



Pricing Term Sheet HBS Trust 2017-1

A\$750 Million Prime Residential Mortgage-Backed Securities

Class A1 Notes
A\$690,000,000
S&P AAA(sf) \ Fitch AAAsf

Class A2 Notes
A\$22,500,000
S&P AAA(sf) \ Fitch AAAsf

Class AB Notes
A\$19,125,000
S&P AAA(sf) \ Fitch AAAsf

Class B Notes
A\$10,875,000
S&P AA(sf) \ --

Class C Notes
A\$6,000,000
S&P A+(sf) \ --

Class D Notes
A\$1,500,000
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Arranger
National Australia Bank Limited
ABN 12 004 044 937

Joint Lead Managers and Book-Runners
National Australia Bank Limited

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

Westpac Bank Corporation
ABN 33 007 457 141

All investors are advised to carefully read the **Important Notice** of this Term Sheet before considering any investment.

Summary of Notes at Issue

Pricing Date
11 October 2017

Issue Date
24 October 2017

Note Class (Pass Through)	Issuance Amount (A\$)	Expected Ratings (S&P/Fitch)	Advance Rate	Initial Credit Enhancement	S&P/Fitch Required CE ⁷ (at Issue Date)	1M BBSW + Margin	Modelled WAL (Years) ¹	Final Maturity Date
A1	690,000,000	AAA(sf)/AAAsf	92.00%	8.00% ²	4.00%/4.10% ⁵	1.07%	3.3	Jul-49
A2	22,500,000	AAA(sf)/AAAsf	3.00%	5.00% ²	4.00%/4.10% ⁵	1.20%	3.3	Jul-49
AB	19,125,000	AAA(sf)/AAAsf	2.55%	2.45% ³	2.02%/1.80% ⁶	1.60%	6.5	Jul-49
B	10,875,000	AA(sf)/--	1.45%	1.00% ³	0.69% ⁶ /--	2.00%	6.5	Jul-49
C	6,000,000	A+(sf)/--	0.80%	0.20% ⁴	0.12% ⁶ /--	2.85%	6.5	Jul-49
D	1,500,000	--	0.20%	--	--	5.90%	6.5	Jul-49
Total	750,000,000							

¹ The modelled Weighted Average Life (“WAL”) at Issue Date assumes a portfolio constant prepayment rate (“CPR”) of 21%, no defaults, no arrears, no principal draws, the Serial Paydown Conditions are satisfied and that the Notes are repaid on the Call Date. No Further Advances are permitted by the Trust.

² LMI independent as at Issue Date.

³ LMI dependent with at least one notch downgrade protection at Issue Date.

⁴ LMI dependent with at least one notch downgrade protection at ‘A(sf)’ by S&P at Issue Date.

⁵ Note Rating LMI independent required credit enhancement at Issue Date

⁶ Note Rating LMI dependent required credit enhancement at Issue Date

⁷ Indicative S&P and Fitch required CE based on the \$500m launch pool.

Disclaimer

The information contained in this document is preliminary and will be superseded by the final offering document relating to the securities described in this document and the underlying transaction documents referred to in it. Any decision to invest in the securities should be made after reviewing such final offering document and the underlying transaction documents referred to in it. Please also read the disclaimer at the end of this document.

Transaction Parties	
Trust	HBS Trust 2017-1 (the “Trust”)
Issuer and Trustee	Perpetual Trustee Company Limited (ABN 42 000 001 007) as trustee for the Trust
Security Trustee	P.T. Limited (ABN 67 004 454 666)
Manager	Heritage Bank Limited (ABN 32 087 652 024) (“Heritage”)
Servicer	Heritage
Originator	Heritage
Custodian	Heritage
Basis Swap Provider	Heritage
Fixed Rate Swap Provider	Heritage (together with the Basis Swap Provider (“Hedge Provider”))
Standby Swap Provider	NAB
Liquidity Facility Provider	NAB
Redraw Facility Provider	Heritage
Rating Agencies	Standard and Poor’s (Australia) Pty Ltd (ABN 62 007 324 852) (“S&P”) Fitch Australia Pty Ltd (ABN 93 081 339 184) (“Fitch”)
Lenders’ Mortgage Insurers (“LMI”)	QBE Lenders’ Mortgage Insurance Limited (“QBE LMI”) (ABN 70 000 511 071) Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305) (“Genworth”)
Arranger	National Australia Bank Limited (“NAB”) (ABN 12 004 044 937)
Joint Lead Managers	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (“ANZ”) NAB Westpac Banking Corporation (ABN 33 007 457 141) (“WBC”)

Notes & Structural Features	
Notes	<p>The Notes are secured, pass-through, floating rate debt securities.</p> <p>The Notes are divided into 6 classes: the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and Class D Notes.</p>
Mortgage Loans	<p>Australian prime, full documentation, first ranking residential Mortgage Loans (and where a second ranking mortgage is held, the Trust also holds the first ranking residential mortgage loan) originated and serviced by Heritage.</p>
Redraws and Redraw Notes	<p>Borrowers are entitled to request redraws against payments in advance (made previously) up to the scheduled balance. Prior to approving a redraw Heritage staff review the repayment and arrears history of the account.</p> <p>The Servicer may, subject to the Series Notice, from time to time use Available Principal held by it to fund a Redraw. To the extent there is insufficient Available Principal to fund a Redraw, Heritage may fund the Redraw itself. To the extent there is still a Redraw Shortfall, then the Manager may (in its discretion) direct the Trustee to issue Redraw Notes to Australian resident investors and use the proceeds to meet such shortfall.</p> <p>Redraw Limit means the greater of \$500,000 or 1.00% of the aggregate Stated Amount of the Class A1 Notes, the Class A2 Notes, the Class AB Notes, the Class B Notes, the Class C Notes and Class D Notes.</p>
Further Advances	<p>Not permitted.</p>
Basis Swap	<p>For the purposes of hedging the interest rate risk between the variable rate payments received by the Trustee on those Mortgage Loans which are subject to a variable rate of interest and the floating rate obligations of the Trustee (for example, interest on the Notes), the Trustee will enter into a Basis Swap with Heritage under the Basis Master Agreement.</p> <p>In respect the of the relevant Coupon Period:</p> <ul style="list-style-type: none"> Trustee pays the Basis Swap Provider the Weighted Average Variable Rate on the total Unpaid Balance of all Floating Rate Loans as at the first day of the Collection Period. Basis Swap Provider pays the Trustee the Weighted Average Note Interest Rate plus a margin on the total Unpaid Balance of all Floating Rate Loans on the first day of the Collection Period for that Payment Date <p>Downgrade provisions consistent with the relevant Rating Agency counterparty criteria as at the Issue Date will apply to the Basis Swap Provider.</p> <p>If the Basis Swap is terminated the Weighted Average Note Interest Rate (as defined in the confirmation) payable on the Purchased Mortgage Loans (after taking into account Fixed Rate Loans) must not be less than the Threshold Rate.</p>
Interest Rate Swap	<p>The Interest Rate Swap Provider will provide the Interest Rate Swap to the Trustee to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on Mortgage Loans at a fixed rate and the floating rate interest payable on the Notes.</p> <p>In respect the of the relevant Coupon Period:</p> <ul style="list-style-type: none"> Trustee pays the Interest Rate Swap Provider the Weighted Average Fixed Rate on the total Unpaid Balance of all Fixed Rate Loans as at the first day of the Collection Period. Interest Rate Swap Provider pays the Trustee the Weighted Average Note Interest Rate plus a margin on the total Unpaid Balance of all Fixed Rate Loans on the first day of the Collection Period for that Payment Date. <p>Downgrade provisions consistent with the relevant Rating Agency counterparty criteria as at the Issue Date will apply to the Interest Rate Swap Provider.</p>

Fixed Rate Loans	<p>The:</p> <ul style="list-style-type: none"> (a) Servicer may only fix the interest rate payable on a Purchased Mortgage Loan for a period of up to 5 years if it has received prior written confirmation from the Manager that any applicable limit in respect of Purchased Mortgage Loans that may be fixed rate loans in terms of the Interest Rate Swap is complied with (or otherwise any consents necessary under the terms of the Interest Rate Swap have been obtained) in respect of that interest rate; or (b) Manager may only direct the Trustee to purchase a Mortgage Loan which has a fixed interest rate period; or (c) Manager may only direct the Trustee to sell a Purchased Mortgage Loan which has a variable rate of interest, <p>if the aggregate Mortgage Loan Principal of all Fixed Rate Loans (including the Purchased Mortgage Loans the subject of this section) comprises less than 40% of the aggregate Mortgage Loan Principal of all Purchased Mortgage Loans, unless the Manager has provided a Ratings Notification in relation to the fixing of interest, acquisition or sale (as the case may be).</p>
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Liquidity Support

Liquidity Support	<p>If the Manager determines on any Determination Date that there is a “Gross Liquidity Shortfall” (amount by which Required Payments exceed Available Income less Accrued Interest Adjustment) for the relevant Collection Period, the Manager must direct the Trustee to the following, in order of application:</p> <table border="1"> <tr> <td style="background-color: #e0e0e0;">(1) Excess Income Reserve Draw (Gross Liquidity Shortfall)</td> <td>Apply the balance standing to the Excess Income Reserve, to the extent available, an amount equal to the Gross Liquidity Shortfall (“Excess Income Reserve Draw”).</td> </tr> <tr> <td style="background-color: #e0e0e0;">(2) Principal Draw</td> <td>Apply Total Available Principal, to the extent available, an amount equal to the Liquidity Shortfall (“Principal Draw”).</td> </tr> <tr> <td style="background-color: #e0e0e0;">(3) Liquidity Draw</td> <td>If the Principal Draw is less than the Liquidity Shortfall apply to the extent available, a Liquidity Draw under the Liquidity Facility Agreement equal to the difference between the Principal Draw and the Liquidity Shortfall.</td> </tr> <tr> <td style="background-color: #e0e0e0;">(4) Threshold Mortgage Rate</td> <td> <p>If at any time the Basis Swap is terminated, the Manager must direct the Servicer to, and the Servicer on being so directed shall, reset on that Payment Date the interest rate payable on some or all Purchased Mortgage Loans so that the weighted average of the interest rates payable on all Purchased Mortgage Loans (after taking into account any Fixed Rate Loans) is a rate not less than the Threshold Rate.</p> <p>On each Determination Date the Manager must calculate the Threshold Rate, as the aggregate of:</p> <ul style="list-style-type: none"> (1) the minimum weighted average rate of interest that must be set on all Purchased Mortgage Loans which will be sufficient when aggregated with the income produced by the rate of interest on all other Purchased Mortgage Loans and Authorised Investments (after deduction of any Loan Offset Amount), to ensure that the Trustee will have available to it sufficient Collections to enable it to comply with its obligations under the Transaction Documents relating to the Trust for the next Coupon Period as they fall due including payment of the Coupon Entitlement for the Class D Notes and the repayment of any Liquidity Draws and Principal Draws by the Final Maturity Date of all Notes and Redraw Notes; and (2) 0.25%. </td> </tr> </table>	(1) Excess Income Reserve Draw (Gross Liquidity Shortfall)	Apply the balance standing to the Excess Income Reserve, to the extent available, an amount equal to the Gross Liquidity Shortfall (“Excess Income Reserve Draw”).	(2) Principal Draw	Apply Total Available Principal, to the extent available, an amount equal to the Liquidity Shortfall (“Principal Draw”).	(3) Liquidity Draw	If the Principal Draw is less than the Liquidity Shortfall apply to the extent available, a Liquidity Draw under the Liquidity Facility Agreement equal to the difference between the Principal Draw and the Liquidity Shortfall.	(4) Threshold Mortgage Rate	<p>If at any time the Basis Swap is terminated, the Manager must direct the Servicer to, and the Servicer on being so directed shall, reset on that Payment Date the interest rate payable on some or all Purchased Mortgage Loans so that the weighted average of the interest rates payable on all Purchased Mortgage Loans (after taking into account any Fixed Rate Loans) is a rate not less than the Threshold Rate.</p> <p>On each Determination Date the Manager must calculate the Threshold Rate, as the aggregate of:</p> <ul style="list-style-type: none"> (1) the minimum weighted average rate of interest that must be set on all Purchased Mortgage Loans which will be sufficient when aggregated with the income produced by the rate of interest on all other Purchased Mortgage Loans and Authorised Investments (after deduction of any Loan Offset Amount), to ensure that the Trustee will have available to it sufficient Collections to enable it to comply with its obligations under the Transaction Documents relating to the Trust for the next Coupon Period as they fall due including payment of the Coupon Entitlement for the Class D Notes and the repayment of any Liquidity Draws and Principal Draws by the Final Maturity Date of all Notes and Redraw Notes; and (2) 0.25%.
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<p>Excess Income Reserve</p>	<p>The Excess Income Reserve will have a nil balance on the Closing Date.</p> <p>Excess Income Reserve Target Balance means:</p> <ul style="list-style-type: none"> (a) on any Payment Date before the Clean Up Date, 0.20% of the aggregate Initial Invested Amount of all the Notes on the Closing Date; (b) on any Payment Date on or after the Clean Up Date, infinity; or (c) on the Final Maturity Date, zero. <p>Excess Income Reserve Trapping Conditions means:</p> <p>will be satisfied on a Determination Date on or after any of the following have first occurred:</p> <ul style="list-style-type: none"> (a) the Average Arrears Percentage on that Determination Date exceeds 2%; (b) there is a Servicer Transfer Event; or (c) the aggregate Stated Amount of the Class D Notes as at each of the immediately three preceding Determination Dates is less than the aggregate Invested Amount of the Class D Notes as at such Determination Date; <p>until the Excess Income Reserve balance reaches the Excess Income Reserve Target Balance.</p>
<p>Monthly Arrears Percentage</p>	<p>means for any Determination Date during a Collection Period, the aggregate Mortgage Loan Principal of all Purchased Mortgage Loans which are in Arrears for more than 90 consecutive days as at close of business on the last day of the Collection Period, expressed as a percentage of the aggregate Mortgage Loan Principal of all Purchased Mortgage Loans as at close of business on the last day of that Collection Period.</p>
<p>Average Arrears Percentage</p>	<p>means</p> <ul style="list-style-type: none"> 1 in respect of the first Determination Date, the Monthly Arrears Percentage at that date; 2 in respect of the second Determination Date, the sum of the Monthly Arrears Percentages for the current Collection Period and the immediately preceding Collection Period, divided by 2; and 3 in respect of the third Determination Date, the sum of the Monthly Arrears Percentages for the current Collection Period and the Monthly Arrears Percentages for each of the two preceding Collection Periods, divided by 3.
<p>Liquidity Facility \ Liquidity Limit</p>	<p>If on any Determination Date the Manager determines that:</p> <ul style="list-style-type: none"> 1 there is a Liquidity Shortfall in relation to the Collection Period ending immediately prior to the Determination Date; and 2 the Liquidity Shortfall exceeds the Principal Draw (if any), <p>the Manager must on behalf of the Trustee request a Liquidity Draw from the Liquidity Facility Provider under the Liquidity Facility Agreement.</p> <p>The Liquidity Limit at any time:</p> <ul style="list-style-type: none"> (a) the greater of an amount equal to: <ul style="list-style-type: none"> (i) 0.1% of the Aggregate Initial Invested Amount of the Notes; and (ii) 1.0% of the Aggregate Invested Amount of the Notes; or (b) the amount: <ul style="list-style-type: none"> (i) agreed in writing between the Liquidity Facility Provider, the Manager and the Trustee, provided the Manager has given a Ratings Notification in relation to such amount; or (ii) (if any) to which the Liquidity Limit has been reduced at that time in accordance with this agreement.

Extraordinary Expense Reserve	<p>For the purposes of funding extraordinary expenses of the Trustee from time to time, an extraordinary expenses reserve in an amount of \$150,000 (“EEA Amount”) will be established on a ledger of the Collection Account (“EEA Ledger”) on or before the Issue Date. The initial deposit of the EEA Amount on to the EEA Ledger will be paid by Heritage. The EEA Amount is required to be maintained to the extent funds are available from Excess Available Income.</p> <p>Certain circumstances may affect the ability of the Trustee to meet any out-of-pocket expenses of the Trust not incurred in the ordinary course (Extraordinary Expenses). The Extraordinary Expense Reserve mitigates the risk of a liquidity deficiency if such Extraordinary Expense arise.</p>
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Loss & Principal Charge-Off Features

(1) Mortgage Insurance	<p>The Noteholders' first level of protection against principal and/or interest losses on the Mortgage Loans is provided by the respective mortgage insurance policies under which the Mortgage Loans are insured. The Mortgage Insurance Policies cover all principal and/or interest losses incurred (if any) on each Mortgage Loan.</p> <p>Each Purchased Mortgage Loan is insured by a LMI policy.</p>
(2) Excess Available Income	<p>All Classes of Notes will benefit from Excess Available Income to cover unreimbursed Principal Draws, any Loss for that Collection Period and Carry Over Charge-Offs for that Collection Period, to the extent available.</p>
(3) Note Subordination	<p>The Class A1 Notes will benefit from subordination of the Class A2 Notes, Class AB Notes, Class B Notes, Class C Notes and Class D Notes.</p> <p>The Class A2 Notes will benefit from subordination of the Class AB Notes, Class B Notes, Class C Notes and Class D Notes.</p> <p>The Class AB Notes will benefit from subordination of the Class B Notes, Class C Notes and Class D Notes.</p> <p>The Class B Notes will benefit from subordination of the Class C Notes and Class D Notes.</p> <p>The Class C Notes will benefit from subordination of the Class D Notes.</p>

Note Terms

Cut-Off Date	11 October 2017
Record Date	1 Business Day before each Determination Date
Determination Date	3 Business Days before each Payment Date
Payment Date	Monthly, on the 20 th day of each month. The first Payment Date is 20 November 2017
Final Maturity Date	The Payment Date in July 2049
Business Day Convention	Following Business Day
Business Day	Any day, other than a Saturday, Sunday or public holiday in New South Wales, Victoria and Queensland on which Banks are open for business in Sydney, Brisbane and Melbourne.
Bank Bill Rate	<p>means, in relation to a period, the average mid rate for bank bills and certificates of deposit for a period equal to that period as displayed on the "BBSW" page of the Reuters Monitor System at such time as the rate is usually published on the first day of that period.</p> <p>However, if the average midrate is not displayed within 15 minutes after that time on that day, or if in respect of any date the Bank Bill Rate for that period cannot be determined in accordance with the foregoing procedures then the Bank Bill Rate for that period shall mean such rate as determined by the Manager in good faith and in a commercially reasonable manner having regard to comparable indices then available.</p>
One Month Bank Bill Rate	means the Bank Bill Rate for bank bills and certificates of deposit having a term of one calendar month
Coupon Rate	One Month Bank Bill Rate plus the applicable Class Margin for the Coupon Period

Note Terms																						
Day Count Basis	Actual/365																					
Issue Price	Par																					
Class Margin	<p>In respect of Class A1, Class A2 and Class AB Notes:</p> <ul style="list-style-type: none"> up to but excluding the Clean Up Date, the applicable Margin in relation to that Note as determined on the Pricing Date; then from and including the Clean Up Date, the applicable Margin in relation to that Note as determined on the Pricing Date plus the Step-up Margin of 0.25%. <p>In respect of Class B Notes, Class C Notes and Class D Notes the applicable Margin to that Note as determined on the Pricing Date.</p>																					
Clean Up Offer	<p>The Manager may direct the Trustee to offer, by written notice to Heritage, to extinguish in favour of Heritage all its rights, title and interest in and to the Purchased Mortgage Loans and related Mortgage Loan Rights.</p> <p>Unless otherwise approved by APRA, the Manager may only direct the Trustee to make such an offer on a Payment Date when the aggregate Invested Amount of the Notes falls below 10% of the aggregate Initial Invested Amount of the Notes.</p>																					
Clearance	Austraclear																					
ISIN / Common Codes	<table border="1"> <thead> <tr> <th>Note</th> <th>ISIN</th> <th>Common Codes</th> </tr> </thead> <tbody> <tr> <td>Class A1 Notes</td> <td>AU3FN0038394</td> <td>169525579</td> </tr> <tr> <td>Class A2 Notes</td> <td>AU3FN0038402</td> <td>169525587</td> </tr> <tr> <td>Class AB Notes</td> <td>AU3FN0038410</td> <td>169525595</td> </tr> <tr> <td>Class B Notes</td> <td>AU3FN0038428</td> <td>169525609</td> </tr> <tr> <td>Class C Notes</td> <td>AU3FN0038436</td> <td>169525617</td> </tr> <tr> <td>Class D Notes</td> <td>AU3FN0038444</td> <td>169525625</td> </tr> </tbody> </table>	Note	ISIN	Common Codes	Class A1 Notes	AU3FN0038394	169525579	Class A2 Notes	AU3FN0038402	169525587	Class AB Notes	AU3FN0038410	169525595	Class B Notes	AU3FN0038428	169525609	Class C Notes	AU3FN0038436	169525617	Class D Notes	AU3FN0038444	169525625
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Denomination / Parcel Size	Each Note has a denomination of A\$1,000. The Notes will be issued in minimum parcels of A\$500,000.																					

Selling Restrictions, Withholding Tax & Repo Eligibility	
Repurchase Eligibility	The Manager has undertaken to the Joint Lead Managers to make an application to the Reserve Bank of Australia (RBA) for the purposes of ensuring that the Class A1 Notes, Class A2 Notes and the Class AB Notes are accepted as "eligible securities" which may be lodged as collateral in relation to a repurchase agreement entered into with the RBA.
Withholding Tax	All Notes are intended to be issued to comply with the public offer test provisions under section 128F of the Income Tax Assessment Act 1936 (as amended).
Capital Requirements Regulation	<p>Heritage undertakes to the Trustee that it will retain on the Note Issue Date, and maintain on an ongoing basis, a material net economic interest of at least 5 (five) per cent in the nominal value of the securitised exposure on the Closing Date in accordance with Article 405(1)(c) of the Capital Requirements Regulation, Article 51(1)(c) of the AIFMR and Article 254(2)(c) of the Solvency II Delegated Regulation (the Articles).</p> <p>Heritage undertakes to retain such material net economic interest by holding a randomly selected pool of housing loans (which otherwise would have been included in the loan pool in respect of the Trust) with a total nominal value equal to at least 5% of the nominal value of the Mortgage Loans (calculated as at the Closing Date).</p>

Principal Payments

Step Down Payment Requirements

- The Step Down Payment Requirements are satisfied on any Determination Date where
- (1) the immediately following Payment Date will occur on or after the date which is 24 months after the Closing Date; and
 - (2) the Average Arrears Percentage on that Determination Date does not exceed 2%; and
 - (3) the Carryover Charge Offs in respect of any Notes on that Determination Date do not exceed zero; and
 - (4) the Total Invested Amount (excluding the Invested Amount of the Redraw Notes) on that Determination Date as a percentage of the aggregate of the Total Initial Invested Amount of the Notes is greater than or equal to 10%; and
 - (5) the Class A1 Subordination is at least 16.0%; and
 - (6) the Class A2 Subordination is at least 10.0%.

Initial Principal Distributions, Principal Payments sequential, Principal Payment serial

(prior to an Event of Default and enforcement of the General Security Agreement)

- On any Determination Date on which the Step Down Payment Requirements are **not** satisfied the Trustee must pay out of the Total Available Principal for the Collection Period ending immediately before that Payment Date the following amounts in the following order of priority:
- (1) first to repay Heritage any Redraw made by it during or prior to that Collection Period;
 - (2) next, to fund any Principal Draws;
 - (3) next, pari passu and rateably toward the Redraw Noteholders of the Redraw Notes until reduced to zero;
 - (4) next, pari passu and rateably:
 - A. to Class A1 Noteholders until the Class A1 Note Stated Amount is reduced to zero;
 - B. to Class A2 Noteholders until the Class A2 Note Stated Amount is reduced to zero;
 - (5) next, pari passu and rateably amongst the Class AB Noteholders an amount equal to the Class AB Stated Amounts until reduced to zero;
 - (6) next, pari passu and rateably amongst the Class B Noteholders an amount equal to the Class B Stated Amounts until reduced to zero;
 - (7) next, pari passu and rateably amongst the Class C Noteholders an amount equal to the Class C Stated Amounts until reduced to zero.
 - (8) next, pari passu and rateably amongst the Class D Noteholders an amount equal to the Class D Stated Amounts until reduced to zero.
- On any Determination Date on which the Step Down Payment Requirements are satisfied the Trustee must pay out of the Total Available Principal for the Collection Period ending immediately before that Payment Date the following amounts in the following order of priority:
- (1) first to repay Heritage any Redraw made by it during or prior to that Collection Period;
 - (2) next, to fund any Principal Draws;
 - (3) next, pari passu and rateably toward the Redraw Noteholders of the Redraw Notes until reduced to zero;
 - (4) next, pari passu and rateably amongst:
 - (A) the Class A1 Noteholders an amount equal to the Class A1 Stated Amounts until reduced to zero;
 - (B) the Class A2 Noteholders an amount equal to the Class A2 Stated Amounts until reduced to zero;
 - (C) the Class AB Noteholders an amount equal to the Class AB Stated Amounts until reduced to zero;
 - (D) the Class B Noteholders an amount equal to the Class B Stated Amounts until reduced to zero;
 - (E) the Class C Noteholders an amount equal to the Class C Stated Amounts until reduced to zero;
 - (F) the Class D Noteholders an amount equal to the Class D Stated Amounts until reduced to zero.

Principal Payments

Payment priorities following an Event of Default: Security Trust Deed

(post an Event of Default and enforcement of the Security Trust Deed)

The proceeds from the enforcement of the Security are to be applied (notwithstanding any order of payment in the Series Notice) in the following order of priority, subject to any other priority which may be required by statute or law: (please refer to the Information Memorandum for full detail):

- (a) to the extent required by law, to pay the holder of any prior ranking Security Interest over Trust Assets;
- (b) to pay costs, charges and disbursements due to Security Trustee, a Receiver of Attorney, Security Trustee fees due, Trustee fees and expenses due and Receivers remuneration/
- (c) next, to pay pari passu and rateably:
 - (i) all Secured Moneys owed to the Interest Rate Swap Provider other than any termination payments where the Interest Rate Swap Provider is the defaulting party or the sole affected party; and
 - (ii) all Secured Moneys owed to the Basis Swap Provider other than any termination payments where the Basis Rate Swap Provider is the defaulting party or the sole affected party;
- (d) next, to pay pari passu and rateably all secured Moneys owing to the Support Facility Providers including the Liquidity Facility Provider;
- (e) next, to pay any unpaid Accrued Interest Adjustment due to the relevant Approved Seller
- (f) next, to pay pari passu and rateably all Secured Moneys owed to the Class A1 Noteholders and the Redraw Noteholders;
- (g) next, to pay all Secured Moneys owed to the Class A2 Noteholders;
- (h) next, to pay all Secured Moneys owed to the Class AB Noteholders;
- (i) next, to pay all Secured Moneys owed to the Class B Noteholders;
- (j) next, to pay all Secured Moneys owed to the Class C Noteholders;
- (k) next, to pay all Secured Moneys owed to the Class D Noteholders;
- (l) next, to pay pari passu and rateably:
 - (i) any amounts owed to the Manager
 - (ii) any amounts owed to the Servicer
 - (iii) any amounts owed to the Custodian
 - (iv) any amounts owed to the Joint Lead Manager
- (m) next, to pay the holder of any subsequent Security Interest over Trust Assets of which the Security Trustee has notice the amount properly secured by the Security Interest;
- (n) next, to pay any surplus to the Trustee to be distributed in accordance with the Master Trust Deed;
- (o) next, to pay pari passu and rateably:
 - (1) any termination payments due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swap where the Interest Rate Swap Provider is the defaulting party or the sole affected party; and
 - (2) any termination payments due and payable by the Trustee to the Basis Swap Provider in respect of the Basis Swap where the Basis Swap Provider is the defaulting party or the sole affected party; and
- (p) next, pari passu and rateably, any amounts payable to the Liquidity Facility Provider as a result of a Changed Costs Event pursuant to the Liquidity Facility Agreement.

Required Payments and Income Distributions

<p>Required Payments</p>	<p>Required Payments mean on any Determination Date immediately following that Monthly Period;</p> <ol style="list-style-type: none"> 1 if the Class AB Note Stated Amount is less than 60% of the Invested Amount of the Class AB Notes, Distribution of Total Available Income items (1) to item (14) (inclusive); 2 if the Class B Note Stated Amount is less than the Invested Amount of the Class B Notes, Distribution of Total Available Income items (1) to item (16) (inclusive); 3 if the Class C Note Stated Amount is less than the Invested Amount of the Class C Notes, Distribution of Total Available Income items (1) to item (18) (inclusive); 4 if, paragraphs 1, 2 and 3 above do not apply and: <ol style="list-style-type: none"> (a) the Call Date has occurred; or (b) the Class D Note Stated Amount is less than the Invested Amount of the Class D Notes; or (c) the Average Arrears Percentage is greater than 2%; Distribution of Total Available Income items (1) to item (20) (inclusive); 5 if none of the above paragraphs apply, Distribution of Total Available Income items (1) to item (22) (inclusive).
<p>Interest and other payments (prior to an Event of Default and enforcement of the General Security Agreement)</p>	<p>on each Payment Date, and based on the calculations, instructions and directions provided to it by the Manager on the Determination Date immediately preceding that Payment Date, the Trustee must pay or cause to be paid out of Total Available Income in relation to the Collection Period ending immediately before that Payment Date, the following amounts in the following order of priority: (please refer to the Information Memorandum for full detail):</p> <ol style="list-style-type: none"> (1) taxes payable (2)-(7) next, senior trust expenses (Trustee's Fee, Security Trustee's Fee, Trust Expenses, Servicer Fee, Custodian Fee, Manager Fee); (8) next, pari passu and rateably towards <ol style="list-style-type: none"> A. all amounts due and payable to the Interest Rate Swap Provider other than any termination payments where the Interest Rate Swap Provider is the defaulting party or the sole affected party and any amounts due and payable to the Standby Swap Provider; and B. all amounts due and payable to the Basis Swap Provider other than any termination payments where the Basis Rate Swap Provider is the defaulting party or the sole affected party; (9) next, all interest and fees payable by the Trustee under the Liquidity Facility Agreement to the Liquidity Facility Provider; (10) next, any repayment of a Liquidity Draw made on or prior to the immediately preceding Payment Date (11) next, pari passu and rateably: <ol style="list-style-type: none"> (A) to the Class A1 Noteholders of the Coupon Entitlement on the Class A1 Notes; (B) to the Redraw Noteholders of the Coupon Entitlement on the Redraw Notes; (12) next, pari passu and rateably to the Class A1 Noteholders and Redraw Noteholders of any outstanding Coupon Entitlement on the Class A1 Notes and Redraw Notes to the extent not previously paid; (13) next, pari passu and rateably to the Class A2 Noteholders of the Coupon Entitlement on the Class A2 Notes; (14) next, pari passu and rateably to the Class A2 Noteholders of any outstanding Coupon Entitlement on the Class A2 Notes to the extent not previously paid; (15) next, pari passu and rateably to the Class AB Noteholders of the Coupon Entitlement on the Class AB Notes; (16) next, pari passu and rateably to the Class AB Noteholders of any outstanding Coupon Entitlement on the Class AB Notes to the extent not previously paid;

- (17) next, pari passu and rateably to the Class B Noteholders of the Coupon Entitlement on the Class B Notes.
- (18) next, pari passu and rateably to the Class B Noteholders of any outstanding Coupon Entitlement on the Class B Notes to the extent not previously paid;
- (19) next, pari passu and rateably to the Class C Noteholders of the Coupon Entitlement on the Class C Notes.
- (20) next, pari passu and rateably to the Class C Noteholders of any outstanding Coupon Entitlement on the Class C Notes to the extent not previously paid;
- (21) next, pari passu and rateably to the Class D Noteholders of the Coupon Entitlement on the Class D Notes.
- (22) next, pari passu and rateably to the Class D Noteholders of any outstanding Coupon Entitlement on the Class D Notes to the extent not previously paid;

Excess Available Income

On each Payment Date, the Trustee must (based on the calculations, instructions and directions provided to it by the Manager) apply any Excess Available Income for the immediately preceding Collection Period in the following order of priority:

- (1) first, towards Total Available Principal in repayment of any Principal Draws which are outstanding from any preceding Payment Date;
- (2) next, towards Total Available Principal in payment of any Loss for that Collection Period;
- (3) next, towards Total Available Principal in payment of any Carryover Charge Offs for that Collection Period;
- (4) next, if the Excess Income Reserve Trapping Conditions are satisfied on the Determination Date immediately preceding the Payment Date, to the Excess Income Reserve until the balance of the Excess Income Reserve equals the Excess Income Reserve Target Balance;
- (5) next, towards payment of any EEA Shortfall Amount in accordance with the Series Notice;
- (6) next, pari passu and rateably:
 - (A) in payment of any termination payments due and payable by the Trustee to the Interest Rate Swap Provider in respect of the Interest Rate Swap where the Interest Rate Swap Provider is the defaulting party or the sole affected party plus any Break Payments due and payable to the Interest Rate Swap Provider to the extent not paid under (c)(i) in the "Interest and other payments" section above; and
 - (B) in payment of any termination payments due and payable by the trustee to the Basis Swap Provider in respect of the Basis Swap where the Basis Swap Provider is the defaulting party or the sole affected party;
- (7) next, towards payment of any other amounts (not otherwise paid under the "Interest and other payments" section above) which are due and payable under the Liquidity Facility Agreement; and
- (8) next, pari passu and rateably:
 - A. any amounts payable to the Liquidity Facility Provider as a result of a Changed Costs Event; and
 - B. any liabilities owing under any indemnity granted to the Dealers under the Dealer Agreement.

The Trustee shall make a payment under (1) to (8) inclusive above to the extent that any Excess Available Income remains from which to make the payment after amounts with priority to that payment have been distributed.

<p>Charge Offs application</p>	<p>If there are any Charge Offs for any Collection Period calculated on the Determination Date for that Collection Period, after the application of any Excess Available Income in accordance with Excess Available Income items (3) and (4), the Trustee must (based on the calculations, instructions and directions provided to it by the Manager), on and with effect from the Payment Date after the end of that Collection Period:</p> <ol style="list-style-type: none"> (1) first, reduce the Class D Stated Amounts by the amount of those Charge Offs until the Class D Stated Amounts have been reduced to zero; (2) then, reduce the Class C Stated Amounts by the amount of those Charge Offs until the Class C Stated Amounts have been reduced to zero; (3) then, reduce the Class B Stated Amounts by the amount of those Charge Offs until the Class B Stated Amounts have been reduced to zero; (4) then, reduce the Class AB Stated Amounts by the amount of those Charge Offs until the Class AB Stated Amounts have been reduced to zero; (5) then, reduce the Class A2 Stated Amounts by the amount of those Charge Offs until the Class A2 Stated Amounts have been reduced to zero; and (6) then, reduce, pari passu and rateably, the Class A1 Stated Amounts and the Redraw Note Stated Amounts by the amount of those Charge Offs until the Class A1 Stated Amounts and the Redraw Note Stated Amounts have been reduced to zero, <p>in each case pari passu and rateably amongst the Notes of such class.</p>
<p>Carryover Charge Off reinstatement</p>	<p>The Trustee must (based on the calculations, instructions and directions provided to it by the Manager), on and with effect from the Payment Date after the end of a Collection Period to the extent of the Total Available Principal available under Excess Available Income(iv):</p> <ol style="list-style-type: none"> (1) first, pari passu and rateably (based on the aggregate Class A1 Stated Amounts and the Redraw Note Stated Amounts as at the immediately preceding Determination Date): <ol style="list-style-type: none"> (A) increase the Class A1 Stated Amount to the extent of any Carryover Charge Offs in relation to the Class A1 Notes; (B) increase the Redraw Note Stated Amounts to the extent of any Carryover Charge Offs in relation to the Redraw Notes (2) next, pari passu and rateably (based on the aggregate Class A2 Stated Amounts as at the immediately preceding Determination Date) increase the Class A2 Stated Amounts to the extent of any Carryover Charge Offs in relation to Class A2 Notes; (3) next, pari passu and rateably (based on the aggregate Class AB Stated Amounts as at the immediately preceding Determination Date) increase the Class AB Stated Amounts to the extent of any Carryover Charge Offs in relation to Class AB Notes; (4) next, pari passu and rateably (based on the aggregate Class B Stated Amounts as at the immediately preceding Determination Date) increase the Class B Stated Amounts to the extent of any Carryover Charge Offs in relation to Class B Notes; (5) next, pari passu and rateably (based on the aggregate Class C Stated Amounts as at the immediately preceding Determination Date) increase the Class C Stated Amounts to the extent of any Carryover Charge Offs in relation to Class C Notes; and (6) next, pari passu and rateably (based on the aggregate Class D Stated Amounts as at the immediately preceding Determination Date) increase the Class D Stated Amounts to the extent of any Carryover Charge Offs in relation to Class D Notes.

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