manager but without the consent of the Holders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest or proven error;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision; or
- (d) in the reasonable opinion of the Issuer and the Manager, such amendment is not materially prejudicial to the interests of the Holders.

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## **16 Notices**

### **16.1 Notices to Holders**

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

### **16.2 Notices to the Issuer and the Agents**

- (a) All notices and other communications to the Issuer or the Agents must be in writing and may sent by prepaid post (airmail, if appropriate) to or left at the Specified Office of the Issuer or the Agents.
- (b) If the same person is acting as both Registrar and Issuing & Paying Agent, a notice given to such person will be taken to be satisfactory notice to that person in its capacity as both Registrar and Issuing & Paying Agent.

### **16.3 Receipt - publication in newspaper**

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

### **16.4 Deemed receipt - postal**

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

### **16.5 Deemed receipt - general**

Despite Condition 16.4 ("Deemed receipt - postal"), if notices or other communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

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## **17 Agents**

### **17.1 Required Agents**

The Issuer must at all times maintain:

- (a) a Registrar; and
- (b) an Issuing & Paying Agent,

and which may, but need not, be the same person acting in both capacities.

### **17.2 Role of Agents**

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

### **17.3 Appointment and replacement of Agents**

Subject to Condition 17.1 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

### **17.4 Change of Agent**

The Issuer (or an Agent on its behalf) must notify the Holders if there is any change in the identity of any Agent or any Agent's Specified Office.

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## 18 Governing law

### 18.1 Governing law

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

### 18.2 Jurisdiction

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

### 18.3 Serving documents

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

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## 19 Interpretation

### 19.1 Definitions

In these Conditions, the following meanings apply unless the contrary intention appears:

**Agency Agreement** means:

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

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

**Austraclear** means Austraclear Ltd (ABN 94 002 060 773);

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

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

**Benevolent Donation Notice** means a notice substantially in the form set out as a schedule to the Bond Deed Poll;

**Benevolent Donation Options** has the meaning given in Condition 7.1 (“Benevolent Donation Options”);

**Bond** means a medium-term debt obligation issued or to be issued by the Issuer on the Conditions, which is constituted by, and owing under the Bond Deed Poll, and the details of which are recorded in, and evidenced by, entry in the Register;

**Bond Deed Poll** means the document entitled “SBB Deed Poll” dated 2 August 2013 and executed by the Issuer;

**Business Day** means a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney and, if a Bond held in the Austraclear System is to be issued or payment made in respect of a Bond held in the Austraclear System on that day, a day on which the Austraclear System is operating;

**Calculation Period End Date** means, in respect of a Bond and where an Early Termination Event (other than a Termination for Convenience) occurs:

- (a) if the Early Termination Event occurs by reference to the termination of the Implementation Deed in accordance with clause 29.1 thereof, the date on which such termination of the Implementation Deed occurs; or
- (b) if the Early Termination Event occurs other than by reference to the circumstances set out under paragraph (b) of this definition, the date on which the Department makes the applicable “Outcome Payment” under the Implementation Deed in respect of that Early Termination Event.

*A termination of the Implementation Deed in accordance with clause 29.1 thereof relates to a ‘Termination for Cause’ by the Department;*

**Conditions** means, in relation to the Bonds, these terms and conditions and references to a particular numbered Condition shall be construed accordingly;

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

**Department** means the Minister for Family and Community Services for and on behalf of the State of New South Wales, acting through the Community Services Division, Department of Family and Community Services;

**Early Benevolent Donation** has the meaning given in Condition 7.1 (“Benevolent Donation Options”);



**Early Donation Period** means the period commencing on the Issue Date and ending on the earlier to occur of:

- (a) the date that is 4 years and 9 months after the Issue Date; and
- (b) the date on which an Early Termination Event occurs;

**Early Termination Event** has the meaning given in Condition 8 ("Early Termination Event");

**Holder** means, in respect of a Bond, the person whose name is entered in the Register as the holder of that Bond;

**Implementation Deed** means the deed entitled "Deed of Implementation Agreement for TBS Social Benefit Bonds Pilot" dated 13 June 2013 between the Issuer and the Department;

**Independent Certifier** means the person appointed as the "Independent Certifier" pursuant to, and for the purposes of, the Implementation Deed;

**Information Memorandum** means the information memorandum dated 2 August 2013 prepared on behalf of, and approved by, the Issuer in connection with the issue of Bonds;

**Interest Rate** has the meaning given in Condition 5.2 ("Interest Rate");

**Issue Date** means 26 August 2013;

**Issue Supplement** means the deed entitled "The Benevolent Society Social Benefit Trust No 1 Issue Supplement" between the Issuer, the Security Trustee and the Manager relating to the issue of the Bonds;

**Issuing & Paying Agent** means, initially, the Issuer or such other person as the Issuer may appoint from time to time to perform issuing and payment functions in respect of the Bonds;

**Issuer** means Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee of the Trust;

**Manager** means The Benevolent Society (ABN 95 084 695 045) as manager of the Trust;

**Maturity Date** means 26 August 2018;

**Meetings Provisions** means the provisions relating to meetings of Holders set out as a schedule to the Bond Deed Poll;

**Prescribed Rate** means the conversion to a daily rate of interest of the applicable total rate of interest as determined under section 22 of the Taxation Administration Act 1996 of New South Wales and published quarterly at the website [www.osr.nsw.gov.au/taxes/other/taa/](http://www.osr.nsw.gov.au/taxes/other/taa/) rates (or in any replacement publication or replacement website address as may be notified from time to time);

**Record Date** means the close of business in the place where the Register is maintained on the eighth day before the Redemption Date;

**Redemption Amount** means, in respect of a Bond, the aggregate of:

- (a) the outstanding principal amount of that Bond on the Redemption Date; plus
- (b) the amount of interest (if any) determined to be payable on that Bond in accordance with Condition 5 ("Interest");

**Redemption Date** means:

- (a) the Maturity Date; or
- (b) if an Early Termination Event occurs, the date that is three months after the date on which the Early Termination Event occurs;

**Redemption Date Benevolent Donation (All Amounts)** has the meaning given in Condition 7.1 ("Benevolent Donation Options");

**Redemption Date Benevolent Donation (Interest)** has the meaning given in Condition 7.1 ("Benevolent Donation Options");

**Redemption Date Benevolent Donation (Part Principal)** has the meaning given in Condition 7.1 ("Benevolent Donation Options");

**Register** means the register of holders of Bonds established and maintained by the Registrar;

**Registrar** means, initially, the Issuer or such other person as the Issuer may appoint from time to time under an Agency Agreement to maintain the Register;

**Related Body Corporate** has the meaning it has in the Corporations Act;

**Security Documents** means:

- (a) the deed entitled "The Benevolent Society Social Benefit Trust No 1 Security Trust Deed" dated 12 June 2013 between the Issuer, the Security Trustee and the Manager;
- (b) the deed entitled "The Benevolent Society Social Benefit Trust No 1 Second General Security Deed" dated 12 June 2013 between the Issuer, the Security Trustee and the Manager;
- (c) the deed entitled "Priority Deed" dated 2 August 2013 between the Issuer, the Department and the Security Trustee; and
- (d) the Issue Supplement;

**Specified Office** means, for a person, that person's office specified in the Information Memorandum or any other address notified to Holders from time to time;

**Tax Authority** means any government, state, municipal, local, federal or other fiscal, revenue,

customs or excise authority, body or official, having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest in respect of the Bonds;

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

**TBS** means The Benevolent Society (ABN 95 084 695 045);

**Termination for Convenience** means the termination of the Implementation Deed by the Department in accordance with clause 28 thereof.

*A termination of the Implementation Deed in accordance with clause 28 thereof relates to a 'Termination for Convenience' by the Department;*

**Transfer and Acceptance Form** means a transfer instrument substantially in the form set out as a schedule to the Bond Deed Poll or in such other form as the Issuer may (in its discretion) accept from time to time;

**Trust** means The Benevolent Society Social Benefit Trust No 1, constituted by the Trust Deed;

**Trust Assets** means the assets of the Trust from time to time; and

**Trust Deed** means the trust deed entitled "Charitable Trust Deed of the Benevolent Society Social Benefit Trust No 1" dated 12 June 2013 between (among others) Perpetual Corporate Trust Limited (ABN 99 000 341 533) and TBS.

## 19.2 References to certain general terms

Unless the contrary intention appears, a reference to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) a document (including these Conditions) includes any amendment, variation or replacement of it;

- (d) anything (including any amount) is a reference to the whole and each part of it;
- (e) a "**law**" includes common law, principles of equity, any decree and any statute or other law made by a parliament (and a statute or other law made by parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
- (f) a "**directive**" includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any case having the force of law) with which responsible participants in the relevant market generally comply;
- (g) "**Australian dollars**" or "**A\$**" is a reference to the lawful currency of Australia;
- (h) a time of day is a reference to Sydney time;
- (i) a "**person**" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (j) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- (k) the words "**including**", "**for example**" or "**such as**" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## 19.3 Number

The singular includes the plural and vice versa.

## 19.4 Headings

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

## 19.5 Calculation of period of time

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

# Conditions of the Class E Bonds

*The following are the terms and conditions of the Class E Bonds.*

## 1 Form

### 1.1 Form

- (a) The Bonds are debt obligations of the Issuer constituted by, and owing under, the Bond Deed Poll.
- (b) The Bonds are issued as a single class in registered form by entry in the Register.
- (c) Each entry in the Register in respect of a Bond constitutes:
  - (i) an unconditional and irrevocable undertaking by the Issuer to the Holder to:
    - (A) pay principal, any interest and any other amount in accordance with these Conditions and the Bond Deed Poll; and
    - (B) comply with all other terms of these Conditions and the Bond Deed Poll; and
  - (ii) an entitlement to the other benefits given to the Holder in respect of the Bond under these Conditions and the Bond Deed Poll.
- (d) Entries in the Register in relation to a Bond constitute conclusive evidence that the person so entered is the absolute owner of the Bond subject to correction for fraud or manifest or proven error.
- (e) Each Holder is entitled to the benefit of, is deemed to have notice of and is bound by, the provisions of the Bond Deed Poll.
- (f) No certificates will be issued to Holders unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.

### 1.2 Currency and denomination

The Bonds are issued in Australian dollars in a single denomination of A\$50,000 per Bond.

### 1.3 Issue restrictions

- (a) The aggregate principal amount of Bonds issued and outstanding may not, at any time, exceed A\$2,500,000.
- (b) The Bonds may only be offered (directly or indirectly) for issue, or applications invited for the issue of Bonds, if the offer or invitation (including any resulting issue):
  - (i) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
  - (ii) does not constitute an offer or invitation to a "retail client" as defined for the

purposes of Chapter 7 of the Corporations Act; and

- (iii) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place; and
  - (iv) does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory body in Australia.
- (c) The Bonds may only be issued to Australian residents who are not acquiring the Bonds through a permanent establishment outside Australia.

### 1.4 Clearing systems

Bonds may, but need not, be held in the Austraclear System, in which case the rights of a person holding an interest in the Bonds lodged in the Austraclear System are subject to the Austraclear Regulations.

## 2 Status and ranking

### 2.1 Status

The Bonds are limited recourse, subordinated and second secured obligations of the Issuer as set out in the Security Documents.

### 2.2 Ranking

The Bonds rank for payment:

- (a) equally among themselves; and
- (b) subordinate to:
  - (i) debts payable and claims in respect of the Class P Bonds;
  - (ii) all other unsubordinated obligations of the Issuer; and
  - (iii) liabilities mandatorily preferred by law.

## 3 Security

The Bonds are secured under the provisions of the Security Documents and are subject to the terms of, and the ranking for payments set out under, the Security Documents and these Conditions and each Holder is entitled to the benefit of, is deemed to have notice of and is bound by, the provisions of the Security Documents.

*The Issuer has granted a first ranking security over the assets of the Trust in favour of the Department for such amounts as may be payable by the Issuer to the Department under the Implementation Deed.*

*Pursuant to the Security Documents, the Bonds will rank for payment of amounts recovered upon the enforcement of the security after all amounts*

owing in respect of the Class P Bonds and other senior ranking secured obligations of the Issuer have been satisfied in full.

#### 4 Limited recourse

The recourse of the Holders in respect of the assets of the Trust and the obligations of the Issuer (including payment obligations) under these Conditions and the Bond Deed Poll is limited as set out in the Bond Deed Poll.

#### 5 Interest

##### 5.1 Interest

- (a) Each Bond bears compounding interest on its outstanding principal amount from (and including) the Issue Date to (but excluding) the Maturity Date or, if an Early Termination Event has occurred, the Calculation Period End Date at the Interest Rate.

- (b) The aggregate amount of interest payable on each Bond shall be calculated by the Manager in accordance with the following formula:

Interest payable =

$$(FV \times (1 + \text{Interest Rate})^N) - FV$$

where:

“**FV**” is the outstanding principal amount of the Bond at the Maturity Date or Calculation Period End Date (as applicable); and

“**N**” is 5 or, if an Early Termination Event (other than a Termination for Convenience) has occurred, the number of days elapsed from (and including) the Issue Date to (but excluding) the applicable Calculation Period End Date, divided by 365.

- (c) Interest is payable in arrear on the Redemption Date.

##### 5.2 Interest Rate

The “**Interest Rate**” for each Bond shall be the per annum rate of interest derived by reference to the relevant Performance Level as follows:

Performance Level (Performance Percentage)	Interest Rate
Fail ( $<5\%$ )	0% per annum
Baseline ( $\geq 5\% < 15\%$ )	8% per annum
Good 1 ( $\geq 15\% < 20\%$ )	10.5% per annum
Good 2 ( $\geq 20\% < 25\%$ )	15% per annum
Good 3 ( $\geq 25\% < 35\%$ )	20% per annum
Good 4 ( $\geq 35\% < 40\%$ )	25% per annum
Out-Performance ( $\geq 40\%$ )	30% per annum

where:

“**Performance Level**” refers to the determination of the “Performance Level” by the Independent Certifier for the purposes of, and in accordance with, the Implementation Deed, subject, in the case of any legitimate dispute of that determination, to the outcome of any applicable dispute resolution process under the Implementation Deed in respect of that determination.

#### 6 Redemption and purchase

##### 6.1 Redemption

The Issuer shall redeem each Bond on the Redemption Date at its Redemption Amount unless:

- (a) the Bond has been previously redeemed; or
- (b) the Bond has been purchased and cancelled.

##### 6.2 Purchase

The Issuer, and any person managing the Issuer, may at any time purchase Bonds at any price. Bonds purchased under this Condition 6.2 may be held, resold or cancelled at the discretion of the purchaser and (if the Bonds are to be cancelled) the Issuer, subject to compliance with any applicable law or directive.

#### 7 Benevolent options

*Each Holder who wishes to make an election in respect of any of the following Benevolent Donation Options should consult their own tax advisers concerning the application of any tax laws applicable to their particular circumstances.*

##### 7.1 Benevolent Donation Options

A Holder may, in respect of a Bond held by that Holder, at any time elect that:

- (a) on any date during the Early Donation Period nominated by the Holder, the Bond be transferred to TBS in connection with a donation made by the Holder to TBS, all in accordance with Condition 7.2 (“Early Benevolent Donation”) (an “Early Benevolent Donation”); or
- (b) as at the Redemption Date:
- the Redemption Amount of the Bond be donated by the Holder to TBS (a “**Redemption Date Benevolent Donation (All Amounts)**”); or
  - part only of the principal amount of the Bond be donated by the Holder to TBS (a “**Benevolent Donation (Part Principal)**”); and/or
  - all or part only of the interest (if any) payable on the Bond be donated by the Holder to TBS (a “**Redemption Date Benevolent Donation (Interest)**”),

together, the “**Benevolent Donation Options**” and, in each case, subject to Condition 7.6 (“Procedures”).

## 7.2 Early Benevolent Donation

Where a Holder has elected to make an Early Benevolent Donation in respect of a Bond, under the applicable Benevolent Donation Notice the Holder will irrevocably offer to:

- (a) transfer the Bond to TBS on the date nominated by the Holder in the Benevolent Donation Notice (the “**Early Donation Date**”) for a transfer price (“**Transfer Price**”) equal to the outstanding principal amount of the Bond;
- (b) donate an amount equal to the Transfer Price to TBS on the Early Donation Date; and
- (c) direct that, on the Early Donation Date, the Transfer Price payable by TBS to the Holder be set off against the donation payable by the Holder to TBS (as described in Condition 7.2(b)) in full satisfaction of each such payment obligation.

*TBS has, pursuant to the Early Benevolent Donation Deed Poll dated 2 August 2013, undertaken that it will accept any such offer from a Holder during the Early Donation Period.*

## 7.3 Redemption Date Benevolent Donation (All Amounts)

Where a Holder has elected to make a Redemption Date Benevolent Donation (All Amounts) in respect of a Bond:

- (a) by delivering an applicable Benevolent Donation Notice the Holder will be deemed to irrevocably:
  - (i) agree that the Redemption Amount of that Bond on the Redemption Date shall be donated by the Holder to TBS on the Redemption Date;
  - (ii) agree that the Holder will not transfer, sell or otherwise deal with the Bond at any future time without the prior written consent of TBS (acting in its absolute discretion); and
  - (iii) direct that, on the Redemption Date, the payment of that Redemption Amount be made to TBS instead of the Holder; and
- (b) TBS shall receive the payment of the Redemption Amount of that Bond on the Redemption Date in accordance with this Condition 7.3.

## 7.4 Redemption Date Benevolent Donation (Part Principal)

Where a Holder has elected to make a Redemption Date Benevolent Donation (Part Principal) in respect of a Bond:

- (a) by delivering an applicable Benevolent Donation Notice the Holder will be deemed to irrevocably:
  - (i) agree that the part of the outstanding principal amount of that Bond nominated by the Holder in the Benevolent Donation Notice to be subject to the Redemption Date Benevolent Donation (Part Principal) shall be donated by the Holder to TBS on the Redemption Date. The donation will be effected as a deduction from the Redemption Amount payable on that Bond to the Holder;
  - (ii) agree that the Holder will not transfer, sell or otherwise deal with the Bond at any future time without the prior written consent of TBS (acting in its absolute discretion); and
  - (iii) direct that, on the Redemption Date, such nominated part of the outstanding principal amount of that Bond be paid to TBS instead of the Holder;
- (b) TBS shall receive payment of the nominated part of the outstanding principal amount of that Bond on the Redemption Date in accordance with this Condition 7.4; and
- (c) subject to any election made by the Holder under Condition 7.5 (“Redemption Date Benevolent Donation (Interest)”), the Holder shall be entitled to payment of interest (if any) accrued on the entire principal amount of the Bond on the relevant Redemption Date.

## 7.5 Redemption Date Benevolent Donation (Interest)

Where a Holder has elected to make a Redemption Date Benevolent Donation (Interest) in respect of a Bond:

- (a) by delivering an applicable Benevolent Donation Notice the Holder will be deemed to irrevocably:
  - (i) agree that the amount of interest (if any) on that Bond nominated by the Holder in the Benevolent Donation Notice to be subject to the Redemption Date Benevolent Donation (Interest) shall be donated by the Holder to TBS on the Redemption Date;
  - (ii) agree that the Holder will not transfer, sell or otherwise deal with the Bond at any future time without the prior written consent of TBS (acting in its absolute discretion); and
  - (iii) direct that, on the Redemption Date, such nominated interest amount be paid to TBS instead of the Holder;
- (b) TBS shall receive payment of the nominated interest amount on that Bond on the

Redemption Date in accordance with this Condition 7.5; and

- (c) subject to any election made by the Holder under Condition 7.4 (“Redemption Date Benevolent Donation (Part Principal)”), the Holder shall be entitled to repayment of the outstanding principal amount of that Bond on the Redemption Date.

## 7.6 Procedures

- (a) Any election by a Holder of a Benevolent Donation Option in respect of a Bond must be made by delivery by the Holder to the Issuer and TBS of a duly completed and signed Benevolent Donation Notice and:
  - (i) in the case of an Early Benevolent Donation, will be effective and irrevocable immediately upon TBS accepting the relevant offer by the Holder (which shall be evidenced by TBS countersigning the applicable Benevolent Donation Notice); and
  - (ii) in each other case, once made, is irrevocable.
- (b) A Benevolent Donation Notice may, only with the agreement of TBS (acting in its absolute discretion):
  - (i) include the death of the Holder as a condition to the effectiveness of a relevant Bond Donation Option election; and
  - (ii) specify an alternative Transfer Price for the purposes of Condition 7.2 (“Early Benevolent Donation”) that represents the market value of the Bond as may be agreed between TBS and the Holder.
- (c) In respect of any Bond which is lodged in the Austraclear System, a reference in this Condition 7 to the “Holder” of that Bond and for the purposes of any Benevolent Donation Notice includes the person in whose Security Record (as defined in the Austraclear Regulations) that Bond is recorded.

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## 8 Early Termination Event

### 8.1 Early Termination Event

An “**Early Termination Event**” shall occur in respect of the Bonds if the Implementation Deed is terminated prior to its scheduled maturity.

### 8.2 Consequences of an Early Termination Event

If an Early Termination Event occurs, each Bond is to be redeemed by the Issuer paying to the Holder the applicable Redemption Amount for the Bond on the Redemption Date.

### 8.3 Notification

If an Early Termination Event occurs, the Issuer must promptly (and in any event within five Business Days) after becoming aware of it notify

the Agents and the Holders of the occurrence of the Early Termination Event (and specifying its details).

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## 9 Title and transfer

### 9.1 Title

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

### 9.2 Recognition of interests

- (a) Except as ordered by a court of competent jurisdiction or required by law or directive, the Issuer and the Agents must treat the person whose name is entered in the Register as the Holder of a Bond as the absolute owner of that Bond. This Condition applies whether or not a Bond is overdue and despite any notice of ownership, trust or interest in the Bond.
- (b) Where two or more persons are entered in the Register as the joint holder of a Bond then they are taken to hold the Bond as joint tenants with rights of survivorship, but the Registrar not bound to register more than four persons as joint holders of a Bond.

### 9.3 Transfer restrictions

- (a) Bonds may only be transferred:
  - (i) in whole and not in part;
  - (ii) to Australian residents who are not acquiring the Bonds through a permanent establishment outside Australia; and
  - (iii) if the transfer:
    - (A) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
    - (B) does not constitute a transfer to a “retail client” as defined for the purposes of Chapter 7 of the Corporations Act;
    - (C) complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place; and
    - (D) does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory body in Australia.
- (b) A Bond may not, without the prior written consent of TBS, be transferred, sold or otherwise dealt with if an election for a Redemption Date Benevolent Donation (All Amounts), a Redemption Date Benevolent Donation (Part Principal) or a Redemption Date Benevolent Donation (Interest) has been made in respect of that Bond.

- (c) A transfer of a Bond to an unincorporated association is not permitted.
- (d) Transfers of Bonds which are not lodged in the Austraclear System cannot be made between a Record Date and the Redemption Date.
- (e) Transfers of Bonds will not be registered later than close of business in the place where the Register is maintained on the eighth day prior to the Redemption Date of the applicable Bonds.

#### 9.4 Transfer procedures

Bonds may be transferred:

- (a) in respect of any Bond which is lodged in the Austraclear System, in accordance with the Austraclear Regulations; or
- (b) in respect of any Bond which is not lodged in the Austraclear System, by the delivery to the Registrar of:
  - (i) a duly completed Transfer and Acceptance Form executed by the transferor and the transferee; and
  - (ii) such evidence as the Registrar considers sufficient to establish the due completion and execution of that Transfer and Acceptance Form,

and, in each case, otherwise in accordance with these Conditions and the Bond Deed Poll.

#### 9.5 Estates

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

#### 9.6 Transfer of unidentified Bonds

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

### 10 Calculations

#### 10.1 Calculation of interest

The amount of interest (if any) payable in respect of a Bond in accordance with Condition 5 shall be determined by the Manager as soon as reasonably practicable following the final determination of the applicable Performance Level

but in any case, no later than 5 Business Days prior to its Redemption Date.

#### 10.2 Notification of Redemption Amount

The Issuer must give notice to the Agents and the Holders of the Redemption Amount for each Bond (specifying the amount of interest (if any) payable on the Bond) as soon as practicable after completing its calculations under Condition 10.1 ("Calculation of interest").

#### 10.3 Determinations final

- (a) The determination by the Manager of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of fraud or manifest or proven error, final and binding on the Issuer, each Agent and each Holder.
- (b) The Performance Level, once finally determined, shall be, in the absence of fraud or manifest or proven error, final and binding on the Issuer, the Manager, each Agent and each Holder.

#### 10.4 Rounding

For the purposes of any calculations required under these Conditions:

- (a) all percentages resulting from the calculations must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.);
- (b) all figures must be rounded to five decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent.

### 11 Taxation

#### 11.1 No set-off, counterclaim or deductions

Except as set out in Condition 7 ("Benevolent Donation Options"), all payments in respect of the Bonds must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

#### 11.2 Withholding tax

If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of a Bond such that the Holder would not actually receive on the due date the full amount provided for under the Bonds, then:

- (a) the Issuer agrees to deduct the amount for the Taxes; and
- (b) no additional amounts are payable under these Conditions.

## 12 Payments

### 12.1 Payments to Holders

Payments of the Redemption Amount will be made to each person registered in the Register as at 10.00 am on the applicable Redemption Date as the holder of a Bond.

### 12.2 Disputed amounts

Pursuant to the Implementation Deed, the Department is entitled to dispute any amount payable to the Issuer under the Implementation Deed. If the Department disputes any part of an amount that constitutes all or part of any amount payable under these Conditions:

- (a) that amount is not an amount that is due under these Conditions and does not form part of the Redemption Amount unless that payment is found to be payable in accordance with the dispute resolution processes under the Implementation Deed (an “**Overdue Amount**”); and
- (b) interest (calculated on a daily basis) will accrue on that Overdue Amount at the Prescribed Rate from (but excluding) the original due date for the payment of that amount to (and including) the date on which it is paid to the relevant Holders.

### 12.3 Late payments

If any payment due on any Bonds is not paid by its due date, interest (calculated on a daily basis) will be payable on that amount at the Prescribed Rate (converted to a daily rate of interest) from (but excluding) the day on which payment of that amount was due to (and including) the date the payment of that amount is made, provided that no such interest shall be payable if the aggregate amount of such interest is less than or equal to A\$20.

### 12.4 Payments to accounts

Payments in respect of a Bond will be made:

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

to an account in Australia previously notified by the Holder to the Issuer and the Agents.

### 12.5 Payments by cheque

If a Holder has not notified the Agents of an account to which payments to it must be made by close of business on the Record Date or it has notified the Agents that it wishes to be paid by cheque, payments in respect of the Bond will be made by cheque sent by prepaid post on the Redemption Date, at the risk of the registered Holder, to the Holder (or if two or more persons are entered in the Register as joint Holders, to the first named joint Holder of the Bond) at its address appearing in the Register at close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the Redemption Date and no further amount will be payable by the Issuer in respect of the Bonds as a result of the Holder not receiving payment on the due date.

### 12.6 Payments subject to law

All payments are subject to applicable law but without prejudice to the provisions of Condition 11 (“Taxation”).

### 12.7 Payments on Business Days

If a payment:

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

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

### 12.8 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

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



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

## **12.9 Payment to joint Holders**

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

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## **13 Time limit for claims**

A claim against the Issuer for a payment under a Bond is void unless made within five years from the date on which payment first became due.

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## **14 Meetings of Holders**

The Meetings Provisions contain provisions for convening meetings of the Holders to consider any matter affecting their interests, including any variation of these Conditions.

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## **15 Variation**

### **15.1 Variation with consent**

Unless Condition 15.2 ("Variation without consent") applies, the Bonds may only be varied by the Holders in accordance with the Meetings Provisions.

### **15.2 Variation without consent**

Any Condition may be amended by the Issuer with the consent of the Manager but without the consent of the Holders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest or proven error;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision; or
- (d) in the reasonable opinion of the Issuer and the Manager, such amendment is not materially prejudicial to the interests of the Holders.

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## **16 Notices**

### **16.1 Notices to Holders**

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

### **16.2 Notices to the Issuer and the Agents**

- (a) All notices and other communications to the Issuer or the Agents must be in writing and may sent by prepaid post (airmail, if appropriate) to or left at the Specified Office of the Issuer or the Agents.
- (b) If the same person is acting as both Registrar and Issuing & Paying Agent, a notice given to such person will be taken to be satisfactory notice to that person in its capacity as both Registrar and Issuing & Paying Agent.

### **16.3 Receipt - publication in newspaper**

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

### **16.4 Deemed receipt - postal**

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

### **16.5 Deemed receipt - general**

Despite Condition 16.4 ("Deemed receipt - postal"), if notices or other communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

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## **17 Agents**

### **17.1 Required Agents**

The Issuer must at all times maintain:

- (a) a Registrar; and
- (b) an Issuing & Paying Agent,

and which may, but need not, be the same person acting in both capacities.

### **17.2 Role of Agents**

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

### **17.3 Appointment and replacement of Agents**

Subject to Condition 17.1 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

### **17.4 Change of Agent**

The Issuer (or an Agent on its behalf) must notify the Holders if there is any change in the identity of any Agent or any Agent's Specified Office.

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## 18 Governing law

### 18.1 Governing law

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

### 18.2 Jurisdiction

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

### 18.3 Serving documents

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

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## 19 Interpretation

### 19.1 Definitions

In these Conditions, the following meanings apply unless the contrary intention appears:

**Agency Agreement** means:

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

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

**Austraclear** means Austraclear Ltd (ABN 94 002 060 773);

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

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

**Benevolent Donation Notice** means a notice substantially in the form set out as a schedule to the Bond Deed Poll;

**Benevolent Donation Options** has the meaning given in Condition 7.1 (“Benevolent Donation Options”);

**Bond** means a medium-term debt obligation issued or to be issued by the Issuer on the Conditions, which is constituted by, and owing under the Bond Deed Poll, and the details of which are recorded in, and evidenced by, entry in the Register;

**Bond Deed Poll** means the document entitled “SBB Deed Poll” dated 2 August 2013 and executed by the Issuer;

**Business Day** means a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney and, if a Bond held in the Austraclear System is to be issued or payment made in respect of a Bond held in the Austraclear System on that day, a day on which the Austraclear System is operating;

**Calculation Period End Date** means, in respect of a Bond and where an Early Termination Event (other than a Termination for Convenience) occurs:

- (a) if the Early Termination Event occurs by reference to the termination of the Implementation Deed in accordance with clause 29.1 thereof, the date on which such termination of the Implementation Deed occurs; or
- (b) if the Early Termination Event occurs other than by reference to the circumstances set out under paragraph (b) of this definition, the date on which the Department makes the applicable “Outcome Payment” under the Implementation Deed in respect of that Early Termination Event.

*A termination of the Implementation Deed in accordance with clause 29.1 thereof relates to a ‘Termination for Cause’ by the Department;*

**Class P Bonds** means the Issuer’s A\$7,500,000 Class P Social Benefit Bonds due 26 August 2018;

**Conditions** means, in relation to the Bonds, these terms and conditions and references to a particular numbered Condition shall be construed accordingly;

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

**Department** means the Minister for Family and Community Services for and on behalf of the State of New South Wales, acting through the Community Services Division, Department of Family and Community Services;

**Early Benevolent Donation** has the meaning given in Condition 7.1 ("Benevolent Donation Options");

**Early Donation Period** means the period commencing on the Issue Date and ending on the earlier to occur of:

- (a) the date that is 4 years and 9 months after the Issue Date; and
- (b) the date on which an Early Termination Event occurs;

**Early Termination Event** has the meaning given in Condition 8 ("Early Termination Event");

**Holder** means, in respect of a Bond, the person whose name is entered in the Register as the holder of that Bond;

**Implementation Deed** means the deed entitled "Deed of Implementation Agreement for TBS Social Benefit Bonds Pilot" dated 13 June 2013 between the Issuer and the Department;

**Independent Certifier** means the person appointed as the "Independent Certifier" pursuant to, and for the purposes of, the Implementation Deed;

**Information Memorandum** means the information memorandum dated 2 August 2013 prepared on behalf of, and approved by, the Issuer in connection with the issue of Bonds;

**Interest Rate** has the meaning given in Condition 5.2 ("Interest Rate");

**Issue Date** means 26 August 2013;

**Issue Supplement** means the deed entitled "The Benevolent Society Social Benefit Trust No 1 Issue Supplement" between the Issuer, the Security Trustee and the Manager relating to the issue of the Bonds;

**Issuing & Paying Agent** means, initially, the Issuer or such other person as the Issuer may appoint from time to time to perform issuing and payment functions in respect of the Bonds;

**Issuer** means Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee of the Trust;

**Manager** means The Benevolent Society (ABN 95 084 695 045) as manager of the Trust;

**Maturity Date** means 26 August 2018;

**Meetings Provisions** means the provisions relating to meetings of Holders set out as a schedule to the Bond Deed Poll;

**Prescribed Rate** means the conversion to a daily rate of interest of the applicable total rate of interest as determined under section 22 of the Taxation Administration Act 1996 of New South Wales and published quarterly at the website [www.osr.nsw.gov.au/taxes/other/taa/](http://www.osr.nsw.gov.au/taxes/other/taa/) rates (or in any replacement publication or

replacement website address as may be notified from time to time);

**Record Date** means the close of business in the place where the Register is maintained on the eighth day before the Redemption Date;

**Redemption Amount** means, in respect of a Bond, the aggregate of:

- (a) the outstanding principal amount of that Bond on the Redemption Date; plus
- (b) the amount of interest (if any) determined to be payable on that Bond in accordance with Condition 5 ("Interest");

**Redemption Date** means:

- (a) the Maturity Date; or
- (b) if an Early Termination Event occurs, the date that is three months after the date on which the Early Termination Event occurs;

**Redemption Date Benevolent Donation (All Amounts)** has the meaning given in Condition 7.1 ("Benevolent Donation Options");

**Redemption Date Benevolent Donation (Interest)** has the meaning given in Condition 7.1 ("Benevolent Donation Options");

**Redemption Date Benevolent Donation (Part Principal)** has the meaning given in Condition 7.1 ("Benevolent Donation Options");

**Register** means the register of holders of Bonds established and maintained by the Registrar;

**Registrar** means, initially, the Issuer or such other person as the Issuer may appoint from time to time under an Agency Agreement to maintain the Register;

**Related Body Corporate** has the meaning it has in the Corporations Act;

**Security Documents** means:

- (a) the deed entitled "The Benevolent Society Social Benefit Trust No 1 Security Trust Deed" dated 12 June 2013 between the Issuer, the Security Trustee and the Manager;
- (b) the deed entitled "The Benevolent Society Social Benefit Trust No 1 Second General Security Deed" dated 12 June 2013 between the Issuer, the Security Trustee and the Manager;
- (c) the deed entitled "Priority Deed" dated 2 August 2013 between the Issuer, the Department and the Security Trustee; and
- (d) the Issue Supplement;

**Specified Office** means, for a person, that person's office specified in the Information Memorandum or any other address notified to Holders from time to time;

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

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

**TBS** means The Benevolent Society (ABN 95 084 695 045);

**Termination for Convenience** means the termination of the Implementation Deed by the Department in accordance with clause 28 thereof.

*A termination of the Implementation Deed in accordance with clause 28 thereof relates to a 'Termination for Convenience' by the Department;*

**Transfer and Acceptance Form** means a transfer instrument substantially in the form set out as a schedule to the Bond Deed Poll or in such other form as the Issuer may (in its discretion) accept from time to time;

**Trust** means The Benevolent Society Social Benefit Trust No 1, constituted by the Trust Deed;

**Trust Assets** means the assets of the Trust from time to time; and

**Trust Deed** means the trust deed entitled "Charitable Trust Deed of the Benevolent Society Social Benefit Trust No 1" dated 12 June 2013 between (among others) Perpetual Corporate Trust Limited (ABN 99 000 341 533) and TBS.

## 19.2 References to certain general terms

Unless the contrary intention appears, a reference to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) a document (including these Conditions) includes any amendment, variation or replacement of it;

- (d) anything (including any amount) is a reference to the whole and each part of it;
- (e) a "**law**" includes common law, principles of equity, any decree and any statute or other law made by a parliament (and a statute or other law made by parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
- (f) a "**directive**" includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any case having the force of law) with which responsible participants in the relevant market generally comply;
- (g) "**Australian dollars**" or "**A\$**" is a reference to the lawful currency of Australia;
- (h) a time of day is a reference to Sydney time;
- (i) a "**person**" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (j) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- (k) the words "**including**", "**for example**" or "**such as**" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## 19.3 Number

The singular includes the plural and vice versa.

## 19.4 Headings

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

## 19.5 Calculation of period of time

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

# Form of Issue Supplement

The following is the form of the Issue Supplement to be confirmed by the Issuer, the Security Trustee and the Manager in connection with the issue of each class of Bonds.

## The Benevolent Society Social Benefit Trust No 1 Issue Supplement

### Parties

- (1) **Perpetual Corporate Trust Limited** (ABN 99 000 341 533) as trustee for The Benevolent Society Social Benefit Trust No 1 (ABN 90 243 235 502) of Level 12, 123 Pitt Street, Sydney NSW 2000 ("**Trustee**");
- (2) **P.T. Limited** (ABN 67 004 454 666) as trustee for The Benevolent Society Social Benefit Trust No 1 Security Trust of Level 12, 123 Pitt Street, Sydney NSW 2000 ("**Security Trustee**"); and
- (3) **The Benevolent Society** (ABN 95 084 695 045) in its capacity as manager of The Benevolent Society Social Benefit Trust No 1 (ABN 90 243 235 502) of Level 1, 188 Oxford Street, Paddington NSW 2021 ("**Manager**").

### 1 Issue of Bonds

#### 1.1 Bonds to be issued on the Issue Date

The Trustee will issue the following Bonds on 26 August 2013 ("**Issue Date**"):

- (a) A\$7,500,000 Class P Social Benefit Bonds due 26 August 2018 ("**Class P Bonds**"); and
- (b) A\$2,500,000 Class E Social Benefit Bonds due 26 August 2018 ("**Class E Bonds**", and together with the Class P Bonds, the "**Bonds**"),

in each case, on the applicable Conditions.

#### 1.2 Condition precedent

The obligation of the Trustee to issue the Bonds referred to in clause 1.1 ("Bonds to be issued on the Closing Date") is subject to the Manager confirming to the Trustee that the conditions precedent set out in clause 4.1 ("Conditions to issue") of the Subscription Agreement have been satisfied.

#### 1.3 Manager directions

Except during the Interim Licencing Period, the Trustee must only issue Bonds in accordance with the Manager's direction.

#### 1.4 Further issues

The Trustee must not issue, and the Manager must not direct the Trustee to issue, any further Bonds after the Issue Date.

### 2 Trust Fund Allocation Methodology

#### 2.1 Order of distribution before enforcement of the General Security Deed

For the purposes of clause 4.2 ("Limitation on income and property of the Trust") of the Trust Deed and clause 14.1 ("Order of distribution before enforcement of the General Security Deed") of the Security Trust Deed, the Manager directs the Trustee to distribute, and the Trustee must distribute, any amount it receives in respect of the Trust in accordance with the Trust Documents and, in respect of amounts that are available to be distributed by the Trustee as permitted under the Transaction Documents, the Manager directs the Trustee to distribute, and the Trustee must distribute, all such amounts in the following order:

- (a) first, *pari passu* and rateably:
  - (i) any Taxes payable in relation to the Trust; and
  - (ii) subject to clause 5 ("Trustee and Trust Costs"):
    - (A) the Trustee's Costs incurred in connection with its role as trustee of the Trust; and
    - (B) any Costs of the Trust incurred and payable,

as and when such amounts fall due to be paid;

- (b) next, all amounts owing to the Class P Holders in relation to the Class P Bonds in accordance with the relevant Conditions on any Redemption Date; and
- (c) next, all amounts owing to the Class E Holders in relation to the Class E Bonds in accordance with the relevant Conditions on any Redemption Date,

with any surplus amounts to be applied as set out in clause 3.1 ("Application and investment of Trust Assets").

#### 2.2 Order of distribution after enforcement of the General Security Deed

For the purposes of clause 14.2 ("Order of distribution after enforcement of the General Security Deed") of the Security Trust Deed and clause 5.1 ("Application of money") of the General Security Deed, if the Security Trustee has

enforced the General Security Deed in relation to the Collateral of the Trust, the Security Trustee must distribute any amount it receives or recovers in respect of the Trust in the following order:

- (a) first, to any person with a prior ranking Encumbrance (of which the Security Trustee is aware and, otherwise, in accordance with the Priority Deed) over the Collateral to the extent of the claim under that Encumbrance;
- (b) next, to any Receiver appointed in accordance with the Security Trust Deed, for its remuneration;
- (c) next, *pari passu* and rateably to:
  - (i) any Receiver appointed in accordance with the Security Trust Deed, for its Costs and fees (excluding any amounts paid in accordance with clause 2.2(b)) in connection with it acting as receiver in accordance with the Transaction Documents;
  - (ii) the Security Trustee for its Costs and other amounts (including all Secured Moneys) due to it for its own account in connection with its role as trustee of the Security Trust; and
  - (iii) subject to clause 5 ("Trustee and Trust Costs"), the Trustee for its Costs and other amounts (including all Secured Moneys) due to it for its own account in connection with its role as trustee of the Trust;
- (d) next, all Secured Money owing to the Class P Holders in relation to the Class P Bonds. This will be applied:
  - (i) first, *pari passu* and rateably towards all unpaid interest on the Class P Bonds; and
  - (ii) next, *pari passu* and rateably to reduce the outstanding principal amount of the Class P Bonds;
- (e) next, all Secured Money owing to the Class E Holders in relation to the Class E Bonds. This will be applied:
  - (i) first, *pari passu* and rateably towards all unpaid interest on the Class E Bonds; and
  - (ii) next, *pari passu* and rateably to the outstanding principal amount of the Class E Bonds;
- (f) next, to pay *pari passu* and rateably to each Secured Creditor any Secured Moneys owing to that Secured Creditor under any Transaction Document and not satisfied under the preceding paragraphs;
- (g) next, to pay any Taxes payable in relation to the Trust;

- (h) subject to clause 5 ("Trustee and Trust Costs"), next, to pay any Costs of the Trust incurred and payable;
- (i) next, to any person with a subsequent ranking Encumbrance (of which the Security Trustee is aware) over the Collateral to the extent of the claim under that Encumbrance; and
- (j) next, to pay any surplus to the Trustee to be distributed in accordance with the terms of the Transaction Documents and the Trust Deed.

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### 3 Variations to Security Trust Deed

#### 3.1 Application and investment of Trust Assets

Pursuant to clause 21.2 ("Variation by Issue Supplement") of the Security Trust Deed, the Manager additionally undertakes to the Security Trustee (for the benefit of the Holders) that it shall only direct the Trustee to, and the Trustee additionally undertakes to the Security Trustee (for the benefit of the Holders) that it shall only:

- (a) apply the Trust Assets as permitted by, and in accordance with, the Trust Documents; and
- (b) invest the Trust Assets in the Authorised Investments.

#### 3.2 Events of Default for the Security Trust Deed

Each of the following is an "Event of Default" in respect of the Security Trust Deed and the General Security Deed:

- (a) **(non-payment)** the Trustee does not pay:
  - (i) any amount due to be paid to any Holder in respect of a Bond within 2 Business Days of the date on which it is due to be paid; or
  - (ii) any other amount of the Secured Money within 5 Business Days of the date on which it is due to be paid; and
- (b) **(First Security)** the Department enforces its security under the First Security.

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### 4 Management Committee and Reserved Matters

#### 4.1 Management Committee

For the purposes of the Management Deed, the "Management Committee Members" are:

- (a) the Manager;
- (b) [Commonwealth Bank of Australia (ABN 48 123 123 124)]; and
- (c) [Westpac Banking Corporation (ABN 33 007 457 141)],

and each such Management Committee Member has agreed to its appointment, and to the establishment of a Management Committee, under the Conflicts Management Co-Operation Agreement.

#### 4.2 Management Committee Governance Principles

The Manager confirms that the Management Committee Governance Principles have been agreed by the Management Committee Members and are set out as a schedule to the Conflicts Management Co-Operation Agreement.

#### 4.3 Reserved Matters

For the purposes of the Management Deed, and subject to amendment or modification in accordance with the Management Committee Governance Principles, the following are the “Reserved Matters”:

- (a) the exercise (or non-exercise) of any right or discretion of the Manager or the Trustee (as directed by the Manager) arising or conferred under any Trust Document that is exercisable by reference to concepts of materiality or reasonableness;
- (b) the grant by the Manager or the Trustee (as directed by the Manager) of:
  - (i) any:
    - (A) waiver to any person under a Trust Document; or
    - (B) consent for, approval of or agreement to, the amendment of any provision of a Trust Document,
 which has, or is likely to have, a Material Adverse Effect; or
  - (ii) any consent or approval for the substitution or replacement of any party to a Trust Document;
- (c) the determination by the Manager (personally or on behalf of the Trustee) of any default under any Trust Document;
- (d) the enforcement (or non-enforcement) by the Manager or the Trustee (at the direction of the Manager) of any default, or termination right of the Trustee, under the Trust Documents;
- (e) any proposal by the Manager to invest the Trust Assets in Authorised Investments other than cash and/or deposits with an Approved Bank; and
- (f) such other matters which have otherwise been designated from time to time by the Management Committee as Reserved Matters and notified to the Trustee and the Manager.

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## 5 Trustee and Trust Costs

- (a) On 26 February and 26 August in each year up to (but excluding) the Redemption Date for the Bonds (with the first such date occurring on 26 February 2014), from the assets of the Trust the Trustee (at the direction of the Manager) will deposit an amount of A\$35,000 into an account held with an Approved Bank and maintained in the name of the Trustee (“Trust Expenses Account”).
- (b) Funds standing to the balance of the Trust Expenses Account will be applied by the Trustee (at the direction of the Manager), at any time as required, rateably in respect of:
  - (i) the Trustee's Costs incurred in connection with its role as trustee of the Trust; and
  - (ii) any Costs of the Trust incurred and payable,
 provided that the payment of any amounts set out in clauses 2.1(a)(ii), 2.2(c)(iii) or 2.2(h) may only be made or claimed if all amounts standing to the balance of the Trust Expenses Account have already been applied in full in accordance with this clause 5(b).
- (c) Other than as set out in clause 5(b) above, amounts will only be released from the Trust Expenses Account after any necessary payments have been made in accordance with clause 5(b):
  - (i) on the Redemption Date for the Bonds; or
  - (ii) if the Security Trustee has enforced the General Security Deed in relation to the Collateral of the Trust.

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## 6 General

### 6.1 Issue Supplement

This deed is the Issue Supplement for the purposes of the Trust Deed, the Security Trust Deed, the Management Deed and the Conditions.

### 6.2 Limitation of liability and other general matters

Each of:

- (a) clause 13 (“Indemnity and limitation of liability”) of the Trust Deed;
- (b) clause 8 (“Security Trustee indemnity and limitation of liability”) of the Security Trust Deed;
- (c) clause 24 (“Notices and other communications”) of the Security Trust Deed;
- (d) clause 25 (“General”) of the Security Trust Deed; and

- (e) clause 26 ("GST") of the Security Trust Deed,

are incorporated into this deed as if they were fully set out in this deed and any clause references in such clauses were to the corresponding incorporated clause.

### 6.3 Governing Law and Jurisdiction

This deed is governed by the laws in force in New South Wales. Each party submits to the non-exclusive jurisdiction of the courts of New South Wales.

## 7 Definitions and interpretation

### 7.1 Incorporated definitions

A term which has a defined meaning in the:

- (a) Trust Deed; or
- (b) Security Trust Deed,

has the same meaning when used in this deed unless it is expressly defined in this deed, in which case the meaning in this deed prevails. If the definition of a term in the Trust Deed or the Security Trust Deed is amended in this deed, the definition in the Trust Deed or the Security Trust Deed applies to the extent amended by this deed.

### 7.2 Definitions

In this Issue Supplement, and for the purposes of the Trust Deed, Security Trust Deed, the General Security Deed and the Conditions (as applicable), these terms have the following meanings:

**A\$ or Australian Dollars** means the lawful currency of the Commonwealth of Australia.

**Approved Bank** means Australia and New Zealand Banking Group Ltd, Commonwealth Bank of Australia, National Australia Bank Limited and Westpac Banking Corporation and any other bank authorised to carry on the business of banking in Australia that is approved by the Department.

**Authorised Investments** in respect of the Trust Assets means any investments which at their date of acquisition are:

- (a) cash and/or deposits with an Approved Bank or certificates of deposit issued by an Approved Bank;
- (b) bills, promissory notes or other negotiable instruments accepted, drawn or endorsed by an Approved Bank;
- (c) bonds, debentures, stock or treasury bills of any government of an Australian jurisdiction rated A- or better (by S&P);
- (d) debentures or stock of any public statutory body constituted under the law of any Australian jurisdiction where the repayment of the principal secured and the interest

payable thereon is guaranteed by that Australian jurisdiction rated A- or better (by S&P);

- (e) notes or other securities of any government of an Australian jurisdiction rated A- or better (by S&P); or
- (f) (i) deposits with, or the acquisition of certificates of deposit (whether negotiable, convertible or otherwise), issued by, a Bank rated A- or better (by S&P) which carries on business in an Australian jurisdiction; or
- (ii) bills of exchange which at the time of acquisition have a remaining term to maturity of not more than 200 days, accepted or endorsed by an Approved Bank rated A- or better (by S&P) which carries on business in an Australian jurisdiction.

In paragraphs (b) - (f) inclusive of this definition, expressions shall be construed and, if necessary read down, so that the notes in relation to any trust constitute "mortgage-backed securities" for the purposes of both the Duties Act 1997 of New South Wales, the Duties Act 2000 of Victoria, the Duties Act 2001 of Queensland and the Duties Act 2001 of Tasmania.

**Bond Deed Poll** means the document entitled "SBB Deed Poll" dated 2 August 2013 and executed by the Trustee.

**Bonds** has the meaning given in clause 1.1 ("Bonds to be issued on the Issue Date").

**Business Day** means a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney.

**Class E Bonds** has the meaning given in clause 1.1 ("Bonds to be issued on the Issue Date").

**Class E Holder** means each person who is from time to time entered in the Register as the holder of a Class E Bond.

**Class P Bonds** has the meaning given in clause 1.1 ("Bonds to be issued on the Issue Date").

**Class P Holder** means each person who is from time to time entered in the Register as the holder of a Class P Bond.

**Conditions** means:

- (a) in respect of a Class P Bond, the terms and conditions set out in the section of the Information Memorandum entitled "*Conditions of the Class P Bonds*"; and
- (b) in respect of a Class E Bond, the terms and conditions set out in the section of the Information Memorandum entitled "*Conditions of the Class E Bonds*",



in each case, as amended, supplemented, modified or replaced by this Issue Supplement.

**Conflicts Management Co-Operation Agreement** means the document entitled “Conflicts Management Co-Operation Agreement” to be dated on or about the date of this deed between the Manager and the other Management Committee Members.

**Department** means the Minister for Family and Community Services for and on behalf of the State of New South Wales, acting through the Community Services Division, Department of Family and Community Services.

**First Security** means the document entitled “The Benevolent Society Social Benefit Trust No 1 First General Security Deed” dated 12 July 2013 between the Trustee and Department.

**Information Memorandum** means the Information Memorandum dated 2 August 2013 and issued in connection with the issue of the Bonds.

**Issue Date** has the meaning given in clause 1.1 (“Bonds to be issued on the Issue Date”).

**Management Committee Members** has the meaning given in clause 4.1 (“Management Committee”).

**Management Deed** means the document entitled “The Benevolent Society Social Benefit Trust No 1 Management Deed” dated 2 August 2013 between the Trustee and the Manager.

**Material Adverse Effect** means an event or circumstance which will or is reasonably likely to have a material and adverse effect on:

- (a) the amount of any payment to a Holder in respect of any Bond; or
- (b) the timing of any such payment.

**Payment Date** means, in respect of any amount payable under a Transaction Document, the date on which that amount is due to be paid in accordance with the terms of the relevant Transaction Document.

**Priority Deed** means the document entitled “Priority Deed” dated 2 August 2013 between the Department, the Security Trustee and the Trustee.

**Redemption Date** has the meaning given in the Conditions.

**S&P** means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, or Standard & Poor’s (Australia) Pty Limited (ABN 62 007 324 852) (trading as Standard & Poor’s).

**Security Trust Deed** means the document entitled “The Benevolent Society Social Benefit Trust No 1 Security Trust Deed” dated 12 July 2013 between the Trustee, the Manager and the Security Trustee.

**Subscription Agreement** means the SBB Subscription Agreement dated on or about the date of this deed between the Trustee, the Manager, Commonwealth Bank of Australia (ABN 48 123 123 124) and Westpac Banking Corporation (ABN 33 007 457 141).

**Trust Deed** means the document entitled “Charitable Trust Deed of The Benevolent Society Social Benefit Trust No 1” dated 12 July 2013 between (among others) the Trustee and the Manager.

**Voting Secured Creditors** means:

- (a) for so long as any Class P Bonds remain outstanding:
  - (i) the Class P Holders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class P Holders (as determined in accordance with the order of priority set out in clause 2.2 (“Order of distribution after enforcement of the General Security Deed”));
- (b) if no Class P Bonds remain outstanding and for so long as any Class E Bonds remain outstanding:
  - (i) the Class E Holders; and
  - (ii) any Secured Creditors ranking equally or senior to the Class E Holders (as determined in accordance with the order of priority set out in clause 2.2 (“Order of distribution after enforcement of the General Security Deed”)); and
- (c) if no Bonds remain outstanding, the remaining Secured Creditors.

### 7.3 Certain defined terms

For the purposes of the Security Trust Deed:

- (a) “Dealer Agreement” means the Subscription Agreement; and
- (b) “Trust Fund Allocation Methodology” means the methodology set out in clause 2 (“Trust Fund Allocation Methodology”).

### 7.4 General

Clause 1.2 (“References to certain general terms”) to clause 1.5 (“Capacity”) and clause 6.1 (“Awareness of certain events”) of the Security Trust Deed apply to this deed.

**EXECUTED** as a deed

# Selling Restrictions

*Under the Subscription Agreement and subject to the Conditions contained in this Information Memorandum, the Bonds will be offered by the Issuer for issue through the Joint Lead Managers. The Issuer has the sole right to accept any offer to purchase Bonds and may reject that offer in whole or (subject to the terms of the offer) in part. Each Joint Lead Arranger has the right to reject any offer to purchase Bonds made to it in whole or (subject to the terms of such offer) in part.*

*Each Joint Lead Manager will agree to comply with any applicable law or directive in any jurisdiction in which it may subscribe for, offer, place, sell or transfers Bonds and that it will not, directly or indirectly, offer, sell or transfer Bonds or distribute any Information Memorandum or other offering material in relation to the Bonds outside Australia and otherwise within Australia except in accordance with the Subscription Agreement, these selling restrictions and under circumstances that will result in compliance by the Joint Lead Manager with any applicable law or directive of that jurisdiction.*

*None of the Issuer, the Manager, the Trustee or the Joint Lead Managers have represented that any Bonds may at any time lawfully be sold in compliance with any applicable disclosure, registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.*

*The following selling restrictions apply:*

## Australia

The Bonds may only be issued or transferred to Australian residents who are not acquiring the Bonds through a permanent establishment outside Australia.

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Bonds has been, or will be, lodged with ASIC. Each Joint Lead Manager represents and agrees that it:

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

unless the offer or invitation (including any resulting issue):

- (i) does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (ii) does not constitute an offer or invitation to a “retail client” as defined for the purposes of Chapter 7 of the Corporations Act; and

- (iii) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place; and
- (iv) does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory body in Australia.

## General

The Bonds may not be issued or transferred to non-residents of Australia or Australian residents who would be acquiring the Bonds through a permanent establishment outside Australia.

In particular, the Bonds have not been, and will not be, registered under the U.S. Securities Act. The Bonds may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act).

No action has been taken in any jurisdiction that would permit a public offering of any of the Bonds, or possession or distribution of the Information Memorandum or any other offering material in any country or jurisdiction.

Persons into whose hands this Information Memorandum comes are required by the Issuer, the Manager, the Trustee and the Joint Lead Managers to comply with all applicable laws, regulations and directives in each jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Bonds or have in their possession or distribute or publish the Information Memorandum or other offering material.

In accordance with the above, any Bonds purchased by any person who wishes to offer such Bonds for sale or resale may not be offered in Australia in circumstances which would result in the Issuer or the Manager being obliged to lodge a prospectus or other disclosure document (as defined in the Corporations Act) in relation to any Bonds with ASIC or any other regulatory body in Australia.

# Glossary of Implementation Deed & Operations Manual Terms

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*The following terms have these terms when used in this Information Memorandum, but subject to the meanings and interpretation as provided in the Implementation Deed or the final Operations Manual (as applicable):*

**“Act”** means the Children and Young Persons (Care and Protection) Act 1998 (NSW);

**“Agreed Location”** means a geographical location agreed by the parties and listed in the Operations Manual as a location in which Cohort Families must reside to be referred to the Issuer;

**“Annual Cohort”** means one of the four Annual Cohorts of Index and Matched Children included for Outcome Measurement purposes, being:

- (a) Annual Cohort 1, comprising those Index and Matched Children recruited to the Intervention Group or Control Group during months 0-12 of the Resilient Families Service;
- (b) Annual Cohort 2, comprising Index and Matched Children recruited during months 13-24 of the Resilient Families Service;
- (c) Annual Cohort 3, comprising Index and Matched Children recruited during months 25-36 of the Resilient Families Service; or
- (d) Annual Cohort 4 comprising Index and Matched Children recruited during or after month 37 of the Resilient Families Service;

**“Child”** means a person who is under the age of 16 years including one who is not yet born and **“Children”** means more than one of them;

**“Cohort”** means the group of Families eligible to receive the Services;

**“Co-located”** means residing together under one roof;

**“Control Group”** means the control group derived and managed in accordance with the requirements and methodology to be set out in the Operations Manual;

**“Corporate Information Warehouse”** means the Corporate Information Warehouse maintained by the Department. The Corporate Information Warehouse incorporates data from the Key Information Directory System (KIDS) that is the main repository of information about NSW child protection clients;

**“Eligible Child”** means a child that meets the eligibility criteria set out in Section 3 of the Operations Manual at the time the Corporate Information Warehouse is interrogated and the Recruitment Pool created;

**“Family”** means two or more persons Co-located as a family unit:

- (a) in an Agreed Location;
- (b) that includes at least one Child under 6 years of age who is not in statutory OOHC and/or for whom

the Minister does not have Parental Responsibility; and

- (c) in respect of which, at the time of the proposed Referral:
  - (i) the Child/ren under 6 years of age is/are the subject of an open SARA commenced in the preceding 35 days;
  - (ii) none of the Child/ren of the Co-located family unit are the subject of current proceedings to assign Parental Responsibility to another person; and
  - (iii) no member of that Co-located family unit is the subject of criminal proceedings relating to allegations of abuse or neglect of a Child or Young Person;

**“Index Child”** means a child or unborn child in an Intervention Group Family who is the youngest in that Family at the time of referral to the Resilient Families Service.

**“Intervention Group”** means the Families Referred to the Issuer in response to a request for Referral from the Issuer, including those Referred whom the Issuer does not approach and those Referred who refuse the Services, but to avoid doubt excludes any referrals from other agencies. The Intervention Group will contain no less than 300 Families at the Measurement Date, except in the event of early termination of the Implementation Deed;

**“Matched Child”** means a child or unborn child in a Control Group Family that is matched to an Index Child in an Intervention Group Family (and who will usually but not always be the youngest child in the Control Group Family);

**“Measurement Date”** means the date at which the Department will measure the Issuer’s delivery of the Outcomes under the Implementation Deed, being the date that falls 4 years and 9 months after the Referral Date or, in the case of an early termination of the Implementation Deed, the date of termination.

**“Minister”** means the Minister for Family and Community Services or his or her delegate or nominee from time to time;

**“Out-of-Home Care”** or **“OOHC”** means statutory out-of-home care as defined for the purposes of the Act;“

**Outcome”** means:

- (a) Children in the Intervention Group have less entries to OOHC than Children in the Control Group;

- (b) there were fewer reports to the Department's Child Protection Helpline in relation to the Intervention Group than the Control Group; and
- (c) there were reduced numbers of SARAs in relation to the Intervention Group compared to the Control Group;

**"Outcome Payments"** means the payment/s specified as such under Schedule 3 to the Implementation Deed;

**"Parental Responsibility"** has the same meaning as in the Act;

**"Payment Date"** means the date that is 3 months after the Measurement Date;

**"Recruitment Pool"** means a list of Families that meet the referral criteria, developed in accordance with Section 3 of the Operations Manual;

**"Referral Date"** means the date agreed between the Department and the Issuer (expected to be 26 August 2013);

**"Referred"** means referred by the Department (the timeframes and processes for which are as set out in the Operations Manual);

**"SARA"** refers to the safety and risk assessment conducted by the Department in assessing the safety of, and future risk of harm to, children in families;

**"Services"** means:

- (a) the services necessary to deliver the Outcomes in accordance with the Implementation Deed (including the Operations Manual) and all statutory and other legal requirements;
- (b) the services that are otherwise necessary or incidental to, or that may be required for, the proper performance of the Implementation Deed in accordance with its terms including any services related to transition-in; and
- (c) such transition-out services as may be required to be provided by the Issuer in accordance with the Implementation Deed;

**"Unmatched Child"** means any Index Child that cannot be matched with a child with equivalent OOHC history, SARA history, Child's age and Suburb, as detailed in the Operations Manual; and

**"Young Person"** means a person aged above 16 years but under the age of 18 years.

# Directory

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## Issuer and initial Registrar and Issuing & Paying Agent

### **Perpetual Corporate Trust Limited**

(ABN 99 000 341 533)

as trustee of

The Benevolent Society Social Benefit Trust No 1

(ABN 90 243 235 502)

Level 12

123 Pitt Street

Sydney NSW 2000

### **Manager**

### **The Benevolent Society**

(ABN 95 084 695 045)

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188 Oxford Street

Paddington NSW 2021

Telephone: + 61 2 8262 3400

Facsimile: + 61 2 9360 2319

### **Security Trustee**

### **P.T Limited**

(ABN 67 004 454 666)

as trustee of

The Benevolent Society Social Benefit Trust No 1 Security Trust

Level 12

123 Pitt Street

Sydney NSW 2000

### **Joint Lead Managers**

### **Commonwealth Bank of Australia**

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201 Sussex Street

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Telephone: + 61 2 9118 1219

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### **Westpac Banking Corporation**

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