**IMPORTANT NOTICE**

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.**

**IMPORTANT: You must read the following before continuing.** The following applies to the Information Memorandum following this page (the **Information Memorandum**), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum. In accessing the Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE CLASS A NOTES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE CLASS A NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY JURISDICTION, AND THE CLASS A NOTES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR THE BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE FOLLOWING INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are reminded that the Information Memorandum has been delivered to you on the basis that you are a person into whose possession the Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Information Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the issuing entity in such jurisdiction.

By accessing the Information Memorandum, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Information Memorandum by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) you are not a U.S. person (as defined in Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended), (e) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO (all such persons together being referred to as relevant persons), (f) if you are a person in a Member State of the European Economic Area, you are a qualified investor as defined under the Prospectus Regulation and (g) if you are a person in Australia you are a (i) sophisticated investor, (ii) a professional investor or (iii) a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Australian Corporations Act. In the United Kingdom, this Information Memorandum must not be acted on or relied on by persons

who are not relevant persons. Any investment or investment activity to which this Information Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

This Information Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Australia and New Zealand Banking Group Limited and MUFG Securities EMEA plc (each a **Joint Lead Manager**) or DBS Bank Ltd. and Merrill Lynch International (each a **Co-Manager**), or any person who controls any such person or any director, officer, employee nor agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Information Memorandum distributed to you in electronic format and the hard copy version available to you on request from any Joint Lead Manager or Co-Manager.

# Silver Arrow Australia 2019-1

# A$512,700,000 Class A Notes

**AAA(sf) (S&P) / AAAsf (Fitch)**

PERPETUAL CORPORATE TRUST LIMITED (ABN 99 000 341 533)
in its capacity as the trustee of the Silver Arrow Australia 2019-1
***Issuer***

***Arranger***

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
ABN 11 005 357 522

***Joint Lead Managers and Bookrunners***

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
ABN 11 005 357 522

MUFG SECURITIES EMEA PLC
ARBN 612 776 299

***Co-Managers***

DBS BANK LTD.

MERRILL LYNCH INTERNATIONAL
COMPANY NUMBER 02312079

**This Information Memorandum is dated 25 October 2019.**

## No Guarantee by Daimler group entities

**The Notes do not represent deposits or other liabilities of Mercedes-Benz Financial Services Australia Pty Ltd ABN 73 074 134 517 (MBFSA), Daimler AG or any of their associated entities.**

**None of MBFSA, Daimler AG or any of their associated entities guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the assets of the Trust.**

**In addition, none of the obligations of MBFSA (in any of its various capacities) are guaranteed in any way by Daimler AG or any of its associated entities and no party guarantees in any way the performance of any other party.**

## No Guarantee by any other party

**In addition to the statement above, the Notes also do not represent deposits or other liabilities of Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (ANZ), MUFG Securities EMEA plc ARBN 612 776 299 (MUFG), DBS Bank Ltd. (DBS), Merrill Lynch International (company number 02312079) (MLI), Crédit Agricole Corporate and Investment Bank (the Interest Rate Swap Provider), Perpetual Corporate Trust Limited ABN 99 000 341 533 (Perpetual) in its personal capacity or as trustee of any other trust, P.T. Limited ABN 67 004 454 666 (P.T.) in its personal capacity, as security trustee or as security trustee of any other trust or any of their associated entities.**

**None of ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, Perpetual (in its personal capacity or as trustee of any trust) or P.T. (in its personal capacity or as trustee of any trust) or any of their associated entities guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the performance of the assets of the Trust.**

**In addition, none of the obligations of MBFSA (in any of its various capacities) are guaranteed in any way by ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, Perpetual (in its personal capacity or as trustee of any trust) or P.T. (in its personal capacity or as trustee of any trust) or any of their associated entities and no party guarantees in any way the performance of any other party.**

**None of the ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, Perpetual (in its personal capacity or as trustee of any trust other than the Trust), P.T. (in its personal capacity or as trustee of any trust), MBFSA (in any of its various capacities) or any of their associated entities in any way stands behind or makes any representation, warranty, covenant or guarantee as to the capital value or performance of the Notes or of any assets of, or held by, the Issuer or MBFSA. The obligations of ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, Perpetual (in its personal capacity or as trustee of any trust) or P.T. (in its personal capacity or as trustee of any trust) or any of their associated entities to the Issuer, MBFSA and the holders of the Notes are limited to those expressed in the Transaction Documents (as defined herein) to which ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, Perpetual (in its personal capacity or as trustee of any trust) or P.T. (in its personal capacity or as trustee of any trust) is or are parties.**

## Note are subject to investment risk

**The holding of the Notes is subject to investment risk (see the Section 3), including, without limitation, prepayment or interest rate or credit risks, possible delays in repayment and loss of income and principal invested. Subscribers or purchasers of the Notes should conduct such independent investigation and analysis as they deem appropriate to evaluate the merits and risks of investment in the Notes.**

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# 1. Important Notice

## 1.1 Terms

References in this Information Memorandum to various documents are explained in Sections 9 and 12. Unless defined elsewhere, all other terms are defined in the Glossary in Section 13. Sections 12 and 13 should be referred to in conjunction with any review of this Information Memorandum.

## 1.2 Purpose

This Information Memorandum relates solely to a proposed issue of the Class A Notes (together with the Class B Notes, the **Notes**) by Perpetual Corporate Trust Limited ABN 99 000 341 533 (**Perpetual**), in its capacity as trustee of the Silver Arrow Australia 2019-1 (the **Trust** and Perpetual in that capacity, the **Issuer**). The sole purpose of this Information Memorandum is to assist the recipient to decide whether to proceed with a further investigation regarding whether it should invest in the Class A Notes. This Information Memorandum does not relate to, and is not relevant for, any other purpose. In particular, but without limiting the generality of the foregoing, nothing herein contained should be construed as constituting an offer to subscribe for or purchase or an invitation to subscribe for or buy any Class B Notes which it is proposed will be issued by the Issuer contemporaneously with the issue of the Class A Notes.

## 1.3 Limited Responsibility for Information

The Issuer has authorised the distribution of this Information Memorandum and has accepted sole responsibility for the information contained in it.

None of the P.T. Limited ABN 67 004 454 666 (**P.T.**), P.T. in its capacity as trustee of the Security Trust (the **Security Trustee**), MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, or any of their respective related entities has (and each expressly disclaims) any responsibility for, or made any statement in, any part of this Information Memorandum. Furthermore, the Security Trustee has not had any involvement in the preparation of any part of this Information Memorandum (other than Section 6.2.2).

None of the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, or any of their respective related entities, nor any external adviser to any of the foregoing makes any representation or warranty, express or implied, as to, nor assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation.

No recipient of this Information Memorandum can assume that any person referred to in it has conducted any investigation or due diligence concerning, or has carried out or will carry out any independent audit of, or has independently verified or will verify, the information contained in this Information Memorandum.

## 1.4 Date of this Information Memorandum

This Information Memorandum has been prepared as at 25 October 2019 (the **Preparation Date**), based solely upon information available, and the facts and circumstances known at that time.

Neither the delivery of this Information Memorandum, nor any offer or issue of the Notes, at any time after the Preparation Date implies or should be relied upon as a representation or warranty, that:

(a) there has been no change since the Preparation Date in the affairs or financial condition of the Trust, the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider or any other party named in this Information Memorandum; or

(b) the information contained in this Information Memorandum is correct at such later time.

No person undertakes to review the financial condition or affairs of the Issuer or the Trust at any time or to keep a recipient of this Information Memorandum or the holder of any Note informed of changes in, or matters arising or coming to their attention which may affect, anything referred to in this Information Memorandum.

None of the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, or any of their respective related entities nor any other person accepts any responsibility to holders of the Notes or prospective holders of Notes to update this Information Memorandum after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

**1.5 Summary Only**

THIS INFORMATION MEMORANDUM IS ONLY A SUMMARY OF THE TERMS AND CONDITIONS OF THE CLASS A NOTES AND THE TRUST AND SHOULD NOT BE RELIED UPON BY INTENDING SUBSCRIBERS OR PURCHASERS OF THE CLASS A NOTES. INSTEAD, THE DEFINITIVE TERMS AND CONDITIONS OF THE CLASS A NOTES AND THE TRUST ARE CONTAINED IN THE TRANSACTION DOCUMENTS. IF THERE IS ANY INCONSISTENCY BETWEEN THIS INFORMATION MEMORANDUM AND THE TRANSACTION DOCUMENTS, THE TRANSACTION DOCUMENTS SHOULD BE REGARDED AS CONTAINING THE DEFINITIVE INFORMATION. A COPY OF THE TRANSACTION DOCUMENTS MAY BE INSPECTED BY INTENDING SUBSCRIBERS OR PURCHASERS OF THE NOTES, ON THE CONDITIONS CONTAINED IN SECTION 11, AT THE OFFICE OF THE ISSUER REFERRED TO IN THE DIRECTORY AT THE BACK OF THIS INFORMATION MEMORANDUM.

THIS INFORMATION MEMORANDUM SHOULD NOT BE CONSTRUED AS AN OFFER OR INVITATION TO ANY PERSON TO SUBSCRIBE FOR OR BUY THE NOTES AND MUST NOT BE RELIED UPON BY INTENDING SUBSCRIBERS OR PURCHASERS OF THE NOTES.

IT SHOULD NOT BE ASSUMED THAT THE INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM IS NECESSARILY ACCURATE OR COMPLETE IN THE CONTEXT OF ANY OFFER TO SUBSCRIBE FOR OR AN INVITATION TO SUBSCRIBE FOR OR BUY ANY OF THE NOTES EVEN IF THIS INFORMATION MEMORANDUM IS CIRCULATED IN CONJUNCTION WITH SUCH AN OFFER OR INVITATION.

**1.6 Independent Investment Decision**

This Information Memorandum is not intended to be, and does not constitute, a recommendation by the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider or any of their respective related entities that any person subscribe for or purchase any Notes. Accordingly, any person contemplating the subscription or purchase of the Notes must:

(a) make their own independent investigation of the terms of the Notes and the financial condition, affairs and creditworthiness of the Trust, after taking all appropriate advice from qualified professional persons; and

(b) base any investment decision on the investigation and advice referred to in paragraph (a) and not on this Information Memorandum.

Accordingly, each person receiving this Information Memorandum, by its investment in any Notes, is deemed to acknowledge, agree and represent for the benefit of each of the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider and their respective related entities that in forming a decision to invest in the Notes, it has not relied on, and will hold each of the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider and their respective related entities harmless in respect of, any information, or any representation or warranty, provided to it by or on behalf of any of the persons referred to in this Information Memorandum, other than to the extent of the information contained in those sections of this Information Memorandum for which such persons expressly assume responsibility.

No person is authorised to give any information or to make any representation which is not contained in this Information Memorandum and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by or on behalf of the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider or any of their respective related entities.

Additionally, no recipient of this Information Memorandum can assume that any person referred to in it has conducted any investigation or due diligence concerning, or has carried out or will carry out any independent audit of, or has independently verified or will verify, the information contained in this Information Memorandum. Each person receiving this Information Memorandum is deemed to acknowledge and represent for the benefit of each of the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider and their respective related entities that:

(a) they have not relied on any of the persons referred to in this Information Memorandum nor on any person affiliated with such persons in connection with their investigation of the accuracy of such information, other than in respect of sections of this Information Memorandum for which such persons expressly assume responsibility; and

(b) they have been afforded an opportunity to request and to review, and have received and reviewed, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information in this Information Memorandum.

### 1.7 Distribution to Professional Investors only

This Information Memorandum has been prepared on a confidential basis for distribution only to professional investors whose ordinary business includes the buying or selling of securities such as the Notes. This Information Memorandum is not intended for, should not be distributed to, and should not be construed as an offer or invitation to, any other person.

### 1.8 Issue Not Requiring Disclosure to Investors under the Corporations Act

No action has been taken or will be taken which would permit a public offering of the Notes, or possession or distribution of this Information Memorandum in any country or jurisdiction where action for that purpose is required.

This Information Memorandum is not a "Disclosure Document" for the purposes of Chapter 6D of the Corporations Act or a "Product Disclosure Statement" for the purposes of Chapter 7 of the Corporations Act and is not required to be lodged with the Australian Securities and Investments Commission under the Corporations Act as each offer for the issue, any invitation to apply for the issue, and any offer for sale of, and any invitation for offers to purchase, the Notes to a person under this Information Memorandum will be made in a manner which does not require disclosure to investors under Part 6D.2 of the Corporations Act and Part 7.9 of the Corporations Act. No such offer will be made to a person who is a Retail Client.

A person may not (directly or indirectly) offer for issue or sale, or make any invitation to apply for the issue or to purchase, the Notes, nor distribute this Information Memorandum except if the offer or invitation:

(a) does not need disclosure to investors under any of Part 6D.2 of the Corporations Act and Part 7.9 of the Corporations Act;

(b) is not made to a Retail Client; and

(c) complies with any other applicable laws in all jurisdictions in which the offer or invitation is made.

Persons into whose possession this Information Memorandum comes are required by the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider and their respective related entities, to inform themselves about and to observe any such restrictions.

### 1.9 Selling Restrictions

The distribution of this Information Memorandum and the offering and sale of the Notes in certain foreign jurisdictions may be restricted by law. The Notes may not be offered or sold, directly or indirectly, and this Information Memorandum nor any circular, prospectus, form of application, advertisement or other material may be issued, distributed or published in any country or jurisdiction, unless permitted under all applicable laws and regulations. Each Joint Lead Manager and Co-Manager has agreed to comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Information Memorandum, any circular, prospectus, form of application, advertisement or other material. For further information see Section 11.

### 1.10 Offshore Associates Not to Acquire Notes

Under present law, the Class A Notes will not be subject to Australian withholding tax if they are issued in accordance with the public offer test and the prescribed conditions set out in section 128F of the Income Tax Assessment Act 1936 (Cth) (the **Tax Act**) and they are not acquired directly or indirectly by Offshore Associates of the Issuer (subject to certain exceptions). The Joint Lead Managers and Co-Managers have agreed with the Issuer to offer the Class A Notes for subscription or purchase in accordance with certain agreed procedures contained in the Dealer Agreement. It is intended that the Issuer will be able to demonstrate that the public offer tests under section 128F will be satisfied in relation to the issue and sale of the Class A Notes. Accordingly, persons who are Offshore Associates of the Issuer or MBFSA (as Unitholder) should not, except in certain circumstances, acquire the Class A Notes.

Noteholders and prospective Noteholders should obtain advice from their own tax advisors in relation to the tax implications of an investment in Notes.

### 1.11 Disclosure of Interests

Each of the Issuer, the Security Trustee, Perpetual, P.T., MBFSA (in all of its various capacities), Daimler AG, ANZ, MUFG, DBS, MLI and the Interest Rate Swap Provider discloses that it and its respective related bodies corporate or affiliates, directors, officers and employees:

(a) may have a pecuniary or other interest in the Notes; and

(b) may receive fees, brokerage or commissions, and may act as principal, in any dealings in the Notes.

These interests and dealings may adversely affect the price of the Class A Notes.

No such person will be required to retain any Notes acquired by it and any such person may realise a gain by selling Notes acquired by it in the secondary market.

The Arranger, each Joint Lead Manager, each Co-Manager and Perpetual Corporate Trust Limited discloses that, in addition to the arrangements and interests it will or may have with respect to any other Joint Lead Manager, Co-Manager, the Issuer, the Security Trustee or MBFSA (in any of its various capacities) (together, the **Group**), as described in this Information Memorandum (the **Transaction Document Interests**) it, its respective Related Entities, directors, officers and employees:

A. may from time to time, be a Noteholder or have pecuniary or other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note; and

B. may receive or pay fees, brokerage and commissions or other benefits, and act as principal with respect to any dealing with respect to any Notes,

(the **Note Interests**).

Each purchaser of Class A Notes acknowledges these disclosures and further acknowledges and agrees that:

(i) each Joint Lead Manager, each Co-Manager and each of their respective related bodies corporate or affiliates, directors, officers and employees (each a Relevant Entity) will or may have the Transaction Document Interests and may from time to time have the Note Interests and is, and from time to time may be, involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research (the **Other Transactions**) in various capacities in respect of any member of the Group or any other person, both on the Relevant Entity's own account and/or for the account of other persons (the **Other Transaction Interests**); and

(ii) each Relevant Entity in the course of its business (whether with respect to the Transaction Document Interests, the Note Interests, the Other Transaction Interests or otherwise) may act independently of any other Relevant Entity; and

(iii) to the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of any member of the Group and the Notes are limited to the contractual obligations of the Relevant Entities to the relevant members of the Group as set out in the relevant Transaction Documents and, in particular, no advisory or fiduciary duty is owed to any person; and

(iv) a Relevant Entity may have or come into possession of information not contained in this Information Memorandum that may be relevant to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors (**Relevant Information**); and

(v) to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to any member of the Group or to any potential investor and this Information Memorandum and any subsequent course of conduct by a Relevant Entity should not be construed as implying that the Relevant Entity is not in possession of such Relevant Information; and

(vi) each Relevant Entity may have various potential and actual conflicts of interest arising in the course of its business including in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests. For example, the exercise of rights against a member of the Group arising from the Transaction Document Interests (for example by a provider of the swap under the Interest Rate Swap Agreement) or from an Other Transaction may affect the ability of the Group member to perform its obligations in respect of the Notes. In addition, the existence of a Transaction Document Interest or Other Transaction Interest may affect how a Relevant Entity, in another capacity (for example, as a Noteholder) may seek to exercise any rights it may have in that capacity. These interests may conflict with the interests of the Group or a Noteholder and the Group or a Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Entity is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Document Interests, the Note Interests or the Other Transaction Interests and may otherwise continue to take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders or the Group and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of any such person.

### 1.12 Limited Recovery

Any obligation or liability of the Issuer arising under or in any way connected with the Notes, the Master Trust Deed, the Master Security Trust Deed, the Master Sale Deed, the Master Management Deed, the Master Servicing Deed, the Trust Supplement, the General Security Deed, the Note Deed Poll and each other Transaction Document to which the Issuer is a party is limited to the extent to which it can be satisfied out of the assets of the Trust out of which the Issuer is actually indemnified for the obligation or liability, except to the extent not satisfied because of fraud, negligence or wilful default on the part of the Issuer or its officers, employees or agents or any other person whose acts or omissions the Issuer is liable for under the Transaction Documents. The assets of the Security Trustee or any other member of the Perpetual group are not and, other than in the exception previously mentioned, the assets of the Issuer are not available to meet payments of interest or repayment of principal on the Notes.

None of the Issuer, the Security Trustee, Perpetual, P.T., ANZ, MUFG, DBS, MLI, the Interest Rate Swap Provider, MBFSA (in all of its various capacities), Daimler AG or any of their respective related entities guarantees the success of the Notes issued by the Issuer or the repayment of capital or any particular rate of capital or income return in respect of the investment by Noteholders in the Notes, nor do they make any statement (including, without limitation, any representation) with respect to income tax or other taxation consequences of any subscription, purchase or holding of the Notes or the receipt of any amounts thereunder or the performance of the assets of the Trust.

### 1.13 Securities Act

The Class A Notes have not been, and will not be, registered under the Securities Act or the Securities Laws of any State of the United States or other jurisdiction and the Class A Notes may not be offered

or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except in accordance with Regulation S under the Securities Act pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable State or local securities laws. In order to be eligible to access this Information Memorandum or make an investment decision with respect to the Class A Notes described herein, you and any entity that you represent either must be outside the United States or not be a "U.S. person" within the meaning of Regulation S or the Securities Act.

### 1.14 EU Securitisation Regulation

MBFSA, as originator, will retain on an ongoing basis a material net economic interest of not less than 5% in the securitisation in accordance with the text of Article 6(1) of the EU Securitisation Regulation. See further Section 3.3.11.

### 1.15 US Risk Retention Requirements

The Class A Notes may not be purchased by, or for the account or benefit of, persons that are "U.S. persons" as defined in the U.S. Risk Retention Rules and each purchaser of Class A Notes, including beneficial interests therein, will, by its acquisition of a Class A Note or beneficial interest therein, be deemed, and, in certain circumstances, will be required to represent and agree that it (1) is not a U.S. person as defined in the U.S. Risk Retention Rules, (2) is acquiring such Class A Note or a beneficial interest therein for its own account and not with a view to distribute such Class A Note, and (3) is not acquiring such Class A Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules. See further Section 3.3.12.

### 1.16 Japanese Risk Retention Rules

None of MBFSA, the Issuer, the Security Trustee, Perpetual, P.T., the Arranger, any Joint Lead Manager, any Co-Manager, the Interests Rate Swap Provider or any other party to the Transaction Documents:

(a) has considered the final rule in relation to regulatory capital requirements with respect to the investment by certain Japanese financial institutions in securitisations as published by the Japanese Financial Services Agency on 15 March 2019 (the **Rule**), or the application of the Rule to the proposed issue of, or any investment in, the Notes or any other transaction contemplated by this Information Memorandum (each a **Transaction**);

(b) makes any statement or representation in relation to the application of the Rule to any Transaction and in particular the regulatory capital consequences under the Rule for any person who invests in or holds any interest in Class A Notes; or

(c) intends to take any action to ensure any Transaction complies with or otherwise satisfies the Rule.

See further Section 3.3.13.

### 1.17 References to Ratings

There are various references in this Information Memorandum to the credit rating of the Class A Notes and of particular parties. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by each Rating Agency. In addition, the provisional rating of the Class A Notes does not address the expected timing of principal repayments under the Class A Notes. Other than Section 4, the Rating Agencies have not been involved in the preparation of this Information Memorandum.

Credit ratings in respect of the Class A Notes are for distribution only to persons who are not "retail clients" within the meaning of section 761G of the Corporations Act and are also sophisticated, professional investors or other investor in respect of whom disclosure is not required under Part 6D.2 or Part 7.9 of the Corporations Act and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Information Memorandum and anyone who receives this Information Memorandum must not distribute it to any person who is not entitled to receive it.

**1.18 Prohibition of sales to EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**1.19 MiFID Product Governance/Professional Investors and ECPs only Target Market**

Solely for the purposes of each manufacturer's (within the meaning of MiFID II) product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

**1.20 Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)**

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), the Notes are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## 2. Summary of the Issue

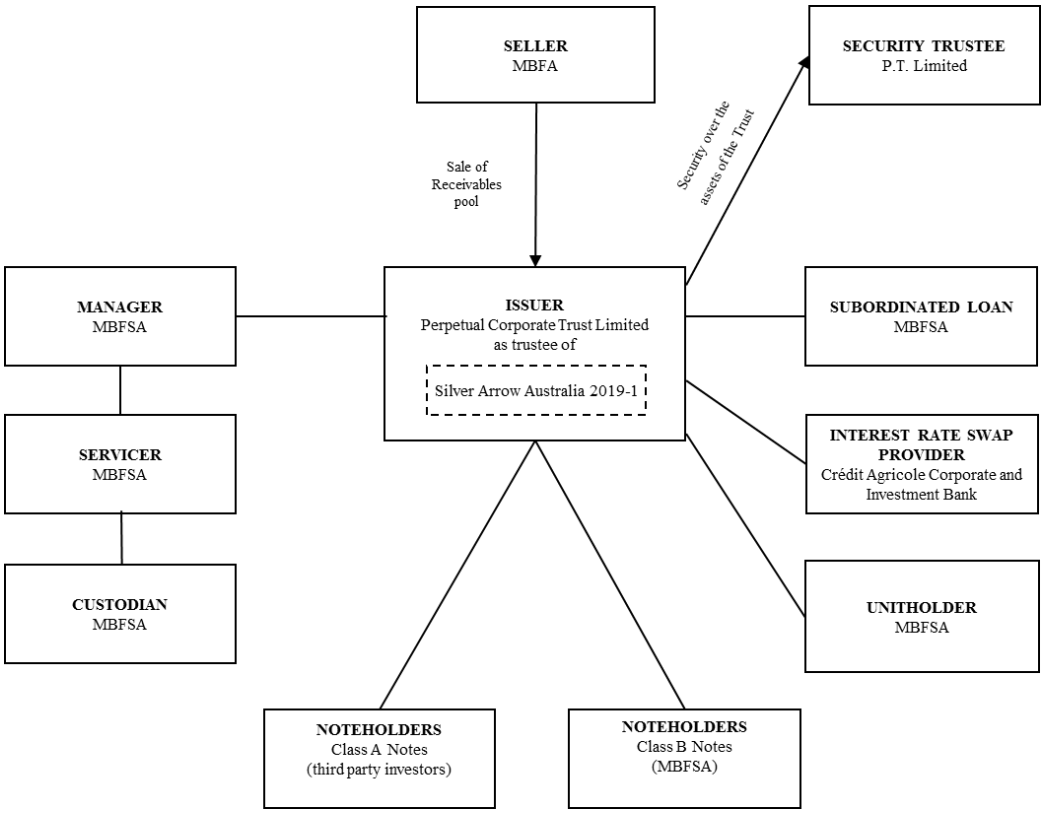
### 2.1 Summary only

The following is only a brief summary of the terms and conditions of the Notes. A more detailed outline of the key features of the Notes and Transaction Documents is contained in Sections 5, 8 and 9.

### 2.2 Parties to the transaction

| | |
|---|---|
| **Issuer:** | Perpetual in its capacity as trustee of the Trust. |
| **Trust:** | Silver Arrow Australia 2019-1. |
| **Manager, Seller and Servicer:** | MBFSA. |
| **Security Trustee:** | P.T. Limited. |
| **Interest Rate Swap Provider:** | Crédit Agricole Corporate and Investment Bank. |
| **Subordinated Loan Facility Provider:** | MBFSA. |
| **Arranger:** | ANZ. |
| **Joint Lead Managers and Bookrunners:** | ANZ and MUFG. |
| **Co-Managers:** | DBS and MLI. |
| **Rating Agencies:** | S&P and Fitch. |

The transaction parties and their relationships are summarised at a high level in the following diagram.




## 2.3 General information regarding the Notes

The Notes are secured, pass-through debt securities and will be divided into 2 classes: the Class A Notes and the Class B Notes.

The Class A Notes will at all times rank pari passu between themselves, and ahead of the Class B Notes, for payment of Interest Amounts and for repayment of principal.

The Class B Notes will not be offered pursuant to this Information Memorandum.

An overview of certain details in respect of the Notes are set out in the following table.

| | **Class A Notes** | **Class B Notes** | **Subordinated Loan** |
|---|---|---|---|
| Aggregate initial Note Principal Amount Outstanding (or, in the case of the Subordinated Loan, the initial Subordinated Loan Facility Advance) | A$512,700,000 | A$67,400,000 | A$5,800,000 |
| Denomination per Note | A$100,000 | A$100,000 | Not applicable |
| % of initial credit enhancement provided to the Class A Notes (excluding excess spread) | Not applicable | 11.62% | 1.0% |
| Issue price | 100% | 100% | 100% |
| Interest frequency | Monthly | Monthly | Monthly |
| Payment Dates | The 20th day of each calendar month provided that the first Payment Date occurs in November 2019 (or, if that day is not a Business Day, the next following Business Day) | The 20th day of each calendar month provided that the first Payment Date occurs in November 2019 (or, if that day is not a Business Day, the next following Business Day) | The 20th day of each calendar month provided that the first Payment Date occurs in November 2019 (or, if that day is not a Business Day, the next following Business Day) |
| Rate of Interest | Bank Bill Rate (1 month) + Margin | Margin | Margin |
| Margin | 0.85% per annum | 4% per annum | 5% per annum |
| Day count | Actual/365 | Actual/365 | Actual/365 |
| Anticipated ratings | | | |
| S&P | AAA(sf) | Not rated | Not rated |
| Fitch | AAAsf | Not rated | Not rated |
| Maturity Date | Payment Date falling in June 2027 | Payment Date falling in June 2027 | Payment Date falling in June 2027 |
| Governing law | New South Wales | New South Wales | New South Wales |
| Clearance | Austraclear | Not applicable | Not applicable |
| ISIN | AU3FN0051041 | AU3FN0051058 | Not applicable |
| Common Code | 206662140 | 206662158 | Not applicable |

## 2.4 General information regarding the transaction

| | |
|---|---|
| **Cut-Off Date:** | 30 September 2019. |
| **Pricing Date:** | 18 October 2019, or such other date that the Manager, the Joint Lead Managers and the Co-Managers agree. |
| **Issue Date/Closing Date:** | 28 October 2019, or such other date as may be agreed between the Manager, the Joint Lead Managers and the Co-Managers. |
| **Calculation Date:** | Each day that falls 4 Business Days before each Payment Date. |

## 2.5 Interest on the Notes

**Interest Accrual and Determination:**

Each Note will accrue interest on its daily Note Principal Amount Outstanding from and including the Closing Date.

The Manager must, on each Calculation Date, determine the amount of interest (the **Interest Amounts**) payable on the next Payment Date for each Note for the Interest Period ending on that Payment Date. The Interest Amount for a Note and an Interest Period is to be determined for each day during the Interest Period by:

(a) applying the Rate of Interest applicable for that Note at that time to the Note Principal Amount Outstanding of that Note on that day;

(b) aggregating, for each day in that Interest Period, each of the amounts determined for that Note in accordance with paragraph (a); and

(c) dividing the amount determined for that Note in accordance with paragraph (b) by 365 and rounding the resulting figure downwards to the nearest cent.

For further details on the calculation of Interest Amounts on the Notes, see Condition 3 as set out in Section 5.

**Payment of Interest Amounts:**

Commencing 20 November 2019, subject to there being sufficient funds for this purpose in accordance with the Pre-Enforcement Priority of Payments, Noteholders will be entitled to receive payments of Interest Amounts on the Notes monthly in arrears on each Payment Date.

For further details on payment of Interest Amounts on the Notes, see Condition 3 as set out in Section 5 and see Section 8.4.1.

## 2.6 Redemption of the Notes

**Redemption at maturity**

Unless previously redeemed in full, the Issuer must redeem each Note at its Note Principal Amount Outstanding on the Maturity Date.

| | |
|---|---|
| **Redemption of the Notes by instalments:** | To the extent that the Available Distribution Amount is sufficient for this purpose in accordance with the Pre-Enforcement Priority of Payments (see Section 8.4.1), each of the Notes will be repaid in instalments on each Payment Date falling before the enforcement of the Security. The maximum amount of each such repayment instalment will be (in the case of the Class A Notes) the Class A Note Principal Redemption Amount for the relevant Payment Date and (in the case of the Class B Notes) the Class B Note Principal Redemption Amount for the relevant Payment Date.<br><br>For further details on repayment of principal, see Condition 5 as set out in Section 5 and see Section 8.4.1. |
| **Optional redemption on Call Date:** | The Issuer must redeem all, but not some only, of the Notes at their respective Note Principal Amounts Outstanding together with accrued but unpaid interest up to but excluding the date of redemption on any Payment Date, provided that each of the conditions to such redemption as specified in Condition 5.3 is satisfied. One such condition is that the Payment Date the proposed redemption is to occur falls on or after the Call Date. For further details on the Call Date call option (including the definition of the Call Date) see Condition 5.3 as set out in Section 5.<br><br>In order to fund any such redemption of the Notes, the Issuer is entitled to sell the Receivables and related Receivable Rights. For further details on the Issuer's ability to sell the Trust's Receivables and related Receivable Rights see Section 9.6.3. |
| **Optional redemption for tax reasons:** | The Issuer must redeem all, but not some only, of the Notes at their respective Note Principal Amounts Outstanding together with accrued but unpaid interest up to but excluding the date of redemption on any Payment Date, provided that each of the conditions to such redemption as specified in Condition 5.4 is satisfied. For further details on the tax call option see Condition 5.4 as set out in Section 5.<br><br>In order to fund any such redemption of the Notes, the Issuer is entitled to sell the Receivables and related Receivable Rights. For further details on the Issuer's ability to sell the Trust's Receivables and related Receivable Rights see Section 9.6.3. |

## 2.7 The Receivables

| | |
|---|---|
| **The Receivable Pool:** | On the Closing Date, the Issuer will use the proceeds from the issue of the Notes to purchase a pool of Receivables owing under Loan Agreements pursuant to which the Seller has lent money to a Customer for the purpose of that Customer buying a motor vehicle. These Receivables will be purchased by the Issuer from the Seller. The Issuer will not purchase any further Receivables following the Closing Date.<br><br>Further details in relation to the Receivables are contained in Section 7. |

| | |
|---|---|
| **Assignment of Receivables:** | The Receivables and related Receivable Rights will be initially assigned to the Issuer in equity. See further Section 9.5.1.<br><br>However, if a Perfection of Title Event occurs, the Issuer must take such action as may be reasonably required to perfect the Issuer's legal title to the Receivables and related Receivable Rights of the Trust. For further details on perfection of title, see Section 9.5.4. |
| **Custody of the Underlying Agreements and the Records:** | Unless a Custodian Default occurs, the Seller will be the custodian, on behalf of the Issuer, of the Underlying Agreements and the Records for each Receivable sold to the Issuer. In this capacity, the Seller is referred to in this Information Memorandum as the Custodian. For further details on custody of the Underlying Agreements and the Records, see Section 9.5.5. |
| **Servicing:** | MBFSA has been appointed as the initial Servicer under the Master Servicing Deed. For further details on the Servicer, see Sections 7.4 and 9.4. |
| **Collections:** | The Issuer will be entitled to all Collections received in respect of principal and interest on the Receivables, to the extent that such amounts are accrued from (but excluding) the Cut-Off Date. See further Section 9.5.1.<br><br>Moneys due by Customers under the terms of the Receivables will be collected by the Servicer on behalf of the Issuer. Generally, the Servicer is required to transfer all Collections received by it in respect of a Collection Period into the Trust Account within 2 Business Days of receipt. However, in certain circumstances the Servicer is instead entitled to retain Collections received by it in respect of a Collection Period until the Business Day immediately before the Payment Date following that Collection Period, at which time the Servicer is required to transfer such Collections to the Trust Account. See further Sections 9.4.1 and 9.6.6.<br><br>Collections in respect of each Collection Period will be distributed on the Payment Date following the end of that Collection Period in the manner described in Section 8. |

## 2.8 Structural Features

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|---|---|
| **Security and the Security Trust:** | Under the General Security Deed, the Issuer has granted the Security Trustee a security interest, over all of the assets of the Trust, to secure certain payment obligations of the Issuer (including, among other things, the Issuer's obligation to make payments in respect of the Notes). See further Section 9.7.2.<br><br>The Security will be held by the Security Trustee for the benefit of the Noteholders and the other Secured Creditors and, following an Event of Default, all proceeds of enforcement of the Security are to be applied toward discharging the Issuer's secured obligations in accordance with the Post-Enforcement Priority of Payments. In relation to the Security Trust, see further Sections 9.2.1 and 9.7.1. |

| | |
|---|---|
| | In relation to the Post-Enforcement Priority of Payments, see further Section 9.6.2. |
| **Trust Account:** | Before the Closing Date, the Issuer will open the Trust Account with an ADI for the purpose of transacting with, and holding, assets of the Trust in the form of cash. See further Section 9.6.4. |
| **Subordinated Loan Facility and General Reserve Fund:** | The Subordinated Loan Facility Provider has agreed to provide the Issuer with an Australian dollar denominated Subordinated Loan Facility to fund a general liquidity reserve for the Trust.<br><br>The proceeds of each advance made under the Subordinated Loan Facility must be deposited by the Issuer into the Trust Account, and all amounts so deposited will be allocated by the Manager to the separate General Reserve Fund.<br><br>See further Section 9.6.5. |
| **Interest Rate Swap Agreement:** | In order to hedge the mismatch between the rates of interest on the Receivables and the Issuer's floating rate obligations under the Class A Notes, the Issuer will enter into the Fixed Rate Swap with an Interest Rate Swap Provider. Crédit Agricole Corporate and Investment Bank will be the initial Interest Rate Swap Provider. See Section 9.8. |

## 2.9 Further Information

| | |
|---|---|
| **Transfer:** | Following their issue, a Noteholder that wishes to transfer title to a Note held by it must (unless held through Austraclear, in which case the Noteholder may effect a transfer of its interest in the Note through Austraclear) direct the Issuer to update the Note Register to reflect the change in ownership of the relevant Note by duly completing and delivering to the Issuer a Note Transfer Form (signed on behalf of both the transferor and the transferee). See further Condition 1 as set out in Section 5. |
| **Austraclear:** | Following issue, the Class A Notes will be lodged with Austraclear. See further Condition 1 as set out in Section 5. |
| **RBA repo eligibility:** | The Manager has undertaken to make an application to the Reserve Bank of Australia (**RBA**) for the purposes of qualifying the Class A Notes as "eligible securities" that may be lodged as collateral in relation to a repurchase agreement entered into with the RBA. See further Section 9.6.7. |
| **Stamp Duty:** | None of the issue, the transfer or redemption of the Class A Notes will currently attract stamp duty in any jurisdiction of Australia. See further Section 10.1. |
| **Withholding Tax and TFNs:** | Payments of principal and interest on the Class A Notes will be reduced by any applicable withholding taxes. Neither the Issuer nor any other person will be obliged to make any additional payments to any Class A Noteholder to cover any withholding taxes. |

Under present law, the Class A Notes will not be subject to Australian withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Tax Act. The Joint Lead Managers and Co-Managers have agreed with the Issuer to offer the Class A Notes for subscription or purchase in accordance with certain agreed procedures contained in the Dealer Agreement. It is intended that compliance with these procedures will enable the Issuer to demonstrate that the public offer tests under section 128F will be satisfied in relation to the issue and sale of the Class A Notes. One of these conditions is that the Issuer must not know or have reasonable grounds to suspect that a Class A Note, or an interest in a Class A Note, was being, or would later be, acquired directly or indirectly by any Offshore Associates of the Issuer. Accordingly, subject to limited exceptions, Offshore Associates of the Issuer or MBFSA should not acquire the Class A Notes. For further information see Section 10.1.

Further, payments of principal and interest on the Class A Notes will be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or the intergovernmental agreement between the United States and Australia facilitating the implementation thereof (or any law implementing such intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Class A Notes, and no additional amounts will be paid on the Class A Notes with respect to any such withholding or deduction.

Under current tax law, withholding tax will be deducted from interest payments to a Class A Noteholder acquiring the Class A Notes through their non-Australian operations, subject to the application of any exemption.

In addition, under current tax law, tax will be deducted on payments to an Australian resident or a non-resident holding the Class A Notes in carrying on a business at or through a permanent establishment in Australia who does not provide a tax file number or Australian Business Number (where applicable) or proof of an appropriate exemption from quoting such numbers.

Further information on potential withholding taxes is provided in Section 10. Class A Noteholders and prospective Class A Noteholders should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Class A Notes.

# 3. Risk Factors

***The purchase, and subsequent holding, of the Notes is not free of risk. The risks described below are some of the principal risks inherent in the transaction for Noteholders and the discussion in relation to those Notes indicates some of the possible implications for Noteholders. However, the inability of the Issuer to pay Interest Amounts or principal on the Notes may occur for other reasons and no representation is made that the description of the risks outlined below is exhaustive. It is only a summary of some particular risks. Further, although various structural protections are available to Noteholders to lessen certain of these risks, there can be no assurance that these measures will be sufficient to ensure the payment or distribution of Interest Amounts or principal on the Notes on a timely or full basis. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.***

## 3.1 Risks associated with the Issuer and the Notes

### 3.1.1 Limited Liability Under the Notes

The Notes are debt obligations of the Issuer exclusively in its capacity as trustee of the Trust. The Notes are issued with the benefit of, and subject to, the Transaction Documents. The Notes do not represent an interest in or obligation of the Issuer in its personal capacity or of any of the other parties to the transaction. The assets of the Trust will be the sole source of payments on the Notes. The Issuer's liability in respect of the Notes is limited to, and can be enforced against the Issuer only to the extent to which it can be satisfied out of, the assets of the Trust out of which the Issuer is actually indemnified for the liability except to the extent the Issuer is held to be fraudulent, negligent or to have acted in wilful default of the Issuer's obligations under the Transaction Documents (see Section 9.1.10). There can be no assurance that the assets of the Trust will be sufficient to make all Interest Amount and principal payments required on the Notes. If the assets of the Trust are insufficient to pay the Interest Amounts and principal on your Notes when due, there will be no other source from which to receive these payments and you may experience a loss or receive a lower yield on your investment than you expected.

### 3.1.2 Secondary Market Risk

There is currently no secondary market for the Notes. A secondary market for the Notes may not develop even though some of the Notes may be quoted on the Australian Securities Exchange. There is no assurance that any secondary market will develop or, if one does develop, that it will provide liquidity of investment or will continue for the life of the Notes. No assurance can be given that it will be possible to effect a secondary sale of the Notes; nor can any assurance be given that, if a secondary sale takes place, it will not be at a discount to the acquisition price such that the Noteholder may suffer a loss of some or up to all of the entire Note Principal Amount Outstanding of the Notes. The market value of the Notes may be affected by a number of factors including, but not limited to:

(a) the value and volatility of the assets of the Trust;

(b) market interest and yield rates; and

(c) the time remaining to any redemption date or the relevant Maturity Date,

and such fluctuation could result in losses to Noteholders.

In addition, the value of the Notes may depend on a number of interrelated factors, including economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the exchange(s) on which any Notes, similar notes, assets of the Trust or similar assets or interests in such notes or assets may be traded. The historical prices of any assets of the Trust should not be taken as an indication of such assets' future performance during the term of any Note.

Over the past years, major disruptions in the global financial markets caused a significant reduction in liquidity in the secondary market for asset-backed securities. There can be no assurance that future events will not occur that could have a similar material adverse effect on the liquidity of the secondary market. If the lack of liquidity in the secondary market reoccurs, it could adversely affect the market value of Notes and/or limit the ability of a Noteholder to resell their Notes.

### 3.1.3 Equitable Assignment

The Receivables will initially be assigned to the Issuer in equity. If the Issuer declares that a Perfection of Title Event has occurred, the Issuer must take such action as may be reasonably required to perfect the Issuer's legal title to the Receivable Rights of the Trust (see further Section 9.5.4). Until such time, the Issuer is not to take any such steps to perfect legal title and, in particular, it will not notify the Customers or any guarantors or security providers of the assignment of the Receivables by the Seller to the Issuer.

The delay in the notification to a Customer of the assignment of the Receivables to the Issuer may have the following consequences:

(a) until a Customer, guarantor or security provider has notice of the assignment, such person is not bound to make payment to anyone other than the Seller and can obtain a valid discharge from the Seller. However, the Seller is in fact the initial Servicer and as such is obliged to deal with all moneys received from Customers in accordance with the Transaction Documents and ultimately to pay such amounts into the Trust Account (see further Sections 9.4.1 and 9.6.6);

(b) for so long as the Issuer holds only an equitable interest in the Receivables, the Issuer's interest in the Receivables may become subject to the interests of third parties created after the creation of the Issuer's equitable interest but prior to the Issuer acquiring a legal interest. To reduce this risk, the Servicer has undertaken not to consent to the creation or existence of any Security Interest over the motor vehicle securing the Receivables; and

(c) for so long as the Issuer holds only an equitable interest in the Receivables, the Seller must be a party to any legal proceedings against any Customer, guarantor or security provider in relation to the enforcement of any Receivable or Related Collateral. In this regard, the Servicer undertakes to service (including enforce) the Receivables in accordance with the Servicing Policy.

In addition, section 80(7) of the Personal Property Securities Act 2009 (Cth) (**PPSA**) provides that a Customer in relation to a receivable will be entitled to make payments to, and obtain a good discharge from, the Seller (as seller of the Receivable) rather than directly to, and from, the Issuer (as purchaser of the Receivable) until such time as the Customer receives a notice of the assignment of the relevant Receivable that complies with the requirements of section 80(7)(a) of the PPSA (including a statement that payment is to be made to the Issuer, as purchaser of the Receivable). If, however, a Customer receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the Seller, the Customer requests the Issuer to provide proof of the assignment and the Issuer fails to provide that proof within 5 business days of the request, the Customer may continue to make payments to the Seller. Accordingly, after a Perfection of Title Event has occurred and legal title to the Receivable has been transferred to the Issuer, a Customer in relation to a Receivable may in certain

circumstances nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of the relevant Receivable to the Issuer, if the Issuer fails to comply with these notice requirements. However, this risk is mitigated by the fact that the Seller will provide the Issuer with a power of attorney to permit it to give notice of such an assignment of the Receivable to the relevant Customer in the name of the Seller.

### 3.1.4 Ability of the Issuer to Redeem the Notes

The ability of the Issuer to redeem all the Notes at their aggregate Note Principal Amount Outstanding whilst any of the Receivables are still outstanding will depend upon whether the Issuer is able to collect or otherwise obtain an amount sufficient to redeem the Notes and to pay its other obligations in accordance with the Pre-Enforcement Priority of Payments (as to which see Section 8.4.1). Following the enforcement of the Security, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of the priority set out in the Post-Enforcement Priority of Payments (described in Section 8.4.2). The moneys available to the Security Trustee for distribution may not be sufficient to satisfy in full the claims of all or any of the Noteholders and neither the Security Trustee nor the Issuer will have any liability to the Noteholders in respect of any such deficiency. Although the Security Trustee may seek to obtain the necessary funds by means of a sale of the outstanding Receivables, there is no guarantee that there will be at that time an active and liquid secondary market for such Receivables. Further, if there was such a secondary market, there is no guarantee that the Security Trustee will be able to sell the Receivables for the principal amount then outstanding under such Receivables.

Accordingly, the Security Trustee may be unable to realise the value of the Receivables, or may be unable to realise the full value of the Receivables, which may impact upon its ability to redeem all outstanding Notes at that time.

### 3.1.5 U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Notes

Whilst the Notes are held within Austraclear, in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by Austraclear Ltd. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate Noteholder if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It also may affect payment to any ultimate Noteholder that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate Noteholder that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Noteholders should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. Noteholders should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's payment obligations under the Notes are discharged once it has made payment to, or to the order of, Austraclear Ltd and the Issuer therefore has no responsibility for any amount thereafter transmitted through Austraclear and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. Prospective Noteholders should refer to Section 10.2.

### 3.1.6 Ratings of the Notes do not ensure their payment and withdrawal of any ratings may affect the value of the Notes

It is a condition to the issuance of the Notes that the Notes are assigned the ratings referred to in Section 4. A rating is not a recommendation to purchase, hold or sell the Notes. A rating does not address the market price or the suitability for a particular Noteholder of a security. The rating of the Notes addresses the conclusion of the applicable rating agency as to the likelihood of the payment of principal and interest on the Notes pursuant to their terms. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant Rating Agency, if in its judgment circumstances in the future so warrant. Any action taken by a Rating Agency to lower or withdraw the rating on a Note could adversely affect the value of that Note on resale. In addition, if a Rating Agency or another rating agency issues a rating lower than the solicited rating, changes its rating or withdraws its rating, no one has any obligation to provide additional credit enhancement or to restore the original rating.

The ratings of the Notes will be based primarily on the conclusion of the applicable rating agency as to creditworthiness of the Receivables, the availability of excess Collections after payment of interest on the Notes and the Issuer's expenses and the creditworthiness of the swap provider. The ratings may not reflect the potential impacts of all risks discussed in this Section 3. Proposed Noteholders in Notes should make their own evaluation of an investment in the Notes and not rely solely on the ratings on the Notes. Investment in the Notes may not be suitable for all prospective Noteholders.

### 3.1.7 Investment in the Notes may not be suitable for all Noteholders

The Notes are not a suitable investment for any Noteholder that requires a regular or predictable schedule of payments or payment on any specific date. The Notes are complex investments that should be considered only by Noteholders who, either alone or with their financial, tax and legal advisors, have the expertise to analyse the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors. Asset-backed securities, like the Notes, usually produce more returns of principal to Noteholders when market interest rates fall below the interest rates on the receivables and produce less returns of principal when market interest rates rise above the interest rates on the receivables. If Customers refinance or pay out their Receivables early as a result of lower interest rates, Noteholders will receive an unanticipated early payment of principal. As a result, Noteholders are likely to receive more money to reinvest at a time when other investments generally are producing a lower yield than that on the Notes and are likely to receive less money to reinvest when other investments generally are producing a higher yield than that on the Notes. Holders will bear the risk that the timing and amount of distributions on the Notes will prevent Noteholders from attaining the desired yield.

### 3.1.8 Class B Notes provide only limited protection against losses

Credit enhancement in the form of subordination of lower ranked Class B Notes and excess interest Collections are intended to buffer the Class A Notes from losses by absorbing part of the losses that may be suffered on the Receivables, but there can be no assurance that such credit enhancement will be sufficient to absorb any or all actual losses on the Receivables.

The amount of credit enhancement provided to the Class A Notes through the subordination of the Class B Notes is limited and could be depleted prior to the payment in full of the Class A Notes.

### 3.1.9 The use of principal Collections to cover liquidity shortfalls may lead to principal losses

If Collections in the nature of principal receipts are applied toward interest expenses on the Notes and other expenses of the Issuer and there are insufficient Collections in the nature of interest receipts in

succeeding Collection Periods to repay those implicit principal draws, Noteholders may not receive full repayment of principal on their Notes.

### 3.2 Risks associated with the Receivables and the Servicer

#### 3.2.1 Timing of Principal Distributions

Set out below is a description of some circumstances in which the Issuer may receive early or delayed repayments of principal on the Receivables and, as a result of which, the Noteholders may receive repayments of principal on the Notes earlier or later than would otherwise have been the case:

(a) receipt by the Issuer of voluntary prepayments in excess of the Customer's contractual payment obligation made by a Customer in respect of a Receivable;

(b) enforcement proceeds received by the Issuer due to a Customer having defaulted on its contract;

(c) receipt of insurance proceeds by the Issuer in relation to an insurance claim in respect of the motor vehicle financed by a Receivable;

(d) receipt of proceeds by the Issuer of repurchases of Receivables by the Seller as a result of any one of the following occurring:

(i) an Asset Representation Breach in respect of a Receivable sold by the Seller to the Issuer (see Section 9.5.3);

(ii) there being a change in tax law which leads to the Issuer exercising its option to redeem the Notes early and the Receivables being repurchased by the Seller or sold to a third party (see Section 9.6.3); or

(iii) the Issuer exercising its option to redeem the Notes early on a Payment Date falling on or after the Call Date (see Section 9.6.3); and

(e) the Servicer is obliged to service the Receivables in accordance with the Servicing Policy and must do so in accordance with the standard of care of a prudent business person, exercising such skill, care and diligence as the Servicer does in servicing receivables other than the Receivables which are assets of the Trust. There is no definitive view as to whether the standards and practices of a prudent business person do or do not include the Servicer's own franchise considerations. If those considerations are included the Servicer would be entitled to consider its own reputation and future business writing prospects in making a determination as to how current Receivables are administered. Such a course may result in a delay of principal returns to Noteholders. The Servicer is, however, required to give undertakings as to how it will administer the Receivables (see Section 9.4.1) and comply with the express limitations in the Transaction Documents.

Each of the above factors makes it difficult to reliably predict the actual rate of prepayment of the Receivables or the rate and timing of payments of principal on Notes. There is no guarantee that the actual rate of prepayment on the Receivables, or the actual rate of prepayments on the Notes, will conform to any particular model or that a Noteholder will achieve the yield it expects on its investment in the Notes. If a Noteholder bought Notes for more than their face amount, the yield on those Notes will drop if principal payments on those Notes occur at a faster rate than expected. If a Noteholder bought Notes for less than their face amount, the yield on those Notes will increase if principal payments on those Notes occur at a slower rate than expected.

### 3.2.2 Prepayment then Non-Payment

There is the possibility that Customers who have prepaid an amount of principal under their Receivables do not continue to make scheduled payments under the terms of their Receivables. Consistent with standard Australian banking practice, the Servicer does not consider such Receivables to be in arrears until such time as the actual principal balance has exceeded the then current scheduled principal balance.

The failure of Customers to make payments when due after an amount has been prepaid under their Receivables may result in a deficiency in amounts received by the Issuer in any Collection Period and thereby affect the ability of the Issuer to make timely payments of Interest Amounts and principal to Noteholders. On each Payment Date, the then full amount of the General Reserve Fund (as evidenced by the General Reserve Fund Ledger) must be applied by the Issuer as part of the Available Distribution Amount for that Payment Date in accordance with the Pre-Enforcement Priority of Payments. The General Reserve Fund provides liquidity to the Issuer in addition to that which it would otherwise have and as such mitigates the risk of a deficiency in amounts received by the Issuer in any Collection Period arising in such circumstances but may not be sufficient to cover the whole of the deficiency**.**

### 3.2.3 Consumer Credit Protection Regime

Customers in respect of Consumer Receivables and Small Business Receivables may avail themselves of certain legislative protections that could adversely impact upon the Issuer's ability to make full and timely payments in respect of the Notes.

Australia's consumer credit protection regime consists primarily of the following pieces of legislation enacted at a federal level: the NCCP (Schedule 1 of which contains the National Consumer Credit Protection Laws), the Australian Consumer Law (the **ACL**) contained at Schedule 2 of the Australian Competition and Consumer Act 2010 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth) (the **ASIC Act**). A Receivable, and the provision of credit in respect of a Receivable relating to a Loan Agreement, will be subject to Australia's consumer credit protection regime if it is a Consumer Receivable or (in the case of those consumer credit protection provisions contained in the ASIC Act only) if it is a Small Business Receivable.

***National Consumer Credit Protection Laws***

*Obligations imposed upon the Seller, the Servicer or the Issuer*

The NCCP requires that any person who engages in credit activities (such as providing credit under a loan agreement entered into by an individual or strata corporation where such credit is wholly or predominantly provided for a particular purpose, including for personal, domestic or household purposes or to purchase, renovate or improve residential property for investment purposes) must either hold an Australian Credit Licence issued by ASIC, be an employee or director of a licensee or of a Related Body Corporate of a licensee, be an authorised representative of a licensee or qualify for an exemption from the licensing requirement. MBFSA, being the Seller and the Servicer, holds an Australian Credit Licence (number 247271).

Additionally, any person who engages in credit activities is required to comply with certain "responsible lending" obligations which, in the case of the Silver Arrow Australia securitisation programme, would generally oblige MBFSA to provide a prospective Customer with a copy of its credit guide and to make a determination as to whether the relevant credit product is not unsuitable for the Customer.

If the Issuer perfects its legal title to a Receivable, the Issuer, rather than MBFSA, will be considered as the person who is engaging in credit activity in respect of that Receivable. Accordingly, obligations previously imposed by the NCCP, including the National Credit Code, upon MBFSA will, unless an exemption is available, be imposed upon the Issuer (including as to licensing) and the paragraphs below should be read in this context.

*Remedies available to Customers*

The NCCP, including the National Credit Code, provides certain non-contractual remedies to Customers in respect of Consumer Receivables. Specifically, in addition to any contractual remedies which may be available to a Customer, in certain circumstances a Customer may have a right under the NCCP, including the National Credit Code, to apply to a court to:

- vary the terms of the relevant Loan Agreement on the grounds of financial hardship;
- vary the terms of the relevant Loan Agreement on the grounds that those terms are unjust;
- reduce or cancel any interest rate or finance charge payable in respect of the relevant Loan Agreement on the grounds that the interest rate or finance charge has increased in accordance with the terms of the contract to a rate or amount which is unconscionable;
- have certain provisions of the relevant Loan Agreement which are in breach of the legislation declared void or unenforceable;
- obtain restitution or compensation from MBFSA in relation to any breaches of the NCCP, including the National Credit Code, in relation to the Loan Agreement; or
- seek various other remedies for other breaches of the NCCP, including the National Credit Code.

Any such action in respect of a Consumer Receivable may adversely affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments on the Notes).

The NCCP also sets out certain required procedures and grace periods which would apply in circumstances where the relevant Customer in respect of a Consumer Receivable is in default and the Servicer wishes to take enforcement action. Generally, the relevant provisions of the NCCP provide that upon default, upon taking possession of the relevant motor vehicle and following sale of the relevant motor vehicle, certain notices must be given to the relevant Customer and the Customer must be permitted to exercise certain rights (including to require the relevant motor vehicle to be returned to it or to nominate an alternate buyer for the relevant motor vehicle at an equivalent price to that which the lender or mortgagee estimates it will receive, or has been offered) within a finite and specified time period if it satisfies certain conditions (including, where the obligor wishes to require the relevant motor vehicle to be returned to it, by paying all amounts in respect of which the relevant contract is in arrears together with reasonable enforcement costs incurred). Such requirements may affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments on the Notes).

Breaches of the NCCP, including the National Credit Code, may also lead to civil penalties or criminal fines being imposed on MBFSA or, if it has perfected its legal title to the relevant Consumer Receivable, the Issuer. Any such civil penalties or criminal fines imposed upon the Issuer will be repayable to the Issuer as expenses of the Trust and may adversely affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments on the Notes).

***Unfair Contract Terms***

The terms of a Consumer Receivable or a Small Business Receivable may be subject to review for being "unfair" under Part 2 of the ASIC Act.

Small Business Receivables will only be subject to the ASIC Act regime to the extent entered into, renewed or varied on or after 12 November 2016.

Under the ASIC Act, unfair terms in standard form consumer contracts and small business contracts will be void. However, a contract will continue to bind the parties to the contract to the extent that the contract is capable of operating without the unfair term. Relevantly and Loan Agreements documenting Consumer Receivables and Small Business Receivables will be considered standard form contracts.

Under the ASIC Act, a term of a standard-form consumer contract or small business contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract, is not reasonably necessary to protect the supplier's legitimate interests and would cause detriment to the consumer or small business (as applicable) if it were relied on. Therefore the effect of this provision will depend on the actual term of the contract that was declared unfair.

Although the relevant legislation outlines examples of what is considered to be unfair terms in contracts, to date there is limited case law as to how the courts will interpret these provisions.

Any determination by a court or tribunal that a term of a Consumer Receivable or a Small Business Receivable is void under the ASIC Act due to it being unfair may adversely affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments under the Notes).

### 3.2.4 Delinquency and Default Risk

The Issuer's obligations to pay interest and principal on the Notes in full is limited by, among other things, receipts under or in respect of the outstanding Receivables. For payment on their Notes, Noteholders must rely upon payments being made by the Customers under the Receivables and, if and to the extent available, the General Reserve Fund, amongst other things (see Section 8).

If Customers fail to make their payments when due, there is a possibility that the Issuer may have insufficient funds to make full payments of Interest Amounts on the Notes and eventual payment of principal to the Noteholders. A wide variety of local or international developments of a legal, social, economic, financial, political or other nature could conceivably affect the performance of Customers under their Receivables.

If a Customer defaults on payments to be made under a Receivable and the Servicer seeks to enforce the Related Collateral securing that Receivable and repossess, repair (as necessary) in preparation for re-sale and sell the motor vehicle financed by that Receivable, many factors may affect the length of time before that motor vehicle is sold and the proceeds of sale (if any) are realised. In such circumstances, the sale proceeds are likely to be less than if the sale was carried out by the Customer in the ordinary course. Any such delay and any loss incurred as a result of the realised proceeds of the sale of the property being less than the principal amount outstanding at that time under the Receivable may affect the ability of the Issuer to make payments under the Notes.

There can be no assurance that delinquency and default rates affecting the Receivables will remain in the future at levels corresponding to historic rates of assets similar to the Receivables. In particular, a decline in Australian economic conditions may result in Customers failing to make payments when due under a Receivable, which may result in increased delinquency and default rates in respect of the

Receivables and cause delays in payment and/or losses on your Notes. Noteholders will bear the investment risk resulting from the delinquency and default experience of the Receivables.

### 3.2.5 Depreciation in value of financed motor vehicles, at a more rapid rate than anticipated, may adversely affect the Notes

If the market value of the motor vehicles financed by the Receivables depreciates at a significantly more rapid rate than anticipated when the relevant Loan Agreements were entered into (for example, as a result of manufacturer recalls or emerging regulatory or social initiatives and trends), this may result in an increase in the loan-to-value ratio for the relevant Receivables to the point where the outstanding amount of the relevant Receivables significantly exceeds the value of the motor vehicles securing them. If Customers default in such circumstances and the Servicer is only able to recover on the Receivables by repossessing and liquidating the motor vehicles securing them, any such sales proceeds will be insufficient to repay the relevant Receivables in full and Noteholders may experience losses with respect to their Notes.

### 3.2.6 Investigations relating to Daimler AG group entities and their motor vehicles may adversely affect the Notes

Daimler AG and its subsidiaries (**Daimler**) are continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions. Several federal and state authorities and other institutions worldwide have inquired about and/or are/have been conducting investigations and/or proceedings, and/or have issued administrative orders or a fine notice. These particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant federal and state authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal and antitrust laws. These authorities include, amongst others, the U.S. Department of Justice (**DOJ**), which has requested that Daimler conduct an internal investigation, the U.S. Environmental Protection Agency (**EPA**), the California Air Resources Board (**CARB**) and other US state authorities, the European Commission, the German Federal Cartel Office (**Bundeskartellamt**), as well as national antitrust authorities and other authorities of various foreign states as well as the German Federal Ministry of Transport and Digital Infrastructure (**BMVI**) and the German Federal Motor Transport Authority (**KBA**). In the course of its formal investigation into possible collusion on clean emission technology, the European Commission, in April 2019, has sent a statement of objections to Daimler and other automobile manufacturers. In this context, some time ago Daimler has filed a leniency application with the European Commission. The Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising, and, in May 2017, searched the premises of Daimler at several locations in Germany. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In September 2019, the Stuttgart district attorney's office issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of EUR 870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

Daimler continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation and in light of the recent developments, it is possible that further regulatory, criminal and administrative investigative and enforcement actions and measures relating to Daimler and/or its employees will be taken or administrative orders will be issued, such as subpoenas, i.e. legal instructions issued under penalty of law in the process of taking evidence, or other requests for documentation, testimony or other information, further search warrants, a notice of violation or an increased formalization of the governmental investigations, coordination or proceedings, including the resolution of proceedings by way of a settlement. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

In the years 2018 and 2019, KBA issued various administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are to be qualified as impermissible defeat devices and ordered subsequent auxiliary provisions for the respective EU-type approvals in this respect, including stops of the first registration and mandatory recalls. Daimler filed and – with respect to the most recent case – envisages to file timely objections against such administrative orders in order to have the open legal issues resolved, if necessary by a court of law. In the course of its regular market supervision, KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In light of the aforementioned administrative orders issued by KBA, it is likely that in the course of the ongoing and/or further investigations KBA will issue additional administrative orders holding that some other Mercedes-Benz diesel vehicles are also equipped with impermissible defeat devices. Daimler has (in view of KBA's interpretation of the law as a precaution) implemented a temporary delivery and registration stop, also covering the used cars, leasing and financing businesses, with respect to certain models and reviews constantly whether it can lift this delivery and registration stop in whole or in part. The new calibrations requested by KBA are being processed, and for a certain proportion of the vehicles, the relevant software has already been approved by KBA; the related recalls have insofar been initiated. It cannot be ruled out that further delivery and registration stops may be ordered or resolved by Daimler as a precautionary measure, also with a view to the used cars, leasing and financing businesses, under the relevant circumstances. Daimler has initiated further investigations and otherwise continues to fully cooperate with the authorities and institutions.

In January 2019, another vehicle manufacturer reached civil settlements with U.S. and state authorities, as well as with vehicle customers. Although the manufacturer did not admit liability, the authorities maintain the position that the manufacturer included undisclosed Auxiliary Emission Control Devices (**AECDs**) in its diesel vehicles, apparently including functionalities that are common in diesel vehicles, and that certain of these AECDs are to be perceived as illegal defeat devices. As part of these settlements, the manufacturer has agreed to, among other things, pay civil penalties, undertake a recall of affected vehicles, provide extended warranties, undertake a nationwide mitigation project and make other payments. The manufacturer has furthermore agreed to provide payments to current and former diesel vehicle owners as part of a class action settlement. In light of these matters and in light of the ongoing governmental information requests, inquiries, investigations, administrative orders and proceedings, as well as Daimler's own internal investigations, it is possible that, besides KBA, one or more regulatory and/or investigative authorities worldwide will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the group are equipped with impermissible defeat devices and/or that certain functionalities and/or calibrations were not properly disclosed. Furthermore, the authorities have increased scrutiny of Daimler's processes regarding running-change, field-fix and defect reporting, as well as other compliance issues. Except for, in particular, the Stuttgart district attorney's office's administrative offense proceedings, the other inquiries, investigations, legal actions and proceedings as well as the replies to the governmental information requests, the objection proceedings against KBA's administrative orders and Daimler's internal investigations are still ongoing and open; hence, Daimler cannot predict the outcome at this time.

Due to the outcome of the administrative offense proceedings by the Stuttgart district attorney's office against Daimler and in case the above or other information requests, inquiries, investigations, administrative orders and proceedings result in unfavorable findings, an unfavorable outcome, or otherwise develop unfavorably, Daimler could be subject to significant additional monetary penalties, fines, disgorgement of profits, remediation requirements, further vehicle recalls, further registration and delivery stops, process and compliance improvements, mitigation measures and the early termination of promotional loans, and/or other sanctions, measures and actions, including further investigations and/or administrative orders by these or other authorities and additional proceedings. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative determinations or findings with respect to technical or legal

issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such determinations or findings, even if such determinations or findings are not within the scope of such authority's responsibility or jurisdiction. Thus, a negative determination or finding in one proceeding, such as the fine notice issued by the Stuttgart district attorney's office, carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits. In addition, Daimler's ability to defend itself in proceedings could be impaired by the fine notice issued by the Stuttgart district attorney's office as well as other unfavourable findings, results or developments in any of the information requests, inquiries, investigations, administrative orders, legal actions and/or proceedings discussed above.

In Germany, among others, a multitude of lawsuits by customers alleging violations of warranty and tort laws are pending. Daimler regards these lawsuits as being without merit and will defend against the claims.

At the date of this Information Memorandum, there are no indications that recent developments will have a material negative impact on payments on the Receivables, but there can be no assurance that the inquiries, investigations, legal actions, proceedings and orders mentioned above and any future disclosure or settlement by or with respect to Daimler AG and its subsidiaries will not adversely affect the businesses of Daimler AG and its subsidiaries (including MBFSA) or ultimately the Receivables and/or the Issuer's ability to make payments under the Notes.

### 3.2.7 Servicer Risk

The appointment of the Servicer may be terminated in certain circumstances which are outlined in Section 9.4.5. If the Issuer determines, acting reasonably, that a Servicer Default has occurred, it may terminate the Servicer's appointment as servicer by written notice to that effect to the Servicer. Alternately, the Servicer may elect to terminate its appointment as Servicer by giving not less than 90 days' written notice to that effect to the Issuer and the Manager. If the appointment of the Servicer is terminated, the Issuer and the Manager must use commercially reasonable endeavours to promptly (and in any event within 90 days) appoint another person as servicer of the Trust. If a substitute servicer is not appointed within 90 days of either the Issuer terminating the Servicer's appointment or the Servicer electing to terminate its own appointment, then the Issuer must convent a meeting of Voting Secured Creditors at which another person may be appointed as servicer of the Trust and, in the interim, the Issuer must act as servicer of the Trust. Notwithstanding the above, in certain circumstances (such as an Insolvency Event in relation to the Servicer) the Issuer must immediately (without waiting for the 90 day period referred to above to come to an end) take over the role of servicer of the Trust pending the appointment of a substitute.

The appointment of a substitute servicer will only have effect once the Manager has issued a Rating Affirmation Notice in relation to such appointment (or the Voting Secured Creditors have otherwise directed that the appointment occur) and the substitute servicer has assumed all rights and obligations of the Servicer under the Transaction Documents. However, there is no assurance that a substitute servicer will be found who would be willing to service the Receivables on the same terms of the Transaction Documents.

Because the Servicing Fee is structured as a percentage of the aggregate Receivable Principal Amount Outstanding of the Receivables as at the beginning of the Collection Period preceding each Payment Date, the amount of the Servicing Fee may be considered insufficient by potential substitute servicers if the related servicing is required to be transferred at a time when much of the aggregate Receivable Principal Amount Outstanding of the Receivables has been repaid. Due to this reduction in the Servicing Fee, it may be difficult to find a substitute servicer. Consequently, the time it takes to effect the transfer of servicing to a substitute Servicer under such circumstances may result in delays and/or reductions in the Interest Amount and principal payments on Notes.

If the Issuer is required to act as the servicer, the processing of payments on the Receivables and information relating to Collections could be delayed. This could cause payments on your Notes to be delayed and/or result in reductions in the Interest Amount and principal payments on your Notes.

In certain circumstances, the Servicer will be entitled to retain the Collections until the Business Day prior to the relevant Payment Date (see further Section 9.6.6), at which time it must remit those Collections to the Trust Account. In other circumstances, the Servicer must remit Collections to the Trust Account within 2 Business Days of receipt. In each case, prior to remittance, the Servicer may use Collections at its own risk and for its own benefit and may commingle Collections on the Receivables with its own funds. If the Servicer does not remit these amounts to the Trust Account in a timely manner (which could occur if the Servicer becomes insolvent), payments on your Notes could be reduced or delayed.

### 3.2.8 Breach of Representation and Warranty

The Issuer will acquire all Receivables and related Receivable Rights from the Seller pursuant to the Master Sale Deed.

In relation to all such all Receivables and related Receivable Rights, the Seller will make certain representations and warranties to the Issuer. Each such representation and warranty will be made as at both the Cut-Off Date and the Sale Date. See further Section 9.5.2.

The Issuer has not investigated or made any enquiries regarding the accuracy of these representations and warranties.

The Seller has agreed to repurchase any Receivable Rights which are the subject of an Asset Representation Breach (see further Sections 9.5.3 and 9.6.3). The repurchase by the Seller of any Receivable Rights which are the subject of an Asset Representation Breach will be the sole remedy of the Issuer, and will fully satisfy any claim which might otherwise be made by the Issuer, against the Seller in respect of that Asset Representation Breach. If the Seller fails to repurchase any Receivable Rights in such circumstances, including in a case where the Seller is experiencing financial difficulties, you may suffer a loss on your Notes.

### 3.2.9 Changes to the tax treatment of Receivables

Customers in respect of Receivables may have entered into such Receivables on the expectation of a certain treatment under applicable tax laws. Any changes to such applicable tax laws may increase the total cost of a Receivable to the relevant Customer and/or decrease the attractiveness of the Receivable. The reaction of Customers to any change to tax laws being announced or becoming effective is uncertain. Some Customers may seek to retain their Receivables for longer than previously and not seek to prepay. In these circumstances, lower than anticipated rates of prepayment on the Receivables may lead to principal being repaid to Noteholders slower than expected. Other Customers may seek to prepay their Receivables. In these circumstances, higher than anticipated rates of prepayment on the Receivables will cause principal to be repaid to the Noteholders faster than expected. At this time, all material tax considerations relevant to the Receivables, including proposed material tax reforms, are set out in Section 10.

## 3.3 Other Risks

### 3.3.1 Conflicts of Interest

Daimler AG group entities and certain of the parties referred to in this Information Memorandum including, without limitation, Perpetual Corporate Trust Limited, P.T. Limited, MBFSA (in all of its various capacities), the Joint Lead Managers, the Co-Managers and the Interest Rate Swap Provider,

may effect transactions in which they may have, directly or indirectly, a material interest or a relationship of any description with another party to such transaction or a related transaction, which may involve a potential conflict with an existing contractual duty to the Issuer under this offering, or with another transaction party, including a Noteholder and could adversely affect the value and return of the Notes.

### 3.3.2 A decline in Australian economic conditions may lead to losses on your Notes

Global market conditions are subject to periods of volatility and change, which can negatively impact economic conditions. Since 2008, global debt and equity markets have experienced particularly difficult conditions. These challenging market conditions have resulted in periods of extreme volatility, decreased liquidity and declining asset prices, as well as increased funding costs, constrained access to funding and a decline in equity and capital market activity, all of which has impacted on levels of activity and transaction flow which could adversely affect the business of the Seller, both directly and indirectly.

Market conditions also led to the failure of a number of financial institutions and the intervention of government authorities and central banks around the world. Notwithstanding some improvement in global economic conditions, conditions remain difficult and there is no assurance that the market conditions will continue to improve or that they will not deteriorate again. Further, it is difficult to assess what the full effect of the global economic crisis might be and the impact it may have in relation to markets in general, counterparties and the Notes. A recovery in global or regional economies will depend on a number of factors including improved liquidity, a restored positive economic outlook and a period of stability in asset prices. Since the global economic crisis, there have been concerted efforts and unprecedented stimulus actions from governments across the globe to support world economies, however it is not yet clear that these actions will result in a sustained stabilisation of financial markets.

The Customers are generally expected to be located in Australia (although they may be located elsewhere). As a consequence, if the Australian economy were to experience a decline in economic conditions, an increase in unemployment rates, an increase in inflation or an increase in interest rates or any combination of these factors, delays, delinquencies or losses on the Receivables might increase, which might cause delays in payment and/or losses on the Notes.

### 3.3.3 Voting Secured Creditors Must Act to Effect Enforcement of the Security

Following the occurrence of an Event of Default, to commence enforcement of the Security the Voting Secured Creditors must act by Extraordinary Resolution to direct the Security Trustee to take one or more of the following actions: declare the Notes immediately due and payable, appoint a receiver over the Secured Property, sell and realise the Secured Property, waive the relevant Event of Default or take such other action as they may specify. Such an Extraordinary Resolution generally requires the consent of Voting Secured Creditors owning at least 75% of the aggregate outstanding amount of the Notes voting at a meeting of the Voting Secured Creditors or a written consent by 75% of the aggregate outstanding amount of the Voting Secured Creditors. The Security Trustee is not required to act in relation to the enforcement of the Security until it is first indemnified to its satisfaction in accordance with the Master Security Trust Deed. If the Voting Secured Creditors have not by Extraordinary Resolution directed the Security Trustee, enforcement will not occur and the Priority of Payments will not shift to the Post-Enforcement Priority of Payments, unless the Security Trustee determines that the delay required to obtain direction from the Voting Secured Creditors would be materially prejudicial to the interests of any Secured Creditor for it to wait for directions from the Voting Secured Creditors and the Security Trustee determines to take action absent those directions.

### 3.3.4 Capacities of Daimler AG group

Entities within the Daimler AG group act in various capacities in this transaction, including MBFSA, as Manager, Seller, Custodian, Servicer and Subordinated Loan Facility Provider. There can be no assurance that if any entity within the Daimler AG group must be replaced in respect of any one of these capacities, it will not also be necessary to replace any other entity of the Daimler AG group in any of its other capacities. There can be no assurance that replacing any entities of the Daimler AG group in various capacities at the same time will not result in any adverse consequences to Noteholders.

### 3.3.5 The sale of the Receivables may be re-characterised as a loan

If the Seller were to become insolvent, a liquidator or other person that assumes control of the Seller could attempt to re-characterise the sale of the Receivables as a loan by the Seller to the Issuer or to consolidate the Receivables with the assets of the Seller. Any such attempt could result in a delay in or reduction of Collections on the Receivables available to make payments on the Notes.

### 3.3.6 A third party may acquire an interest in a Receivable or a security interest in a Receivable

If the Seller breaches its contractual obligations, through inadvertence or otherwise, and as a result of that breach a third party acquires:

(a) an interest in a Receivable, under the PPSA the third party would acquire that interest free of any interest of the Issuer's in that Receivable if that acquisition was made for value and any security interest held by the Issuer in relation to the Receivable was not perfected for the purposes of the PPSA at the time of the acquisition; or

(b) a perfected security interest in a Receivable, under the PPSA the third party's security interest would rank in priority to any security interest held by the Issuer in relation to the Receivable if at the time of perfection of the third party's security interest, the Issuer's security interest was not perfected.

The Manager intends to perfect any security interest held by the Issuer in relation to the Receivables to by registration on the PPS register on or before the Closing Date. However, if such registration is not completed or is completed incorrectly, the Issuer's security interest in relation to a Receivable may not be perfected and a third party may be able to take an interest in that Receivable free of any interest held by the Issuer or take a security interest which ranks in priority to any security interest of the Issuer.

### 3.3.7 Anti-Money Laundering

The Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**) regulates reporting entities. Reporting entities are identified by reference to a list of various designated services. These include making a loan in the course of carrying on a loans business or the issuing or selling of a security (e.g., a share or debenture) by a company other than a security in the company itself.

The AML/CTF Act imposes the following key obligations (among others) on reporting entities:

(a) registering with the regulator Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and paying relevant fees;

(b) adopting and complying with an AML/CTF programme in managing compliance with their AML/CTF obligations and in verifying customer identities;

(c) verifying customer identities and collecting account holder information;

(d) reporting of suspicious transactions, significant cash transactions (being transfers of A$10,000 or more) and international funds transfer instructions;

(e) retaining records; and

(f) conducting on-going due diligence of customers in relation to money laundering and financing of terrorism risks.

The AML/CTF Act operates subject to the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the **AML/CTF Rules**) and any other Anti-Money Laundering and Counter-Terrorism Financing rules which may be made by the Chief Executive Officer of the Australian Transaction Reports and Analysis Centre from time to time. Among other things, the AML/CTF Rules outline more detailed risk-based requirements for verifying customer identities and monitoring customer transactions on an ongoing basis. Contravention of the AML/CTF Act attracts certain civil and criminal penalties including significant monetary fines and imprisonment.

The obligations imposed upon a reporting entity under the AML/CTF Act could affect the services of a reporting entity or the funds it provides and ultimately may result in a delay or decrease in the amounts a Noteholder receives.

### 3.3.8 Sanctions

Payments by an Australian resident (which includes the Issuer) to, or transfers to, or dealings with, by the order of, or on behalf of, certain proscribed entities, persons or assets are prohibited or restricted under relevant Australian legislation and regulations:

(a) Under the Australian Charter of United Nations Act 1945 (Cth), sanctions imposed by the United Nations Security Council, including under United Nations Security Council Resolutions regarding terrorism, are implemented into Australian law. It is a criminal offence to make assets available to, or deal with assets owned or controlled by, persons or entities designated or proscribed by the United Nations Security Council or the Minister of Foreign Affairs without authorisation from the Department of Foreign Affairs.

(b) Under Sections 102.6 and 102.7 of the Australian Criminal Code (Cth), a person commits a criminal offence if the person intentionally receives funds from, makes funds available to, or provides support or resources to a terrorist organization. Certain organizations are prescribed as terrorist organizations in the Australian Criminal Code Regulations 2002 (Cth).

(c) Under the Australian Autonomous Sanctions Act 2011 (Cth) and the Australian Autonomous Sanctions Regulations 2011 (Cth), sanctions are imposed against certain specifically identified persons and entities associated with particular countries, currently including North Korea, Zimbabwe, the former Yugoslavia, Myanmar, Syria, Libya, Iran, Russia and Ukraine, and certain transactions involving the named persons or entities may only be conducted with specific approval from the Minister of Foreign Affairs. Contravention of these sanctions constitutes a criminal offence.

Proscribed entities, persons and assets are subject to change from time to time.

### 3.3.9 Interest Rate Swap Agreements

To provide a hedge against the fixed rates payable on the Receivables and the floating rate of interest payable by the Issuer on the Class A Notes, the Issuer will exchange fixed rate payments (calculated by reference to the product of the applicable fixed rate and the Note Principal Amount Outstanding of all Class A Notes) for variable rate payments (calculated by reference to the product of the Bank Bill Rate

and the Note Principal Amount Outstanding of all Class A Notes). If the Fixed Rate Swap is terminated or the Interest Rate Swap Provider fails to perform its obligations under the Fixed Rate Swap, Noteholders will be exposed to the risk that the Issuer will not be able to enter into a replacement Fixed Rate Swap and will not receive sufficient funds to pay interest on the Notes when due.

If the ratings of the Interest Rate Swap Provider are reduced below certain levels prescribed by the Rating Agencies, the Fixed Rate Swap may be terminated, if the Interest Rate Swap Provider fails to do one or more of the following:

(a) assign its rights and obligations under the Fixed Rate Swap to a replacement Interest Rate Swap Provider;

(b) post collateral; and/or

(c) make other arrangements satisfactory to the Rating Agency within certain grace periods.

If the Fixed Rate Swap is terminated, or the Interest Rate Swap Provider fails to perform its obligations (whether following a ratings downgrade or otherwise) under the Fixed Rate Swap there is no assurance that the Issuer would be able to enter into a replacement Fixed Rate Swap. Further, if the Issuer is required to make a termination payment to the Interest Rate Swap Provider upon the termination of the Fixed Rate Swap, the Issuer (as directed by the Manager) will make the termination payment from the assets of the Trust. To the extent that any such termination payment is not a Subordinated Swap Payment, that payment to the Interest Rate Swap Provider will be made prior to any payment of Interest Amounts on any of the Notes. Thus, there may not be sufficient funds remaining to pay interest on the Notes on the next Payment Date, and the principal on the Notes may be repaid slower or may not be repaid in full.

### 3.3.10 Fees

The fees payable to the Issuer, the Servicer, the Manager, the Security Trustee and Seller (in its capacity as Custodian of the Underlying Agreements and Records for the Receivables) may be adjusted without the consent of the Noteholders (but subject to a Rating Affirmation Notice having been issued) and will be paid in their entirety prior to payments on your Notes. Further, all indemnities and reimbursements payable by the Issuer under the Transaction Documents will be paid prior to payments on your Notes (other than certain indemnities payable by the Issuer to the Joint Lead Managers or Co-Managers pursuant to the Dealer Agreement, which will be subordinated to payments on the Notes). The cash flows do not cap such fees, indemnities and reimbursements.

### 3.3.11 EU Securitisation Regulation

European Union (the **EU**) legislation comprising Regulation (EU) 2017/2402 (as amended, the **EU Securitisation Regulation**) (which does not take into account any relevant national measures) and certain related regulatory technical standards, implementing technical standards and official guidance impose certain restrictions and obligations with regard to securitisations (as such term is defined for the purposes of the EU Securitisation Regulation). The EU Securitisation Regulation is in force throughout the EU (and is expected also to be implemented in the non-EU member states of the European Economic Area) in respect of securitisations the securities of which were issued (or the securitisation positions of which were created) on or after 1 January 2019.

*EU Issuing Entities*

The EU Securitisation Regulation imposes certain requirements (the **EU Transaction Requirements**) with respect to originators, original lenders, sponsors and securitisation special purpose entities

(SSPEs) (as each such term is defined for the purposes of the EU Securitisation Regulation) which are (i) supervised in the EU pursuant to specified EU financial services legislation, or (ii) established in the EU (all such persons together, **EU Issuing Entities**). The EU Transaction Requirements include provision with regard to, amongst other things:

(a) a requirement under Article 6 of the EU Securitisation Regulation that the originator, the original lender or the sponsor of a securitisation commits to retain, on an ongoing basis, a material net economic interest in the relevant securitisation of not less than 5% in respect of certain specified credit risk tranches or asset exposures;

(b) a requirement under Article 7 of the EU Securitisation Regulation that the originator, sponsor and SSPE of a securitisation make available to holders of a securitisation position, EU competent authorities and (upon request) potential investors certain prescribed information; and

(c) a requirement under Article 9 of the EU Securitisation Regulation that originators, sponsors and original lenders of a securitisation apply to exposures to be securitised the same sound and well-defined criteria for credit-granting which they apply to non-securitised exposures, and have effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting its obligations under the credit agreement.

Failure by an EU Issuing Entity to comply with any EU Transaction Requirement applicable to it may result in a regulatory sanction and remedial measures being imposed on such EU Issuing Entity.

Neither the Issuer nor MBFSA is an EU Issuing Entity.

*EU Investor Requirements*

In addition, investors should be aware that Article 5 of the EU Securitisation Regulation, places certain conditions (the **EU Investor Requirements**) on investments in securitisations by "institutional investors" (as such term is defined for purposes of the EU Securitisation Regulation), being persons of the following types which are supervised in the EU in respect of the relevant activities (each an **EU Institutional Investor**): (a) a credit institution or an investment firm; (b) an insurance undertaking or a reinsurance undertaking; (c) an alternative investment fund manager (**AIFM**) that manages or markets alternative investment funds in the EU; (d) an undertaking for collective investment in transferable securities (**UCITS**) management company or an internally managed UCITS, which is an investment company that is authorised and has not designated such a management company for its management; and (e) with certain exceptions, an institution for occupational retirement provision (**IORP**) or an investment manager or an authorised entity appointed by such an institution for occupational retirement provision.

The EU Investor Requirements are applicable regardless of whether there is an EU Issuing Entity party to the relevant securitisation.

The EU Investor Requirements provide that, prior to investing in (or otherwise holding an exposure to) a securitisation, an EU Institutional Investor, other than the originator, sponsor or original lender must, among other things: (a) verify that the originator or the original lender of the underlying exposures of the securitisation is in compliance with requirements in Article 9 of the EU Securitisation Regulation, or, where the originator or original lender is established in a third country (that is, not within the EU or the EEA), the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those

criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness, (b) verify that the originator, the original lender or the sponsor in respect of the relevant securitisation is in compliance with the risk retention requirement pursuant to Article 6 of the EU Securitisation Regulation, or, if established in a third country, the originator, sponsor or original lender retains on an ongoing basis a material net economic interest which, in any event, shall not be less than 5%, determined in accordance with Article 6 of the EU Securitisation Regulation, and discloses the risk retention to institutional investors, (c) verify that the originator, sponsor or SSPE has, where applicable, made available the information required by Article 7 of the EU Securitisation Regulation (which sets out transparency requirements for originators, sponsors and SSPEs) in accordance with the frequency and modalities provided for in Article 7, and (d) carry out a due-diligence assessment in accordance with the EU Securitisation Regulation which enables the EU Institutional Investor to assess the risks involved, considering at least (i) the risk characteristics of the securitisation position and the underlying exposures, and (ii) all the structural features of the securitisation that can materially impact the performance of the securitisation position.

In addition, the EU Investor Requirements oblige each EU Institutional Investor to (a) establish appropriate written procedures in order to monitor, on an ongoing basis, compliance with the applicable EU Transaction Requirements (or, where relevant, the similar conditions prescribed by the EU Securitisation Regulation and described in the preceding paragraph) and the performance of the securitisation position and of the underlying exposures, (b) regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures, (c) ensure internal reporting to its management body to enable adequate management of material risks, and (d) be able to demonstrate to its regulatory authorities that it has a comprehensive and thorough understanding of the securitisation position and its underlying exposures and has implemented written policies and procedures for managing risks of the securitisation position and maintaining records of the foregoing verifications and due diligence and other relevant information.

If any EU Institutional Investor fails to comply with the EU Investor Requirements, it may be subject (where applicable) to an additional regulatory capital charge with respect to any securitisation position acquired by it or on its behalf, and it may be subject to other regulatory sanctions.

Certain aspects of the EU Transaction Requirements and the EU Investor Requirements are to be further specified in regulatory technical standards to be adopted by the European Commission as delegated regulations. Such regulatory technical standards have not yet been adopted by the European Commission or published in final form. It remains unclear, in certain respects, what will be required for EU Institutional Investors to demonstrate compliance with the EU Investor Requirements.

In addition, there is a relative level of uncertainty at the current time as to the precise format of certain reporting and information requirements under Article 7 of the EU Securitisation Regulation, particularly with respect to the reporting of certain loan-level data.

*Risk retention*

Notwithstanding that it is not an EU Issuing Entity, on the Closing Date and thereafter for so long as any Class A Notes remain outstanding, MBFSA will retain on an ongoing basis a material net economic interest of not less than 5% in the securitisation in accordance with the text of Article 6(1) of the EU Securitisation Regulation (which does not take into account any relevant national measures). More specifically, in the Dealer Agreement, MBFSA will undertake for the benefit of the Issuer, each of the Joint Lead Managers and each of the Co-Managers (in each case with reference to the EU Securitisation Regulation), for so long as any Class A Notes are outstanding:

(a) that it will retain (as an originator for the purposes of the EU Securitisation Regulation) on an ongoing basis, a material net economic interest of not less than 5% in the Silver Arrow

Australia 2019-1 securitisation transaction in accordance with the text of Article 6(1) of the EU Securitisation Regulation (the **Retention**);

(b) that, as at the Closing Date, the Retention will be comprised of an interest in the first loss tranche (being the Class B Notes) in accordance with Article 6(3)(d) of the EU Securitisation Regulation;

(c) not to change the manner in which it retains the Retention, except as permitted under the EU Securitisation Regulation;

(d) not to utilise or enter into credit risk mitigation techniques, any short positions or any other hedge against the credit risk of its interest in the Retention, except as permitted under the EU Securitisation Regulation; and

(e) that the status of its holding of the Retention will be confirmed on a monthly basis through the Monthly Manager Report.

*Investors to seek independent advice*

Except as described above, no party to the securitisation transaction described in this Information Memorandum is required, or intends, to take any action with regard to such transaction in a manner prescribed or contemplated by the EU Securitisation Regulation, or to take any action for purposes of, or in connection with, compliance by any EU Institutional Investor with any applicable EU Investor Requirement.

Any failure to comply with the EU Securitisation Regulation may, amongst other things, have a negative impact on the value and liquidity of the Notes, and otherwise affect the secondary market for the Notes.

Prospective investors should make their own independent investigation and seek their own independent advice (i) as to the scope and applicability of the EU Securitisation Regulation (and any implementing rules in relation to a relevant jurisdiction); (ii) as to the potential implications of any financing entered into in respect of the Retention; (iii) as to the sufficiency of the information described in this Information Memorandum, and which may otherwise be made available to investors and (iv) as to their compliance with any applicable EU Investor Requirements. None of MBFSA, the Issuer, the Arranger, any Joint Lead Manager, any Co-Manager, the Interest Rate Swap Provider or any other party to the Transaction Documents (i) makes any representation that the performance of the undertakings described above, the making of the representations and warranties described above, and the information described in this Information Memorandum, or any other information which may be made available to investors, are or will be sufficient for the purposes of any EU Institutional Investor's compliance with any EU Investor Requirement, (ii) has any liability to any prospective investor or any other person for any insufficiency of such information or any non-compliance by any such person with the EU Securitisation Regulation or any other applicable legal, regulatory or other requirements, or (iii) has any obligation to provide any further information or take any other steps that may be required by any EU Institutional Investor to enable compliance by such person with the requirements of any EU Investor Requirement or any other applicable legal, regulatory or other requirements.

The Issuer will not have any responsibility to maintain or enforce compliance with the EU Securitisation Regulation.

There can be no assurance that the regulatory capital treatment of the Class A Notes for any investor will not be affected by any future implementation of, and changes to, the EU Securitisation Regulation or other regulatory or accounting changes.

### 3.3.12 U.S. Risk Retention Rules

Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Risk Retention Rules**) came into effect on 24 December 2016 and generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The transaction described in this Information Memorandum will not involve risk retention by the Seller (or any other person) for the purposes of the U.S. Risk Retention Rules and the issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Information Memorandum as **Risk Retention U.S. Persons**); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h)(ii) below, which are different than the comparable provisions in Regulation S. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and Risk Retention U.S. Person as used in this Information Memorandum) means any of the following:

(a) any natural person resident in the United States;

(b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;

(c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);

(d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

(e) any agency or branch of a foreign entity located in the United States;

(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

(h) any partnership, corporation, limited liability company, or other organisation or entity if:

(i) organised or incorporated under the laws of any foreign jurisdiction; and

(ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether the absence of retention by the Seller for the purposes of the U.S. Risk Retention Rules may give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitization market generally is uncertain, and the absence of retention by the Seller for the purposes of the U.S. Risk Retention Rules could therefore materially and adversely affect the market value and secondary market liquidity of the Notes.

Each purchaser of Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed to have made, and in certain circumstances will be required to make, certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

None of the Issuer, MBFSA, the Arranger, any Joint Lead Manager, any Co-Manager or any other person makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Information Memorandum comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

### 3.3.13 Japanese Risk Retention Rules

On 15 March 2019 the Japanese Financial Services Agency published its final rule (the **Rule**), in relation to regulatory capital requirements with respect to the investment by certain Japanese financial institutions in securitisations.

As summarised in Section 3.3.11, MBFSA, as originator, will retain on an ongoing basis a material net economic interest of not less than 5% in the securitisation in accordance with the text of Article 6(1) of the EU Securitisation Regulation (which does not take into account any relevant national measures). As at the Closing Date, such interest will be comprised of MBFSA holding an interest of not less than 5% in the first loss tranche (being the Class B Notes) in accordance with Article 6(3)(d).

While the retention referred to in the paragraph above is being implemented for the purpose of Article 6 of the EU Securitisation Regulation, it may also satisfy some or all of the requirements for satisfying the Rule in respect of investments in the Class A Notes. However, none of the Issuer, MBFSA, the Arranger, any Joint Lead Manager, any Co-Manager or any other person:

(a) has considered the Rule or the application of the Rule to the proposed issue of, or any investment in, the Notes or any other transaction contemplated by this Information Memorandum (each a **Transaction**);

(b) makes any statement or representation in relation to the application of the Rule to any Transaction and in particular the regulatory capital consequences under the Rule for any person who invests in or holds any interest in Class A Notes; or

(c) intends to take any action to ensure any Transaction complies with or otherwise satisfies the Rule.

Prospective investors should make their own independent investigation and seek their own independent advice (i) as to the scope and applicability of the Rule; (ii) as to the sufficiency of the information described in this Information Memorandum and (iii) as to the compliance with the Rule in respect of any transaction contemplated by this Information Memorandum.

### 3.3.14 Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "**flip clauses**"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Subordinated Swap Payments.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the US Bankruptcy Court has held (in the **BNY decision**) that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. While the U.S. Bankruptcy Court subsequently rejected certain findings of the BNY decision in Lehman Brothers Special Financing Inc. v Bank of America National Association, etc al (In re Lehman Brothers Holdings Inc.) (case no. 10-03547 (Bankr. S.D.N.Y.)), aspects of the BNY decision remain relevant and, in particular, it continues to be the case that certain flip clauses may constitute an unenforceable ipso facto clause. The implications of the conflict remain unresolved at this time. Further, Australia has recently introduced legislation that makes certain ipso facto clauses unenforceable, as to which see Section 3.3.17.

If a creditor of the Issuer (such as the Interest Rate Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the United States), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Transaction Documents (such as a provision of the priority of payments which refers to the ranking of the Interest Rate Swap Provider's payment rights in respect of Subordinated Swap Payments). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as the Interest Rate Swap Provider, including US established entities and certain non-US established entities with assets and/or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Subordinated Swap Payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

### 3.3.15 Personal Property Securities Act 2009

A personal property securities regime commenced operation throughout Australia on 30 January 2012 pursuant to the Personal Property Securities Act 2009 (Cth) (**PPSA**). The PPSA adopts a "functional approach" to security interests. This means that the PPSA regulates any interest in relation to personal property that, in substance, secures payment or performance of an obligation.

Loan agreements and related security interests in respect of personal property, including motor vehicles, are regulated under the PPSA. Accordingly loan agreements and relating security interests in motor vehicles entered into after 30 January 2012 should comply with the new PPSA regime in order to obtain the intended security and priority position. Security interests in personal property should be registered on the PPS register, to preserve intended security and priority rights. If, as a result of human or computer system or other error a security interest in personal property is not registered on the PPS register or is incorrectly registered, there is a risk that the intended priority will not be attained and that other persons with competing interests in the personal property may take free of that security interest because it will not have been perfected. In addition, if the security interest is unperfected, the holder of the security interest or the owner of the personal property may not be able to enforce that security interest or claim title to the personal property (as the case may be) if the lessee or other security provider becomes insolvent. Additionally, as the personal property security regime is new to the Australian security landscape, there is uncertainty as to its implementation from a legal and practical perspective. As a result, there could be delays and/or reductions in collections on the Receivables available to make payments on your Notes.

Although the Issuer is required under the General Security Deed to, upon the request of the Security Trustee or the Manager, take such actions as are necessary or appropriate to, among other things, ensure the Security is fully effective, enforceable and perfected with the contemplated priority, there can be no assurance that such actions will be successful in achieving such perfection.

The PPSA was the subject of statutory review which concluded in 2015. The terms of reference for this review were generally aimed at simplification and clarification of certain aspects of the PPSA. The final report prepared pursuant to this review was released publicly in March 2015. At this stage, there is uncertainty as to whether any or all of the recommendations made by the review will ultimately be adopted and result in changes to the PPSA and, if ultimately adopted, the timing and impact of such changes.

### 3.3.16 You may not be able to repo your Notes with the RBA

Notwithstanding that the Manager has undertaken to:

(a) make an application to the RBA for the purposes of ensuring that the Class A Notes are accepted as "eligible securities" which may be lodged as collateral in relation to a repurchase agreement entered into with the RBA; and

(b) if that application is successful, take such other action that the Manager may determine is commercially reasonable and in line with current market practice to maintain the "eligible securities" status of the Class A Notes,

there is no certainty (and no person guarantees) that such an application will be successful or, assuming that the application is successful, that the Manager will be able to maintain the "eligible securities" status of the Class A Notes.

If such an application is successful and the Class A Notes are accepted by the RBA as "eligible securities", you should be aware that:

(a) certain holders of Class A Notes may not be entitled to access the RBA's repurchase arrangements on the basis that they are not considered by the RBA to be an "eligible counterparty". Noteholders should consult their own advisers as to whether they would qualify as an "eligible counterparty";

(c) certain holders of Class A Notes may be considered by the RBA to be a "related counterparty" on the basis that they are related to or provide facilities to the structure that issues, or are otherwise involved in the issue of, the Class A Notes. The RBA sets out on its website examples of the types of activities which, if undertaken by a holder of the Class A Notes, would result in it being classified as a "related counterparty". "Related counterparties" may not be entitled to access the RBA's repurchase arrangements or may be subject to adverse adjustments in the applicable margin ratio. Noteholders should consult their own advisers as to whether they would qualify as an "related counterparty";

(d) the RBA implemented a new asset backed securities reporting regime from 30 June 2015 and it applies to the Class A Notes. Failure by the Manager to comply with new reporting regime may mean that the Class A Notes will cease to be "eligible securities"; and

(e) the RBA's rules and policy (including in relation to repurchase agreements, "eligible securities", "eligible counterparties" and "related counterparties") is subject to change without notice.

Accordingly, there is no certainty (and no person guarantees) that you will be entitled to use any of your Notes as collateral in relation to a repurchase agreement entered into with the RBA.

### 3.3.17 Ipso Facto Moratorium

The Corporations Act has recently been amended to introduce reforms to Australian insolvency laws (the **ipso facto reforms**). In summary, the ipso facto reforms provide that any right under a contract, agreement or arrangement (such as a right entitling a creditor to terminate a contract, to accelerate a payment under a contract and/or enforce a security interest in relation to that contract) arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act (i.e. **ipso facto rights**), will only be enforceable after a prescribed moratorium period. The ipso facto reforms are relevant to Noteholders because:

(a) the Notes and the Transaction Documents; and

(b) the Loan Agreements comprised in the assets of the Trust,

each contain ipso facto rights.

The ipso facto reforms took effect on 1 July 2018 and apply in relation to ipso facto rights arising under contracts, agreements or arrangements entered into at or after that date, subject to certain exclusions. Those exclusions (the **Exclusions**) are specified in the Corporations Regulations 2001 (Cth) and include:

(c) a contract, agreement or arrangement that is, or governs securities, financial products, bonds or promissory notes;

(d) a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes; and

(e) a contract, agreement or arrangement that involves a special purpose vehicle, and that provides for securitisation.

Aspects of the ipso facto reforms and the Exclusions are ambiguous and unclear and, as they are new to the insolvency regime in Australia, they have not been the subject of any significant judicial interpretation. If the Exclusions are determined not to exclude the Notes and the Transaction Documents from their operation, ipso facto rights contained in the Notes and the Transaction Documents will only be enforceable after the prescribed moratorium period. This may adversely affect the timing or amount of any payments of interest or principal payments under the Notes, and/or the ability to replace certain counterparties to the transaction.

The ipso facto rights contained in the Loan Agreements comprised in the assets of the Trust are not subject to any Exclusion. Accordingly, to the extent that the Obligor under any such contract is a company, neither of the Servicer nor the Trustee will be entitled to enforce any such ipso facto rights against that Obligor until after the prescribed moratorium period, although rights other than ipso facto rights arising under any such contract (for example, a right to terminate, accelerate and/or enforce a security interest following a payment default and lapse of any applicable grace period) will not be subject to the prescribed moratorium period. This may adversely affect the timing or amount of any payments under the Loan Agreements comprised in the assets of the Trust (which may in turn affect the timing or amount of interest or principal payments under the Notes).

### 3.3.18 Discontinuance of, or change to the methodology for, the Bank Bill Rate may result in reduced liquidity and/or losses on the Notes

Interest rate benchmarks (such as the Bank Bill Rate and other interbank offered rates) are the subject of national and international proposals for reform. In relation to the Bank Bill Rate, recent reforms include the replacement of the Australian Financial Markets Association as the Bank Bill Rate administrator with ASX Limited and the publication of the ASX BBSW Trade and Trade Reporting Guidelines, which allows for the benchmark to be calculated directly from a wider set of market transactions. Additionally, the Treasury Laws Amendment (2017 Measures No. 5) Act 2018 (Cth) has recently amended the Corporations Act to, among other things, establish a licensing regime for administrators of significant financial benchmarks (including the Bank Bill Rate) and enable ASIC to make rules relating to the generation and administration of such benchmarks. ASIC issued the ASIC Financial Benchmark (Administration) Rules 2018 and Regulatory Guide 268 – Licensing regime for financial benchmark administrators in June of 2018.

While such reforms are intended to ensure that the Bank Bill Rate remains a robust benchmark, there is a risk that the Bank Bill Rate may cease to exist. The Bank Bill Rate is used to determine the amount of interest payable on the Class A Notes and amounts payable by the Interest Rate Swap Provider to the Issuer under the Fixed Rate Swap. If the Bank Bill Rate is unavailable for these purposes, investors should be aware that the fallback rates may not be the same.

The International Swaps and Derivatives Association (**ISDA**) has released a consultation on fallback rates for a number of global interest rate derivative benchmarks, including the Bank Bill Rate. This is part of a global initiative for benchmark reform led by the Financial Stability Board (FSB) and its Official Sector Steering Group (OSSG) to ensure that fallback arrangements included in contractual documentation are robust enough to minimise market disruption in the event of permanent discontinuation of a significant financial benchmark.

At this stage, it is not possible to comment on the scope, nature and effect of further changes affecting global interest rate benchmarks and associated market practices or the discontinuance of the Bank Bill Rate, and accordingly the consequences of those initiatives is unknown at this time. However, it is possible that such changes could have a material adverse effect on the value and liquidity of the Notes.

**3.3.19 The scope, nature and effect of regulatory or other initiatives in the Australian banking and financial services sector, and their consequences, are unknown at this time**

There is currently heightened political and regulatory scrutiny of the Australian banking and financial services sector, including The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which was established on 14 December 2017 by the Governor-General of the Commonwealth of Australia and for which the final report was issued on 4 February 2019 (**The Royal Commission Final Report**). Other recent regulatory initiatives in the automotive finance sector include ASIC's ban on flex commissions and ASIC's review of responsible lending in the automotive consumer finance sector. Further regulatory and investigatory initiatives may occur from time to time.

At this stage, it is unclear which (if any) of the recommendations made in The Royal Commission Final Report will be adopted, nor is it possible to comment more generally on the scope, nature and effect of any these initiatives referred to above, and accordingly the consequences of these initiatives, and their potential impacts on the Notes or MBFSA, is unknown at this time.

## 4. Credit Rating

It is expected that the Class A Notes will be rated AAA(sf) by S&P and AAAsf by Fitch.

The Class B Notes will not be rated by S&P or Fitch.

The credit ratings of the Notes should be evaluated independently from similar ratings on other types of notes or securities. A credit rating by a Rating Agency is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, qualification or withdrawal at any time by the relevant Rating Agency. A revision, suspension, qualification or withdrawal of the credit ratings of the Notes may adversely affect the market price of the Notes. In addition, the credit ratings of the Notes do not address the expected timing of principal repayments under the Notes, only that principal will be received no later than the Maturity Date. Other than this Section 4, no Rating Agency has been involved in the preparation of this Information Memorandum.

# 5. Terms and Conditions of the Notes

*The following are the terms and conditions of the Notes.*

The A$512,700,000 floating rate class A secured notes (the **Class A Notes**) and the A$67,400,000 fixed rate class B secured notes (the **Class B Notes** and, together with the Class A Notes, the **Notes**) in each case of Perpetual Corporate Trust Limited (ABN 99 000 341 533) (the **Issuer**) in its capacity as trustee of the Silver Arrow Australia 2019-1 established pursuant to the Master Trust Deed and the Trust Creation Notice (the **Trust**) are constituted by a note deed poll (the **Note Deed Poll**) dated 23 October 2019 and made between the Issuer and Mercedes-Benz Financial Services Australia Pty Ltd (ABN 73 074 134 517) (the **Manager**) for the benefit of the Noteholders (as defined below). Any reference in these terms and conditions (**Conditions**) to a **Class** of Notes or to a **Class** of Noteholders shall be a reference to the Class A Notes or the Class B Notes, as the case may be, or to the respective holders thereof.

The security for the Notes is constituted by the Silver Arrow Australia 2019-1 General Security Deed (the **General Security Deed**) dated 11 October 2019 and made between the Issuer, the Manager and P.T. Limited (ABN 67 004 454) (the **Security Trustee**).

The statements in these Conditions are subject to the detailed provisions of the Transaction Documents in relation to the Trust.

Copies of the Transaction Documents in relation to the Trust are available for inspection during normal business hours at the office for the time being of the Issuer, which (as at the Closing Date) is Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them (including by incorporation from, or reference to, another document) in the Silver Arrow Australia 2019-1 Trust Supplement (the **Trust Supplement**) dated 23 October 2019 and made between the Issuer, the Manager, Mercedes-Benz Financial Services Australia Pty Ltd (ABN 73 074 134 517) (the **Servicer**) and the Security Trustee. These Conditions shall be construed in accordance with the principles of construction set out in (including by incorporation from, or reference to, another document) the Trust Supplement.

**1. FORM, DENOMINATION AND TITLE**

1.1 The Notes will be issued in registered form by the Issuer and no certificate or receipt will be issued in relation to a Note so issued unless required by law. The Issuer will establish and maintain a register of Notes (the **Note Register**) pursuant to the Note Deed Poll.

1.2 Each entry in the Note Register in respect of a Note constitutes an irrevocable undertaking by the Issuer to the relevant Noteholder:

(a) to make all payments of principal, interest and any other amounts which may from time to time be payable in respect of each Note held by the relevant Noteholder, as and when the Issuer is required to make those payments in accordance with these Conditions; and

(b) to comply with all other obligations imposed upon the Issuer by these Conditions.

1.3 Title to the Notes may only be transferred in whole and will pass only by the Issuer reflecting the change in ownership of the relevant Note in the Note Register. A Noteholder who wishes to transfer

title to a Note held by it must direct the Issuer to update the Note Register to reflect the change in ownership of the relevant Note by duly completing and delivering to the Issuer a Note Transfer Form (signed on behalf of both the transferor and the transferee) accompanied by such other evidentiary documentation as the Issuer may require to establish that it has been duly signed.

1.4 The Class A Notes will, on the Closing Date, be recorded in the Note Register as held by Austraclear Ltd ABN 94 002 060 773 (**Austraclear Ltd**) for the purpose of their being lodged in the "System" (as defined in the Austraclear Regulations) (**Austraclear**) and operated by Austraclear Ltd. For so long as any Note is lodged in Austraclear, beneficial interests in that Note will be transferable only in accordance with the regulations and related operating procedures established from time to time by Austraclear Ltd for the conduct of Austraclear (being the **Austraclear Regulations**).

1.5 No offer or invitation may be made in respect of a transfer of a Note or interest in a Note if:

(i) the offer or invitation requires disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act; or

(ii) the offer or invitation is made to a "retail client" within the meaning of section 761G of the Corporations Act; or

(iii) the offer or invitation does not comply with any applicable law or directive of the jurisdiction where it takes place.

Any transfer of a Note or interest in a Note to a person which does not comply with this Condition 1.5 is void.

1.6 **Noteholders** means at any time each person who is then shown in the Note Register as the holder of a particular Note Principal Amount Outstanding (as defined in Condition 5.5) of the Notes of any Class (in which regard any certificate or other document issued by the Issuer as to the Note Principal Amount Outstanding of the Notes standing to the account of any person shall be conclusive and binding for all purposes) and such person shall be treated by the Issuer, the Manager, the Security Trustee and all other persons as the holder of such Note Principal Amount Outstanding of such Notes for all purposes.

1.7 (a) **Class A Noteholders** means the Noteholders in respect of the Class A Note; and

(b) **Class B Noteholders** means the Noteholders in respect of the Class B Note.

## 2. STATUS AND RELATIONSHIP BETWEEN THE NOTES

(a) Each Note constitutes the direct, secured and unconditional obligations of the Issuer.

(b) Each Note of a particular Class ranks pari passu without preference or priority amongst each other Note comprised in the same Class.

(c) Each Note of a particular Class ranks as against each Note of another Class in the order of priority set out in the Priorities of Payments.

## 3. INTEREST

### 3.1 Interest Accrual

Each Note will accrue interest on its daily Note Principal Amount Outstanding from and including the Closing Date.

### 3.2 Payment Dates

Interest accrued on a Note is payable monthly in arrear on 20 November 2019 and on the 20th day of each month thereafter (each a **Payment Date**) in respect of the Interest Period (as defined below) ending on the relevant Payment Date. If any Payment Date would otherwise fall on a day which is not a Business Day, that Payment Date will instead be postponed to the next day that is a Business Day. The period from (and including) the Closing Date to (but excluding) the first Payment Date and each successive period from and including a Payment Date to but excluding the next succeeding Payment Date is called an **Interest Period**.

### 3.3 Rate of Interest

The rate of interest payable from time to time in respect of each Class of the Notes and an Interest Period (each a **Rate of Interest**) is:

(a) in the case of the Class A Notes only, the sum of the following (as determined by the Manager):

(i) the one month Bank Bill Rate, provided that if the first Interest Period is greater than one month, the relevant rate for that Interest Period will be determined by the Manager on the first day of that Interest Period by straight-line interpolation by reference to two available rates one of which is the Bank Bill Rate on that date for the period next shorter than the length of that Interest Period and the other of which is the Bank Bill Rate on that date for the period next longer than the length of that Interest Period; and

(ii) the Margin for the Class A Notes; and

(b) in the case of the Class B Notes only, the Margin for the Class of B Notes.

In these Conditions (except where otherwise defined), the expression:

(i) **Bank Bill Rate** means, in relation to an Interest Period, the rate expressed as a percentage per annum designated "AVGMID" and published at approximately 10.30 a.m. Sydney time (or such other time at which such rate customarily appears on that page) (**Publication Time**) on the first Business Day of that Interest Period on the Thomson Reuters screen page "BBSW" for bank bills and certificate of deposit having a tenor equal to that specified term. If such rate does not appear on the Thomson Reuters screen page "BBSW" Page by 11:00 a.m. Sydney time (or such other time that is 30 minutes after the then prevailing Publication Time) on that day, then the Bank Bill Rate for that Interest Period means such rate as is specified in good faith and in a commercially reasonable manner by the Manager at or around that time on that date, having regard, to the extent possible, to comparable indices then available.

(ii) **Business Day** means any day on which banks are open for business in Sydney, Melbourne, Frankfurt, Stuttgart and London other than a Saturday, a Sunday or a public holiday in Sydney, Melbourne, Frankfurt, Stuttgart or London; and

(iii) **Margin** means:

(A) in relation to the Class A Notes, 0.85% per annum; and

(B) in relation to the Class B Notes, 4.0% per annum.

### 3.4 Determination of Interest Amounts

The Manager must, on each Calculation Date, determine the amount of interest (the **Interest Amount**) payable on the next Payment Date for each Note for the Interest Period ending on that Payment Date. The Interest Amount for a Note and an Interest Period is to be determined for each day during the Interest Period by:

(a) applying the Rate of Interest applicable for that Note at that time to the Note Principal Amount Outstanding (as defined in Condition 5.5) of that Note on that day;

(b) aggregating, for each day in that Interest Period, each of the amounts determined for that Note in accordance with Condition 3.4(a); and

(c) dividing the amount determined for that Note in accordance with Condition 3.4(b) by 365 and rounding the resulting figure downwards to the nearest cent.

### 3.5 Determinations, etc. to be Final

All determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Manager for the purposes of the provisions of this Condition 3 will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Manager in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 3.

## 4. PAYMENTS

### 4.1 Payments in respect of Notes

(a) All payments in respect of principal and interest in respect of any Note will be made:

(i) to the person who is identified in the Note Register as the Noteholder in respect of that Note as at 5.00pm on the fifth calendar day immediately preceding the relevant Payment Date (each such date being a **Record Date**); and

(ii) only in accordance with the Priorities of Payments.

(b) No person appearing from time to time in the records of Austraclear as the holder of an interest in a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is lodged in Austraclear, and the Issuer's payment obligation in relation to such Note shall be discharged by payment of the relevant amount to Austraclear Ltd.

### 4.2 Method of Payment

(a) Payments will be made by credit or transfer to the account in Australian dollars noted in the details of the Note Register in respect of the relevant payee as at 5.00pm on the Record Date immediately preceding that relevant Payment Date or, if no such account is noted in the Note Register, by cheque drawn in Australian dollars.

(b) If the Issuer makes a payment in respect of a Note by cheque, the Issuer agrees to send the cheque by prepaid ordinary post on the applicable Payment Date to the relevant Noteholder (or, if two or more persons are entered in the Note Register as joint Noteholders of the Note,

to the first named joint Noteholder) at its address appearing in the Note Register as at 5.00pm on the Record Date immediately preceding that relevant Payment Date.

(c) Cheques sent to a Noteholder are sent at the Noteholder's risk and are taken to be received by the Noteholder on the relevant Payment Date. If the Issuer makes a payment in respect of a Note by cheque, the Issuer is not required to pay any additional amount as a result of the Noteholder not receiving payment on the due date.

**4.3 Default Interest**

If interest is not paid in respect of a Note of any Class on the date when due and payable, then the amount of unpaid interest will itself bear interest at the Rate of Interest applicable from time to time to that Note until the amount of unpaid interest and interest thereon are paid in accordance with the Priorities of Payments.

**4.4 Rounding**

For any calculation required under these Conditions:

(a) all percentages resulting from the calculation will 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.); and

(b) all amounts that are due and payable resulting from the calculation will be rounded down to the nearest cent; and

(c) all other figures resulting from the calculation must be rounded to five decimal places (with halves being rounded up).

**5. REDEMPTION**

**5.1 Redemption at maturity**

Unless previously redeemed in full, the Issuer must redeem each Note at its Note Principal Amount Outstanding on the Payment Date falling in June 2027 (the **Maturity Date**).

**5.2 Mandatory redemption - instalments**

Each Note will, subject to Condition 5.3 and Condition 5.4, be repaid in instalments on each Payment Date falling before the enforcement of the Security, to the extent that funds are available for this purpose pursuant to the Priorities of Payments.

**5.3 Optional redemption**

The Issuer must redeem all, but not some only, of the Notes at their respective Note Principal Amounts Outstanding together with accrued but unpaid interest up to but excluding the date of redemption on the Payment Date notified by the Manager to the Issuer as being the Payment Date in respect of which the Manager has made the determination referred to in paragraph (b)(i) below, provided that each of the following conditions is satisfied:

(a) the Security has not been enforced on or prior to the Payment Date on which the redemption is proposed; and

(b) the Manager has determined (and notified the Issuer) that:

(i) the Issuer will have the necessary funds to pay all principal and interest due in respect of the Notes, and all other amounts payable to the Noteholders under and in accordance with the Transaction Documents, on the relevant Payment Date; and

(ii) the Payment Date on which the proposed redemption is to occur falls on or after the Call Date.

The Manager will give not less than 5 Business Days prior notice to each Noteholder of any redemption pursuant to this Condition 5.3.

**Call Date** means the earlier of:

(A) the first Payment Date on which all of the Class A Notes have been, or will be, repaid and redeemed in full pursuant to any of the other paragraphs of this Condition 5 (other than this Condition 5.3); and

(B) the first Payment Date on which the aggregate Receivable Principal Amount Outstanding of all Receivables of the Trust is (or will be, in the reasonable opinion of the Manager) below 10% of the aggregate Receivable Principal Amount Outstanding of all Receivables of the Trust as at the Closing Date.

**5.4 Optional redemption for taxation or other reasons**

The Issuer must redeem all, but not some only, of the Notes at their Note Principal Amount Outstanding together with accrued but unpaid interest up to but excluding the date of redemption on the Payment Date notified by the Manager to the Issuer as being the Payment Date in respect of which the Manager has made the determination referred to in paragraph (c)(ii) below, provided that each of the following conditions is satisfied:

(a) the Manager has provided to the Issuer a legal opinion from counsel to the effect that:

(i) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Payment Date, the Issuer would be required to deduct or withhold from any payment of principal or interest on any Class of the Notes (other than because the relevant holder has some connection with the Commonwealth of Australia other than the holding of Notes of such Class) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Commonwealth of Australia or any political sub-division thereof or any authority thereof or therein;

(ii) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Payment Date, an amount payable by the Customers in respect of interest or fees payable on each Receivable which is an asset of the Trust ceases to be receivable by the Issuer as a result of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Commonwealth of Australia or any political sub-division thereof or any authority thereof or therein; or

(iii) by reason of a change in law, which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to allow to remain outstanding all or some of the Notes;

(b) the Security has not been enforced on or prior to the Payment Date on which the redemption is proposed; and

(c) the Manager has determined (and notified the Issuer and each Rating Agency) that:

(i) one or more of the events described in sub-paragraph (a)(i), (a)(ii) or (a)(iii) above is continuing; and

(ii) the Issuer will have the necessary funds to pay all principal and interest due in respect of the Notes, and all other amounts payment to the Noteholders under and in accordance with the Transaction Documents, on the relevant Payment Date.

The Manager will give not less than 5 Business Days prior notice to each Noteholder of any redemption pursuant to this Condition 5.4.

**5.5 Note Principal Amount Outstanding**

(a) The Notes will be issued in denominations of A$100,000, being the **Face Value**.

(b) The **Note Principal Amount Outstanding** of any Note at any time means the Face Value *less* the aggregate of all repayments of principal previously made on that Note pursuant to the Priorities of Payments.

**Priorities of Payments** has the meaning given in the Trust Supplement (see Section 8).

**5.6 No purchase by the Issuer**

The Issuer is not permitted to purchase any of the Notes.

**5.7 Redemption on final payment**

Upon the final payment being made in respect of a Note:

(a) pursuant to any of the other paragraphs of this Condition 5 or by the Security Trustee pursuant to the Post-Enforcement Priority of Payments, the Note will be deemed to be redeemed and discharged in full; or

(b) following enforcement of the Security and the application of the proceeds thereof in accordance with the Post-Enforcement Priority of Payments, where the relevant Note has not already been repaid and redeemed in full pursuant to any of the other paragraphs of this Condition 5, the Note will be deemed to be redeemed and discharged in full,

and any obligation to pay any accrued but then unpaid Interest Amount or any then unpaid Note Principal Amount Outstanding or other amounts in relation to that Notes will be extinguished in full.

**5.8 Cancellation**

All Notes redeemed (including by way of deemed redemption) in full will be cancelled upon redemption and may not be resold or re-issued.

## 6. TAXATION

Without limiting the provisions of clause 22.13 of the Master Trust Deed, all payments in respect of the Notes by or on behalf of the Issuer must be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer will make such payment after the withholding or deduction has been made and must account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any other person will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

## 7. AMENDMENT TO TRANSACTION DOCUMENTS

These Conditions, being part of the Note Deed Poll, may be amended only by written agreement between all parties to the Note Deed Poll, provided that the Issuer and the Manager may only concur in effecting an amendment of these Conditions and the Note Deed Poll in accordance with the provisions of clause 15 of the Master Security Trust Deed.

## 8. NOTICE TO NOTEHOLDERS

(a) Clause 21 of the Master Trust Deed applies to any notice, request, certificate, approval, demand, consent or other communication to be given to a Noteholder. For the purposes of clause 21(a) of the Master Trust Deed, the address, facsimile number and email address of the Noteholders are those recorded in the Note Register from time to time.

(b) Without limiting Condition 8(a), for so long as the relevant Notes are lodged in Austraclear, a notice, request, certificate, approval, demand, consent or other communication may be given to a Noteholder under or in connection with any Transaction Document:

(i) by delivery through Austraclear; or

(ii) by posting on an electronic source approved by the Manager and generally accepted for notices of that type (such as Bloomberg or Reuters).

Any notice, request, certificate, approval, demand, consent or other communication given in accordance with this Condition 8(b) is deemed to have been received by each relevant Noteholder on the date on which it was so given.

## 9. LIMITATION OF LIABILITY

The Issuer's liability to the Noteholders in connection with the Note Deed Poll, the Notes, these Conditions and the other Transaction Documents is limited in accordance with clause 15 of the Master Trust Deed.

## 10. GOVERNING LAW

Each of the Note Deed Poll, the Notes and these Conditions are governed by the laws applying in the State of New South Wales.

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# 6. Parties

## 6.1 Mercedes-Benz Financial Services Australia Pty Ltd

Mercedes-Benz Financial Services Australia Pty Ltd (ABN 73 074 134 517) (**MBFSA**) has various roles in relation to the transaction. Without limitation, MBFSA will act as Seller, Manager, Servicer, Custodian, Subordinated Loan Facility Provider and Unitholder.

MBFSA is a limited liability company incorporated under the Australian Corporations Act 2001 (Cth) and is a wholly owned subsidiary of Daimler Financial Services Australia Pty Ltd and is a member of the Daimler AG group of companies. MBFSA's registered office is located at Level 1, 41 Lexia Place, Mulgrave, Victoria 3170, Australia.

MBFSA commenced operations in 1996 with a mandate to establish a motor vehicle financing business.

MBFSA's key business operations fall within the following four categories: financing, leasing, insurance and fleet management.

As of 31 December 2018, MBFSA had approximately 176 full time staff, (excluding staff engaged by the outsource provider) and managed approximately 81,000 receivables contracts denominated in Australian Dollars. Its retail receivables under management totalled approximately A$3.9 billion.

## 6.2 Perpetual group parties

### 6.2.1 Perpetual Corporate Trust Limited

Perpetual Corporate Trust Limited will act as Issuer.

Perpetual Corporate Trust Limited was incorporated in New South Wales on 27 October 1960 as Perpetual Trustees Nominees Limited under the Companies Statute of New South Wales as a public company. The name was changed to Perpetual Corporate Trust Limited on 18 October 2006 and Perpetual Corporate Trust Limited now operates as a limited liability public company under the Corporations Act. Perpetual Corporate Trust Limited is registered in New South Wales and its registered office is at Level 18, 123 Pitt Street, Sydney New South Wales 2000, Australia. The telephone number of Perpetual Corporate Trust Limited's principal office is +61 2 9229 9000. Perpetual Corporate Trust Limited is a wholly owned subsidiary of Perpetual Limited, a publicly listed company on the Australian Securities Exchange.

Perpetual Corporate Trust Limited has obtained an Australian financial services licence under Part 7.6 of the Corporations Act (Australian financial services licence No. 392673).

### 6.2.2 P.T. Limited

P.T. Limited will act as Security Trustee.

P.T. Limited is a limited liability company under the Corporations Act. The Australian Business Number of P.T. Limited is 67 004 454 666. Its registered office is at Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia and its telephone number is +61 2 9229 9000.

P.T. Limited is a related body corporate of Perpetual Limited. The principal activities of P.T. Limited are the provision of security trustee and other commercial services. P.T. Limited has prior experience

serving as a security trustee for asset backed securities transactions involving residential mortgage loans.

P.T. Limited operates as a corporate authorised representative (Australian financial services authorised representative No. 000266797) of Perpetual Trustee Company, which has obtained an Australian financial services licence under Part 7.6 of the Corporations Act (Australian financial services licence No. 236643).

# 7. Assets of the Trust

## 7.1 The Receivable Pool

The assets of the Trust are comprised primarily of the Issuer's rights under the Transaction Documents and the pool of Receivables and related Receivable Rights to be acquired by the Issuer from the Seller on the Closing Date (the **Receivable Pool**).

All Receivables comprised in the Receivable Pool are amounts owing under loan agreements (each such agreement, a **Loan Agreement**) entered into between the Seller and a Customer pursuant to which the Seller has lent money to that Customer for the purpose of that Customer buying a vehicle, and that Customer has agreed to, among other things, repay the loan (with interest) and grant the Seller a Security Interest in that vehicle to secure its repayment obligations.

As of the close of business on 30 September 2019, the aggregate current balance of the Receivable Pool was A$580,002,493.

A statistical analysis of the Receivable Pool is contained in Annexure 1. Note that the statistical information provided in Annexure 1 is current as of the close of business on 30 September 2019 and may not reflect the actual pool of Receivables as of the Closing Date. This is because the pool of Receivables to be acquired by the Trust on the Closing Date will not be finalised until prior to the Closing Date.

It is intended that all Receivables and related Receivable Rights comprised in the Receivable Pool will be acquired by the Issuer directly from the Seller pursuant to the Master Sale Deed (as described in Section 9.5.1) and that the Issuer will not acquire any Receivables and related Receivable Rights from any other Silver Arrow Australia trust pursuant to the Master Trust Deed (as described in Section 9.1.4).

## 7.2 Eligibility Criteria

The Seller will represent and warrant to the Issuer that, as at each of the Cut-Off Date and the Sale Date specified in the applicable Sale Notice, each Receivable, and where relevant, the Related Collateral or Underlying Agreement for that Receivable that, to be acquired by the Issuer under the applicable Sale Notice complies in all respects with the following eligibility criteria (the **Eligibility Criteria**):

(a) the Receivable was approved and originated by the Seller in good faith in the ordinary course of its business and in accordance with the Underwriting Policy;

(b) the Customer for that Receivable is not insolvent;

(c) the Seller holds a Security Interest in each Financed Vehicle for that Receivable;

(d) the remaining term to maturity for that Receivable is:

  (i) not less than 1 month; and

  (ii) not more than 84 months;

(e) at least one scheduled payment has previously been made towards that Receivable in accordance with the relevant Underlying Agreement;

(f) the Customer for that Receivable was, as at the date of origination of that Receivable, a resident of Australia or had an ABN or an ARBN;

(g) no amount due in relation to that Receivable is in arrears by more than 30 days and the Servicer has not determined that that Receivable is in "default" in accordance with the Servicing Policy;

(h) the Receivable is denominated and payable in Australian dollars;

(i) the receivable is governed by the laws of one of New South Wales, Queensland, Victoria, South Australia, Western Australia, the Northern Territory, the Australian Capital Territory or Tasmania;

(j) the Financed Vehicle for that Receivable is a new or used motor vehicle, truck or bus;

(k) no Customer for that Receivable was, as at the date of origination of that Receivable, an employee of Mercedes-Benz Financial Services Australia Pty Ltd (ACN 074 134 517) or Mercedes-Benz Australia/Pacific Pty Ltd (ACN 004 411 410);

(l) the Receivable is not a vendor finance product;

(m) the Financed Vehicle for that Receivable has been delivered to the Customer, and no other action or performance (including the advancement of any funds to the Customer) is required under the Underlying Agreement on the part of the Seller;

(n) the Underlying Agreement requires the Customer to keep the Financed Vehicle for that Receivable insured for its full insurable value at the Customer's own expense against fire, accident and theft and for all other risks as the Seller requires;

(o) the Underlying Agreement requires the obligor to keep the Financed Vehicle for that Receivable in good repair and order at the Customer's own expense;

(p) if the Underlying Agreement for that Receivable is terminated prior to its intended date of maturity for any reason (including the exercise of any option to terminate early by the Customer), then the Seller has the right to recover an amount which is at least equal to the Receivable Principal Amount Outstanding of that Receivable;

(q) the Underlying Agreement for that Receivable obliges the Customer to continue to make payments, even if there is a defect in the Financed Vehicle for that Receivable or that Financed Vehicle breaks down or is damaged;

(r) the Underlying Agreement for that Receivable is a Loan Agreement documented by way of a standard pro-forma contract of the Seller;

(s) the Seller's Security Interest in the Financed Vehicle for that Receivable is the subject of a registration on the PPSR and that registration was made in time to take the benefit of the priority rules in section 62 of the PPSA (to the extent applicable) and no later than the latest time specified in section 588FL(2)(b)(ii) of the Corporations Act (and where the PPSA provides that the financing statement for any such registration may or must describe that Financed Vehicle by its serial number, the relevant financing statement describes that Financed Vehicle by its serial number);

(t) the Underlying Agreement for that Receivable does not include any interest-free period;

(u) the Underlying Agreement for that Receivable requires the Customer to make payments which, including any final balloon payment, will amortise the Receivable Principal Amount Outstanding of that Receivable to zero over the remaining term of that Receivable; and

(v) interest accrues (at least from the applicable Sale Date) on the Receivable at a fixed rate.

The Seller will also give the Issuer certain other representations and warranties in relation to the Receivable Pool. See Section 9.5.2 for a description of these other representations and warranties and Section 9.5.3 for a description of the consequences of any such representation or warranty (including any representation or warranty as to the Eligibility Criteria) being incorrect.

## 7.3 Origination and Credit Approval Process

### Origination Channels and Process

All Receivables comprised in the Receivable Pool were originated as part of the Seller's retail motor vehicle finance business. This business provides motor vehicle finance directly to both:

- individual retail customers for the purpose of financing a motor vehicle which is to be used wholly or predominately for personal, domestic or household use; and

- commercial customers for the purpose of financing a motor vehicle which is to be used for commercial and/or business purposes.

All Customers in respect of Receivables comprised in the Receivable Pool were sourced by the Seller through the Daimler AG group's Australian motor vehicle retailer network (the **Retailer Network**) at the point of sale of the financed motor vehicle. The Retailer Network is comprised of over 120 major motor vehicle retailers located across Australia selling Mercedes-Benz vehicles. Through the Retailer Network, the Seller offers financing products covering new Mercedes-Benz branded vehicles as well as premium used, demonstrator and off-brand vehicles that are sold through the Retailer Network.

Typically, a prospective customer contemplating financing the purchase of a motor vehicle is referred to a business manager by the salesperson within the Retailer Network. Each such business manager is an employee of the Retailer Network, rather than the Seller, but is authorised by the Seller to act as its agent for the purpose of introducing the customer to financial products offered by the Seller that may suit the customer's needs. The Seller has provided each motor vehicle retailer within the Retailer Network with an "Clicksell" electronic point of sale system (**POS system**) to enable business managers to submit customer, loan and motor vehicle particulars directly to the Seller's dedicated retail credit department (**Retail Credit Department**) for the purpose of enabling the Seller to generate and provide a price quotation in respect of the relevant finance products that the customer is interested in obtaining. These quotes are provided in real time, generally while the potential customer waits with the business manager.

If a potential customer ultimately elects to accept a quote provided through the POS system, it will be required to complete a detailed loan application and submit it to the applicable business manager, who will then submit the loan application through the POS system directly to the Retail Credit Department for approval.

If the Retail Credit Department ultimately does approve a loan application, a response is delivered back to the business manager through the POS system. Any such approval may be given on a conditional basis only, meaning that the finance product will only be provided upon the customer complying with the relevant conditions stipulated. The business manager will then contact the customer and inform the customer of the approval and, if applicable, any conditions of approval. Typical conditions would include receipt of a deposit for the motor vehicle being financed, documentary evidence of the

customer's stated income or provision of a suitable guarantee of the customer's obligations. Upon an approval becoming unconditional, the customer will be notified of the delivery date of the motor vehicle to be financed and will be required to attend in person upon deliver for the purpose of signing the Loan Agreement and completing any other necessary formalities. Signed Loan Agreements are sent to the Seller's dedicated contract administration department and activated on the contract management system (**CMS**) to enable on-going contract management and servicing by the Servicer.

**Credit Approval Process**

*General process*

The Seller's Retail Credit Department relies heavily on automation in its credit approval processes, allowing the Seller to make quick, accurate, and reliable credit decisions based upon information collected from potential customers and submitted through the POS system.

More specifically, the Retail Credit Department's automated credit decisioning process consists of combination of both:

- an internally developed automated assessment system which generates a "credit scorecard" for the prospective customer; and
- a credit check undertaken by outsourced third party credit reporting agencies such as Equifax and Dun & Bradstreet.

*Assessment*

All loan applications will initially be assessed by Retail Credit Department's automated credit decisioning process, which will either make a determination that:

- the loan application is automatically approved; or
- the loan application is not automatically approved and instead is referred for manual assessment.

A loan application will be automatically approved if it the applicant is scored highly by both the Retail Credit Department's internal scorecard and the applicable outsourced third party credit reporting agency's credit check, and provided that the loan application is not otherwise contrary to any of the Seller's business policy rules embedded within the Retail Credit Department's automated credit decisioning process. If a loan application is automatically approved, the Retail Credit Department will not undertake any further manual credit assessment in relation to that loan application. More than 35% of all loan applications are typically automatically approved on their first submission.

A loan application will referred to the Retail Credit Department for manual assessment if it cannot be automatically approved in accordance with the process described above. Factors that are considered during a manual assessment of a loan application include (but are not limited to) the type of loan product being applied for, the customer's personal and/or company credit file, the age of the customer, the customer's credit history and the net asset position of the customer.

**Settlement**

Once a loan application has approved, the Loan Agreement will be generated by the Seller's computer systems and will be made available through the POS system to the Retailer Network business manager that originally submitted the loan application. The business manager will provide a physical copy of the Loan Agreement to the customer for signing at the time of delivery of the motor vehicle. Proceeds of a

loan granted under a Loan Agreement will be paid by the Seller directly to the vendor of the financed motor vehicle. The financed motor vehicle will not be delivered to the customer until the Loan Agreement and any other ancillary documentation have been signed and provided to the business manager.

**Origination Quality Control Measures**

The Seller has implemented procedures based upon a "four-eyes principle" to limit risks related to fraud and human error, as follows. Upon a signed Loan Agreement and ancillary documentation being provided by a customer to the applicable business manager, the business manager will send a copy of that signed Loan Agreement and any required ancillary documentation to the Seller's dedicated contract administration department. Information contained in such documentation will then be extracted by the Seller's "OpenText capture centre system" (**OCC**) for validation purposes. Simultaneously, relevant customer information will be captured in CMS, including details as to the customer's bank account and details relating to the financed motor vehicle and insurance related thereto. One of the Seller's contract administration officers will then compare the information contained in the OCC with that contained in the CMS and a different contract administration officer of the Seller will review the information contained in the CMS for the purpose of verifying that it is accurate and correct.

## 7.4 Receivable Servicing

MBFSA will be appointed by the Issuer to service the Receivable Rights of the Trust. See further Section 9.4 for a description of the contractual powers, rights and obligation of the Servicer.

The Servicer has centralised servicing processes which are comprised in the Servicer's customer experience centre (**CEC**). The CEC amalgamates a traditional customer service and support department with a collections department (among other departments) into the one mega-department which covers all customer facing support staff that form part of the Servicer's servicing process. The CEC also includes all of the Seller's and the Servicer's other relevant operational and servicing functions such as contracts administration, accounts receivable and collections and loss recoveries. A summary of the various CEC departments and functions is summarised below.

**Servicing Departments and Responsibilities**

*Customer Service and Support Department*

The Servicer's customer service and support department is the Servicer's key point of contact for the majority of customers. Its main responsibility is the provision of timely information to customers who call in with a multitude of queries. The majority of calls to customer service and support department involve customers requesting information relating to their Loan Agreement, such as the outstanding amount owing at any particular time, including for the purpose of determining the total cost of paying out a Loan Agreement early. Occasionally, the customer service and support department also receives complaints from customers. It is the consultant's role to assist with the complaint or to direct the customer to the appropriate point of contact within the Retailer Network (if the complaint relates to a financed motor vehicle or any services provided in respect thereof by the Retailer Network) or to any other responsible third party.

*Contracts Administration Department*

The Servicer's contracts administration department oversees variation to the Loan Agreements and the registration on the PPSR of the Seller's security interests in the financed motor vehicle. The department is also involved in the payment of commissions to Retailer Network members for leads that result in settled Loan Agreements. In addition to the above key responsibilities, the department issues "paid in full letters" to customers, conducts settlement audits and administers the Servicer's call centre.

*Accounts Receivable*

The Servicer's accounts receivable department is responsible for receiving all payments made in respect of performing Loan Agreements, as well as ensuring that those payments received are appropriately allocated to the reduce the outstanding balance of the applicable Loan Agreement. This requires the department to monitor whether a customer has made payments required of it in accordance with its applicable Loan Agreement or whether there has been a late payment and/or non-payment. Late or non-payment will result in the relevant Loan Agreement being classified in the Servicer's system as non-performing or defaulting.

The Servicer accepts payments by way of each of the following methods:

- direct debit from a bank account nominated by the customer. This is the most used commonly method of payment;
- electronic funds transfer;
- BPAY; and
- credit card.

*Collections and Loss Recoveries Department*

The Servicer's combined collections and loss recoveries department focuses on the rectification of non-performing or defaulting Loan Agreements. Upon a Loan Agreement becoming classified as non-performing or defaulting, the collections and loss recoveries department will take active steps to engage with relevant customer for the purpose of arranging immediate payment of any overdue amount or otherwise entering into a repayment arrangement designed to rectify non-payment of the overdue amount. Such a repayment arrangement may include a short term restructure of the payments required under the Loan Agreement to allow the customer the opportunity to remedy the payment default. The ultimate goal of this process is to allowing the Loan Agreement to start performing again in accordance with its terms and to continue to remain on foot until the end of its contractual term, without having to terminate the Loan Agreement or take any enforcement action in respect of the financed motor vehicle or otherwise.

If ultimately the customer does not rectify delinquencies in respect of a Loan Agreement (including because it has elected not to do so or because it is incapable of doing so), a recoveries manager determines whether the Loan Agreement should be terminated and recovery action should be initiated.

More specifically, the Servicer takes a customer-centric approach towards arrears management by encouraging customers to self-cure delinquencies. When a payment is dishonoured, automated steps are taken to alert the customer of the dishonour. This involves sending the customer automated messages notifying it of the dishonour including by way of:

- a direct debit dishonour message;
- an SMS notifying it of the dishonour (on day 4 after dishonour); and
- virtual calling the customer.

If the delinquencies are not rectified following the automated messages, the collections and loss recovery department will commence email and/or telephone communication with the customer to alert it of the delinquency and requesting to have it rectified.

At this stage, customers are generally entitled to apply for a variation to their Loan Agreement on the grounds of financial hardship. Any such application for a variation of a Loan Agreement on the grounds of financial hardship is subject to the Servicer undertaking an additional credit assessment which seeks to determine the customer's ability to service the proposed terms of the varied Loan Agreement.

If the customer does not apply for a variation on the grounds of financial hardship, or does apply for a variation on the grounds of financial hardship but that application is unsuccessful, and the customer's Loan Agreement continues to be in default, then the Servicer will issue a default notice to the customer. This is the pre-cursor to proceedings being issued against the customer. The default notice will be issued pursuant to the terms of the Loan Agreement and will inform the customer of the specific nature of the breach (e.g. non-payment) and how it can be remedied. Where the breach occurs on a Loan Agreement that is a Consumer Receivable, the default notice will also set out details of the process to be followed by the Customer to apply for a variation of the Loan Agreement on the grounds of financial hardship together with details on how to contact the Australian Financial Complaints Authority (AFCA) in the event that the customer has the genuine belief that it has a right to dispute the nature of the default.

If, following the issue of the default notice, the customer fails to make sufficient repayment to rectify the delinquency within the time specified therein, then the Servicer will take the following steps to recover the outstanding balance of the Loan Agreement:

- appoint a mercantile agent to attend on the customer and take possession of the financed motor vehicle on behalf of the Servicer;

- following the Servicer taking possession of the financed motor vehicle, the Servicer will send the customer one final letter informing the customer that it has 21 days to remedy the default. This will require the customer to pay the total amount in arrears and all additional interest and fees arising from the repossession and issuing the default notice. If the 21 day notice period lapses, then the Servicer will arrange for the motor vehicle to be sold via a third party auction house; and

- if there is a shortfall between the amount recovered by selling the financed motor vehicle and the outstanding balance of the Loan Agreement (including in circumstances where the Servicer was unable to take possession of and sell the financed motor vehicle) then steps will be taken to follow up with the customer to recover the shortfall and ultimately, depending on a number of factors including the quantum and likelihood of recovery, a decision will be made as to whether to pursue the shortfall by issuing legal proceedings against the customer as a last resort.

Decisions as to the taking of any action described above are made by the Servicer, not the Issuer.

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# 8. Cashflows

## 8.1 Principles Underlying the Cashflows

This Section 8 describes the methodology for the calculation of the amounts to be paid by the Issuer on each Payment Date to, amongst others, the Noteholders.

In summary, the Trust Supplement provides for Collections and other amounts available to the Issuer to be allocated and paid on a monthly basis, in accordance with a set order of priorities, to satisfy the Issuer's payment obligations in relation to the Trust. The order of priority in which the Issuer is required to allocate and pay such amounts on a monthly basis is referred to in this Information Memorandum as the Pre-Enforcement Priority of Payments. The Pre-Enforcement Priority of Payments is described further in Section 8.4.1.

The underlying cash flows comprising the Collections and other amounts available to the Issuer for allocation and payment on each Payment Date pursuant to the Pre-Enforcement Priority of Payments are explained in Section 8.3.

The Trust Supplement also provides that, on and from the date of enforcement of the Security, the Security Trustee must apply all amounts received in accordance with a set order of priorities to satisfy the Issuer's payment obligations in relation to the Trust. The order of priority in which the Security Trustee is required to allocate and pay such amounts is referred to in this Information Memorandum as the Post-Enforcement Priority of Payments. The Post-Enforcement Priority of Payments is described further in Section 8.4.2.

## 8.2 Collection Periods, Calculation Dates and Payment Dates

The distribution of Collections operates on a deferred basis. The Collections in respect of each Collection Period are paid by the Issuer towards Expenses and to, among other creditors of the Trust, the Noteholders on the following Payment Date. All necessary calculations for this purpose are made by the Manager no later than the Calculation Date after the end of each Collection Period.

Generally, the Servicer is required to transfer all Collections received by it in respect of a Collection Period into the Trust Account within 2 Business Days of receipt for utilisation by the Issuer on the following Payment Date. However, in certain circumstances the Servicer is instead entitled to retain Collections received by it in respect of a Collection Period until the Business Day immediately before the Payment Date following that Collection Period, at which time the Servicer is required to transfer such Collections to the Trust Account. See further Sections 9.4.1 and 9.6.6.

The following sets out an example of a series of relevant dates and periods for the allocation of cash flows and their payments. All dates are assumed to be Business Days and it is assumed that the Servicer is entitled to retain Collections in respect of the relevant Collection Period until the Business Day immediately before the Payment Date as described in Section 9.6.6.

| | |
|---|---|
| 1 November 2019 – 30 November 2019 (inclusive) | Collection Period |
| 20 November 2019 – 19 December 2019 (inclusive) | Interest Period |
| 16 December 2019 | Calculation Date |
| 19 December 2019 | Servicer to transfer Collections to Trust Account |

20 December 2019 Payment Date

### 8.2.1 Monthly Determinations and Calculations

On each Calculation Date the Manager will calculate each of the following:

(a) the amount of Collections attributable to the Collection Period ending immediately before that Calculation Date;

(b) the Available Distribution Amount for the next Payment Date;

(c) the General Reserve Required Amount;

(d) the Servicer Collateral Required Amount;

(e) the amount of each payment or allocation to be made pursuant to the Pre-Enforcement Priority of Payments;

(f) the aggregate of the Note Principal Amount Outstanding of the Class A Note and the Class B Note, before and immediately following the making of payments on the next Payment Date as required by the Pre-Enforcement Priority of Payments; and

(g) each such other amount as may be required by the Issuer for the purpose of it making all payments required by the Pre Enforcement Priority of Payments on the next Payment Date.

and in doing so, the Manager shall anticipate any purchase or sale of Receivable Rights by the Issuer between the period from (and including) the Calculation Date to (and including) the next Payment Date.

The Manager must, no later than close of business on the relevant Calculation Date, notify the Issuer in writing of each determination and calculation. Additionally, the Manager must, on each Calculation Date, prepare and deliver a monthly report (the **Monthly Manager Report**) to each of the Issuer, and to each Noteholder by posting it to: https://www.daimler.com/investors/refinancing/asset-backed-securities. The Monthly Manager Report will include, among other things, details of each determination and calculation required to be made on each Calculation Date.

## 8.3 Concepts underlying the Cash Flows

### 8.3.1 Collections

The **Collections** in respect of any Collection Period, is the aggregate of all amounts received by, or on behalf of, the Issuer under or in respect of the Receivable Rights of the Trust during that Collection Period (including all proceeds received during that Collection Period in respect of any sale of any Receivable Rights of the Trust) and any amount of Deemed Collections for that Collection Period as described in Section 9.6.6.

### 8.3.2 Determination of Available Distribution Amount

On each Calculation Date, the Manager will calculate the Available Distribution Amount for the next Payment Date. The **Available Distribution Amount** for a Payment Date and the Collection Period just ended, is the amount calculated by the Manager as at the Calculation Date immediately preceding that Payment Date, as the aggregate of (without double counting):

(a) all Collections for the Collection Period just ended;

(b) any interest received by the Issuer on the Trust Account and any income received by the Issuer from any Authorised Investments, in each case for the Collection Period just ended;

(c) any amounts receivable by the Issuer on that Payment Date from the Interest Rate Swap Provider pursuant to the Interest Rate Swap;

(d) other net income of the Issuer received during the Collection Period just ended;

(e) the amount standing to the credit of the General Reserve Fund (as evidenced by the General Reserve Ledger) on that Calculation Date;

(f) in respect of the first Collection Period only, the proceeds of the issue of the Notes received by the Issuer on the Closing Date, to the extent not applied on the Closing Date to purchase Receivables and related Receivable Rights; and

(g) any other amounts paid by the Seller, the Servicer or the Manager or any other person to the Issuer during the Collection Period just ended under or with respect to any Transaction Document, the Receivables or the Related Collateral.

### 8.3.3 Principal Redemption Amounts

On each Calculation Date, the Manager will calculate each of the Class A Note Principal Redemption Amount and the Class B Note Principal Redemption Amount. These amounts enable the Manager to determine how much of the Available Distribution Amount it may apply toward redeeming the Class A Notes and the Class B Notes respectively on the next Payment Date.

**Class A Note Principal Redemption Amount** means in respect of any Payment Date, the lesser of:

(a) the aggregate Note Principal Amount Outstanding of the Class A Notes on the preceding Payment Date (or in case of the first Payment Date, the Closing Date); and

(b) the Required Principal Redemption Amount for that Payment Date.

**Class B Note Principal Redemption Amount** means in respect of any Payment Date, the lesser of:

(a) the aggregate Note Principal Amount Outstanding of the Class B Notes on the preceding Payment Date (or in case of the first Payment Date, the Closing Date); and

(b) the Required Principal Redemption Amount for that Payment Date *less* the Class A Note Principal Redemption Amount for that Payment Date.

**Required Principal Redemption Amount** means in respect of any Payment Date, the greater of:

(a) the aggregate of the Note Principal Amount Outstanding of the Class A Notes and Class B Notes on the Calculation Date immediately preceding that Payment Date *less* the aggregate Receivable Principal Amount Outstanding of all Receivables of the Trust on the last day of the Collection Period immediately preceding that Payment Date (and for this purpose any Receivable which is more than 120 days in arrears will be deemed to have a Receivable Principal Amount Outstanding equal to A$0.00); and

(b) A$0.00.

## 8.4 Priorities of Payments

### 8.4.1 Pre-Enforcement Priority of Payments

On each Payment Date before enforcement of the Security, the Issuer must, based solely upon the written notice of determinations and calculations delivered to it by the Manager as described in Section 8.2.1, distribute the entire Available Distribution Amount for that Payment Date by making the following payments and allocations in the order of priority in which they appear (the **Pre-Enforcement Priority of Payments**):

(a) *first*, in payment, *pari passu* and rateably, of A$1 to the Unitholders;

(b) *then*, in payment of any Taxes payable in respect of the Trust for the previous Collection Period and any Taxes remaining outstanding from any prior Payment Dates;

(c) *then*, *pari passu* and rateably in payment to:

(i) the Issuer in respect of the Issuer Fee payable for the previous Collection Period;

(ii) the Security Trustee in respect of the Security Trustee Fee payable for the previous Collection Period; and

(iii) in payment of any Expenses in respect of the previous Collection Period and any Expenses remaining outstanding from any prior Payment Dates;

(d) *then*, *pari passu* and rateably in payment

(i) the Manager in respect of the Manager Fee payable for the previous Collection Period;

(ii) the Servicer in respect of the Servicer Fee payable for the previous Collection Period; and

(iii) the Seller in respect of the Custodian Fee payable for the previous Collection Period;

(e) *then*, *pari passu* and rateably in payment:

(i) to the Seller of any Sale Adjustment or Repurchase Adjustment; and

(ii) to the trustee of a Selling Trust, in payment of any applicable Inter-Trust Sale Adjustment;

(f) *then*, to the Interest Rate Swap Provider, in payment of any amount due and payable by the Issuer pursuant to the Interest Rate Swap Agreement (including any termination payment due and payable by the Issuer under the Interest Rate Swap Agreement but excluding any Subordinated Swap Payment);

(g) *then*, *pari passu* and rateably to the Class A Noteholders, in payment of any Interest Amounts in respect of the Class A Notes and the Interest Period ending on that Payment Date and any such Interest Amounts remaining outstanding from any prior Payment Dates;

(h) *then*, in deposit into the Trust Account of an amount equal to the then General Reserve Required Amount, to be allocated to the General Reserve Fund;

(i) *then*, *pari passu* and rateably to the Class A Noteholders, in repayment of principal on the Class A Notes until the Note Principal Amount Outstanding of the Class A Notes is reduced to zero, provided that the maximum amount payable under this paragraph (i) on any Payment Date is the Class A Note Principal Redemption Amount for that Payment Date;

(j) *then*, *pari passu* and rateably to the Class B Noteholders, in payment of any Interest Amounts in respect of the Class B Notes and the Interest Period ending on that Payment Date and any such Interest Amounts remaining outstanding from any prior Payment Dates;

(k) *then*, *pari passu* and rateably to the Class B Noteholders, in repayment of principal on the Class B Notes until the Note Principal Amount Outstanding of the Class B Notes is reduced to zero, provided that the maximum amount payable under this paragraph (k) on any Payment Date is the Class B Note Principal Redemption Amount for that Payment Date;

(l) *then*, to the Subordinated Loan Facility Provider, in payment of any interest in respect of the Subordinated Loan Facility Advances and the Interest Period ending on that Payment Date and any such amount remaining outstanding from any prior Payment Dates;

(m) *then*, in repayment to the Subordinated Loan Facility Provider of each outstanding Subordinated Loan Facility Advances until the principal amount outstanding of each Subordinated Loan Facility Advance is reduced to zero, provided that the maximum amount payable under this paragraph (m) on any Payment Date is the Subordinated Loan Facility Redemption Amount for that Payment Date;

(n) *then*, *pari passu* and rateably in payment to each Joint Lead Manager and each Co-Manager of any indemnity amounts payable in accordance with clause 7.2 of the Dealer Agreement (as described in Section 11.1) on that Payment Date and any such amounts remaining unpaid from prior Payment Dates;

(o) *then*, in payment to the Interest Rate Swap Provider in respect of any Subordinated Swap Payment due and payable by the Issuer pursuant to the Interest Rate Swap Agreement; and

(p) *finally*, the balance in payment, *pari passu* and rateably, to the Unitholders.

### 8.4.2 Post-Enforcement Priority of Payments

Subject to Section 8.4.3, on and from the date of enforcement of the Security, the Security Trustee must distribute all amounts received by it in respect of the Secured Property by making the following payments and allocations in the order of priority in which they appear (the **Post-Enforcement Priority of Payments**):

(a) *first*, in payment to any person in respect of any prior ranking claim of which the Security Trustee is aware;

(b) *then*, in payment of any amount of the Security Trustee Fee, costs, charges, expenses or other amounts owing or payable to the Security Trustee under the Transaction Documents;

(c) *then*, to any Receiver appointed to the Secured Property in payment of any fee, costs, charges, expenses or other amounts owing or payable to the Receiver in connection with action taken (or considered) by it in relation to the Transaction Documents or in relation to any Secured Property;

(d) *then*, to the Issuer in respect of any Secured Money owing or payable to the Issuer;

(e) *then*, *pari passu* and rateably in payment to:

(i) the Servicer in respect of any Secured Money owing or payable to the Servicer;

(ii) the Manager in respect of any Secured Money owing or payable to the Manager;

(iii) the Seller in respect of any Secured Money (including any Sale Adjustment, Repurchase Adjustment or Custodian Fee) owing or payable to the Seller; and

(iv) the trustee of a Selling Trust, in payment of any applicable Inter-Trust Sale Adjustment;

(f) *then*, to the Interest Rate Swap Provider in payment of any Secured Money owing or payable in respect of the Interest Rate Swap Agreement (including any termination payment due and payable by the Issuer under the Interest Rate Swap Agreement but excluding any Subordinated Swap Payment);

(g) *then*, *pari passu* and rateably, in payment of any Secured Money owing or payable to the Class A Noteholders under the Transaction Documents;

(h) *then*, *pari passu* and rateably, in payment of any Secured Money owing or payable to the Class B Noteholders under the Transaction Documents;

(i) *then*, to the Subordinated Loan Facility Provider in payment of any Secured Money owing or payable in respect of the Subordinated Loan Facility (including any then outstanding Subordinated Loan Facility Advance and all interest accrued thereon);

(j) *then*, in payment to the Interest Rate Swap Provider in payment of any Secured Money owing or payable in respect of the Interest Rate Swap Agreement to the extent not paid or payable under any preceding paragraph of this Post-Enforcement Priority of Payments;

(k) *then*, *pari passu* and rateably in payment to each other Secured Creditor in respect of any Secured Money owing or payable pursuant to a Secured Creditor which have not been paid out under any preceding paragraph of this Post-Enforcement Priority of Payments; and

(l) *finally*, the balance in payment, *pari passu* and rateably, to the Unitholders.

### 8.4.3 Interest Rate Swap Collateral Amounts and Servicer Collateral Reserve Fund

(a) Interest Rate Swap Collateral Amounts relating to the Interest Rate Swap Agreement must not be treated as Secured Property available to the Security Trustee for payment or allocation pursuant to the Post-Enforcement Priority of Payments. Promptly following the date of enforcement of the Security, all such Interest Rate Swap Collateral Amounts must, subject first to the satisfaction of any obligation on the part of the Interest Rate Swap Provider to make any payment under the Interest Rate Swap Agreement and the operation of any netting provisions in the Interest Rate Swap Agreement, instead be paid by the Security Trustee to the Interest Rate Swap Provider.

(b) Neither of the Servicer Collateral Reserve Fund nor the Servicer Collateral Reserve Account must be treated as Secured Property available to the Security Trustee for payment or allocation pursuant to the Post-Enforcement Priority of Payments. Promptly following the date of enforcement of the Security, the Servicer Collateral Reserve Fund must, subject first to the

satisfaction of any obligation on the part of the Servicer to remit any Collections to the Trust Account as described in Section 9.6.6, instead be paid by the Security Trustee to the Servicer.

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# 9. Key Features of the Transaction Documents

The following summary describes certain features of a selection of key Transaction Documents. The summary does not purport to be complete and is subject to the provisions of the Transaction Documents.

## 9.1 Master Trust Deed

The Silver Arrow Australia Trusts Master Trust Deed (the **Master Trust Deed**) was entered into by each of the Issuer and the Manager on 5 June 2017 and was amended by a deed of amendment dated 31 August 2018.

The Master Trust Deed sets out a framework for the creation of an unlimited number of separate and distinct Silver Arrow Australia trusts and the terms of appointment of Issuer as trustee of those trusts, including:

- the circumstances in which, and process by which, the Issuer may be replaced by a substitute trustee;
- some rights, powers and obligations of the Issuer;
- a requirement that the Issuer be paid certain fees and reimbursed for various costs and expenses incurred by it;
- a right for the issuer to be indemnified from the assets of the Trust; and
- certain limitations on the liability of the Issuer.

Some of these key provisions are described further below.

The Master Trust Deed is governed by the laws of New South Wales, Australia.

### 9.1.1 Creation of the Trust

The Master Trust Deed provides for the creation of an unlimited number of Silver Arrow Australia trusts. Each Silver Arrow Australia trust is a separate and distinct trust fund. The assets of each Silver Arrow Australia trust are not available to meet the liabilities of any other Silver Arrow Australia trust and the Issuer must ensure that no moneys held by it in respect of any Silver Arrow Australia trust are commingled with any moneys held by the Issuer in respect of any other Silver Arrow Australia trust.

The Trust is a Silver Arrow Australia trust that was constituted pursuant to the execution by the Issuer of the Trust Creation Notice and settlement of A$10 upon the Issuer to constitute the initial assets of the Trust. The Trust is structured as a unit trust, with the beneficial interest in the Trust being represented by two units (each a **Unit**), each of which was issued to Mercedes-Benz Financial Services Australia Pty Ltd (ABN 73 074 134 517).

### 9.1.2 Duties and Powers of the Issuer

Under the Master Trust Deed, the Issuer has given various undertakings, including that it will:

(a) act continuously as Issuer until the Trust, or its appointment, is terminated in accordance with the Master Trust Deed or at law;

(b) retain the assets of the Trust in safe custody and hold them on trust for the Unitholders of the Trust upon the terms of the Transaction Documents;

(c) not sell, grant a Security Interest over or part with the possession of any of the assets of the Trust (or permit any of its officers to do so) except as contemplated by, or pursuant to the operation of, the Transaction Documents;

(d) act honestly and in good faith in the performance of its duties and in the exercise of its powers and discretions under the Transaction Documents;

(e) exercise such diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its powers and discretions hereunder, having regard to the interests of the Noteholders and Unitholders of the Trust;

(f) use all reasonable endeavours to carry on and conduct its business in so far as it relates to the Permissible Business Activities of the Trust in a proper and efficient manner; and

(g) not, in its capacity as trustee of the Trust, conduct any business other than the Permissible Business Activities of the Trust.

Accordingly, the Master Trust Deed provides that the Issuer has all powers necessary for, and incidental to, its performance of the Permissible Business Activities of the Trust.

**9.1.3 Delegation by Issuer**

The Master Trust Deed provides that the Issuer may employ agents and attorneys and may delegate any of its rights or obligations under the Transaction Documents without notifying any person of the delegation, provided that any delegation by the Issuer of a material part of its rights or obligations under the Transaction Documents is only permitted with the prior written consent of the Voting Secured Creditors by way of Extraordinary Resolution.

No act or omission of any agent or delegate appointed by the Issuer will constitute fraud, negligence or wilful default of the Issuer:

(a) unless the agent or delegate is a related entity of the Issuer;

(b) if the agent or delegate is a clearing system;

(c) subject to paragraph (a), if the Issuer appoints the agent or delegate in good faith and using reasonable care, and the agent or delegate is not an officer, agent or employee of the Issuer;

(d) if the Issuer is obliged to appoint the agent or delegate pursuant to an express provision of a Transaction Document or pursuant to an instruction given to the Issuer in accordance with a Transaction Document; or

(e) if the Voting Secured Creditors consent to the appointment of the agent or to the delegation in accordance with the following paragraph.

**9.1.4 Transfer of Receivables under the Master Trust Deed**

The Master Trust Deed provides for the transfer of some or all of the assets of one Silver Arrow Australia trust (the **Selling Trust**) to another Silver Arrow Australia trust (the **Buying Trust**).

Under the Master Trust Deed, the Manager may direct the Issuer to effect a sale of Receivable Rights from one Silver Arrow Australia trust to another by issuing a notice to that effect (an **Inter-Trust Sale Notice**) identifying those Receivable Rights. If the Issuer as trustee of a Selling Trust receives an Inter-Trust Sale Notice:

(a) the Issuer must promptly (and in any event within one Business Day of receipt or such longer period as may be agreed between the Manager and the Issuer) counter-sign a copy of that Inter-Trust Sale Notice and provide it to the Manager;

(b) the Issuer in its capacity as trustee of the Buying Trust, must pay the Purchase Price for the Receivable Rights identified therein on the Sale Date specified therein; and

(c) immediately upon satisfaction of paragraph (b) above:

(i) the Issuer will cease to hold any right, title and interest in, to and under the Receivable Rights that are the subject of that Inter-Trust Sale Notice as assets of the Selling Trust (and the Receivable Rights will cease to be subject to the Selling Trust); and

(ii) the Issuer will hold the entire right, title and interest in, to and under the Receivable Rights that are the subject of that Inter-Trust Sale Notice as assets of the Buying Trust,

without the need for any further action on the part of any person.

Subject to anything to the contrary that may be specified in the relevant Inter-Trust Sale Notice, the relevant sale is intended to take economic effect:

(a) with respect to any amounts in the nature of principal owing under any Receivable Rights which are the subject of that sale, so that:

(i) the Selling Trust is entitled to those amounts (and continues to be exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued up to (and including) the Cut-Off Date; and

(ii) the Buying Trust is entitled to those amounts (and is exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued from (but excluding) the Cut-Off Date; and

(b) with respect to any amounts other than those in the nature of principal, owing under any Receivable Rights which are the subject of that sale, so that:

(i) the Selling Trust is entitled to those amounts (and continues to be exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued up to (but excluding) the Cut-Off Date; and

(ii) the Buying Trust is entitled to those amounts (and is exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued from (and including) the Cut-Off Date.

Subject to anything to the contrary that may be specified in the relevant Inter-Trust Sale Notice, as soon as reasonably practicable after the settlement of the relevant sale as described above, the Manager must direct the Issuer (in its capacity as trustee of the relevant Buying Trust and/or the relevant Selling

Trust) to make such payments as may be required to achieve the intended economic effect referred to above (each such payment an **Inter-Trust Sale Adjustment**).

It is not intended that the Trust will be a Buying Trust in respects of any Inter-Trust Sale Notice, but rather that all Receivable Rights to be acquired by the Trust on the Closing Date will be acquired directly from the Seller rather than from any other Silver Arrow Australia trust. See further Section 9.5.1 in relation to the acquisition of Receivable Rights by the Trust from the Seller.

The Trust may be a Selling Trust in respect of an Inter-Trust Sale Notice and certain Receivable Rights in the circumstance set out in Section 9.6.3.

### 9.1.5 The Issuer Fee and Expenses

The Issuer is entitled to be paid a fee for its services (the **Issuer Fee**) out of the assets of the Trust.

The Issuer is also entitled to be indemnified out of the assets of the Trust in respect of (among other things) all liabilities and expenses (including any money paid or to be paid for the employment or appointment of any agent) properly incurred in the exercise (or purported exercise) of its powers or the performance (or purported performance) of its duties or obligations under the Transaction Documents, provided that this indemnity does not apply to the extent of any fraud, negligence or wilful default on the part of the Issuer. See further Section 9.1.12.

### 9.1.6 Termination of the Issuer's appointment

(a) Subject in each case to paragraph (b):

(i) if the Manager determines, acting reasonably, that an Issuer Default has occurred, it may terminate the Issuer's appointment as trustee of the Trust by written notice to that effect to the Issuer; and

(ii) the Issuer may elect to resign as trustee of the Trust by giving not less than 90 days written notice to that effect to the Manager,

with each such notice being an **Issuer Termination Notice**.

(b) An Issuer Termination Notice will be effective to terminate the Issuer's appointment as trustee of the Trust and to terminate its powers, rights and obligations under the Transaction Documents (with the exception of those powers, rights and obligations which have unconditionally accrued on that date or which are expressed to survive any such termination) upon both of the following first being satisfied:

(i) a substitute Issuer being appointed as trustee of the Trust in accordance with the process described in Section 9.1.8; and

(ii) the assets of the Trust vesting in the substitute Issuer and the substitute Issuer assuming all rights and obligations of the Issuer under the Transaction Documents.

### 9.1.7 Issuer Default

Each of the following events is an **Issuer Default**, the occurrence of which will entitle the Manager to terminate the Issuer's appointment as trustee of the Trust in accordance with Section 9.1.6(a):

(a) an Insolvency Event in relation to the Issuer in its personal capacity;

(b) the Issuer is required by law to cease acting as trustee of the Trust;

(c) the Issuer ceases to carry on business as a professional trustee; and

(d) the Issuer breaches any material obligation under a Transaction Document and, if that breach is capable of remedy, fails to remedy that breach to the reasonable satisfaction of the Manager within 30 days' written notice from the Manager requiring that breach to be remedied.

**9.1.8 Substitute Issuer**

Upon issuing or receiving an Issuer Termination Notice in relation to the Trust in accordance with Section 9.1.6, the Manager must use commercially reasonable endeavours to promptly (and in any event within 90 days) appoint another person, in substitution for the Issuer, as trustee of the Trust, provided that the Manager may only make such an appointment if it the appointment is the subject of a Rating Affirmation Notice.

If, after 90 days of first being obliged to do so, the Manager is not successful in appointing another person, in substitution for the Issuer, as trustee of the Trust, the Issuer may appoint another person which carries on a reputable trustee business in Australia, in substitution for the Issuer, as trustee of the Trust.

**9.1.9 Allocation of Costs associated with termination of the Issuer**

If the Issuer's appointment as trustee of the Trust is terminated in accordance with Section 9.1.6:

(a) subject to paragraph (b) below, the terminated Issuer (in its personal capacity) must pay its own Costs incurred in complying with its post termination obligations and any such Costs will not be subject to indemnification as described in Section 9.1.12;

(b) in the event that the Issuer's appointment as trustee of the Trust is terminated:

(i) by the Manager due to an Issuer Default arising upon the Issuer being required by law to cease acting as trustee of the Trust; or

(ii) by the Issuer due to the Issuer having not been paid any amount owing to it pursuant to the Transaction Documents,

then, any Costs incurred by the terminated Issuer in complying with its post termination obligations, including in appointing the substitute Issuer, will be Expenses of that Trust; and

(c) any Costs incurred by the Manager in complying with its post termination obligations, including in appointing the Substitute Issuer, will be Expenses of the Trust.

**9.1.10 Limitation of the Issuer's Liability**

The Master Trust Deed contains provisions which regulate the Issuer's liability to Noteholders, other creditors of the Trust and any beneficiaries of the Trust. These provisions apply not only to the Issuer's liability under the Master Trust Deed, but also to the Issuer's liability under each other Transaction Document and the Notes. Those provisions provide as follows.

(a) The Issuer enters into each Transaction Document only in its capacity as trustee of the Trust and in no other capacity. A liability arising under or in connection with the Transaction Documents is limited to and can be enforced against the Issuer only to the extent to which it can be satisfied out of assets of the Trust out of which the Issuer is actually indemnified for

the liability. This limitation of the Issuer's liability applies despite any other provision of any Transaction Document (with the exception of paragraph (c) below) and extends to all liabilities and obligations of the Issuer in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents.

(b) The parties to each Transaction Document, other than the Issuer, may not sue the Issuer in any capacity other than as trustee of the Trust, including seek the appointment of a receiver (except in relation to assets of the Trust), a liquidator, an administrator or any similar person to the Issuer or prove in any liquidation, administration or arrangement of or affecting the Issuer (except in relation to assets of the Trust).

(c) The provisions described in this Section 9.1.10 limiting the Issuer's liability will not apply to any obligation or liability of the Issuer to the extent that it is not satisfied because under any Transaction Document or by operation of law there is a reduction in the extent of the Issuer's indemnification out of the assets of the Trust, as a result of the Issuer's fraud, negligence or wilful default.

### 9.1.11 Exoneration

For the purposes of the exception to the Issuer's limitation of liability as referred to in Section 9.1.10(c) above, action or inaction on the part of the Issuer will constitute fraud, negligence or wilful default on the part of the Issuer if such action or inaction is a result of:

(a) the Issuer being prohibited from performing any of its obligations under any Transaction Document due to any applicable law or an order of a Competent Authority;

(b) a failure by any person (other than the Issuer or its delegates) to perform any obligation imposed upon it under any Transaction Document;

(c) a misrepresentation on the part of any person (other than the Issuer or its delegates) under any Transaction Document;

(d) any Transaction Document, or any document entered into or delivered in connection with a Transaction Document, not being enforceable, valid, binding or admissible (unless the relevant document is not enforceable, valid, binding or admissible strictly due to an action or inaction on the part of the Issuer);

(e) the financial performance of, or return on, any asset of the Trust or any part of the Security Trust; and

(f) any error in any information, directions or advice provided to it by another person, including without limitation any information, directions or advice:

(i) derived from a register maintained by a person other than the Issuer;

(ii) which the Issuer is entitled to rely upon under any provision of any Transaction Document for that Trust; and

(iii) which is a communication from (or purporting to be from) a party to any Transaction Document or an authorised officer of such a party,

provided that where the loss arose as a result of the Issuer relying upon such information, or passing along such information to another person, the Issuer did so in accordance with the required standard of performance as set out in the Master Trust Deed.

### 9.1.12 Indemnity from assets of the Trust

(a) Subject to the other provisions of this Section 9.1.12, and:

(i) without prejudice to any right of indemnity given to it by law or equity; and

(ii) in addition to, and without prejudice to, any other indemnity in the Master Trust Deed or any other Transaction Document,

the Issuer is entitled to be indemnified out of the assets of the Trust in respect of:

(A) all liabilities and expenses (including any money paid or to be paid for the employment or appointment of any agent) properly incurred in the exercise (or purported exercise) of its powers or the performance (or purported performance) of its duties or obligations under or in relation to any Transaction Document; and

(B) all actions, proceedings, losses, Costs, damages, claims and demands arising in relation to any Transaction Document,

and the Issuer may from time to time retain and pay out of the assets of the Trust an amount to satisfy that indemnity, provided that such retention and payment may only be made in the order of priority specified in the Priorities of Payments.

(b) The indemnity in paragraph (a) above does not apply to the extent of any fraud, negligence or wilful default on the part of the Issuer.

(c) The references to Costs in paragraph (a) above includes all legal costs quantified in accordance with any written agreement as to legal costs or, if no such agreement was entered into, quantified on whichever of the following basis produces the greater result: a full indemnity basis or solicitor and own client basis. Such legal costs include those incurred by the Issuer in connection with any proceedings brought against it alleging fraud, negligence or wilful default on its part, provided that if the Issuer is ultimately found to be guilty of the alleged fraud, negligence or wilful default or it admits the same, it must repay any money received by it under the indemnity set out in paragraph (a) above.

Additionally, the Issuer will be indemnified out of the assets of the Trust, free of any set-off or counterclaim, against all Penalty Payments which the Issuer is required to pay personally or in its capacity as trustee of the Trust and arising in connection with the performance of its duties or exercise of its powers under the Transaction Documents.

### 9.1.13 Limitation on Unitholder and Noteholder rights

The Master Trust Deed provides that no Unitholder or Noteholder (in each case, acting in that capacity) has any right to:

(a) interfere with the operation of the Trust, the assets of the Trust or the Permissible Business Activities;

(b) take any action whatsoever concerning any assets of the Trust;

(c) seek the wind-up of the Issuer or the wind-up or termination of the Trust;

(d) seek to remove or replace any of the Issuer, the Manager or the Servicer;

(e) take any proceedings of any nature whatsoever in any court or otherwise or to obtain any remedy of any nature (including without limitation in respect of any assets of the Trust, the Issuer, the Manager, the Servicer or the Seller), provided that each Noteholder and Unitholder has an express and unconditional right to seek to compel each of the Issuer, the Manager and the Security Trustee (if relevant) to comply with any obligations owed by such person to the Noteholder or Unitholder (as the case may be) pursuant to the terms of the Transaction Documents;

(f) seek any recourse whatsoever against the Issuer (in its personal capacity) in respect of the Trust other than to the extent of the Issuer's fraud, negligence or wilful default; and

(g) seek any recourse whatsoever to any of the Servicer, the Seller or the Manager in respect of a breach by such person of its obligations under the Transaction Documents.

Notwithstanding any other provision of any Transaction Document or any contrary rule of law or equity, in the event of a conflict between the interests of (on the one hand) a Unitholder and (on the other hand) a Secured Creditor (including a Noteholder), the Issuer must give preference to the interests the Secured Creditor.

The obligations of the Issuer to the Noteholders as expressed in any Transaction Document are contractual obligations only and do not create any relationship of trustee or fiduciary between the Issuer and those Noteholders.

### 9.1.14 Termination of the Trust

The Trust terminates on the earliest to occur of:

(a) the day preceding the 80th anniversary of the date of constitution of the Trust;

(b) the date upon which the Trust terminates by operation of law; and

(c) the date of termination of the Trust as agreed between the Unitholders and the Manager, provided that on such date all assets of the Trust have been distributed in accordance with the Transaction Documents,

(such date being the **Vesting Date**).

### 9.1.15 Records and Financial Reporting

The Manager must keep accounting and other records which correctly record and explain the assets and financial position of the Trust, and all transactions entered into by the Issuer in a manner which will enable the preparation from time to time (and at least annually) of true and fair financial statements of the Trust and the auditing (at least once in each Financial Year) of the annual financial statements.

The Manager must cause the preparation of the financial statements for the Trust for each Financial Year of the Trust, in accordance with the generally accepted Australian accounting principles and practices (or such other principles and practices as the Manager, acting reasonably, determines) and ensure that those financial statements are audited by the auditor as at the end of each Financial Year.

The Issuer, acting on the directions of the Manager:

(a) must appoint an auditor for the Trust within a reasonable period of time following the creation of the Trust;

(b) may from time to time remove an auditor upon one month's written notice to the auditor and the Manager; and

(c) must appoint, in the place of any auditor removed, a new auditor for the Trust.

The initial auditor of the Trust is Deloitte.

### 9.1.16 Amendments

The Master Trust Deed may be amended only by written agreement between all parties to it, provided that the Issuer and the Manager may only concur in effecting an amendment of the Master Trust Deed in accordance with the amendment provisions set out in the Master Security Trust Deed, as to which see Section 9.2.16.

## 9.2 Master Security Trust Deed

The Silver Arrow Australia Trusts Master Security Trust Deed (the **Master Security Trust Deed**) was entered into each of the Issuer, the Security Trustee and the Manager on 5 June 2017.

The Master Security Trust Deed sets out a framework for the creation of an unlimited number of separate and distinct Silver Arrow Australia security trusts and the terms of appointment of the Security Trustee as trustee of those security trusts, including:

- the circumstances in which, and process by which, the Security Trustee may be replaced by a substitute security trustee;
- some rights, powers and obligations of the Security Trustee;
- a requirement that the Security Trustee be paid certain fees and reimbursed for various costs and expenses incurred by it;
- a right for the Security Trustee to be indemnified from the assets of the Security Trust; and
- certain limitations on the liability of the Security Trustee.

Some of these key provisions are described further below.

The Master Security Trust Deed is governed by the laws of New South Wales, Australia.

### 9.2.1 Creation of the Security Trust

The Master Security Trust Deed provides for the creation of an unlimited number of Silver Arrow Australia security trusts. Each Silver Arrow Australia security trust is a separate and distinct trust fund.

A trust known as the "Silver Arrow Australia 2019-1 Security Trust" (the **Security Trust**) was constituted upon the execution of the General Security Deed by each of the parties hereto and settlement of A$10 upon the Security Trustee to constitute the initial assets of the Security Trust.

Upon creating the Security Trust as described above, the Security Trustee declared that, on and from the date of such creation, it will hold the assets of the Security Trust (the **Security Trust Fund**) on trust for each of the Secured Creditors in accordance with, and subject to the terms of, each Transaction Document. The Security Trustee was therefore appointed as trustee of the Security Trust.

### 9.2.2 Delegation by the Security Trustee

The Master Security Trust Deed provides that the Security Trustee may employ agents and attorneys and may delegate any of its rights or obligations under the Transaction Documents without notifying any person of the delegation.

However, no act or omission of any agent or delegate appointed by the Security Trustee will constitute fraud, negligence or wilful default of the Security Trustee:

(a) unless the agent or delegate is a related entity of the Security Trustee;

(b) subject to paragraph (a), if the Security Trustee appoints the agent or delegate in good faith and using reasonable care, and the agent or delegate is not an officer, agent or employee of the Security Trustee;

(c) if the Security Trustee is obliged to appoint the agent or delegate pursuant to an express provision of a Transaction Document or pursuant to an instruction given to the Security Trustee in accordance with a Transaction Document; or

(d) if the Voting Secured Creditors consent to the appointment of the agent or to the delegation in accordance with the following paragraph.

Additionally, the Security Trustee has agreed that it will not delegate a material part of its rights or obligations under the Transaction Documents unless it has received the prior written consent of the Voting Secured Creditors by way of Extraordinary Resolution.

With the exception of any fees payable in respect of any agent or delegate appointed by the Issuer in the circumstances contemplated by paragraph (c) (which will be Expenses of the Trust), the Security Trustee (in its personal capacity) will be responsible for the payment of all fees which may be payable from time to time to any agent or delegate appointed by the Security Trustee and any such fees will not be subject to indemnification.

### 9.2.3 Knowledge of events

The Master Security Trust Deed provides the Security Trustee is only considered to have knowledge that an Event of Default has occurred if the officers of the Security Trustee who have the day to day responsibility for the administration of the Security Trust are actually aware that the Event of Default has occurred, or the Security Trustee has received notice from a Secured Creditor, the Manager or the Issuer that the Event of Default has occurred.

If the Security Trustee receives notice that an Event of Default has occurred or otherwise becomes actually aware that an Event of Default has occurred, it must promptly notify each of the Manager, the Issuer and the Secured Creditors if the occurrence of that Event of Default.

### 9.2.4 Powers

The Master Security Trust Deed provides that the Security Trustee has, in respect of the Security Trust, all powers necessary for, and incidental to, its entry into, and performance of, the Transaction Documents.

### 9.2.5 The Security Trustee's general undertakings

The Security Trustee covenants with the Issuer and the Manager, with the intent that the benefit of these covenants extends not only to the Issuer and the Manager, but also to the Secured Creditors of the Trust jointly and to each of them severally, that it will:

(a) act continuously as Security Trustee until the Security Trust is terminated in accordance with the Master Security Trust Deed or until its appointment as trustee of the Security Trust is terminated in accordance with the Master Security Trust Deed or at law;

(b) comply with all applicable laws;

(c) take all actions within its power which are necessary (including, without limitation, obtaining all such authorisations and approvals as are appropriate) to ensure that it is able to carry out its role as trustee of the Security Trust;

(d) retain the Security Trust Fund in safe custody and on trust for the Secured Creditors of the Trust upon the terms of the Transaction Documents;

(e) not sell, grant a Security Interest over or part with the possession of any of the Security Trust Fund (or permit any of its officers to do so) except as contemplated by, or pursuant to the operation of, the Transaction Documents;

(f) forward promptly to the Issuer, the Manager and the Voting Secured Creditors all notices, reports, circulars and other documents received by it as holder of the Security Trust Fund;

(g) act honestly and in good faith in the performance of its duties and in the exercise of its powers and discretions under the Transaction Documents;

(h) exercise such diligence and prudence as a prudent person of business would exercise in performing its express functions and in exercising its powers and discretions hereunder, having regard to the interests of the Secured Creditors;

(i) use all reasonable endeavours to carry on and conduct its business in so far as it relates to the Security Trust Fund and the Security Trust in a proper and efficient manner; and

(j) notify the Issuer, the Manager and the Voting Secured Creditors promptly after the Security Trustee becomes actually aware of the occurrence of any Security Trustee Default and at the same time or as soon as possible thereafter provide full details of such Security Trustee Default.

### 9.2.6 Enforcement of the Security

The Master Security Trust Deed provides that, if so instructed by the Voting Secured Creditors following the occurrence of an Event of Default, the Security Trustee must:

(a) give notice in writing to the Issuer declaring that all or some of Secured Money is immediately due and payable or due and payable by the Issuer on demand by the Security Trustee;

(b) appoint, or remove, a receiver under the General Security Deed;

(c) realise the Secured Property; and

(d) otherwise enforce or take steps to enforce the terms of the Master Security Trust Deed and the General Security Deed, or take such other action, in each case as directed by the Voting Secured Creditors.

All amounts of Secured Money received by the Security Trustee following enforcement of the Security (including all proceeds of realise the Secured Property) must be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments as further described in Section 8.4.2. See further Section 9.7.3 in relation to enforcement of the Security.

### 9.2.7 Release of Security

The Security Trustee is prohibited under the Master Security Trust Deed from, without consent of the Voting Secured Creditors by way of Extraordinary Resolution, releasing:

(i) the Security in full; or

(ii) any specified assets from any the Security,

unless required by law, or by the express terms of a Transaction Document, to do so.

### 9.2.8 Instructions from Voting Secured Creditors

Subject to any provision of a Transaction Document which expressly requires otherwise and except in respect of amounts due to the Security Trustee in its personal capacity, in exercising its powers under a Transaction Document (including any power to amend or vary any Transaction Document or to grant any consent or waiver):

(a) the Security Trustee must act (or refrain from acting) in accordance with the instructions of the Voting Secured Creditors; or

(b) in the absence of any instructions from the Voting Secured Creditors, the Security Trustee need not act but may act as it thinks fit in the best interests of the Secured Creditors as a whole.

The Security Trustee must act in the interests of the Secured Creditors on the terms and conditions of the Transaction Documents. In the event of a conflict between the interests of the Voting Secured Creditors and the other Secured Creditors, the Security Trustee is empowered to, and must, give preference to the interests of the Voting Secured Creditors. Any action taken by the Security Trustee under and in accordance with the Master Security Trust Deed or any other Transaction Document is binding on all Secured Creditors.

### 9.2.9 The Security Trustee Fees

The Security is entitled to be paid a fee by the Issuer for its services (the **Security Trustee Fee**).

### 9.2.10 Termination of the Security Trustee's appointment

(a) Subject in each case to paragraph (b):

(i) if the Manager determines, acting reasonably, that a Security Trustee Default has occurred, it may terminate the Security Trustee's appointment as trustee of the Security Trust by written notice to that effect to the Security Trustee;

(ii) the Voting Secured Creditors may, at any time, determine by way of Extraordinary Resolution that the Security Trustee's appointment as trustee of the Security Trust is to be terminated. Promptly following the Manager becoming aware that Voting Secured Creditors have passed such an Extraordinary Resolution, the Manager must terminate the Security Trustee's appointment as trustee of that Security Trust by written notice to that effect to the Security Trustee; and

(iii) the Security Trustee may elect to resign as trustee of a Security Trust by giving not less than 90 days' written notice to that effect to the Manager,

with each such notice being a **Security Trustee Termination Notice**.

(b) A Security Trustee Termination Notice will be effective to terminate the Security Trustee's appointment as trustee of the Security Trust and to terminate its Powers and obligations under the Transaction Documents (with the exception of those Powers and obligations which have unconditionally accrued on that date or which are expressed to survive any such termination) upon both of the following first being satisfied:

(i) a substitute Security Trustee being appointed as trustee of the Security Trust in accordance with the process described in Section 9.2.12; and

(ii) the Security Trust Fund vesting in the substitute Security Trustee and the substitute Security Trustee assuming all rights and obligations of the Security Trustee under the Transaction Documents.

### 9.2.11 Security Trustee Default

Each of the following events is a **Security Trustee Default**, the occurrence of which will entitle the Manager to terminate the Security Trustee's appointment as trustee of the Security Trust in accordance with Section 9.2.10(a):

(a) an Insolvency Event in relation to the Issuer in its personal capacity;

(b) the Security Trustee is required by law to cease acting as trustee of the Security Trust;

(c) the Security Trustee ceases to carry on business as a professional trustee; and

(d) the Security Trustee breaches any material obligation under a Transaction Document and, if that breach is capable of remedy, fails to remedy that breach to the reasonable satisfaction of the Manager or the Issuer (as the case may be) within 30 days' written notice from the Manager or the Issuer requiring that breach to be remedied.

### 9.2.12 Substitute Security Trustee

Upon issuing or receiving a Security Trustee Termination Notice in relation to the Security Trust in accordance with Section 9.2.10, the Manager must use commercially reasonable endeavours to appoint another person which carries on a reputable trustee business in Australia, in substitution for the Security Trustee, as trustee of the Security Trust, provided that the Manager may only make such an appointment if the appointment is the subject of a Rating Affirmation Notice.

If, after 90 days of first being obliged to do so, the Manager is not successful in appointing another person, in substitution for the Security Trustee, as trustee of the Security Trust, the Security Trustee may appoint another person which carries on a reputable trustee business in Australia, in substitution for the Security Trustee, as trustee of the Security Trust.

### 9.2.13 Allocation of Costs associated with termination of the Security Trustee

If the Security Trustee's appointment as trustee of the Security Trust is terminated in accordance with Section 9.2.10:

(a) subject to paragraph (b) below, the terminated Security Trustee (in its personal capacity) must pay its own Costs incurred in complying with its post termination obligations and any such Costs will not be subject to indemnification;

(b) in the event that the Issuer's appointment as trustee of the Trust is terminated by the Manager due to an Security Trustee Default then, any Costs incurred by the terminated Issuer in complying with its post termination obligations, including in appointing the substitute Issuer, will be Expenses of that Trust; and

(c) any Costs incurred by the Manager in complying with its post termination obligations, including in appointing the Substitute Issuer, will be Expenses of the Trust.

### 9.2.14 Limitation of the Security Trustee's Liability

The Master Security Trust Deed contains provisions which regulate the Security Trustee's liability to Secured Creditors (including Noteholders and any beneficiaries of the Security Trust). These provisions apply not only to the Security Trustee's liability under the Master Security Trust Deed, but also to the Security Trustee's liability under each other Transaction Document. Those provisions provide as follows.

(a) The Security Trustee enters into each Transaction Document only in its capacity as trustee of the Security Trust and in no other capacity. A liability arising under or in connection with the Transaction Documents is limited to and can be enforced against the Security Trustee only to the extent to which it can be satisfied out of assets of the Security Trust Fund out of which the Security Trustee is actually indemnified for the liability. This limitation of the Security Trustee's liability applies despite any other provision of any Transaction Document and extends to all liabilities and obligations of the Security Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents.

(b) The parties each Transaction Document, other than the Security Trustee, may not sue the Security Trustee in any capacity other than as trustee of the Security Trust, including seek the appointment of a receiver (except in relation to the Security Trust Fund), a liquidator, an administrator or any similar person to the Security Trustee or prove in any liquidation, administration or arrangement of or affecting the Security Trustee (except in relation to the Security Trust Fund).

(c) The provisions described in this Section 9.2.14 limiting the Security Trustee's liability will not apply to any obligation or liability of the Security Trustee to the extent that it is not satisfied because under any Transaction Document or by operation of law there is a reduction in the extent of the Security Trustee's indemnification out of the Security Trust Fund of the Security Trust, as a result of the Security Trustee's fraud, negligence or wilful default.

### 9.2.15 Exoneration

For the purposes of the exception to the Security Trustee's limitation of liability as referred to in Section 9.2.14(c) above, action or inaction on the part of the Security Trustee will not constitute fraud, negligence or wilful default on the part of the Security Trustee if such action or inaction is a result of:

(a) the Security Trustee being prohibited from performing any of its obligations under any Transaction Document due to any applicable law or an order of a Competent Authority;

(b) a failure by any person (other than the Security Trustee or its delegates) to perform any obligation imposed upon it under any Transaction Document;

(c) a misrepresentation on the part of any person (other than the Security Trustee or its delegates) under any Transaction Document;

(d) any Transaction Document, or any document entered into or delivered in connection with a Transaction Document, not being enforceable, valid, binding or admissible (unless the relevant document is not enforceable, valid, binding or admissible strictly due to an action or inaction on the part of the Security Trustee);

(e) the financial performance of, or return on, any asset of the Trust or any part of the Security Trust Fund; and

(f) any error in any information, directions or advice provided to it by another person, including without limitation any information, directions or advice:

(i) derived from a register maintained by a person other than the Security Trustee;

(ii) which the Security Trustee is entitled to rely upon under any provision of any Transaction Document for that Trust; and

(iii) which is a communication from (or purporting to be from) a party to any Transaction Document or an authorised officer of such a party,

provided that where the loss arose as a result of the Security Trustee relying upon such information, or passing along such information to another person, the Security Trustee did so in accordance with the required standard of performance as set out in the Master Security Trust Deed.

Additionally, the Master Security Trust Deed provides that the Security Trustee does not have any obligation to take action under any Transaction Document or exercise any Power until it is first indemnified to its satisfaction in accordance with the Master Security Trust Deed.

**9.2.16 Amendment of Transaction Documents**

The Master Security Trust Deed sets out a regime that governs the ability of the Issuer, Manager and Security Trustee to make amendments to all Transaction Documents. That regime operates as follows.

(a) **Power to make voluntary amendments to Transaction Documents -** Subject to the paragraphs below, each of the Issuer, the Manager and the Security Trustee may (without the need to obtain any prior consent from any Secured Creditor, Noteholder or Unitholder), by written agreement, amend, add to or revoke any provision of the Maser Security Trust Deed or any other Transaction Document to which it is a party if the amendment, addition or revocation:

(i) in the opinion of the Issuer or of a barrister, solicitor or tax accountant instructed by the Manager, the Issuer or the Security Trustee is necessary or expedient to comply with the provisions of any statute, with the requirement of any Governmental Agency or with any decision by any court (including, without limitation, the imposition of any Tax, any amendment to any statute or regulation imposing a Tax, the issue of or

amendment to any ruling by the Commissioner or Deputy Commissioner of Taxation or the issue of any government announcement or statement or the handing down of any decision by any court that has or may have the effect of altering the manner or basis of taxation of trusts generally or of trusts similar to the Trust);

(ii) in the opinion of the Issuer is made to correct a manifest error or is of a formal, technical or administrative nature only;

(iii) relates only to a Silver Arrow Australia trust and/or a security trust not yet constituted; or

(iv) in the opinion of the Manager, is desirable for any reason.

(b) **Amendments prejudicial to Unitholders or Noteholders -** If in the reasonable opinion of the Issuer any amendment, addition or revocation referred to in paragraph (a)(iv) above is likely to be materially prejudicial to the interests of:

(i) all Unitholders or a particular class of Unitholders, the amendment, addition or revocation may only be effected if all Unitholders or that particular class of Unitholders, as the case may be, agrees in writing to such amendment, addition or revocation; or

(ii) all Noteholders or a particular Class of Noteholders, the amendment, addition or revocation may only be effected if all Noteholders or the particular Class of Noteholders, as the case may be, of the Trust pass an Extraordinary Resolution approving such amendment, addition or revocation.

For the purposes of this paragraph (b), the Issuer and the Security Trustee may each rely upon conclusively on a certification received by it from the Manager as to whether or not, in the Manager's opinion, the relevant amendment, addition or revocation referred to in paragraph is likely to be materially prejudicial to the interests of all, or a particular class of, Unitholders or to the interests of all, or a particular Class of, Noteholders.

(c) **Rating Affirmation Notice -** Neither the Issuer nor the Security Trustee may amend, add to or revoke any provision of the Master Security Trust Deed or any other Transaction Document to which it is a party, unless the Manager issues a Rating Affirmation Notice (extending to all rated Notes) in relation to the proposed amendment, addition or revocation.

(d) **No variation may contradict Transaction Documents -** Neither the Issuer nor the Security Trustee may amend, add to or revoke any provision of the Master Security Trust Deed or any other Transaction Document in relation to the Trust to which it is a party where such amendment, addition or revocation requires the consent of another party under any Transaction Document and such consent has not been obtained in accordance with the provisions of the relevant Transaction Document.

(e) **Power to make obligatory amendments to Transaction Documents**

Notwithstanding the other provisions of this Section 9.2.16 but subject to:

(i) the other provisions of this paragraph (e);

(ii) any consent or approval required by law; and

(iii) the Manager issuing a Rating Affirmation Notice in relation to the proposed amendment, addition or revocation,

the Issuer, the Security Trustee and the Manager may (and if directed to do so in writing by the Manager, the Issuer and the Security Trustee must), by written agreement, amend, add to or revoke any provision of the Master Security Trust Deed or any other Transaction Document to which it is a party, where such amendment, addition or revocation is requested by the Manager to take into account any changes in the ratings criteria of the Rating Agencies.

For the avoidance of doubt in exercising the power to amend, add to or revoke any provision of the Master Security Trust Deed or any other Transaction Document pursuant to this paragraph (e), neither the Issuer, the Security Trustee nor the Manager is required to give consideration to any of the matters referred to in paragraphs (a) – (c) above and none of paragraphs (a) – (c) above apply to limit any such exercise of power.

Neither the Issuer nor the Security Trustee will be obliged to concur in and give effect to any amendment to, addition to, or revocation of any provision of the Master Security Trust Deed or any other Transaction Document in relation to the Trust in accordance with this paragraph (e):

(i) unless the Issuer's and/or the Security Trustee's (as the case may be) liability is limited in a manner satisfactory to the Issuer and/or the Security Trustee (as the case may be) in its absolute discretion; or

(ii) if to do so would:

A. impose additional obligations on the Issuer and/or the Security Trustee (as the case may be) which are not provided for or contemplated by the Transaction Documents;

B. adversely affect the Issuer's and/or the Security Trustee's (as the case may be) rights under the Transaction Documents; or

C. result in the Issuer and/or the Security Trustee (as the case may be) being in breach of any applicable law.

(f) **Amendments to specific Transaction Documents -** An amendment to, addition to, or revocation of any provisions of any of the Master Security Trust Deed, the Master Trust Deed, the Master Management Deed, the Master Servicing Deed or the Master Sale Agreement, in so far as it applies to the Trust, which is purported to be made through the Trust Supplement or the General Security Deed is not considered to be an amendment to, addition to or revocation of that provision for the purposes of any other provision of this Section 9.2.16 and can be made without a consideration of any of the matters in any other provision of this Section 9.2.16.

**9.2.17 General indemnity from Security Trust Fund**

(a) Subject to the other provisions of this Section 9.2.17, and:

(i) without prejudice to any right of indemnity given to it by law or equity; and

(ii) in addition to, and without prejudice to, any other indemnity in the Master Security Trust Deed or any other Transaction Document,

the Security Trustee is entitled to be indemnified out of the Security Trust Fund in respect of:

(A) all liabilities and expenses (including any money paid or to be paid for the employment or appointment of any agent) properly incurred in the exercise (or purported exercise) of its powers or the performance (or purported performance) of its duties or obligations under or in relation to any Transaction Document; and

(B) all actions, proceedings, losses, Costs, damages, claims and demands arising in relation to any Transaction Document,

and the Security Trustee may from time to time retain and pay out of any money recovered under the Master Security Trust Deed and the General Security Deed or otherwise forming part of the Security Trust Fund an amount to satisfy that indemnity, provided that such retention and payment may only be made in the order of priority and on the dates specified in the Priorities of Payments.

**9.2.18 Security Trustee Costs**

The Issuer has agreed to pay or reimburse the Security Trustee:

(a) for all Costs and expenses incurred by the Security Trustee in connection with:

(i) the negotiation, preparation, execution and registration of (including the payment of any Taxes relating to any of the foregoing) the Master Security Trust Deed or any other Transaction Document; and

(ii) the general ongoing administration of the Master Security Trust Deed or any other Transaction Document, including without limitation any such Costs and expenses incurred by the Security Trustee in considering and granting any consent, certification, waiver, discharge, release or amendment;

(b) for all Costs and expenses incurred by the Security Trustee and/or any receiver, attorney, manager, agent or other person appointed by the Security Trustee under the Master Security Trust Deed or the General Security Deed in the exercise (or purported exercise or consideration of such exercise) of the powers or the performance (or purported performance or consideration of such exercise) of its duties or obligations under the Transaction Documents;

(c) for all Costs and expenses incurred by the Security Trustee and/or any receiver, attorney, manager, agent or other person appointed by the Security Trustee under the Master Security Trust Deed or the General Security Deed in enforcing or preserving its rights under any Transaction Document, including without limitation, any such Costs incurred in:

(i) connection with an Event of Default;

(ii) obtaining legal advice in relation to the contemplated enforcement or preservation of such rights; or

(iii) the initiation, defence, carriage and settlement of any action, suit or dispute in respect of any such rights or generally in relation to the Trust or any Transaction Document for the Trust; and

(d) for all Taxes (including fines and penalties relating thereto) paid or payable in connection with the execution, delivery, performance or enforcement of the Master Security Trust Deed or the General Security Deed or any transaction contemplated thereunder.

### 9.3 Master Management Deed

The Silver Arrow Australia Trusts Master Management Deed (the **Master Management Deed**) was entered into by each of the Issuer and the Manager on 5 June 2017 and was amended by a deed of amendment dated 31 August 2018.

The Master Management Deed sets out the terms of appointment of MBFSA as manager of the Trust, including:

- the circumstances in which, and process by which, the Manager may be replaced by a substitute manager;
- some rights, powers and obligations of the Manager;
- a requirement that the Manager be paid certain fees and reimbursed for various costs and expenses incurred by it; and
- certain limitations on the liability of the Manager.

Some of these key provisions are described further below.

The Master Management Deed is governed by the laws of New South Wales, Australia.

#### 9.3.1 Duties, Powers and Discretions of the Manager

Under the Master Management Deed, the Manager has agreed to manage the Permissible Business Activities of the Trust, including by:

(a) directing the Issuer to take, or refrain from taking, action as and when required in order to comply with its obligations and exercise its rights and discretions under the Transaction Documents;

(b) managing the Trust Account for the Trust;

(c) maintaining appropriate records and documentation in respect of the assets and liabilities of the Trust and all payments and receipts by the Trust; and

(d) performing all calculations as may be necessary for the Issuer to make payments as and when required by the Transaction Documents for the Trust (other than any such calculations which are expressed by any Transaction Document to be the obligation of any other person).

Accordingly, the Master Management Deed provides that the Manager has all such powers as it may require to perform the obligations expressed to be imposed upon it under the Transaction Documents, and, subject to any contrary intention in any Transaction Document, has absolute discretion in the exercise of any power.

In complying with any obligations and exercising such powers the Manager must:

(a) do so in accordance with the standard of care of a prudent business person; and

(b) exercise such skill, care and diligence as the Manager does in managing securitisation special purpose vehicles other than the Trust.

### 9.3.2 Reliance upon advice and communications

For the purpose of complying with any obligations expressed to be imposed upon it in, or exercising any power, authority or discretion vested in it under, any Transaction Document, the Manager is entitled to engage (as an Expense of the Trust) any lawyers, accountants or other experts and rely on any opinion, advice or information obtained from them, without liability for loss.

Similarly, the Master Management Deed permits the Manager to rely on (without any further enquiry) any document, advice, notice or other communication supplied to it in accordance with any Transaction Document which the Manager, acting reasonably, believes to be genuine.

### 9.3.3 Delegation by the Manager

The Manager may delegate any part of its obligations under the Transaction Documents to any person as it may so choose. In appointing a delegate, the Manager must act in a manner which is consistent with the standard of performance set out in Section 9.3.1. If the Manager does appoint a delegate, the Manager will at all times remain responsible for, among other things, the performance of any obligations which have been delegated to the delegate.

### 9.3.4 The Manager Fee and Expenses

In consideration of the Manager performing its obligations under the Transaction Documents, the Issuer must pay the Manager a fee (the **Manager Fee**).

Additionally, the Issuer has agreed to indemnify the Manager (from the assets of the Trust) for certain costs and expenses incurred by the Manager in connection with its role, including all costs reasonably and properly incurred by the Manager in complying with the Transaction Document. All such indemnity amounts are payable as Expenses of the Trust in accordance with the Priorities of Payments.

### 9.3.5 Termination of the Manager's appointment

(a) Subject to paragraph (b) below,

(i) if the Issuer determines, acting reasonably, that a Manager Default has occurred, it may terminate the Manager's appointment as manager by written notice to that effect to the Manager; and

(ii) the Manager may elect to terminate its appointment as manager by giving not less than 90 days' written notice to that effect to the Issuer,

with each such notice being a **Manager Termination Notice.**

(b) A Manager Termination Notice will be effective to terminate the Manager's appointment as manager of the Trust and to terminate its powers, rights and obligations under the Transaction Documents (with the exception of those powers, rights and obligations which have unconditionally accrued on that date or which are expressed to survive any such termination) upon the earlier of:

(i) both of the following first being satisfied:

A. a substitute Manager being appointed as manager of the Trust in accordance with the process described in Section 9.3.7 below; and

B. the substitute Manager assuming all rights and obligations of the Manager under the Transaction Documents; and

(i) the date falling 90 days after the Manager Termination Notice is issued or received by the Issuer.

**9.3.6 Manager Default**

Each of the following events is a **Manager Default**, the occurrence of which will entitle the Issuer to terminate the Manager's appointment as manager of the Trust in accordance with the provision described in Section 9.3.5(a)(i):

(a) an Insolvency Event in relation to the Manager;

(b) the Manager is required by law to cease acting as manager of the Trust; and

(c) the Manager breaches any material obligation under a Transaction Document and, if that breach is capable of remedy, fails to remedy that breach to the reasonable satisfaction of the Issuer (on the instruction of the Voting Secured Creditors) within 30 days' written notice from the Issuer requiring that breach to be remedied.

**9.3.7 Substitute Manager**

(a) Upon issuing or receiving a Manager Termination Notice, the Issuer and the Manager must each use commercially reasonable endeavours to appoint another person, in substitution for the Manager, as manager of the Trust, provided that the Issuer or Manager may only make such an appointment if the appointment is the subject of a Rating Affirmation Notice or if it is otherwise directed to do so by the Voting Secured Creditors.

(b) If, on the date falling 90 days after the Manager Termination Notice is issued or received by the Issuer, neither the Issuer nor the Manager has been successful in appointing another person, in substitution for the Manager, as manager of the Trust in accordance with paragraph (a) above:

(i) the Issuer must convene a meeting of Voting Secured Creditors, in accordance with the Meeting Provisions, at which another person may be appointed by Extraordinary Resolution of such Voting Secured Creditors, in substitution for the Manager, as manager of the Trust, and

(ii) the Issuer must act as manager of the Trust in accordance with the terms of the Transaction Documents until a substitute Manager is appointed for the Trust. The Issuer is entitled to receive the fee payable in accordance with Section 9.3.4 for the period during which the Issuer so acts.

(c) Notwithstanding paragraph (b)(ii) above, if a Manager Termination Notice is issued or received by the Issuer as a consequence of a Manager Default triggered by an Insolvency Event in relation to the Manager, the Issuer must act as manager of the Trust in accordance with the terms of the Transaction Documents until a substitute Manager is appointed. The Issuer is entitled to receive the fee payable in accordance with Section 9.3.4 for the period during which the Issuer so acts.

### 9.3.8 Allocation of Costs associated with termination of the Manager

If the Manager's appointment as manager of the Trust is terminated in accordance with Section 9.3.5, the terminated Manager must pay:

(a) its own Costs incurred in complying with its post termination obligations; and

(b) any Costs incurred by the Issuer in complying with its post termination obligations, including in appointing the substitute Manager,

and any such Costs will not be subject to indemnification and will not be Expenses of the Trust.

### 9.3.9 Limitation on Liability of Manager

The Manager will not be liable to the Issuer or any other person for any liability except in the event that the Manager has contributed to that liability due to its fraud, negligence or breach of its obligations under the Transaction Documents.

No action or inaction on the part of the Manager will constitute fraud, negligence or a breach of its obligations under the Transaction Documents on the part of the Manager to the extent that such action or inaction arises as a result of:

(a) the Manager being prohibited from performing any of its obligations under any Transaction Document for the Trust due to any applicable law or an order of a Competent Authority;

(b) a failure by any person (other than the Manager or its delegates) to perform any obligation imposed upon it under any Transaction Document;

(c) a misrepresentation on the part of any person (other than the Manager or its delegates) under any Transaction Document;

(d) any Transaction Document, or any document entered into or delivered in connection with a Transaction Document, not being enforceable, valid, binding or admissible (unless the relevant document is not enforceable, valid, binding or admissible strictly due to an action or inaction on the part of the Manager);

(e) any error in the Note Register or the Unit register;

(f) the financial performance of, or return on, any asset of the Trust or any part of the Security Trust; and

(g) any error in any information, directions or advice provided to it by another person, including without limitation any information, directions or advice:

(i) derived from a register maintained by a person other than the Manager;

(ii) which the Manager is entitled to rely upon under any provision of any Transaction Document;

(iii) which is a communication from (or purporting to be from) a party to any Transaction Document or an authorised officer of such a party;

provided that where the liability arose as a result of the Manager relying upon such information, or passing along such information to another person, the Manager did so in accordance with the required standard of performance as set out in Section 9.3.1.

### 9.4 Master Servicing Deed

The Silver Arrow Australia Trusts Master Servicing Deed (the **Master Servicing Deed**) was entered into by each of the Issuer, the Servicer and the Manager on 5 June 2017 and was amended by a deed of amendment dated 31 August 2018.

The Master Servicing Deed sets out the terms of appointment of Mercedes-Benz Financial Services Australia Pty Ltd as servicer of the Receivable Rights of the Trust, including:

- the circumstances in which, and process by which, the Servicer may be replaced by a substitute servicer;
- some rights, powers and obligations of the Servicer;
- a requirement that the Servicer be paid certain fees and reimbursed for various costs and expenses incurred by it; and
- certain limitations on the liability of the Servicer.

Some of these key provisions are described further below.

The Master Servicer Deed is governed by the laws of New South Wales, Australia.

#### 9.4.1 Duties, Powers and Discretions of the Servicer

Under the Master Servicing Deed, the Servicer has agreed to service the Receivable Rights forming part of the assets of the Trust, including by:

(a) subject to the proviso in paragraph (c) below, collecting all moneys due under the Receivables for the Trust;

(b) if it receives any money whatsoever relating to or arising from any Receivable Rights which are assets of the Trust, holding such money on trust for the Issuer and paying any such amounts to the Issuer. See further Section 9.6.6 in relation to this requirement;

(c) instituting and continuing litigation in respect of the collection of any amount owing under a Receivable which is then an asset of the Trust, provided that the Servicer is not required to do so if the Servicer has reasonable grounds for believing, based on advice from its legal advisers (either internal or external), that:

  (i) the Servicer is, or will be, unable to enforce the provisions of the Receivable under which such amount is owing; or

  (ii) the likely proceeds from such litigation, in light of the expenses in relation to the litigation, do not warrant such litigation; and

(d) maintaining accurate records for the Trust in respect of the Receivables and Related Collateral which are from time to time an asset of the Trust.

Accordingly, the Master Servicing Deed provides that the Servicer has all such powers as it may require to perform the obligations expressed to be imposed upon it under the Transaction Documents, and generally has absolute discretion in the exercise of any such power.

In complying with any obligations and exercising such powers the Servicer must:

(a) do so in accordance with the standard of care of a prudent business person; and

(b) exercise such skill, care and diligence as the Servicer does in servicing receivables other than the Receivables which are assets of the Trust.

**9.4.2 Reliance upon advice and communications**

For the purpose of complying with any obligations expressed to be imposed upon it in, or exercising any power, authority or discretion vested in it under, any Transaction Document, the Servicer is entitled to engage (as an Expense of the Trust) any lawyers, accountants or other experts and rely on any opinion, advice or information obtained from them, without liability for loss.

Similarly, the Master Servicing Deed permits the Servicer to rely on (without any further enquiry) any document, advice, notice or other communication supplied to it in accordance with any Transaction Document which the Servicer, acting reasonably, believes to be genuine.

**9.4.3 Delegation by the Servicer**

The Servicer may delegate any part of its obligations under the Transaction Documents to any person as it may so choose. In appointing a delegate, the Servicer must act in a manner which is consistent with the standard of performance set out in Section 9.4.1. If the Servicer does appoint a delegate, the Servicer will at all times remain responsible for, among other things, the performance of any obligations which have been delegated to the delegate.

**9.4.4 The Servicer Fee**

In consideration of the Servicer performing its obligations under the Transaction Documents, the Issuer must, at the direction of the Manager, pay the Servicer a fee (the **Servicer Fee**).

Additionally, the Issuer has agreed indemnify the Servicer (from the assets of the Trust) for certain costs and expenses incurred by the Servicer in connection with its role, including all costs reasonably incurred by the Servicer in complying with the Transaction Document. All such indemnity amounts are payable as Expenses of the Trust in accordance with the Priorities of Payments.

**9.4.5 Termination of the Servicer's appointment**

(a) Subject to paragraph (b) below,

(i) if the Issuer determines, acting reasonably, that a Servicer Default has occurred, it may terminate the Servicer's appointment as servicer by written notice to that effect to the Servicer; and

(ii) the Servicer may elect to terminate its appointment as Servicer by giving not less than 90 days' written notice to that effect to the Issuer and the Manager,

with each such notice being a **Servicer Termination Notice**.

(b) A Servicer Termination Notice will be effective to terminate the Servicer's appointment as servicer of the Trust and to terminate its powers, rights and obligations under the Transaction Documents (with the exception of those powers, rights and obligations which have unconditionally accrued on that date or which are expressed to survive any such termination) upon the earlier of:

(i) both of the following first being satisfied:

A. a substitute Servicer being appointed as servicer of the Trust in accordance with Section 9.4.7 below; and

B. the substitute Servicer assuming all rights and obligations of the Servicer under the Transaction Documents; and

(i) the date falling 90 days after the Servicer Termination Notice is issued or received by the Manager.

**9.4.6 Servicer Default**

Each of the following events is a **Servicer Default** , the occurrence of which will entitle the Issuer to terminate the Security Trustee's appointment as servicer of the Trust in accordance with the provisions detailed in Section 9.4.5(a)(i):

(a) an Insolvency Event occurs in relation to the Servicer;

(b) the Servicer is required by law to cease acting as servicer of the Trust;

(c) the Servicer fails to make any payment required of the Servicer within the time period specified in a Transaction Document and that failure is not remedied within 2 Business Days, unless the failure to pay is as a result of a system failure, in which case, the remedy period is 5 Business Days; and

(d) the Servicer breaches any material obligation under a Transaction Document (other than any breach which is the subject of paragraph (c) above) and, if that breach is capable of remedy, fails to remedy that breach to the reasonable satisfaction of the Issuer (on the instruction of the Voting Secured Creditors) within 30 days' written notice from the Issuer requiring that breach to be remedied.

**9.4.7 Substitute Servicer**

(a) Upon issuing or receiving a Servicer Termination Notice, the Issuer and the Manager must use commercially reasonable endeavours to appoint another person, in substitution for the Servicer, as servicer of the Trust, provided that the Issuer or Manager may only make such an appointment if it is the subject of a Rating Affirmation Notice or if it is otherwise directed to do so by the Voting Secured Creditors.

(b) If, on the date falling 90 days after the Servicer Termination Notice is issued or received by the Issuer, neither the Issuer nor the Manager has been successful in appointing another person, in substitution for the Servicer, as servicer of the Trust in accordance with paragraph (a) above:

(i) the Issuer must convene a meeting of Voting Secured Creditors, in accordance with the Meeting Provisions, at which another person may be appointed by Extraordinary Resolution of such Voting Secured Creditors, in substitution for the Servicer, as servicer of the Trust; and

(ii) the Issuer must act as servicer of the Trust in accordance with the terms of the Transaction Documents until a substitute Servicer is appointed for the Trust. The Issuer is entitled to receive the fee payable in accordance with Section 9.4.4 for the period during which the Issuer so acts.

(c) Notwithstanding paragraph (b)(ii) above, if a Servicer Termination Notice is issued or received by the Issuer as a consequence of a Servicer Default triggered by either (i) an Insolvency Event in relation to the Servicer or (ii) a breach which is the subject of the Servicer Default described in paragraph (c) of the definition of Servicer Default, the Issuer must act as servicer of the Trust in accordance with the terms of the Transaction Documents until a substitute Servicer is appointed. The Issuer is entitled to receive the fee payable in accordance with Section 9.4.4 for the period during which the Issuer so acts and its liability will be limited to the extent that it is unable to perform its obligations due to, among other things, a breach by the terminated Servicer, the state of affairs of the terminated Servicer's books and records or its inability to obtain sufficient files and records from the terminated Servicer.

**9.4.8 Allocation of Costs associated with termination of the Servicer**

If the Servicer's appointment as servicer of the Trust is terminated in accordance with Section 9.4.5, the terminated Servicer must pay:

(a) its own Costs incurred in complying with its post termination obligations; and

(b) any Costs incurred by the Issuer in complying with its post termination obligations, including in appointing the substitute Servicer,

and any such Costs will not be subject to indemnification and will not be Expenses of the Trust.

**9.4.9 Limitation on Liability of Servicer**

The Servicer will not be liable to the Issuer or any other person for any liability except in the event that the Servicer has contributed to that liability due to its fraud, negligence or breach of its obligations under the Transaction Documents.

No action or inaction on the part of the Servicer will constitute fraud, negligence or a breach of its obligations under the Transaction Documents on the part of the Servicer to the extent that such action or inaction arises as a result of:

(a) the Servicer being prohibited from performing any of its obligations under any Transaction Document for the Trust due to any applicable law or an order of a Competent Authority;

(b) a failure by any person (other than the Servicer or its delegates) to perform any obligation imposed upon it under any Transaction Document;

(c) a misrepresentation on the part of any person (other than the Servicer or its delegates) under any Transaction Document;

(d) any Transaction Document, or any document entered into or delivered in connection with a Transaction Document, not being enforceable, valid, binding or admissible (unless the relevant document is not enforceable, valid, binding or admissible strictly due to an action or inaction on the part of the Servicer);

(e) any error in any information, directions or advice provided to it by another person, including without limitation any information, directions or advice:

(i) derived from a register maintained by a person other than the Servicer;

(ii) which the Servicer is entitled to rely upon under any provision of any Transaction Document;

(iii) which is a communication from (or purporting to be from) a party to any Transaction Document or an authorised officer of such a party;

provided that where the liability arose as a result of the Servicer relying upon such information, or passing along such information to another person, the Servicer did so in accordance with the required standard of performance as set out in Section 9.4.1.

### 9.5 Master Sale Deed

The Silver Arrow Australia Trusts Master Sale Deed (the **Master Sale Deed**) was entered into by each of the Issuer, the Seller and the Manager on 5 June 2017 and was amended by a deed of amendment dated 31 August 2018.

The Master Sale Deed sets out the terms on which Mercedes-Benz Financial Services Australia Pty Ltd may sell the Receivable Rights of the Trust, including:

- the process for any such sale;
- some representations, warranties and obligations of the Seller, including representations and warranties in relation to the Receivable Rights; and
- arrangements for maintenance of the custody of the Underlying Agreements.

Each of these key provisions is described further below.

The Master Sale Deed is governed by the laws of New South Wales, Australia.

#### 9.5.1 Sale of Receivable Rights

The Master Sale Deed sets out the process by which the Seller will sell Receivable Rights to the Issuer on the Closing Date. That process is as follows.

The Manager will deliver a notice (each such notice being a **Sale Notice**) to the Issuer, which will constitute:

(a) a binding offer from the Seller to sell to the Issuer (in its capacity as trustee of the Trust), the Receivable Rights relating to the Receivables identified therein; and

(b) a direction from the Manager to the Issuer (in its capacity as trustee of the Trust) to accept that Sale Notice,

following which the Issuer must promptly (and in any event within one Business Day of receipt or such longer period as may be agreed between the Seller and the Issuer) accept that Sale Notice by counter-signing a copy thereof and providing it to the Seller and the Manager. Upon acceptance in the manner, the Sale Notice becomes an **Accepted Sale Notice** for the purposes of the Master Sale Deed and:

(a) subject to payment by the Issuer of the Purchase Price for that Accepted Sale Notice, the Seller agrees to sell, assign and transfer to the Issuer, on the Sale Date, the Seller's entire right, title and interest in, to and under the Receivable Rights relating to the Receivables identified in that Accepted Sale Notice; and

(b) the Issuer (in its capacity as trustee of the Trust) agrees to purchase from the Seller, the Seller's entire right, title and interest in, to and under the Receivable Rights relating to the Receivables identified in the Accepted Sale Notice.

Upon the payment by the Issuer of the Purchase Price, the agreement to sell, assign and transfer to the Issuer the Receivable Rights relating to the Receivables identified in the Accepted Sale Notice will take effect by way of absolute assignment and transfer on the Sale Date without the need for any further action on the part of any party.

Notwithstanding the foregoing, the sale of Receivable Rights will take effect initially in equity only and neither the Seller, the Issuer nor the Manager will notify any Customer of a sale other than in the circumstances contemplated by Section 9.5.4 below.

The intended economic effect of a sale of Receivable Rights by the Seller to the Issuer under the Master Sale Deed is as follows:

(a) with respect to any amounts in the nature of principal owing under any Receivable Rights which are the subject of that Sale, so that:

(i) the Seller is entitled to those amounts (and continues to be exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued up to (and including) the Cut-Off Date; and

(ii) the Trust is entitled to those amounts (and is exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued from (but excluding) the Cut-Off Date; and

(b) with respect to any amounts other than those in the nature of principal, owing under any Receivable Rights which are the subject of that Sale, so that:

(i) the Seller is entitled to those amounts (and continues to be exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued up to (but excluding) the Cut-Off Date; and

(ii) the Trust is entitled to those amounts (and is exposed to the risk of non-receipt of those amounts from the relevant Customer) to the extent that they accrued from (and including) the Cut-Off Date.

Accordingly, as soon as reasonably practicable after the Sale Date, the Manager must direct the Issuer (in its capacity as trustee of the Trust) and/or the Seller to make such payments as may be required to achieve the intended economic effect referred to above (each such payment a **Sale Adjustment**). Any such Sale Adjustments to be made by the Issuer will be made in accordance with any applicable provisions in the Transaction Documents including the Priorities of Payments.

### 9.5.2 Asset representations and warranties

In respect of each Receivable (and, where relevant, the Related Collateral and Underlying Agreement for that Receivable) which is sold by the Seller to the Issuer under the Master Sale Deed, the Seller represents and warrants that, as at each of the Cut-Off Date and the Sale Date:

(a) the Receivable and, where relevant, the Related Collateral or Underlying Agreement for that Receivable, complies in all respects with the Eligibility Criteria;

(b) the Customer's obligations under the Underlying Agreement for that Receivable are valid, legally binding and enforceable obligations in accordance with their terms, subject to stamping and any necessary registration and except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganisation, moratorium or trust or general principles of equity or other similar laws affecting creditors' rights generally;

(c) the Receivable and the Related Collateral are not subject to any right of set-off, counter-claim or similar defence;

(d) it is the sole legal and beneficial owner of the Receivable and Related Collateral, free and clear of any Security Interest;

(e) so far as the Seller is aware, at the time that the Underlying Agreement was entered into by the Customer, that Customer had legal capacity to enter into the Underlying Agreement and was not insolvent or bankrupt;

(f) so far as the Seller is aware, the Underlying Agreement was not entered into as a consequence of any conduct constituting fraud, misrepresentation, duress or undue influence by the Seller, its directors, officers or employees;

(g) it is entitled to sell and assign its interests in the Receivable and Related Collateral and all consents required, at law or under the terms of the Underlying Agreement, to be obtained in order for the assignment of the Receivable and/or Related Collateral to be effective have been obtained;

(h) the Underlying Agreement was entered into by the Seller in its ordinary course of business;

(i) at the time the Seller entered into the Underlying Agreement and at all times after that until immediately prior to the Sale Date for the Receivable, the Receivable and the related Underlying Agreement complied in all material respects with applicable laws;

(j) the Receivable has not been satisfied, cancelled, discharged or rescinded and, to the extent that the Underlying Agreement is a Loan Agreement, the Financed Vehicle relating to that Receivable has not been released from the Security Interest granted in favour of the Seller;

(k) it holds all documents necessary to enforce the provisions of the Underlying Agreement (including any Security Interest granted to it under or in relation thereto); and

(l) other than the relevant Underlying Agreement and documents entered into in accordance with the Underwriting Policy, there are no documents entered into between the Seller and the Customer or any other relevant party in relation to the Receivable which would qualify or vary the terms of the Receivable.

### 9.5.3 Repurchase of Receivable Rights

If any Receivables and related Receivable Rights are the subject of an any representation or warranty described in Section 9.5.2 which was incorrect when given by the Seller (an **Asset Representation Breach**), then the Seller must repurchase Receivables and related Receivable Rights from the Issuer by delivering a Repurchase Notice in respect of those Receivables and related Receivable Rights to the Issuer within 10 Business Days of becoming aware of such breach.

Additionally, the Seller is entitled to, at its option, repurchase Receivables and related Receivable Rights from the Issuer by delivering a Repurchase Notice to the Issuer from time to time in the limited circumstances described in Section 9.6.3 by delivering a notice (each such notice, a **Repurchase Notice**) in respect of those Receivables and related Receivable Rights to the Issuer.

In respect of any such Repurchase Notice, (A) the Issuer (as trustee of the Trust) has agreed to (subject to payment by the Seller of the applicable repurchase price) to extinguish in favour of the Seller or sell, reassign and retransfer to the Seller (as applicable) the Issuer's entire right, title and interest in, to and under the Receivable Rights relating to the Receivables identified in that Repurchase Notice and (B)

the Seller agrees to pay the Issuer the repurchase price on the repurchase date specified in that Repurchase Notice.

The repurchase by the Seller of any Receivable Rights which are the subject of an Asset Representation Breach in accordance with the foregoing will be the sole remedy of the Issuer, and will fully satisfy any claim which might otherwise be made by the Issuer, against the Seller in respect of that Asset Representation Breach.

### 9.5.4 Perfection of Title

If the Manager determines, acting reasonably, that either (A) an Insolvency Event has occurred in relation to the Seller or (B) if the Seller and the Servicer are the same entity, a Servicer Default has occurred (each such occurrence being a **Perfection of Title Event**), the Manager must promptly give written notice of that determination to each of the Issuer, the Seller, the Servicer and the Security Trustee.

Upon becoming aware of the occurrence of a Perfection of Title Event, the Issuer must, within 30 Business Days, take such action as may be reasonably required to perfect the Issuer's legal title to the Receivable Rights of the Trust. Without limitation, such action may include the provision of written notice (either in the name of the Issuer or in the name of the Seller by way of a power of attorney granted by the Seller to the Issuer for this purpose) to each Customer in relation to the Receivables comprised in those Receivable Rights of:

(a) a change in the details of the bank account into which they are required to make payment under the Underlying Agreement; and/or

(b) the sale of Receivables to the Issuer.

The Seller must pay any Costs of the Issuer in taking any such action.

### 9.5.5 Custody of the Underlying Agreements

The Issuer has appointed the Seller to retain custody of the Underlying Agreements and the Records for each Receivable sold to the Issuer in its capacity as trustee of the Trust (the Seller in such capacity, the **Custodian**). The Custodian is required to:

(a) maintain files containing copies (which may be in electronic form) of Underlying Agreements and Records relating to the Receivables of the Trust in accordance with standard safekeeping practices and in the same manner and to the same extent as it holds its own similar documents; and

(b) in relation to any copies (which may be in electronic form) of Underlying Agreements and Records relating to the Receivables of the Trust in its possession, mark or segregate the files containing those copies in a manner so as to enable the easy identification of them by the Issuer or any auditor.

The Issuer is required to promptly, terminate the Seller's appointment as Custodian if the Issuer becomes aware that a Custodian Default has occurred. Promptly following receipt of any such termination (and in any event within 15 Business Days), the Seller will assist the Issuer to transfer the relevant Underlying Agreements and the Records to such replacement custodian as may be nominated by the Issuer (which may include the Issuer). If the Seller's appointment as Custodian is terminated, the Seller must pay any Costs incurred by Seller or the Issuer in connection with a transfer the custodial arrangements.

For this purpose, the occurrence of any of the following will constitute a **Custodian Default**:

(a) an Insolvency Event in relation to the Seller;

(b) the Seller is required by law to cease acting as custodian of the Trust; and

(c) for so long as the Custodian is the Seller, the occurrence of a Perfection of Title Event.

### 9.5.6 Custodian Fee

In consideration of the Custodian performing its obligations under the Transaction Documents, the Issuer must, at the direction of the Manager, pay the Custodian a fee (the **Custodian Fee**).

### 9.5.7 Allocation of Costs associated with termination of the Seller's appointment as Custodian

If the Seller's appointment as Custodian of the Trust is terminated in accordance with Section 9.5.5 the terminated Seller must pay:

(a) its own Costs incurred in complying with its post termination obligations; and

(b) any Costs incurred by the Issuer in complying with its post termination obligations, including in appointing the replacement Custodian,

and any such Costs will not be subject to indemnification and will not be Expenses of the Trust.

## 9.6 Trust Supplement

The Silver Arrow Australia 2019-1 Trust Supplement is dated 23 October 2019 and between the Issuer, the Security Trustee, Seller, the Servicer, the Subordinated Loan Facility Provider and the Manager (the **Trust Supplement**).

The Trust Supplement sets out:

- certain periodic calculation and reporting obligations of the Manager;
- the methodology pursuant to which the Issuer is required to distribute the assets of the Trust, including the amounts paid by Customers in respect of the Receivables of the Trust;
- limitations on the Issuer's ability to purchase and sell Receivable Rights;
- provisions governing the establishment and use of the Trust Account;
- provisions governing the establishment and use of the General Reserve Fund;
- provisions governing the Subordinated Loan Facility;
- provisions governing remittance of Collections by the Servicer and the establishment and use of the Servicer Collateral Reserve Fund;
- provisions specifying the fees payable to certain parties to the Transaction Documents;
- arrangement in relation to the listing of the Class A Notes on the ASX and application for the repo-eligibility of the Class A Notes; and
- provisions governing meetings of Voting Secured Creditors.

Some of these key provisions are described further below.

The Trust Supplement is governed by the laws of New South Wales, Australia.

### 9.6.1 Monthly determinations and calculations

The Trust Supplement requires that on each Calculation Date, the Manager must make certain determinations and calculations. See Section 8.2.1.

### 9.6.2 Priorities of Payments

The Trust Supplement specifies the methodology pursuant to which the assets of the Trust are to be distributed. This methodology is generally referred to as the Priorities of Payments and is described in detail in Section 8.

### 9.6.3 Sale and purchase of Receivable Rights

The Trust Supplement limits the ability of the Issuer to sell any Receivable Rights (and the ability of the Manager and Seller to direct such a sale), including in connection with any repurchase of those Receivable Rights by the Seller, to the following circumstances:

(a) Receivable Rights may be repurchased by the Seller if they are the subject of an Asset Representation Breach or did not satisfy the Eligibility Criteria when acquired by the Issuer; and

(b) for the purpose of effecting an optional redemption of the Notes as permitted by Condition 5.3 or 5.4;

(c) if no Class A Notes remain outstanding on the date on which the sale occurs; or

(d) the Voting Secured Creditors have consented to the sale.

The Trust Supplement also limits the ability of the Issuer to purchase Receivable Rights. The Issuer is only permitted to do so on the Closing Date (and on no other date) by application of the issue proceeds of the Notes.

### 9.6.4 Trust Account

Before the Closing Date, the Issuer will open an interest bearing account (the **Trust Account**) with an ADI for the purpose of transacting the Permissible Business Activities and holding assets of the Trust in the form of cash.

The Trust Account will initially be opened and maintained with Australia and New Zealand Banking Group Limited. However, if Australia and New Zealand Banking Group Limited (or any replacement account bank thereof) is not or ceases to be an Eligible Bank, the Issuer must promptly (and in any event within 30 calendar days) open a new Trust Account with an ADI that is an Eligible Bank, transfer the balance of the current Trust Account to the new Trust Account and close the current Trust Account.

An ADI is an **Eligible Bank** for this purpose if it has assigned to it:

(a) a short term credit rating equal to or higher than F1 by Fitch or a long term credit rating equal to or higher than A by Fitch; and

(b) a short term credit rating equal to or higher than A-1 by S&P or a long term credit rating equal to or higher than A by S&P.

The Issuer is not permitted to (and the Manager must not direct the Issuer to):

(a) deposit any amount into the Trust Account which is not an asset of the Trust; or

(b) grant any security interest over the Trust Account other than as contemplated by the Transaction Documents.

### 9.6.5 Subordinated Loan Facility and General Reserve Fund

MBFSA (has agreed to provide the Issuer with a subordinated Australian dollar denominated credit facility (the **Subordinated Loan Facility**) for the purpose of funding a general liquidity reserve (the **General Reserve Fund**). As lender in respect of the Subordinated Loan Facility, MBFSA is referred to in this Information Memorandum as the **Subordinated Loan Facility Provider**.

The proceeds of each advance made to the Issuer under the Subordinated Loan Facility (each such advance being a **Subordinated Loan Facility Advance**) must be deposited by the Issuer into the Trust Account, and all amounts so deposited must be allocated by the Manager to a separate reserve fund (the **General Reserve Fund**). The Manager is required to maintain a ledger of all amounts credited and debited to and from the General Reserve Fund (such ledger being the **General Reserve Ledger**).

On or before the Closing Date, the Subordinated Loan Facility Provider will make a Subordinated Loan Facility Advance to the Issuer equal to the General Reserve Required Amount (calculated as at the Closing Date) for the purpose of establishing the General Reserve Fund.

The **General Reserve Required Amount** is:

(a) subject to paragraph (b), A$5,800,000; or

(b) A$0.00, if on the relevant Payment Date, either:

(i) all of the Class A Notes have been redeemed in full (or will, on that Payment Date, be redeemed in full); or

(ii) the aggregate Receivable Principal Amount Outstanding of all Receivables of the Trust is A$0 on the last day of the Collection Period immediately preceding that Payment Date.

On each Payment Date, the Issuer is required to:

(a) first, apply the then full amount of the General Reserve Fund (as evidenced by the General Reserve Fund Ledger) as part of the Available Distribution Amount for that Payment Date in accordance with the Pre-Enforcement Priority of Payments; and

(b) subsequently, replenish the General Reserve Fund by depositing into the Trust Account so much of the Available Distribution Amount as is available for that purpose on that Payment Date in accordance with paragraph (h) of the Pre-Enforcement Priority of Payments and allocating the amount so deposited to the General Reserve Fund.

To the extent that on any Payment Date before the date of enforcement of the Security the General Reserve Fund is (after taking into account all amounts required to be allocated by the Issuer to the General Reserve Fund on that date as described above) less than the General Reserve Required Amount, the Subordinated Loan Facility Provider must make a further Subordinated Loan Facility Advance to the Issuer by depositing a sufficient amount into the Trust Account such that the balance of the General Reserve Fund will not be less than General Reserve Required Amount.

Each Subordinated Loan Facility Advance accrues interest on a daily basis on so much of it as is outstanding at a rate of 5.0% per annum.

The Issuer must:

(a) pay interest on each Subordinated Loan Facility Advance on each Payment Date before enforcement of the Security by paying to the Subordinated Loan Facility Provider so much of the Available Distribution Amount as is available for that purpose on that Payment Date in accordance with paragraph (l) of the Pre-Enforcement Priority of Payments;

(b) repay each Subordinated Loan Facility Advance on each Payment Date before enforcement of the Security by paying to the Subordinated Loan Facility Provider so much of the Available Distribution Amount as is available for that purpose on that Payment Date in accordance with paragraph (m) of the Pre-Enforcement Priority of Payments; and

(c) if not otherwise repaid prior to that date, repay each Subordinated Loan Facility Advance in full on the Maturity Date.

On enforcement of the Security, the entire amount of each Subordinated Loan Facility Advance and all interest on each Subordinated Loan Facility Advance will be immediately due and payable in accordance with the Post-Enforcement Priority of Payments

### 9.6.6 Servicer Collateral Reserve Fund and Remittance of Collections

Before the Closing Date, the Issuer will open an interest bearing account (the **Servicer Collateral Reserve Account**) with an ADI for the purpose of holding the a reserve fund to collateralise certain obligations of the Servicer (the **Servicer Collateral Reserve Fund**). The Manager is required to maintain a ledger of all amounts credited and debited to and from the Servicer Collateral Reserve Fund (such ledger being the **Servicer Collateral Reserve Ledger**).

The Servicer Collateral Reserve Account will initially be opened and maintained with Australia and New Zealand Banking Group Limited. However, if Australia and New Zealand Banking Group Limited (or any replacement account bank thereof) is not or ceases to be an Eligible Bank, the Issuer must promptly (and in any event within 30 calendar days) open a new Servicer Collateral Reserve Account with an ADI that is an Eligible Bank, transfer the balance of the current Servicer Collateral Reserve Account to the new Servicer Collateral Reserve Account and close the current Servicer Collateral Reserve Account.

The Issuer is not permitted to (and the Manager must not direct the Issuer to):

(a) deposit any amount into the Servicer Collateral Reserve Account which is not comprised in the Servicer Collateral Reserve Fund; or

(b) grant any security interest over the Servicer Collateral Reserve Account other than as contemplated by the Transaction Documents.

On and from the Closing Date, the Servicer must collateralise its obligation to deposit Collections into the Trust Account by depositing sufficient funds into the Servicer Collateral Reserve Account from time to time, so as to ensure that at all times the Servicer Collateral Reserve Fund is not less than the Servicer Collateral Required Amount.

No amount of the Servicer Collateral Reserve Fund may be withdrawn by the Issuer from the Servicer Collateral Reserve Account and applied for any purpose other than (in each case, at the direction of the Manager):

(a) for the purpose of transferring the Servicer Collateral Reserve Fund to a replacement Servicer Collateral Reserve Account;

(b) for the purpose of returning the Servicer Collateral Reserve Fund to the Servicer (which the Manager must direct the Issuer to do), to the extent that it exceeds the Servicer Collateral Required Amount; and/or

(c) on the Payment Date immediately following the occurrence of a Servicer Payment Default, in which case an amount equal to the lesser of:

(i) the then Servicer Collateral Reserve Fund; and

(ii) the aggregate amount of unperformed obligations of the Servicer which give rise to the Servicer Payment Default,

will be deemed to be Collections (**Deemed Collections**) for the preceding Collection Period and applied by the Issuer in accordance with the Priorities of Payments,

and, to the extent of each such application of amounts from the Servicer Collateral Reserve Fund, the Manager must record a corresponding debit in the Servicer Collateral Reserve Ledger.

For so long as the Servicer Collateral Reserve Fund is at least equal to the Servicer Collateral Required Amount and no Servicer Default has occurred, the Servicer will be entitled to retain all Collections received in respect of the Receivable Rights until the Business Day immediately before the Payment Date following the Collection Period in which the money was received (and failure to remit Collections within this period will constitute a **Servicer Payment Default**). Otherwise, the Servicer will be required to transfer all such Collections to the Trust Account within 2 Business Days of receipt. In either circumstance, the amount of Collections that the Servicer is required to remit to the Trust Account will be net of any Recovery Costs reasonably incurred.

For this purpose, **Servicer Collateral Required Amount** means, in respect of the Closing Date and each Payment Date (and each day from that date to (but excluding) the next Payment Date), an amount equal to the product of:

(a) for so long any of the conditions set out in paragraph (b) below is not satisfied, the product of:

(i) 1.25; and

(ii) the sum of:

A. the amount of instalments scheduled to be received on all Receivables of the Trust during the then current Collection Period (with such amount being determined on the preceding Calculation Date (or, in the case of the Closing Date, on the Closing Date)); and

B. the product of:

I. aggregate Note Principal Amount Outstanding of all Notes on the preceding Calculation Date (or, in the case of the Closing Date, on the Closing Date); and

II 14/12 per cent; and

(b) for so long only as each of the following conditions is satisfied:

(i) Daimler AG is rated at least BBB by Fitch;

(ii) Daimler AG is rated at least BBB by S&P; and

(iii) Daimler AG owns, directly or indirectly, 100% of the share capital of the Servicer,

A$0.00,

or, in each case, such other amount as may be agreed between the Servicer and the Manager from time to time and notified to each of the Issuer and the Rating Agencies by the Servicer and in respect of which a Rating Affirmation Notice has been issued.

### 9.6.7 RBA repo eligibility

The Manager has undertaken to make an application to the Reserve Bank of Australia (**RBA**) for the purposes of qualifying the Class A Notes as "eligible securities" that may be lodged as collateral in relation to a repurchase agreement entered into with the RBA and, if that application is successful, to take such other action that the Manager may determine is commercially reasonable and in line with current market practice to maintain the "eligible securities" status of the Class A Notes.

### 9.6.8 ASX Listing

The Manager may (in its sole discretion) after the Closing Date, make an application for the Class A Notes to be listed on the Australian Securities Exchange.

### 9.6.9 Amendment

The Trust Supplement may be amended only by written agreement between all parties to it, provided that the Issuer and the Manager may only concur in effecting an amendment of the Trust Supplement in accordance with the amendment provisions of the Master Security Trust Deed, as to which see Section 9.2.16.

### 9.6.10 Meeting Provisions

The Trust Supplement sets out the provisions that govern a meeting of Voting Secured Creditors (such provisions being the **Meeting Provisions**). A meeting of Voting Secured Creditors may be convened at any time by the Manager, the Issuer or the Security Trustee and must be convened by the Security Trustee if requested to do so by such Voting Secured Creditors holding not less than 10% of the Secured Money.

**Voting Secured Creditors** means:

(a) for so long as any Class A Notes are outstanding, the Noteholders in respect of those Class A Notes;

(b) if all Class A Notes have been redeemed in full in accordance with the Transaction Documents, for so long as any Class B Notes are outstanding, the Noteholders in respect of those Class B Notes;

(c) if all Class A Notes and all Class B Notes have been redeemed in full in accordance with the Transaction Documents, for so long as any Secured Money is owing to the Subordinated Loan

Facility Provider in respect of the Subordinated Loan Facility, the Subordinated Loan Facility Provider; and

(d) if all Notes have been redeemed in full in accordance with the Transaction Documents and no Secured Money is owing to the Subordinated Loan Facility Provider in respect of the Subordinated Loan Facility, all Secured Creditors.

Only each of the following persons (and their respective financial and legal adviser), or representatives of each such person, is entitled to attend, and speak at, a meeting of Voting Secured Creditors:

(a) the Voting Secured Creditors; and

(b) the Issuer, the Manager, the Security Trustee, each Seller and each Servicer.

Only each Voting Secured Creditor is entitled to vote at a meeting of Voting Secured Creditors.

A quorum will be present at a meeting of Voting Secured Creditors for the purpose of passing a resolution of the type specified in the table below only if, and when, any one or more Voting Secured Creditors owed or representing an aggregate amount of Secured Money, at least equal to the proportion of the total Secured Money owing to all Voting Secured Creditors as specified in the table below and corresponding to that type of resolution, is present.

| **Type of resolution** | **Minimum proportion, of the total Secured Money owing to all Voting Secured Creditors, for any meeting except an adjourned meeting** | **Minimum proportion, of the total Secured Money owing to all Voting Secured Creditors, for any adjourned meeting** |
|---|---|---|
| Ordinary Resolution | 10% | 5% |
| Extraordinary Resolution | $66^{3/4}$% | $33^{1/3}$% |

No business (other than the choosing of a chairperson) may be transacted, and no resolution considered, at any meeting of Voting Secured Creditors unless the requisite quorum is present. However, if a quorum is present at a meeting of Voting Secured Creditors when the first item of business is transacted, or first resolution considered, it will be taken to be present for the whole of that meeting unless the chairperson declares otherwise (either on the chairperson's own motion or at the request of a Voting Secured Creditor present).

The voting procedure at any meeting of Voting Secured Creditors is as follows:

(a) Every resolution put to a vote at a meeting must be decided by a poll.

(b) Each poll shall be taken in such manner and in accordance with such procedures as the chairperson may direct.

(c) In the case of equality of Votes exercised for or against any resolution put to a meeting of Voting Secured Creditors, the chairperson may (in addition to exercising any Votes to which it would otherwise be entitled as a Voting Secured Creditor) cast a deciding vote either for or against the resolution.

(d) At any meeting of Voting Secured Creditors:

(i) every Voting Secured Creditor present is entitled to one vote in respect of each A$1.00 of Secured Money owed to it as at 5.00pm Sydney time on the Business Day immediately before the date of the meeting (each such voting entitlement being a **Vote**);

(ii) a Voting Secured Creditor may elect not to exercise all or some of its Votes; and

(iii) a Voting Secured Creditor may elect to exercise some of its Votes for and other of its Votes against a particular resolution.

(e) Any challenge as to the number of Votes to which any Voting Secured Creditor is entitled, may only be made at the meeting and must be determined by the chairperson, whose decision is final.

(f) Any resolution passed at a meeting of the Voting Secured Creditors duly convened and held in accordance with these Meeting Provisions shall be binding upon all the Secured Creditors, whether or not present or whether or not represented at such meeting and whether or not voting, and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

An **Extraordinary Resolution** may be passed at a meeting of Voting Secured Creditors, duly convened and held in accordance with the Transaction Documents and these Meeting Provisions, by a majority consisting of not less than 75% of the Votes exercised thereat or a circulating extraordinary resolution as provided for in the Meeting Provisions.

An **Ordinary Resolution** may be passed at a meeting of Voting Secured Creditors, duly convened and held in accordance with the Transaction Documents and the Meeting Provisions, by a majority consisting of not less than 50% of the Votes exercised thereat or a circulating ordinary resolution as provided for in the Meeting Provisions.

### 9.7 General Security Deed

The Silver Arrow Australia 2019-1 General Security Deed is dated 11 October 2019 and between the Issuer, the Security Trustee and the Manager (the **General Security Deed**).

The General Security Deed sets out:

- provisions constituting the Security Trust;
- provisions pursuant to which the Security is granted and may be enforced; and
- certain representations, warranties and undertakings from the Issuer.

Each of these key provisions is described further below.

The General Security Deed is governed by the laws of New South Wales, Australia.

#### 9.7.1 The Security Trust

A trust known as the "Silver Arrow Australia 2019-1 Security Trust" (the **Security Trust**) was constituted upon:

(a) the execution of the General Security Deed by each of the parties hereto; and

(b) settlement of A$10 upon the Security Trustee to constitute the initial assets of the Security Trust.

See further discussion relating to the constitution of the Security Trust in Section 9.2.1.

### 9.7.2 The Security

Under the General Security Deed, the Issuer grants a security interest (the **Security**) in the Secured Property to the Security Trustee to secure payment of the Secured Money.

For this purpose:

(a) the **Secured Property** is all of the Issuer's present and after-acquired property which is the subject of the Trust, and it includes anything in respect of which the Issuer as trustee of the Trust has at any time a sufficient right, interest or power to grant a Security Interest; and

(b) the **Secured Money** is all money which the Issuer (whether alone or not) is or at any time may become actually or contingently liable to pay to or for the account of a Secured Creditor (whether alone or not) for any reason whatsoever under or in connection with a Transaction Document (as amended, novated, supplemented, extended, replaced or restated) whether or not currently contemplated. It includes money by way of principal, interest, fees, costs, indemnities, charges, duties or expenses or payment of liquidated or unliquidated damages under or in connection with a Transaction Document, or as a result of a breach of or default under or in connection with a Transaction Document (whether arising under law or otherwise).

### 9.7.3 Enforcement

The Security will become immediately enforceable if an Event of Default occurs, following which the Security Trustee must, immediately on becoming aware of such occurrence:

(a) notify all Secured Creditors, the Issuer, the Manager, the Servicer, the Seller and the Rating Agency of:

(i) the Event of Default; and

(ii) any steps of which it is aware that any person (including the Security Trustee, the Issuer or the Manager) has taken or is proposing to take to remedy the Event of Default or in response to the Event of Default; and

(b) seek instructions from the Voting Secured Creditors in accordance with the Meeting Provisions in respect of any enforcement action that is to be taken by it, including as to whether or not it should:

(i) declare, by written notice to the Issuer, that all or some of the Secured Money is, either:

A. immediately due and payable by the Issuer; or

B. due and payable by the Issuer upon demand by the Security Trustee;

(i) take any action that it is entitled to take under the Master Security Trust Deed and the General Security Deed, including in respect of the Security;

(ii) waive the relevant Event of Default; and/or

(iii) take any action that the Security Trustee or the Voting Secured Creditors may otherwise specify.

Alternately, the Security Trustee may (but is not obliged to) take such action without first seeking directions to do so from the Voting Secured Creditors, if the Security Trustee forms a view that it would be materially prejudicial to the interests of any Secured Creditor to wait for directions before taking any action.

For this purpose, **Event of Default** means the occurrence of any of the following:

(a) default is made in the payment of any amount due in respect of the most senior class of Notes, and the default continues for 10 days;

(b) an Insolvency Event has occurred in relation to:

(i) the Issuer (in its capacity as trustee of the Trust); or

(ii) the Issuer (in its personal capacity) and a substitute Issuer is not appointed, in accordance with the Master Trust Deed, within 90 days of such occurrence;

(c) a Security Interest (other than Related Collateral in relation to any Receivable) is enforced over any asset of the Trust for an amount exceeding A$1,500,000;

(d) the Security is not, or ceases to be, a first ranking Security Interest in the assets of the Trust for the purposes of the PPSA;

(e) the Issuer breaches the undertakings in the General Security Deed not to deal with the Secured Property other than in certain circumstances, where such event will, or is likely to have, a material and adverse effect on the amount of any payment to a Class A Noteholder or the timing of any such payment;

(f) all, or any part, of any Transaction Document of the Trust is or becomes void, illegal, unenforceable or of limited force or effect, where such event will, or is likely to have, a material and adverse effect on the amount of any payment to a Class A Noteholder or the timing of any such payment;

(g) without the prior consent of the Security Trustee, the Trust is wound up, or the Issuer is required to wind up the Trust under applicable law, or the winding up of the Trust commences; or

(h) the Trust is held by any applicable court, or is conceded by the Issuer, not to have been constituted or to have been imperfectly constituted.

In no circumstance will the Security Trustee be bound to take any steps to enforce the Security unless the Security Trustee:

(a) has been directed to do so by an Extraordinary Resolution of the Voting Secured Creditors and any action required to be taken to give effect to that Extraordinary Resolution is legal and within the Security Trustee's powers under the Transaction Documents; and

(b) has been indemnified and/or secured and/or pre-funded to its satisfaction,

and, where each of paragraphs above is satisfied in respect of an Extraordinary Resolution of the Voting Secured Creditors, the Security Trustee will be bound to take timely action to effect that Extraordinary Resolution.

Any time after the Security is enforced, all money received by the Security Trustee, receiver, attorney, or any other person acting on their behalf under the General Security Deed, must be applied in accordance with the Post-Enforcement Priority of Payments.

No Secured Creditor is entitled to exercise any right which the Security Trustee has against the Issuer under any Transaction Document independently of the Security Trustee, unless the Voting Secured Creditors have directed the Security Trustee to exercise the relevant right and it has failed to do so.

### 9.7.4 Amendment

The General Security Deed may be amended only by written agreement between all parties to it, provided that the Issuer, Security Trustee and the Manager may only concur in effecting an amendment of the General Security Deed in accordance with the amendment provisions of the Master Security Trust Deed, as to which see Section 9.2.16.

## 9.8 Interest Rate Swap Agreement

The Issuer will receive a fixed interest rate on the Receivables. This will result in an interest rate mismatch between the floating Interest Rate payable on the Class A Notes and the rate of interest earned on the Receivables. In order to eliminate the mismatch, on the Closing Date, the Issuer will enter into a fixed rate swap (the **Fixed Rate Swap**).

The Fixed Rate Swap will be governed by the terms of a standard form 2002 ISDA Master Agreement entered into by the Issuer and the Interest Rate Swap Provider, as amended by a supplementary schedule, which includes two credit support annexes, and confirmed by a written confirmation (collectively, the **Interest Rate Swap Agreement**). The Interest Rate Swap Provider under the Fixed Rate Swap will be Crédit Agricole Corporate and Investment Bank.

The Interest Rate Swap Agreement will be governed by the laws applying in the state of New South Wales.

### 9.8.1 Fixed Rate Swap

Under the Fixed Rate Swap for each Interest Period, on each Payment Date on which the relevant Interest Period ends, there will be a net payment made between the Issuer and the Interest Rate Swap Provider. The amount due is calculated as:

- the amount calculated as the interest accrued over the Interest Period, on the Note Principal Amount Outstanding of all Class A Notes as at the previous Payment Date (or, in the case of the first Interest Period, the Closing Date), after taking into account all payments made by the Issuer in respect of the Class A Note on that date, at the fixed rate as specified in the Fixed Rate Swap on the basis of the actual number of days in the Interest Period divided by 365; less

- the amount calculated as the interest accrued over the Interest Period, on the Note Principal Amount Outstanding of all Class A Notes as at the previous Payment Date (or, in the case of the first Interest Period, the Closing Date), after taking into account all payments made by the Issuer in respect of the Class A Note on that date, at the Bank Bill Rate (as at the first day of the Interest Period) plus a spread, on the basis of the actual number of days in the Interest Period divided by 365.

If the amount calculated as specified above is positive, then this amount is paid to the Interest Rate Swap Provider. If the amount calculated is negative, then the absolute value of that amount is paid by the Interest Rate Swap Provider to the Issuer. Any such payment is due on the Payment Date on which the Interest Period ends.

The fixed rate is fixed for the life of the Fixed Rate Swap and is a market based rate determined at the time that the Fixed Rate Swap is entered into.

### 9.8.2 Early Termination

The Interest Rate Swap Provider may terminate the Fixed Rate Swap if any of the following events occurs:

(a) there is a payment default by the Issuer which continues for 10 Business Days;

(b) the performance by the Interest Rate Swap Provider or the Issuer of any payment, delivery or other material obligations under the Interest Rate Swap Agreement becomes illegal due to a change in law;

(c) the Issuer becomes obligated to make a withholding or deduction in respect of the Fixed Rate Swap due to any action taken by a taxing authority or court on or after the date of entering into the Fixed Rate Swap or as a result of a change in tax law;

(d) the Security is enforced; or

(e) the Notes become due and payable before their specified Maturity Date other than as a result of an Event of Default.

The Issuer may terminate the Fixed Rate Swap if any of the following events occurs:

(a) there is a payment default by the Interest Rate Swap Provider which continues for 2 Business Days;

(b) the Interest Rate Swap Provider fails to comply with or perform any obligation under the Fixed Rate Swap (other than a payment or delivery obligation or an obligation to give certain notices or provide certain documents) if such failure is not remedied within 30 days after notice of failure is given to it;

(c) a representation made or repeated or deemed to have been made or repeated by the Interest Rate Swap Provider in the Fixed Rate Swap or the credit support documents proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(d) an insolvency, bankruptcy or dissolution event occurs in respect of the Interest Rate Swap Provider;

(e) the Interest Rate Swap Provider merges with another entity and the surviving entity fails to assume the Interest Rate Swap Provider's obligations under the Fixed Rate Swap;

(f) the performance by the Interest Rate Swap Provider or the Issuer of any payment, delivery or other material obligations under the Interest Rate Swap Agreement becomes illegal due to a change in law illegal due to a change in law;

(g) the Interest Rate Swap Provider becomes obligated to make a withholding or deduction in respect of the Fixed Rate Swap due to any action taken by a taxing authority or court on or after the date of entering into the Fixed Rate Swap or as a result of a change in tax law;

(i) as a result of either the Issuer or the Interest Rate Swap Provider consolidating, amalgamating or merging with or into, or transferring all or substantially all of its assets to, another entity, the Issuer is required to make certain tax gross-up payments to the Interest Rate Swap Provider corresponding to amounts required to be deducted or withheld or is required to receive payments from the Interest Rate Swap Provider from which amounts have been deducted or withheld without a corresponding tax gross-up payment from the Interest Rate Swap Provider;

(h) as a result of the Interest Rate Swap Provider consolidating, amalgamating or merging with or into, or transferring all or substantially all of its assets to, another entity, the creditworthiness of the Interest Rate Swap Provider or, if applicable, the successor, surviving or transferee entity of the Interest Rate Swap Provider, is materially weaker;

(i) the Interest Rate Swap Provider's relevant credit rating is downgraded below the rating prescribed by the relevant Rating Agency and the Interest Rate Swap Provider fails (as required by the relevant Interest Rate Swap Agreement and depending on the downgraded rating) to post such collateral, novate its rights under the Fixed Rate Swap, procure a guarantor or enter into other arrangements in respect of which the Manager has issued a Rating Affirmation Notice within the required timeframe specified in the Fixed Rate Swap; or

(j) the Security is enforced.

**9.8.3 Termination of Swap**

If not previously terminated, the Fixed Rate Swap terminates on the earlier of:

(a) the Vesting Date for the Trust;

(b) the sale date on which all Receivable Rights of the Trust are sold by the Issuer (either to the Seller or another trust);

(c) the Payment Date on which the total Note Principal Amount Outstanding of all Class A Notes is or will be reduced to zero; and

(d) the Maturity Date in respect of the Class A Notes.

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# 10. Tax Considerations

## 10.1 Australian Tax Considerations

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective Class A Noteholder as a result of acquiring, holding or transferring the Class A Notes. The following is not intended to be and should not be taken as a comprehensive taxation summary for prospective Class A Noteholders.

The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (the **ATO**) generally accepted as at the date of this Information Memorandum. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retrospective effect.

A person with an interest in the Class A Notes (in this section, a **Noteholder**) should consult their professional advisers in relation to their tax position. Noteholders who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Class A Notes are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Class A Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Class A Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

**Tax Status of the Trust**

As the Trust is wholly owned by the MBFSA, it will be a member of the multiple entry tax consolidated group of which Daimler Australia / Pacific Pty Ltd (ABN 50 004 348 421) is the head company (**Daimler Australia / Pacific Group**), and will be taken to be a part of the head company of that group for most Australian income tax purposes. The primary responsibility for income tax liabilities rests with the head company of a multiple entry tax consolidated group. As a result, the Trust will not be subject to any income tax liability in respect of the income of the Trust in the first instance.

All members of the Daimler Australia / Pacific Group multiple entry tax consolidated group, including the Trust, can become jointly and severally liable for the tax liabilities of that group where the head company of that group defaults on those tax liabilities. However, where the members of that group have entered into a valid and effective tax sharing agreement covering each of the group's tax liabilities, the liability of each member, including the Trust, will be limited to a reasonable allocation of the group's tax liabilities. Under the Daimler Australia / Pacific Group multiple entry tax consolidated group's tax sharing agreement, subject to certain assumptions regarding the operation of the Trust, the Trust would have a nil allocation of that group's tax liabilities.

It is the opinion of Allen & Overy that the Daimler Australia / Pacific Group tax multiple entry consolidated group's tax sharing agreement is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to tax sharing agreements. It should be noted however that it is possible that the Commissioner of Taxation could change his current views, and any ultimate determination rests with the Courts. In addition, certain prescribed circumstances can operate to invalidate a tax sharing agreement.

Additionally, the Trust has acceded to the Daimler Australia / Pacific Group multiple entry tax consolidated group's tax funding agreement, under which members of the multiple entry tax consolidated group may be required to pay funding obligations to the head company of the group in

respect of taxes. However, under the terms of the tax funding agreement, the Trust should not be liable to pay any funding obligations in respect of its activities.

**Taxation of interest on Class A Notes**

*Australian Noteholders*

The Noteholders will derive interest income from their Class A Notes. Noteholders will, if Australian tax residents, or non-residents that hold the Class A Notes in carrying on business at or through a permanent establishment in Australia, be taxable by assessment on this interest income for Australian tax purposes. Whether this interest income will be recognised on a cash receipts or accruals basis for tax purposes will depend upon the tax status of the particular Noteholder. Noteholders will generally be required to lodge an Australian tax return.

A non-final withholding tax equal to the top marginal tax rate plus Medicare levy (currently 47%) may be deducted from payments to such a Noteholder who does not provide a tax file number (**TFN**) or an Australian Business Number (**ABN**) (where applicable) or proof of a relevant exemption from quoting such numbers.

Any such tax withheld will be credited against any Australian income tax by assessment in respect of interest derived from the Class A Notes.

*Non-Australian Noteholders – Interest Withholding Tax*

Under current Australian tax laws, interest or an amount in the nature of interest which is:

- paid by the Issuer to a non-resident of Australia and not derived in carrying on business at or through an Australian permanent establishment, or to an Australian resident who derived the interest in carrying on business at or through a permanent establishment outside Australia; and

- not an outgoing wholly incurred by the Issuer in carrying on business in a country outside Australia at or through a permanent establishment in that country,

will be subject to interest withholding tax at a rate (currently) of 10%, of the amount of such payment.

Various exemptions are available from interest withholding tax, including the "public offer" exemption, the tax treaty exemption and the superannuation fund exemption (each discussed below).

*Public Offer Exemption*

Pursuant to section 128F of the Tax Act, an exemption from interest withholding tax applies if all of the following conditions are met:

- the Issuer is a company as defined in section 128F(9) of the Tax Act (which includes companies acting as trustees of certain trusts, provided that all of the beneficiaries of the trust are companies other than companies acting in the capacity of trustee);

- the Issuer is a resident of Australia or is a non-resident carrying on business at or through an Australian permanent establishment when it issues the Class A Notes;

- the Issuer is a resident of Australia or is a non-resident carrying on business at or through an Australian permanent establishment when the interest is paid; and

- the issue of the Class A Notes satisfies the public offer test set out in section 128F(3) or (4) of the Tax Act.

The Joint Lead Managers and the Co-Managers have agreed with the Issuer to offer the Class A Notes for subscription or purchase in accordance with certain procedures intended to result in the public offer test being satisfied.

Under current Australian tax law, the public offer test will not be satisfied if, at the time of issue, the Issuer knew, or had reasonable grounds to suspect, that the Class A Notes, or an interest in the Class A Notes, was being, or would later be, acquired either directly or indirectly by an Offshore Associate of the Issuer, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Class A Notes, or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

The exemption under section 128F also does not apply to interest paid by the Issuer to an Offshore Associate of the Issuer, if, at the time of payment of the interest, the Issuer knows, or has reasonable grounds to suspect, that such person is an Offshore Associate and the Offshore Associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

**Accordingly, the Class A Notes should not be acquired by any Offshore Associate of the Issuer, subject to the exceptions referred to above.**

In the event that the exemption from interest withholding tax under section 128F does not apply, an exemption or reduction may nonetheless be available in certain circumstances under an applicable double tax agreement (refer below).

*Tax Treaty Exemption*

The Australian government has entered into a number of double tax agreements (**Tax Treaties**) with certain countries (each a **Specified Country**) including the United States of America, the United Kingdom, Switzerland, Norway, Germany, Finland, the Republic of France, Japan, the Republic of South Africa and New Zealand. The Tax Treaties may apply to interest derived by a resident of a Specified Country in relation to a Class A Note.

Where the Tax Treaties apply, withholding tax applying to interest derived by:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

- certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country, and which are dealing wholly independently with the Issuer,

will be reduced from the interest withholding tax rate of 10% to zero.

However, back-to-back loans and economically equivalent arrangements will not obtain the benefit of the reduction in interest withholding tax and the anti-avoidance provisions in the Tax Act may apply.

The availability of relief under Australia's Tax Treaties may be limited by Australia's adoption of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in circumstances where a Noteholder has an insufficient connection with the relevant jurisdiction.

Prospective Noteholders should obtain their own independent tax advice as to whether any of the exemptions under the relevant Tax Treaties may apply to their particular circumstances.

*Exemption for superannuation funds*

An exemption from interest withholding tax may also be available in respect of interest paid to a non-resident superannuation fund where that fund is a superannuation fund maintained solely for foreign residents and the interest arising from the Class A Notes is exempt from income tax in the country in which such superannuation fund is resident.

*Garnishee Notices*

The Commissioner of Taxation may issue a notice requiring any person who owes, or who may later owe, money to a taxpayer who has a tax-related liability, to pay to him the money owed to the taxpayer. If the Issuer is served with such a notice in respect of a Noteholder, then the Issuer would be required to comply with that notice.

*Taxation of Profit on Sale*

If a Noteholder is an Australian resident for tax purposes, or a foreign resident acquiring the Class A Notes in carrying on business at or through an Australian permanent establishment, the Noteholder will be assessable on any profit on disposal of the Class A Notes.

Under current Australian tax law, non-resident holders of Class A Notes who have never held the Class A Notes in carrying on business at or through a permanent establishment in Australia will not be subject to Australian income tax on profits derived from the sale or disposal of the Class A Notes where the profits do not have an Australian source.

The source of any profit on the disposal of Class A Notes will depend on the factual circumstances of the actual disposal. Generally, where the Class A Notes are acquired and disposed of pursuant to contractual arrangements entered into and concluded outside Australia, and the originator and the purchaser are non-residents of Australia and do not transact at or through an Australian permanent establishment, the profits should not have an Australian source.

*Non-resident Withholding Tax Regime*

There are certain obligations to withhold an amount in respect of certain payments and non-cash benefits that are made to non-residents as prescribed by regulations.

Regulations introduced to date will not affect the payments of interest on the Class A Notes. This is consistent with the non-resident withholding provisions which provide that the regulations will not apply to interest and other payments which are already subject to the current withholding tax rules.

Regulations which prescribe payments to which withholding applies can only be made where the Minister is satisfied that the payment could reasonably be related to assessable income of non-residents. Accordingly, the regulations should not apply to repayments of principal under the Class A Notes as such amounts will generally not be reasonably related to assessable income of non-residents.

*Mutual assistance in the collection of tax debts*

Under Division 263 of Schedule 1 of the Taxation Administration Act 1953 (Cth), the Commissioner may have the power to collect a taxation debt on behalf of a foreign taxation authority if formally requested to do so, or to take conservancy measures to ensure the collection of that debt. Conservancy is concerned with preventing a taxpaying entity from dissipating its assets when it has a tax related

liability. As a result, in certain circumstances, any foreign tax liabilities of a non-resident Noteholder the subject of the measures may be collected by Australia on behalf of another country.

*Taxation of Financial Arrangements*

The TOFA rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) (**TOFA rules**) set out principles and rules for the tax timing and character treatment of gains and losses from "financial arrangements", which are broadly defined to include arrangements under which you have "cash settlable" legal or equitable rights or obligations to receive or provide a financial benefit of a monetary nature in the future.

The Class A Notes will constitute "financial arrangements" as defined in the TOFA rules.

The TOFA rules set out six methods of recognizing the quantum and timing of the income and expenses arising from a financial arrangement – accruals, realization, fair value, retranslation, hedging, and reliance on financial reports.

Generally, the TOFA rules treat gains as assessable and losses you make in gaining or producing your assessable income as deductible.

There are a number of exceptions from the application of the TOFA rules.

Prospective Noteholders should obtain their own independent taxation advice as to whether the TOFA rules apply in respect of their investment in the Class A Notes and the taxation impact of such application (if any).

The TOFA rules will not override any exemption available under section 128F of the Tax Act.

**GST**

The Trust will be treated as a separate entity that makes supplies and acquisitions for purposes of goods and services tax (**GST**) under the "GST Law", which is defined by section 195-1 of the A New Tax System (Goods and Services Tax) Act 1999 (Cth) (**GST Law**) to include several acts in relation to GST (including assessment, imposition and administration acts). Accordingly, references to the "Issuer" in this part are references to the Issuer in its capacity as trustee of the Trust.

Under the GST Law, GST is payable on "taxable supplies". However, GST is not payable on supplies that fall within a category of "input taxed" or "GST-free" supplies. Certain financial supplies are input taxed, whereas certain supplies to non-residents may be GST-free.

Based on the current GST Law, the Issuer would not make taxable supplies when it issues the Class A Notes or pays interest or principal on the Class A Notes to Noteholders.

*Overview of application of GST*

Subject to the comments below in relation to GST grouping, if a supply by the Issuer is:

- "taxable", GST equal to 1/11 of the total consideration provided in connection with that supply will be payable (subject to the application of the market value substitution rules for supplies between associates);

- "GST-free", no GST will be payable on the supply and input tax credits for the GST component of the purchase price paid for acquisitions to make that supply will be available; or

- "input taxed" (including "financial supplies", as defined by section 40-5.09 of the A New Tax System (Goods and Services Tax) Regulations 2019), no GST will be payable on the supply but input tax credits for the GST component of the purchase price paid for acquisitions to make that supply will not be available unless one of the relevant exceptions applies (such as acquisitions that are eligible for a reduced input tax credit).

In addition to the above supplies, GST may be "reverse-charged" on acquisitions from offshore suppliers. In the opinion of Allen & Overy, the Issuer will not be liable to pay GST by way of a reverse-charge.

*Supplies by the Issuer*

It is expected that the Issuer will mainly make input taxed "financial supplies" and therefore will not be entitled to claim full input tax credits for acquisitions that relate to those supplies. Where the Issuer makes supplies (e.g. issues Class A Notes) to non-residents of Australia that are not in Australia at the time of the issue, the Issuer will also make GST-free supplies. In this case, the Issuer's ability to claim input tax credits will increase.

*Acquisitions by the Issuer*

Most of the services that the Issuer will acquire are expected to be taxable supplies, although supplies from members of the same GST group will be disregarded for GST purposes (see additional comments below). Whether a service provider is able to recoup an additional amount from the Issuer on account of the service provider's GST liability on the relevant supply will depend on the terms of the contract with that service provider.

The acquisitions made by the Issuer from the trustee (in its personal capacity), the Manager, the Servicer, the Security Trustee and the Custodian are expected to be acquisitions of taxable supplies.

*Availability of Input Tax Credits*

If amounts payable by the Issuer are treated as the consideration for a taxable supply under the GST Law and they are increased on account of GST (noting that the Issuer's ability to claim input tax credits on an acquisition is not pre-conditioned on there being a contractual amount on account of GST payable to a supplier), the Issuer may be restricted in its ability to claim an input tax credit in respect of the GST component. In these circumstances, the expenses of the Trust would increase, resulting in a decrease in the funds available to the Issuer to pay Noteholders. However, input tax credits may be available in the following circumstances:

- a "reduced input tax credit" may be claimed for "reduced credit acquisitions" that relate to the making of financial supplies by the Trust. Where available, the amount of the reduced input tax credit is currently either 55% or 75% of the GST payable by the service provider on the taxable supplies made to the Issuer. The availability of reduced input tax credits will reduce the expenses of the Trust in respect of GST;

- input tax credits will be available if the Issuer does not breach the "financial acquisitions threshold" (**FAT**). However, it is expected that the Issuer will breach the FAT and as such that input tax credits will not be available on this basis; and

- input tax credits are available for acquisitions relating to a financial supply that consists of a borrowing provided the borrowing relates to supplies that are not input taxed.

*Impact of GST Grouping*

It is intended that the Trust form part of the GST group of which MBFSA is the representative member. Supplies and acquisitions between members of that GST group will be disregarded for GST purposes. Supplies and acquisitions which will be disregarded for GST purposes on the basis of grouping include supplies made by the Manager, the Servicer, the Custodian and the Seller.

An additional effect of grouping for GST is that the GST payable on a taxable supply or a taxable importation that is made by a member of a GST group is payable by the representative member of that group. Where the Trust joins the GST group of which MBFSA is a representative member, MBFSA will be liable to pay the GST on any taxable supply or importation made by the Trust while it remains a member of that GST group.

Notwithstanding the obligations on the representative member to pay GST as outlined above, members of a GST group are jointly and severally liable to pay any indirect tax amount that is payable by a representative member under an indirect tax law unless the members of a GST group enter into an indirect tax sharing agreement that complies with section 444-90 of the Taxation Administration Act 1953 (Cth). Where a valid indirect tax sharing agreement is in place, the liability of a particular member of the group to pay an indirect tax amount may be limited to a "contribution amount".

It is the opinion of Allen & Overy that the GST group of which MBFSA is representative member, has a valid indirect tax sharing agreement in place and that on accession of the Trust to that agreement, the liability of the Trust will be limited to a "contribution amount".

In this regard, on the basis that the Trust will be predominantly making financial supplies and will not be making any acquisitions from offshore suppliers that will give rise to a reverse charge liability, the "contribution amount" for the Trust, calculated in accordance with the formula contained in the applicable indirect tax sharing agreement, would be A$1.

**Stamp Duty**

In the opinion of Allen & Overy, no stamp duty would apply to the issue, the transfer and the redemption of the Class A Notes under the law currently applying in all States and Territories of Australia.

The equitable assignment of the Receivable Rights will not be subject to stamp duty in any Australian State or Territory.

A legal assignment of the Receivable Rights (such as in the case of a Perfection of Title Event) would be subject to nil or nominal duties.

Any "retransfer" of the Receivable Rights from the Issuer to MBFSA will operate by way of extinguishment of the Issuer's equitable interest in those Receivable Rights, accordingly, based on the current Australian legislation, published guidelines, and factual assumptions as to the activities of the Trust, in the opinion of Allen & Overy, such "retransfer" would not be subject to duty in any Australian State or Territory. It should be noted that it is open for an Australian State or Territory Revenue Authority or a Court to form a different opinion.

**Tax Reform Proposals**

The Australian Federal Government is undertaking a program of reform of taxation generally.

In addition to many measures that have been enacted, there remain some outstanding areas where the Federal Government has indicated that changes are being considered or may be introduced, discussed further below.

*Taxation of Trusts*

The former Australian Government announced proposed changes to update the law regarding the taxation of trusts. Depending on the final form of any legislation, it is possible that the law could be amended in a way that could cause the Trust to become subject to a liability in respect of taxes (or potentially a liability under the Daimler Australia / Pacific Group multiple entry tax consolidated group's tax sharing agreement or tax funding agreement) in certain circumstances, however, there has been no express statement that such an outcome is intended. In addition, the proposed changes have not progressed beyond consultation phase, and could potentially be withdrawn.

**10.2 Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Trust or the Issuer (a **Recalcitrant Holder**). The Trust or the Issuer may be classified as an FFI.

The new withholding regime is in effect for payments received from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Class A Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Class A Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could also be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Australia have entered into an agreement (the **US-Australia IGA**) based largely on the Model 1 IGA.

If the Trust and the Issuer are each treated as Reporting FIs pursuant to the US-Australia IGA it is anticipated that they will not be obliged to deduct any FATCA Withholding on payments they make. There can be no assurance, however, that the Trust and the Issuer will be treated as Reporting FIs, or that they would in the future not be required to deduct FATCA Withholding from payments they make. The Issuer and financial institutions through which payments on the Class A Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Class A

Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Class A Notes are held within the Austraclear system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Class A Notes by the Issuer, given that each of the entities in the payment chain between the Issuer and the participants in the Austraclear system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Class A Notes.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their own tax advisers on how these rules may apply to the Trust or the Issuer and to payments they may receive in connection with the Class A Notes.**

### 10.3 The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transactions tax (**FTT**) to be adopted in certain participating member states, including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain financial transactions in the Class A Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply to certain dealings in the Class A Notes where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

However, the FTT proposal remains subject to negotiation between the participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union member states may decide to participate.

Prospective holders of the Class A Notes are advised to seek their own professional advice in relation to the FTT.

# 11. Subscription and Selling Restrictions

## 11.1 Subscription

Under the Dealer Agreement the Joint Lead Managers and the Co-Managers have agreed, subject to certain conditions, to bid for an allocation of the Class A Notes.

MBFSA has agreed to pay the Joint Lead Managers and the Co-Managers certain fees and to reimburse them for certain of their costs and expenses in connection with the issue of the Class A Notes. The Joint Lead Managers, the Co-Managers, the Issuer and the Manager are entitled to terminate the Dealer Agreement in certain circumstances prior to issue of the Class A Notes. The Issuer and the MBFSA have agreed to indemnify the Joint Lead Managers and Co-Managers against certain liabilities in connection with the offer and sale of the Class A Notes.

## 11.2 Selling Restrictions in respect of the Class A Notes

### 11.2.1 Australia

Under the Dealer Agreement, each Joint Lead Manager and each Co-Manager has acknowledged and agreed that no prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Silver Arrow Australia 2019-1 or any Class A Notes has been or will be lodged with the Australian Securities and Investments Commission (**ASIC**).

Each Joint Lead Manager and each Co-Manager has also agreed under the Dealer Agreement that it:

(i) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase, Class A Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and

(ii) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement or other offering material relating to the Class A Notes in Australia,

unless (1) the aggregate consideration payable by each offeree or invitee is at least AUD500,000 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act, (2) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act, (3) such action complies with all applicable laws, regulations and directives in Australia and (4) such action does not require any document to be lodged with ASIC.

### 11.2.2 The United States of America

Each Joint Lead Manager and each Co-Manager has in the Dealer Agreement:

(a) acknowledged that the Class A Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)), except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act;

(b) represented and agreed that it will offer and sell the Class A Notes in the United States of America or to U.S. persons (as defined in Regulation S):

(i) as part of their distribution at any time; and

(ii) otherwise until 40 days after the later of the commencement of the offering of the Class A Notes and the Closing Date (the restricted period),

only in accordance with Rule 903 of Regulation S or pursuant to an exemption from the registration requirements of the Securities Act;

(c) represented and agreed that neither its affiliates (if any) nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Class A Notes, and the Joint Lead Manager or Co-Manager, its affiliates (if any) and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S;

(d) represented and agreed that at or prior to confirmation of sale of the Class A Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Class A Notes from it or through it during the restricted period a confirmation or notice setting forth the restriction on offers and sales of the Class A Notes within the United States of America or to, or for the benefit of, US persons; and

(e) acknowledged that during the restricted period, any offer or sale of the Class A Notes within the United States of America by the Joint Lead Manager or Co-Manager whether or not participating in the offering may violate the registration requirements of the Securities Act.

The Class A Notes sold on the Closing Date may not be purchased by, or for the account or benefit of, persons that are not "U.S. persons" as defined in Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Risk Retention Rules**) (such persons, **Risk Retention U.S. Persons**) and each purchaser of Class A Notes, including beneficial interests therein, will, by its acquisition of a Class A Note or beneficial interest therein, be deemed, and, in certain circumstances, will be required to represent and agree that it (1) is not a U.S. person as defined in the U.S. Risk Retention Rules (2) is acquiring such Class A Note or a beneficial interest therein for its own account and not with a view to distribute such Class A Note, and (3) is not acquiring such Class A Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

### 11.2.3 European Economic Area

Each Joint Lead Manager and each Co-Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Class A Notes which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Class A Notes to be offered so as to enable an investor to decide to purchase or subscribe the Class A Notes.

**11.2.4 The United Kingdom**

Each of the Joint Lead Managers and Co-Managers has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**FMSA**)) received by it in connection with the issue or sale of the Class A Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Class A Notes in, from or otherwise involving the United Kingdom.

**11.2.5 Japan**

The Class A Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Joint Lead Manager and each Co-Manager has represented and agreed that it will not offer or sell any Class A Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

**11.2.6 Hong Kong**

Each Joint Lead Manager and each Co-Manager has severally represented and agreed that:

(a) it has not offered or sold and will not offer or sell, by means of any document, any of the Class A Notes in Hong Kong, by means of any document, other than:

(i) to 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or

(ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **CO**) or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Class A Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Class A Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under the SFO.

### 11.2.7 Singapore

Each Joint Lead Manager and each Co-Manager has represented, warranted and agreed that:

(a) the Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore;

(b) it has not offered or sold any Class A Notes or caused such Class A Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Class A Notes or cause such Class A Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Class A Notes, whether directly or indirectly, to any persons in Singapore other than (A) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (B) to a relevant person (as defined in Section 275(2) of the SFA) under Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA or (C) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA; and

(c) where Class A Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

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

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Class A Notes pursuant to an offer under Section 275 of the SFA except:

(A) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(B) where no consideration is or will be given for the transfer; or

(C) where the transfer is by operation of law;

(D) pursuant to Section 276(7) of the SFA; or

(E) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### 11.2.8 New Zealand

Each Joint Lead Manager and each Co-Manager has represented and agreed that: (1) it has not offered, sold or delivered and will not directly or indirectly offer, sell, or deliver any Class A Note; and (2) it will not distribute any offering circular or advertisement in relation to any offer of Class A Notes, in New Zealand other than:

(a) to "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand (**FMC Act**), being a person who is:

(i) an "investment business";

(ii) "large"; or

(iii) a "government agency",

in each case as defined in Schedule 1 to the FMC Act; and

(b) in other circumstances where there is no contravention of the FMC Act, provided that (without limiting paragraph (1) above) Class A Notes may not be offered or transferred to any "eligible investors" (as defined in the FMC Act) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMC Act.

### 11.2.9 General

The distribution of the Information Memorandum and the offering and sale of the Class A Notes in certain other foreign jurisdictions may be restricted by law. The Class A Notes may not be offered or sold, directly or indirectly, and neither the Information Memorandum nor any form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction, unless permitted under all applicable laws and regulations. Each Joint Lead Manager and each Co-Manager has agreed to comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers the Class A Notes or possesses or distributes the Information Memorandum or any other offering material.

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## 12. Transaction Documents available for inspection

The Transaction Documents will be available for inspection (but not copying) by Noteholders and bona fide prospective Noteholders during usual business hours at the Sydney office of the Issuer. However, any person wishing to inspect these documents must first enter into an agreement with the Manager, in a form acceptable to the Manager, not to disclose the contents of these documents without the Manager's prior written consent.

## 13. Glossary of Terms

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| **Accepted Sale Notice** | This is described in Section 9.5.1. |
| **ADI** | An "authorised deposit-taking institution" as defined in section 5(1) of the Banking Act 1959 (Cth). |
| **ANZ** | Australia and New Zealand Banking Group Limited (ABN 11 005 357 522). |
| **APRA** | Australian Prudential Regulation Authority. |
| **ASIC** | Australian Securities and Investments Commission. |
| **Asset Representation Breach** | This is described in Section 9.5.3. |
| **Auditor** | This is described in Section 9.1.15. |
| **Australian dollars** | Means the lawful currency for the time being of the Commonwealth of Australia. |
| **Authorised Investments** | Means deposits in the Trust Account. |
| **Available Distribution Amount** | This is described in Section 8.3.2. |
| **Bank Bill Rate** | This is described in Condition 3.3 in Section 5. |
| **Binding Provision** | Means any laws applicable to the Issuer, the Seller or the Servicer, any provision of any other code, arrangement or official directive binding on the Issuer, Seller or Servicer and any laws applicable to lenders in the business of making loans, as the case may be, but only to the extent to which it is applicable. |
| **Business Day** | Any day on which banks are open for business in Sydney, Melbourne, Frankfurt, Stuttgart and London other than a Saturday, a Sunday or a public holiday in Sydney, Melbourne, Frankfurt, Stuttgart or London. |
| **Buying Trust** | This is described in Section 9.1.4. |
| **Calculation Date** | Means each day that falls 4 Business Days before each Payment Date. |
| **Call Date** | This is described in Condition 5.3 in Section 5. |
| **Call Option** | The right of the Issuer to redeem all the Notes as described in Condition 5.3 in Section 5. |
| **Class A Noteholders** | This is described in Condition 1.6 in Section 5. |
| **Class A Note Principal Redemption Amount** | This is described in Section 8.3.3. |

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| **Class A Notes** | These are described in the introduction to the Conditions in Section 5. |
| **Class B Noteholders** | This is described in Condition 1.6 in Section 5. |
| **Class B Note Principal Redemption Amount** | This is described in Section 8.3.3. |
| **Class B Notes** | These are described in the introduction to the Conditions in Section 5. |
| **Closing Date** | This is described in Section 2.4. |
| **Collection Period** | The period from (and including) the first day of the calendar month in which the Closing Date falls to (and including) the last day of the calendar month ending immediately before the calendar month in which the first Payment Date falls and each period thereafter from (and including) the first day of the calendar month starting immediately after the end of the last Collection Period and ending on (and including) the last day of that calendar month. |
| **Collections** | This is described in Section 8.3.1. |
| **Co-Managers** | Each of DBS and MLI. |
| **Competent Authorities** | Means a court, tribunal, authority, ombudsman or other entity whose decisions, findings, orders, judgment or determinations (howsoever reached) are binding on the Seller, the Servicer, the Manager, the Issuer or the Security Trustee and each, a **Competent Authority**. |
| **Conditions** | Means the terms and conditions of the Notes set out in Section 5. |
| **Consumer Receivable** | Means a Receivable which is subject to the NCCP. |
| **Corporations Act** | The *Corporations Act 2001* (Cth). |
| **Costs** | Includes costs, charges, expenses, disbursements, loss, liability and demand, whether in contract, tort or otherwise. |
| **Custodian** | The Seller, or such other person as may be appointed as Custodian in place of the Seller pursuant to the Master Sale Deed as described in Section 9.5.5. |
| **Custodian Default** | This is described in Section 9.5.5. |
| **Custodian Fee** | This is described in Section 9.5.6. |
| **Customer** | Each of the persons obliged to make payments under an Underlying Agreement including, where the context requires, any guarantor or the grantor of a Security Interest. |
| **Customer Taxes** | Any amounts received by the Seller or the Servicer from a |

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| | Customer in respect of stamp duty or any GST in relation to a Receivable. |
| **Cut-Off Date** | This is described in Section 2.4. |
| **Daimler Australia / Pacific Group** | The multiple entry tax consolidated group of which Daimler Australia / Pacific Pty Ltd (ABN 50 004 348 421) is the head company. |
| **DBS** | DBS Bank Ltd. |
| **Dealer Agreement** | Silver Arrow Australia 2019-1 Dealer Agreement dated on or about the Pricing Date between the Issuer, the Manager, the Joint Lead Managers and the Co-Managers, as further described in Section 11. |
| **Deemed Collections** | This is described in Section 9.6.6. |
| **Eligibility Criteria** | These are described in Section 7.2. |
| **Eligible Bank** | This is described in Section 9.6.4. |
| **EU Securitisation Regulation** | This is described in Section 3.3.11. |
| **Event of Default** | This is described in Section 9.7.3. |
| **Expenses** | In relation to a Collection Period and the next following Payment Date means all costs, expenses and other liabilities properly incurred by the Issuer in relation to the Permissible Business Activities during that Collection Period, without double counting:<br>(a) including any amount which is expressed in any provision of any Transaction Document as being an Expense of the Trust or for which the Issuer is entitled to be reimbursed or indemnified out of the assets of the Trust, but<br>(b) excluding any amounts payable by the Issuer pursuant to the Priorities of Payments (other than paragraph (c)(iii) of the Pre-Enforcement Priority of Payments) and any amounts expressed in any provision of any Transaction Document as being an amount payable by the Issuer in its personal capacity (or equivalent). |
| **Extraordinary Resolution** | This is described in Section 9.6.10. |
| **FATCA Withholding** | This is described in Section 10.2. |
| **Financed Vehicle** | Any new or used vehicle (including any car, bus, truck, van, motorcycle) which is purchased pursuant to, or otherwise subject of, an Underlying Agreement. |
| **Fitch** | Fitch Australia Pty Ltd (ABN 93 081 339 184). |

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| **Fixed Rate Swap** | This is described in Section 9.8.1. |
| **General Reserve Fund** | This is described in Section 9.6.5. |
| **General Reserve Leger** | This is described in Section 9.6.5. |
| **General Reserve Required Amount** | This is described in Section 9.6.5. |
| **General Security Deed** | This is described in Section 9.7. |
| **Governmental Agency** | The Federal Government of the Commonwealth of Australia, the Government of any State or Territory of the Commonwealth of Australia, the Government of any other country or political subdivision thereof and any minister, department, office, commission, instrumentality, agency, board, authority or organ of any of the foregoing or any delegate or person deriving authority from any of the foregoing. |
| **GST** | Means any goods and services tax, broad based consumption tax or value added tax imposed by any Governmental Agency and includes any goods and services tax payable under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth). |
| **GST Amount** | Means in relation to a Taxable Supply the amount of GST payable for that Taxable Supply. |
| **GST Group** | Has the meaning given by the GST Law. |
| **GST Law** | The *A New Tax System (Goods and Services Tax) Act 1999* (Cth). |
| **Insolvency Event** | In relation to a person (for the purposes of this definition, the **Relevant Entity**), means any of the following events:<br>(a) an order is made that the Relevant Entity be wound up;<br>(b) a liquidator, provisional liquidator, controller (as defined in the Corporations Act) or administrator is appointed to the Relevant Entity or a substantial portion of its assets whether or not under an order;<br>(c) except to reconstruct or amalgamate on terms reasonably approved by the Issuer (or in the case of a reconstruction or amalgamation of the Issuer, on terms reasonably approved by the Manager), the Relevant Entity enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;<br>(d) the Relevant Entity resolves to wind itself up, or otherwise dissolve itself, or gives notice of its intention to do so, except to reconstruct or amalgamate on terms |

reasonably approved by the Issuer (or in the case of a reconstruction or amalgamation of the Issuer, except on terms reasonably approved by the Manager) or is otherwise wound up or dissolved;

(e) the Relevant Entity is or states that it is insolvent;

(f) as a result of the operation of section 459F(1) of the Corporations Act, the Relevant Entity is taken to have failed to comply with a statutory demand;

(g) the Relevant Entity is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act or it makes a statement from which a reasonable person would deduce it is so subject;

(h) the Relevant Entity is the subject of any action taken under the Corporations Act to cancel its registration;

(i) the Relevant Entity takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;

(j) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 7 days; or

(k) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

**Interest Amount** This is described in Condition 3.4 set out in Section 5.

**Interest Period** This is described in Condition 3.2 set out in Section 5.

**Interest Swap Agreement** This is described in Section 9.8.

**Interest Swap Provider** Any entity described in Section 9.8 as an Interest Rate Swap Provider and includes any other party to an Interest Rate Swap Agreement other than the Issuer and the Manager.

**Inter-Trust Sale Adjustments** This is described in Section 9.1.4.

**Inter-Trust Sale Notice** This is described in Section 9.1.4.

**Issuer** Perpetual in its capacity as trustee of the Trust.

**Issuer Default** This is described in Section 9.1.7.

**Issuer Fee** This is described in Section 9.1.5.

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| **Issuer Termination Notice** | This is described in Section 9.1.6. |
| **Joint Lead Managers** | Each of ANZ and MUFG. |
| **Loan Agreement** | This is described in Section 7. |
| **Manager** | MBFSA or any other person from time to time appointed to perform the role of manager of a Trust under the Master Management Deed. |
| **Manager Default** | This is described in Section 9.3.6. |
| **Manager Fee** | This is described in Section 9.3.4. |
| **Margin** | This is described in Condition 3.3 set out in Section 5. |
| **Master Management Deed** | This is described in Section 9.3. |
| **Master Sale Deed** | This is described in Section 9.5. |
| **Master Security Trust Deed** | This is described in Section 9.2. |
| **Master Servicing Deed** | This is described in Section 9.4. |
| **Master Trust Deed** | This is described in Section 9.1. |
| **Material Adverse Effect** | An event which (as determined by the Security Trustee (acting on the instructions of the Voting Secured Creditors)) materially and adversely affects:<br>(a) the amount of any payment to be made to the Voting Secured Creditors;<br>(b) the timing of such payment referred to in paragraph (a) above;<br>(c) the enforceability or recoverability of amounts relating to the assets of the Trust taken as a whole;<br>(d) the value of the assets of the Trust taken as a whole;<br>(e) the validity or priority of the Security;<br>(f) the legality, validity or enforceability of any Transaction Document; or<br>(g) the Issuer's, Servicer's, Seller's, Manager's or Custodian's ability to observe its material obligations under the Transaction Documents. |
| **Maturity Date** | This is described in Condition 5.1 set out in Section 5. |
| **MBFSA** | Mercedes-Benz Financial Services Australia Pty Ltd (ABN 73 074 134 517). |

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| **Meeting Provisions** | This is described in Section 9.6.10. |
| **MLI** | Merrill Lynch International (company number 02312079). |
| **MUFG** | MUFG Securities EMEA plc (ARBN 612 776 299). |
| **National Consumer Credit Protection Laws** | means each of:<br>(a) the NCCP;<br>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);<br>(c) the National Consumer Credit Protection Amendment Act 2010 (Cth);<br>(d) any acts or other legislation enacted in connection with any of the acts set out in paragraphs (a) to (c) above, the NCCP Regulations and any other regulations made under any of the acts set out in paragraphs (a) to (c) above;<br>(e) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001 (Cth), so far as it relates to the obligations in respect of an Australian Credit Licence issued under the NCCP; and<br>(f) any other Commonwealth, State or Territory legislation that covers conduct relating to credit activities (whether or not it also covers other conduct), but only in so far as it covers conduct relating to credit activities. |
| **NCCP** | National Consumer Credit Protection Act 2009 (Cth) including the National Credit Code annexed to that Act. |
| **Note Principal Amount Outstanding** | This is described in Condition 5.5 set out in Section 5. |
| **Note Register** | This is described in Condition 1.1 set out in Section 5. |
| **Noteholders** | This is described in Condition 1.6. |
| **Notes** | The Class A Notes and/or the Class B Notes. |
| **Offshore Associate** | Means an associate (as defined in section 128F(9) of the Tax Act) of an entity that is either:<br>(a) a non-resident (as defined in section 6 of the Tax Act) of Australia that does not acquire the Class A Notes or an interest in the Class A Notes in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or<br>(b) a resident (as defined in section 6 of the Tax Act) of |

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| | Australia that acquires the Class A Notes or an interest in the Class A Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country. |
| **Payment Date** | This is described in Condition 3.2 set out in Section 5. |
| **Penalty Payments** | Means any loss, costs, damage or expense (including legal costs and disbursements on a full indemnity basis or a solicitor and own client basis, whichever produces the greater result) arising out of or in connection with any civil or criminal claims or proceedings or threatened claims or proceedings concerning or relating to the National Consumer Credit Protection Laws. This includes:<br>(a) the amount of any civil or criminal penalty order made against the Issuer together with any other money ordered to be paid by the Issuer and legal costs or other costs and expenses payable or incurred by the Issuer which relate to the order;<br>(b) any money ordered by a court or other judicial, regulatory or administrative body or any other body which may legally bind the Issuer to be paid by the Issuer in relation to any claim against the Issuer under the National Consumer Credit Protection Laws; and<br>(c) the amount equal to any payment made by the Issuer to a debtor or any other person in settlement of an application for an order together with any legal costs or other costs or expenses payable or incurred by the Issuer which relate to the application. |
| **Perfection of Title Event** | This is described in Section 9.5.4. |
| **Permissible Business Activities** | The business and activities in which the Issuer is required or entitled to engage on behalf of the Trust for the purpose of entering into, undertaking and enforcing the transactions contemplated by the Transaction. |
| **Perpetual** | Perpetual Corporate Trust Limited ABN 99 000 341 533 |
| **Post-Enforcement Priority of Payments** | This is described in Section 8.4.2. |
| **PPSA** | The Personal Property Securities Act 2009 (Cth). |
| **PPSR** | The Personal Property Securities Register established under chapter 5 of the PPSA. |
| **Pre-Enforcement Priority of Payments** | This is described in Section 8.4.1. |
| **Privacy Act** | The Privacy Act 1988 (Cth). |

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| **Purchase Price** | In relation to an Inter-Trust Sale Notice or a Sale Notice (as the case may be) and the Receivable Rights which are the subject of such Inter-Trust Sale Notice or such Sale Notice, means an amount equal to 100% of the aggregate principal balance outstanding under the Receivables comprised in those Receivable Rights as at the close of business on the applicable Cut-Off Date, or such other amount as may be specified in the Inter-Trust Sale Notice or the Sale Notice (as the case may be). |
| **P.T.** or **P.T. Limited** | P.T. Limited (ABN 67 004 454 666). |
| **Rate of Interest** | This is described in Condition 3.3 set out in Section 5. |
| **Rating Affirmation Notice** | In relation to an event or circumstance and each Rating Agency, means a notice in writing from the Manager to the Issuer confirming that the Manager has notified each such Rating Agency in writing of the event or circumstance and that, following such notification, the Manager is satisfied on a reasonable basis that the event or circumstance, as applicable, will not result in a reduction, qualification or withdrawal of the credit ratings then assigned by each such Rating Agency to the Notes. |
| **Rating Agencies** | S&P and Fitch. |
| **Receivable** | Means any and all claims and rights against a Customer under or in connection with an Underlying Agreement (including all amounts payable by the Customer under the terms of that Underlying Agreement). |
| **Receivable Pool** | This is described in Section 7. |
| **Receivable Principal Amount Outstanding** | In relation to a Receivable and a particular date, means the principal amount outstanding as at that date pursuant to the terms of the Underlying Agreement for that Receivable (but excluding, for the avoidance of doubt, any capitalised fees and/or capitalised interest). |
| **Receivable Rights** | In relation to a Receivable, means each of the following items (together with all right, title and interest in each of those items):<br>(a) that Receivable;<br>(b) all Related Collateral for that Receivable in existence from time to time; and<br>(c) the benefit of any representations and warranties given previously to the Issuer by the Seller in respect of any of the items referred to in paragraphs (a) to (b) (inclusive) above. |
| **Records** | With respect to any Receivable, Related Collateral, Financed Vehicle and the related Customers, all documents evidencing the |

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| | applicable Underlying Agreement, all documents required to evidence the Seller's or the Issuer's interest in the Financed Vehicle, all other material contracts, correspondence, files, notes of dealings and other documents, books, books of accounts, registers, records and other information regardless of how stored. |
| **Recovery Costs** | Any Costs incurred by the Servicer in connection with the engagement or appointment by the Servicer, in accordance with the Servicing Policy, of an third party for the purpose of enforcing any defaulted Receivable Rights which are assets of the Trust. |
| **Related Body Corporate** | A related body corporate as defined in Section 9 of the Corporations Act. |
| **Related Collateral** | in relation to a Receivable, means:<br>(a) any and all present and future claims and rights in respect of the relevant Underlying Agreement for that Receivable, including, without limitation, (i) amounts (if any) receivable under that Underlying Agreement arising from claims by the Customer against an insurer under any Insurance Agreement and (ii) amounts receivable under that Underlying Agreement arising from damage compensation claims based on contracts or torts against the Customer due to damage to, or loss of, the Financed Vehicle for that Receivable;<br>(b) any Security Interests, sureties, guarantees, indemnities, and any and all present and future rights and claims or arrangements from time to time supporting or securing payment of that Receivable whether pursuant to the Underlying Agreement for that Receivable or otherwise;<br>(c) any claims (present and future) to receive proceeds which arise from the disposal of or recourse to the Related Collateral under paragraphs (a) and (b), net of any costs incurred in connection with such disposal or recourse and any amounts which are due to the relevant Customer in accordance with the relevant Underlying Agreement; and<br>(d) all Records relating to that Receivable and/or the Related Collateral under paragraphs (a) and (b). |
| **Repurchase Notice** | This is described in Section 9.5.3. |
| **Retention** | This is described in Section 3.3.11. |
| **Retail Client** | This has the same meaning given to the term "retail client" in section 761G of the Corporations Act. |
| **Risk Retention U.S. Persons** | This is described in Section 3.3.12. |

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| **S&P** | S&P Global Ratings Australia Pty Ltd (ABN 62 007 324 852). |
| **Sale Adjustment** | This is described in Section 9.5.1. |
| **Sale Date** | (a) in relation to a Receivable sold or to be sold to the Issuer as trustee of the Buying Trust by the Issuer as trustee of the Selling Trust as described in Section 9.1.4, means the date specified as such in the Inter-Trust Sale Notice (or such other date as the Manager may notify the Issuer in accordance with the Inter-Trust Sale Notice) relating to that sale.<br>(b) in relation to a Receivable sold or to be sold to the Issuer by the Seller pursuant to the Master Sale Deed as described in Section 9.5.1, means the date specified as such in the Sale Notice relating to that Receivable. |
| **Sale Notice** | This is described in Section 9.5.1. |
| **Secured Creditors** | Means:<br>(a) each Noteholder;<br>(b) the Interest Rate Swap Provider;<br>(c) the Subordinated Loan Provider;<br>(d) the Seller;<br>(e) the Servicer;<br>(f) the Manager;<br>(g) the Issuer (in its personal capacity for its own account);<br>(h) the Issuer (in its capacity as trustee of a Selling Trust); and<br>(i) the Security Trustee (in its personal capacity for its own account). |
| **Secured Money** | This is described in Section 9.7.2. |
| **Secured Property** | This is described in Section 9.7.2. |
| **Securities Act** | The Securities Act of 1933 of the United States of America, as amended. |
| **Security** | This is described in Section 9.7.2. |
| **Security Interest** | Includes any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other arrangement having a similar legal effect including a "security interest" as defined in section 12(1) or section 12(2) of the PPSA. |

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| **Security Trust** | This is described in Section 9.2.1. |
| **Security Trustee** | P.T. Limited in its capacity as trustee of the Security Trust. |
| **Security Trustee Fee** | This is described in Section 9.2.9. |
| **Security Trustee Default** | This is described in Section 9.2.11. |
| **Security Trustee Termination Notice** | This is described in Section 9.2.10. |
| **Seller** | MBFSA. |
| **Selling Trust** | This is described in Section 9.1.4. |
| **Servicer** | MBFSA. |
| **Servicer Collateral Required Amount** | This is described in Section 9.6.6. |
| **Servicer Collateral Reserve Account** | This is described in Section 9.6.6. |
| **Servicer Collateral Reserve Fund** | This is described in Section 9.6.6. |
| **Servicer Collateral Reserve Ledger** | This is described in Section 9.6.6. |
| **Servicer Default** | This is described in Section 9.4.6. |
| **Servicer Fee** | This is described in Section 9.4.4. |
| **Servicing Policy** | The written guidelines, policies, and procedures established by the Servicer for servicing the Receivables, as amended or updated in writing from time to time. |
| **Small Business Receivables** | Means those Receivables for which the Customer was, at the time that the relevant contract was entered into, a business that employed fewer than 20 persons and for which the aggregate payable over the term of the Receivable was, at the time that the relevant contract was entered into, less than A$300,000 or less than A$1,000,000 (where the term of the Receivable exceeds twelve months). |
| **Subordinated Loan Facility** | This is described in Section 9.6.5. |
| **Subordinated Loan Facility Advance** | This is described in Section 9.6.5. |
| **Subordinated Loan Facility Redemption Amount** | In respect of any Payment Date, the greater of:<br>(a) the General Reserve Required Amount for the Payment Date immediately preceding that Payment Date (or, in |

respect of the first Payment Date only, the General Reserve Required Amount for the Closing Date) *less* the General Reserve Required Amount for that Payment Date; and

(b) A$0.00.

**Subordinated Swap Payment**

Means, in respect of a Payment Date, any amount outstanding on that Payment Date which constitutes a payment owing by the Issuer under the Interest Rate Swap Agreement as a result of an Event of Default or a Termination Event (in either case, as defined in the Interest Rate Swap Agreement), other than a Termination Event resulting from an Illegality or a Force Majeure Event (in either case, as defined in the Interest Rate Swap Agreement), under the Interest Rate Swap Agreement where the relevant Interest Rate Swap Provider is the Defaulting Party (as defined the such Interest Rate Swap Agreement) or the sole Affected Party (as defined in the Interest Rate Swap Agreement), as applicable.

**Tax**

Means (other than for the purpose of Condition 6):

(a) any charge, tax, duty, levy, impost or withholding having the character of taxation, wherever chargeable and however collected or recovered, imposed for support of national, federal, state, municipal or local government or any other governmental or regulatory authority, body or instrumentality including but not limited to tax on gross or net income, profits or gains, taxes on receipts, sales, use, occupation, franchise or transfer, GST, value added taxes and personal property and social security taxes; and

(b) any penalty, fine, surcharge, interest, charges or additions to taxation payable in relation to any taxation within paragraph (a) above,

and **Taxes** or **Taxation** will be construed accordingly.

**Tax Act**

The Income Tax Assessment Act 1936 (Cth).

**Tax Authority**

Means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including the Australian Taxation Office.

**Taxable Supply**

Has the meaning given by the GST Law.

**Transaction Documents**

Each of the following documents:

(a) the Master Trust Deed;

(b) the Master Security Trust Deed;

(c) the Master Management Deed;

(d) the Master Servicing Deed;

(e) the Master Sale Deed;

(f) the Trust Creation Notice;

(g) the General Security Deed;

(h) the Trust Supplement;

(i) each Sale Notice (if any) for the Trust;

(j) each Inter-Trust Sale Notice (if any) for the Trust;

(k) the Note Deed Poll (including the Conditions set out therein);

(l) the Notes;

(m) the Interest Rate Swap Agreement; and

(n) each other document agreed in writing by the Manager and the Issuer to be a Transaction Document in relation to the Trust.

**Trust** This is described in 9.1.1.

**Trust Account** This is described in Section 9.6.4.

**Trust Creation Notice** Silver Arrow Australia 2019-1 Trust Creation Notice dated on or about 2 October 2019 executed by the Issuer.

**Trust Supplement** This is described in Section 9.6.

**Underlying Agreement** In relation to a Receivable, means the Loan Agreement entered into between the Seller and any Customer in relation to a Financed Vehicle and includes each schedule, terms and conditions, letter, application, approval or other document which evidences the obligation of a Customer to pay that Receivable and the other terms of that Receivable as such may be amended or replaced from time to time.

**Underwriting Policy** The written guidelines, policies and procedures established by the Seller for originating and underwriting Receivables, as amended or updated in writing from time to time.

**Unit** This is described in Section 9.1.1.

**Unitholder** At any given time, the person then appearing in the Unit register as a holder of a Unit.

**U.S. Risk Retention Rules** This is described in Section 3.3.12.

**Vesting Date** This is described in Section 9.1.14.

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| **Voting Secured Creditors** | This is described in Section 9.6.10. |

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## ANNEXURE 1 - DETAILS OF THE RECEIVABLE POOL

The following tables summarise the Receivable Pool as of the close of business on 30 September 2019. Further information regarding the Receivables and MBFSA's Receivable business is contained in Section 6.

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| New Private Balloon | 232,889,893.29 | 40.15% | 3,879 | 35.49% | 313,866,625.11 | 38.49% | 106.80 | 6.01 | 52.85 | 33.64 |
| New SME Balloon | 188,214,058.84 | 32.45% | 2,596 | 23.75% | 253,829,730.22 | 31.12% | 108.90 | 5.90 | 52.35 | 33.90 |
| New SME Amortising | 48,508,488.86 | 8.36% | 1,047 | 9.58% | 81,223,747.10 | 9.96% | 99.41 | 5.65 | 54.86 | 38.96 |
| New Private Amortising | 43,567,639.30 | 7.51% | 1,367 | 12.51% | 72,668,327.83 | 8.91% | 92.09 | 6.16 | 56.78 | 40.12 |
| Used Private Balloon | 22,525,357.83 | 3.88% | 498 | 4.56% | 29,195,408.66 | 3.58% | 99.38 | 6.51 | 55.58 | 39.38 |
| Used Private Amortising | 21,592,375.77 | 3.72% | 933 | 8.54% | 32,420,772.23 | 3.98% | 94.94 | 6.93 | 52.12 | 39.02 |
| Used SME Balloon | 11,690,874.09 | 2.02% | 206 | 1.88% | 15,466,479.41 | 1.90% | 98.94 | 6.36 | 55.15 | 37.44 |
| Used SME Amortising | 11,013,805.59 | 1.90% | 403 | 3.69% | 16,854,073.42 | 2.07% | 96.66 | 6.75 | 46.35 | 34.47 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Aggregate Original Loan Principal Amount**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.00 < x =< 10,000.00 | 76,260.76 | 0.01% | 14 | 0.13% | 122,124.79 | 0.01% | 87.51 | 7.89 | 29.67 | 19.15 |
| 10,000.00 < x =< 20,000.00 | 2,784,627.71 | 0.48% | 272 | 2.49% | 4,352,425.36 | 0.53% | 89.47 | 7.61 | 42.32 | 31.16 |
| 20,000.00 < x =< 30,000.00 | 10,452,089.07 | 1.80% | 657 | 6.01% | 16,500,370.38 | 2.02% | 85.68 | 6.87 | 49.27 | 34.90 |
| 30,000.00 < x =< 40,000.00 | 22,641,743.32 | 3.90% | 959 | 8.77% | 33,575,609.04 | 4.12% | 89.54 | 6.71 | 53.32 | 37.73 |
| 40,000.00 < x =< 50,000.00 | 40,160,253.92 | 6.92% | 1,295 | 11.85% | 58,234,800.83 | 7.14% | 92.55 | 6.30 | 53.75 | 36.85 |
| 50,000.00 < x =< 60,000.00 | 57,536,024.01 | 9.92% | 1,484 | 13.58% | 81,507,887.37 | 9.99% | 97.11 | 6.05 | 52.99 | 36.24 |
| 60,000.00 < x =< 70,000.00 | 64,971,987.03 | 11.20% | 1,417 | 12.97% | 91,798,551.10 | 11.26% | 99.67 | 5.96 | 52.12 | 34.47 |
| 70,000.00 < x =< 80,000.00 | 65,029,274.26 | 11.21% | 1,219 | 11.15% | 90,978,377.97 | 11.16% | 102.88 | 5.99 | 52.44 | 34.42 |
| 80,000.00 < x =< 90,000.00 | 56,296,177.97 | 9.71% | 948 | 8.67% | 80,317,718.56 | 9.85% | 105.28 | 6.08 | 52.15 | 32.08 |
| 90,000.00 < x =< 100,000.00 | 41,462,434.52 | 7.15% | 625 | 5.72% | 59,096,595.48 | 7.25% | 107.27 | 6.07 | 53.42 | 33.42 |
| 100,000.00 < x =< 110,000.00 | 33,218,307.59 | 5.73% | 442 | 4.04% | 46,032,757.64 | 5.64% | 107.39 | 5.93 | 53.04 | 34.03 |
| 110,000.00 < x =< 120,000.00 | 25,364,247.87 | 4.37% | 307 | 2.81% | 35,115,555.04 | 4.31% | 110.81 | 5.86 | 52.70 | 34.09 |
| 120,000.00 < x =< 130,000.00 | 22,518,202.43 | 3.88% | 247 | 2.26% | 30,777,652.03 | 3.77% | 114.53 | 5.77 | 52.83 | 35.05 |
| 130,000.00 < x =< 140,000.00 | 21,320,025.30 | 3.68% | 208 | 1.90% | 28,015,068.84 | 3.44% | 113.93 | 5.83 | 53.27 | 36.04 |
| > 140,000.00 | 116,170,837.81 | 20.03% | 835 | 7.64% | 159,099,669.55 | 19.51% | 114.53 | 5.87 | 55.16 | 37.05 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Amortisation Type**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| Balloon | 455,320,184.05 | 78.50% | 7,179 | 65.69% | 612,358,243.40 | 75.09% | 107.10 | 6.00 | 52.84 | 34.13 |
| Amortising | 124,682,309.52 | 21.50% | 3,750 | 34.31% | 203,166,920.58 | 24.91% | 95.83 | 6.15 | 54.31 | 38.98 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Balloon Percentage of Vehicle Sale Price**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.00% < x =< 10.00% | 125,742,596.38 | 21.68% | 3,775 | 34.54% | 205,247,364.49 | 25.17% | 95.75 | 6.15 | 54.33 | 38.97 |
| 10.00% < x =< 20.00% | 13,888,921.87 | 2.39% | 276 | 2.53% | 19,222,776.81 | 2.36% | 96.11 | 6.24 | 57.43 | 41.21 |
| 20.00% < x =< 30.00% | 62,558,195.09 | 10.79% | 1,110 | 10.16% | 84,181,569.20 | 10.32% | 101.37 | 6.29 | 58.25 | 41.08 |
| 30.00% < x =< 40.00% | 152,812,583.38 | 26.35% | 2,541 | 23.25% | 205,933,229.79 | 25.25% | 105.76 | 6.26 | 57.77 | 38.67 |
| 40.00% < x =< 50.00% | 138,418,212.13 | 23.87% | 2,070 | 18.94% | 185,436,199.15 | 22.74% | 108.96 | 5.89 | 52.17 | 32.29 |
| 50.00% < x =< 60.00% | 72,052,643.31 | 12.42% | 1,014 | 9.28% | 96,111,968.51 | 11.79% | 111.22 | 5.49 | 40.81 | 23.29 |
| 60.00% < x | 14,529,341.41 | 2.51% | 143 | 1.31% | 19,392,056.03 | 2.38% | 119.74 | 5.37 | 38.86 | 20.59 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Client Interest Rate**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.00% < x =< 0.50% | - | 0.00% | 0 | 0.00% | - | 0.00% | | | | |
| 0.50% < x =< 1.00% | - | 0.00% | 0 | 0.00% | - | 0.00% | | | | |
| 1.00% < x =< 1.50% | - | 0.00% | 0 | 0.00% | - | 0.00% | | | | |
| 1.50% < x =< 2.00% | 7,349,831.33 | 1.27% | 144 | 1.32% | 9,632,395.85 | 1.18% | 101.19 | 1.99 | 36.84 | 24.62 |
| 2.00% < x =< 2.50% | 1,935,162.81 | 0.33% | 54 | 0.49% | 3,241,479.13 | 0.40% | 99.82 | 2.49 | 36.81 | 18.08 |
| 2.50% < x =< 3.00% | 5,495,999.60 | 0.95% | 142 | 1.30% | 8,802,428.02 | 1.08% | 101.63 | 2.95 | 49.04 | 29.00 |
| 3.00% < x =< 3.50% | 2,545,173.23 | 0.44% | 71 | 0.65% | 4,548,237.35 | 0.56% | 104.06 | 3.46 | 46.18 | 22.32 |
| 3.50% < x =< 4.00% | 18,302,935.82 | 3.16% | 319 | 2.92% | 26,282,373.00 | 3.22% | 105.40 | 3.91 | 42.07 | 27.55 |
| 4.00% < x =< 4.50% | 41,457,316.98 | 7.15% | 766 | 7.01% | 64,222,421.00 | 7.87% | 105.22 | 4.35 | 46.19 | 28.37 |
| 4.50% < x =< 5.00% | 60,993,474.98 | 10.52% | 1,130 | 10.34% | 93,540,064.19 | 11.47% | 106.22 | 4.82 | 54.03 | 31.31 |
| 5.00% < x =< 5.50% | 69,662,478.13 | 12.01% | 1,141 | 10.44% | 95,047,621.58 | 11.65% | 105.35 | 5.26 | 54.20 | 36.36 |
| 5.50% < x =< 6.00% | 105,463,950.85 | 18.18% | 1,889 | 17.28% | 147,866,365.66 | 18.13% | 105.11 | 5.85 | 52.64 | 34.52 |
| 6.00% < x =< 6.50% | 74,875,029.31 | 12.91% | 1,297 | 11.87% | 100,647,625.37 | 12.34% | 104.89 | 6.32 | 55.33 | 38.22 |
| 6.50% < x =< 7.00% | 84,505,004.79 | 14.57% | 1,567 | 14.34% | 113,934,688.86 | 13.97% | 103.89 | 6.87 | 54.63 | 37.83 |
| 7.00% < x =< 7.50% | 32,918,267.39 | 5.68% | 647 | 5.92% | 44,311,176.21 | 5.43% | 104.71 | 7.32 | 55.69 | 38.18 |
| 7.50% < x =< 8.00% | 38,889,972.84 | 6.71% | 810 | 7.41% | 51,830,095.44 | 6.36% | 103.68 | 7.88 | 55.47 | 39.46 |
| 8.00% < x =< 8.50% | 13,701,681.64 | 2.36% | 352 | 3.22% | 19,739,707.90 | 2.42% | 103.14 | 8.34 | 56.36 | 37.21 |
| 8.50% < x =< 9.00% | 12,664,069.56 | 2.18% | 303 | 2.77% | 18,149,144.81 | 2.23% | 103.21 | 8.91 | 57.59 | 37.93 |
| 9.00% < x =< 9.50% | 2,749,188.07 | 0.47% | 75 | 0.69% | 4,354,411.78 | 0.53% | 107.56 | 9.35 | 57.09 | 33.69 |
| 9.50% < x =< 10.00% | 3,484,785.40 | 0.60% | 106 | 0.97% | 4,862,239.48 | 0.60% | 100.48 | 9.91 | 59.03 | 43.34 |
| >10.00% | 3,008,170.84 | 0.52% | 116 | 1.06% | 4,512,688.35 | 0.55% | 93.83 | 11.81 | 58.92 | 40.19 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Client Type**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| Private | 320,575,266.19 | 55.27% | 6,677 | 61.09% | 448,151,133.83 | 54.95% | 103.48 | 6.13 | 53.53 | 35.29 |
| SME | 259,427,227.38 | 44.73% | 4,252 | 38.91% | 367,374,030.15 | 45.05% | 106.16 | 5.91 | 52.69 | 35.03 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Distribution by State**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| New South Wales | 209,799,600.94 | 36.17% | 4,059 | 37.14% | 298,236,770.31 | 36.57% | 104.66 | 6.20 | 52.95 | 34.63 |
| Victoria | 204,656,142.50 | 35.29% | 3,838 | 35.12% | 287,675,154.48 | 35.27% | 104.50 | 5.83 | 53.12 | 34.81 |
| Queensland | 93,911,828.65 | 16.19% | 1,717 | 15.71% | 128,682,259.51 | 15.78% | 104.51 | 6.15 | 53.84 | 37.03 |
| Western Australia | 32,866,264.43 | 5.67% | 626 | 5.73% | 47,344,958.60 | 5.81% | 106.51 | 6.24 | 54.19 | 36.17 |
| South Australia | 29,455,079.32 | 5.08% | 509 | 4.66% | 40,675,087.80 | 4.99% | 104.63 | 5.70 | 51.68 | 34.58 |
| Australian Capital Territory | 6,070,597.22 | 1.05% | 113 | 1.03% | 8,328,439.22 | 1.02% | 105.00 | 5.80 | 50.42 | 32.81 |
| Tasmania | 2,760,126.66 | 0.48% | 56 | 0.51% | 3,874,159.97 | 0.48% | 104.26 | 6.01 | 57.64 | 39.85 |
| Northern Territory | 482,853.85 | 0.08% | 11 | 0.10% | 708,334.09 | 0.09% | 99.99 | 5.60 | 50.18 | 34.89 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Monthly Instalment**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.00 < x =< 250.00 | 100,625.64 | 0.02% | 16 | 0.15% | 173,522.35 | 0.02% | 79.14 | 7.51 | 60.24 | 40.10 |
| 250.00 < x =< 500.00 | 7,043,371.71 | 1.21% | 453 | 4.14% | 10,468,902.74 | 1.28% | 84.69 | 6.93 | 59.56 | 40.40 |
| 500.00 < x =< 750.00 | 40,819,810.40 | 7.04% | 1,548 | 14.16% | 57,287,926.29 | 7.02% | 90.58 | 6.37 | 57.38 | 38.97 |
| 750.00 < x =< 1,000.00 | 83,295,368.79 | 14.36% | 2,225 | 20.36% | 115,075,603.79 | 14.11% | 97.16 | 6.05 | 55.14 | 37.59 |
| 1,000.00 < x =< 1,250.00 | 102,145,393.19 | 17.61% | 2,196 | 20.09% | 143,513,437.41 | 17.60% | 100.74 | 6.07 | 53.32 | 34.82 |
| 1,250.00 < x =< 1,500.00 | 84,993,417.04 | 14.65% | 1,535 | 14.05% | 121,243,520.65 | 14.87% | 104.77 | 6.08 | 52.63 | 33.42 |
| 1,500.00 < x =< 1,750.00 | 61,858,344.93 | 10.67% | 961 | 8.79% | 87,399,597.56 | 10.72% | 107.73 | 6.01 | 51.60 | 33.35 |
| 1,750.00 < x =< 2,000.00 | 44,876,974.22 | 7.74% | 613 | 5.61% | 63,825,943.30 | 7.83% | 109.65 | 5.90 | 51.57 | 33.51 |
| 2,000.00 < x =< 2,250.00 | 32,144,031.29 | 5.54% | 376 | 3.44% | 44,886,201.48 | 5.50% | 112.71 | 5.81 | 51.58 | 34.11 |
| 2,250.00 < x =< 2,500.00 | 27,730,349.87 | 4.78% | 287 | 2.63% | 38,068,907.71 | 4.67% | 114.72 | 5.89 | 50.74 | 33.94 |
| > 2,500.00 | 94,994,806.49 | 16.38% | 719 | 6.58% | 133,581,600.70 | 16.38% | 113.01 | 5.91 | 52.38 | 35.66 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**New / Used Vehicle**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| New | 513,180,080.29 | 88.48% | 8,889 | 81.33% | 721,588,430.26 | 88.48% | 105.62 | 5.95 | 53.19 | 34.79 |
| Used | 66,822,413.28 | 11.52% | 2,040 | 18.67% | 93,936,733.72 | 11.52% | 97.42 | 6.66 | 52.87 | 38.11 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Original Term**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 0 < x =< 12 | 415,595.36 | 0.07% | 22 | 0.20% | 676,757.66 | 0.08% | 74.18 | 6.22 | 12.00 | 8.90 |
| 12 < x =< 24 | 4,096,402.89 | 0.71% | 213 | 1.95% | 6,571,406.52 | 0.81% | 94.66 | 6.56 | 22.67 | 16.47 |
| 24 < x =< 36 | 22,596,646.91 | 3.90% | 781 | 7.15% | 37,181,309.99 | 4.56% | 91.46 | 5.59 | 34.54 | 24.32 |
| 36 < x =< 48 | 132,463,067.94 | 22.84% | 2,452 | 22.44% | 185,954,979.99 | 22.80% | 105.27 | 5.43 | 38.33 | 22.62 |
| 48 < x =< 60 | 147,252,103.85 | 25.39% | 3,179 | 29.09% | 220,066,584.26 | 26.98% | 102.05 | 6.04 | 54.82 | 37.40 |
| 60 < x =< 72 | 267,391,925.61 | 46.10% | 4,112 | 37.62% | 356,728,507.00 | 43.74% | 107.17 | 6.31 | 61.02 | 40.84 |
| >72 | 5,786,751.01 | 1.00% | 170 | 1.56% | 8,345,618.56 | 1.02% | 103.91 | 7.91 | 83.67 | 61.16 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Remaining Term**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 0 < x =< 12 | 60,713,751.88 | 10.47% | 1,946 | 17.81% | 139,943,139.51 | 17.16% | 105.72 | 5.76 | 44.59 | 7.61 |
| 12 < x =< 24 | 99,137,849.66 | 17.09% | 2,335 | 21.37% | 170,173,207.02 | 20.87% | 104.93 | 5.70 | 47.73 | 18.64 |
| 24 < x =< 36 | 152,103,635.78 | 26.22% | 2,686 | 24.58% | 201,419,542.09 | 24.70% | 104.18 | 5.75 | 48.75 | 30.94 |
| 36 < x =< 48 | 121,319,791.11 | 20.92% | 1,887 | 17.27% | 146,673,690.24 | 17.99% | 105.02 | 6.30 | 57.26 | 42.92 |
| 48 < x =< 60 | 143,346,027.26 | 24.71% | 2,005 | 18.35% | 153,483,828.20 | 18.82% | 104.30 | 6.41 | 61.02 | 55.36 |
| 60 < x =< 72 | 1,658,237.11 | 0.29% | 34 | 0.31% | 1,979,870.06 | 0.24% | 104.83 | 7.80 | 82.19 | 66.05 |
| >72 | 1,723,200.77 | 0.30% | 36 | 0.33% | 1,851,886.86 | 0.23% | 104.92 | 7.32 | 84.00 | 77.14 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Seasoning**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 0 < x =< 12 | 253,357,391.94 | 43.68% | 3,833 | 35.07% | 275,389,920.14 | 33.77% | 103.71 | 6.12 | 52.09 | 46.53 |
| 12 < x =< 24 | 147,892,411.30 | 25.50% | 2,630 | 24.06% | 197,347,883.51 | 24.20% | 104.74 | 5.97 | 52.62 | 34.40 |
| 24 < x =< 36 | 113,635,051.56 | 19.59% | 2,462 | 22.53% | 191,831,716.92 | 23.52% | 106.36 | 5.85 | 52.66 | 22.64 |
| 36 < x =< 48 | 49,221,347.02 | 8.49% | 1,368 | 12.52% | 105,457,547.04 | 12.93% | 105.42 | 6.00 | 58.65 | 16.68 |
| 48 < x =< 60 | 15,705,680.89 | 2.71% | 612 | 5.60% | 44,495,499.12 | 5.46% | 105.18 | 6.45 | 61.26 | 8.04 |
| 60 < x =< 72 | 147,256.50 | 0.03% | 10 | 0.09% | 627,657.75 | 0.08% | 107.59 | 9.03 | 83.82 | 16.27 |
| >72 | 43,354.36 | 0.01% | 14 | 0.13% | 374,939.50 | 0.05% | 101.51 | 10.14 | 84.00 | 8.23 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

**Top 10 Obligors**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. 203637 | 785,429.51 | 0.14% | 3 | 0.03% | 1,046,463.97 | 0.13% | 108.07 | 6.09 | 61.00 | 39.19 |
| 2. 600281 | 518,624.62 | 0.09% | 2 | 0.02% | 558,929.80 | 0.07% | 101.62 | 7.94 | 61.00 | 56.00 |
| 3. 599879 | 492,929.70 | 0.08% | 3 | 0.03% | 545,670.00 | 0.07% | 123.47 | 5.89 | 37.00 | 29.36 |
| 4. 68397 | 446,006.60 | 0.08% | 2 | 0.02% | 639,750.00 | 0.08% | 119.06 | 5.50 | 49.00 | 25.78 |
| 5. 576898 | 430,912.84 | 0.07% | 2 | 0.02% | 532,200.00 | 0.07% | 100.54 | 5.60 | 61.00 | 43.00 |
| 6. 449629 | 428,137.15 | 0.07% | 2 | 0.02% | 590,260.94 | 0.07% | 109.15 | 6.49 | 60.00 | 41.63 |
| 7. 612394 | 424,805.95 | 0.07% | 2 | 0.02% | 444,274.80 | 0.05% | 106.29 | 5.45 | 60.00 | 57.00 |
| 8. 576698 | 419,699.43 | 0.07% | 2 | 0.02% | 516,045.00 | 0.06% | 98.73 | 6.02 | 61.00 | 44.74 |
| 9. 443963 | 408,068.91 | 0.07% | 2 | 0.02% | 622,769.01 | 0.08% | 119.67 | 6.11 | 60.64 | 29.29 |
| 10. 388938 | 406,455.40 | 0.07% | 2 | 0.02% | 483,189.63 | 0.06% | 127.34 | 6.56 | 61.00 | 45.40 |
| | **4,761,070.11** | **0.82%** | **22** | **0.20%** | **5,979,553.15** | **0.73%** | **111.06** | **6.19** | **57.18** | **41.07** |

**Vehicle Type**

| Full Description | Balance | % of Balance | Nbr of Contrac | % of Nbr of Contracts | Original Principal Balance | % of Original Principal Balance | WA LTV | WA AAR | WA Original Term | WA Remaining Term |
|---|---|---|---|---|---|---|---|---|---|---|
| Passenger Car | 480,908,401.05 | 82.91% | 9,007 | 82.41% | 669,963,910.51 | 82.15% | 105.48 | 6.08 | 52.72 | 34.57 |
| Heavy Commercial Vehicle | 54,770,210.68 | 9.44% | 715 | 6.54% | 81,675,951.14 | 10.02% | 100.29 | 6.02 | 58.69 | 40.31 |
| Light Commercial Vehicle | 44,323,881.84 | 7.64% | 1,207 | 11.04% | 63,885,302.33 | 7.83% | 101.36 | 5.51 | 51.02 | 35.33 |
| | **580,002,493.57** | **100.00%** | **10,929** | **100.00%** | **815,525,163.98** | **100.00%** | **104.68** | **6.03** | **53.15** | **35.17** |

# DIRECTORY

**Manager, Seller, Servicer and Subordinated Loan Facility Provider**
Mercedes-Benz Financial Services Australia Pty Ltd
Level 1, No. 41 Lexia Place
Mulgrave VIC 3170

**Issuer**
Perpetual Corporate Trust Limited
Level 18, Angel Place, 123 Pitt Street
Sydney NSW 2000

**Security Trustee**
P.T. Limited
Level 18, Angel Place, 123 Pitt Street
Sydney NSW 2000

**Arranger**
Australia and New Zealand Banking Group Limited
ANZ Tower
Level 5, 242 Pitt Street
Sydney NSW 2000

**Joint Lead Managers and Bookrunners**

Australia and New Zealand Banking Group Limited
ANZ Tower
Level 5, 242 Pitt Street
Sydney NSW 2000

MUFG Securities EMEA plc
Ropemaker Place, 25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

**Co-Managers**

DBS Bank Ltd.
12 Marina Boulevard Level 41
Marina Bay Financial Centre Tower 3
Singapore 018982

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

**Solicitors to the Seller**
Allen & Overy
Level 25, 85 Castlereagh Street
Sydney NSW 2000