

It pays to specialise.



**Leveraged Equities
does not provide
financial planning or
stock broking services.**

**It focuses on doing one
thing and doing it better
than anyone else.**

**We believe
it pays to specialise.**

What is the Share Protection Plan?

The Leveraged Equities Share Protection Plan (“SPP”) allows investors to gear into the Australian stock market with the security of an investment that is protected against falling share prices.

The SPP is an interest only loan in which Leveraged Equities will fully fund the purchase cost of your portfolio. The portfolio will be 100% protected against down-side risk. Select the portfolio and loan term you would like, and you only have to cover your interest obligations.* Whilst the facility is still current you are entitled to all of the benefits associated with owning the shares directly. The protection will remain in place unless you default on your loan obligations or you exit the loan early.

What are the Features and Benefits of the Share Protection Plan?

100% Capital Protected*

As part of the Share Protection Plan, your stock is 100% protected against losses due to falling share prices. Your ‘protected price’ is the price at which you initially acquire the shares.

100% Ownership

You receive all of the dividends, franking credits and capital gains associated with your SPP securities.

Fully Funded

Leveraged Equities will lend you 100% of the purchase price of your portfolio – you need only cover your interest obligations and brokerage costs. Through borrowing from Leveraged Equities to invest in the SPP, you could considerably increase the potential for gains you may make on the securities due to rising prices.

Stock Specific Protection

With the SPP, there is no offsetting of losses against gains. If you have a portfolio of stocks you will be entitled to all of the upside associated with the stock, and no loss will be realised on stocks that have lost market value. On expiry – if your Share Protection Plan covers more than one stock, you can take the profit on the stocks that are above the protected price. Stocks that are trading at or below the protected price can be sold at the protected price, hence re-paying the outstanding loan.

* Portfolio may be subject to change as a result of Corporate Actions which may require capital contributions. See “What are the risks involved in the Share Protection Plan”.

** Share Protection Plan interest rates are subject to change without notice and are indicative only.

*** Applicants must be aware that the Product Ruling (PR 2007/101) does not address the taxation consequences of interest on a loan advanced against an existing portfolio of shares.

Stock Specific Protection:

See the table below as an example.

| STOCK | A | B | C | PORTFOLIO |
|---------------------------------------|-----------------|-----------------|------------|-----------------|
| Entry/ Protected Value | \$50,000 | \$80,000 | \$70,000 | \$200,000 |
| Market Value at Expiry | \$70,000 | \$110,000 | \$50,000 | \$230,000 |
| Exit Value | \$70,000 | \$110,000 | \$70,000 | \$250,000 |
| Capital Gain on Investment | \$20,000 | \$30,000 | \$0 | \$50,000 |

In this example, even though the market value of the portfolio on expiry of the loan term has risen by 15%, the actual return under the Share Protection Plan is 25%. This is because the loss on stock C has not been offset against the gains made on the other stocks – you can take the profits for stocks that benefit the portfolio without worrying about offsetting the gains with stocks that have incurred losses. This may increase the returns on your portfolio.

No Margin Calls due to falling stock prices

Regardless of what the market is doing – you won’t be in a margin call due to falling stock prices. Therefore, you will not have to worry about having cash reserves on hand for downward trends in the market.

Choose from a wide range of listed securities

The Share Protection Plan currently offers interest rates for approximately 90 approved securities. Other securities may be available on application. View the Share Protection Plan interest rates on-line via leveraged.com.au** or contact Leveraged Equities on 1300 307 807.

Interest Rates Fixed for the term of the Loan

Interest will be payable on your Share Protection Plan annually in advance or monthly in arrears. Your interest rate is fixed for the term of the loan and will depend on the stocks you choose, and the term of the loan.

Protect an existing margin loan portfolio

Existing portfolios of approved securities can be converted into a Share Protection Plan. Leveraged Equities will simply protect you at the market price at the time of conversion. We can lend you 100% of the protected value of your portfolio on commencement of the SPP and you have then locked in the minimum sale price for your securities upon expiry of the loan.***

Monthly Statement

Leveraged Equities will provide you with a comprehensive statement detailing your protected holdings at the end of every month.

On-line facilities

You can track your position on-line via leveraged.com.au.

Example of a Share Protection Plan Portfolio - 3 Year Loan Term

| Stock | Loan Amount | Dividend Yield | Interest Rate |
|-------------------------------|--------------|----------------|---------------------------|
| Commonwealth Bank | \$50,000 | 5.84% | 15.84% |
| National Australia Bank | \$50,000 | 6.02% | 15.92% |
| Total / Average Rate | \$100,000 | 5.93% | 15.88% |
| | CBA | NAB | Total for the year |
| Interest cost | \$7,920 | \$7,960 | \$15,880 |
| Dividend after tax | \$2,232 | \$2,301 | \$4,532 |
| Interest cost after tax | \$5,746 | \$5,786 | \$11,532 |
| Net cost after tax (%) | 7.03% | 6.97% | 7.00% |

Note: Calculations expressed on a per annum basis assuming the following: Tax rate = 46.5% Includes Medicare Levy. Term = 3 years. RBA Variable Rate for Standard Housing Loans Rate = 9.35%. Correct as at 13 May 2008.

Important Information

The above share portfolio is for illustrative purposes only and does not constitute investment advice. The actual result achieved will depend upon the investments made and historical performance does not necessarily represent future performance. We strongly recommend you obtain independent advice in relation to share selection and the suitability of this type of investment for your tax and other circumstances. Shares are purchased using the Leveraged Equities margin loan facility, and are selected from an approved list. The calculations do not account for fees or transaction costs. The interest rates and dividend yields shown are indicative only.

The SPP offers *Flexibility*.

Loan Terms

Loan terms can be for 1 to 5 years and other terms may be available on request. You may be interested in a 13 month facility to capture 3 dividends, or to take the facility into the new financial year. The minimum loan size is \$50,000 for a single share portfolio.

Use your Broker of Choice

Keep your existing relationship with your broker and buy and sell your protected securities through them.

If you do not have a stockbroker, open a trading account with your chosen broker and instruct them to settle your purchases through Leveraged Equities.

Tax Advantages and Consequences of the SPP

Leveraged Equities has a current ATO Product Ruling (PR 2007/101) for loan terms 1 through to 5 years.

This allows investors some increased certainty as to the extent and timing of their interest deductions allowed for annual interest payments. Depending on your personal circumstances, the SPP may allow you some taxation advantages. The Product Ruling is only binding on the Commissioner of Taxation if the Share Protection Plan is carried out in accordance with the 'Arrangement' outlined in the Product Ruling. A copy of the Ruling will be provided on request. Leveraged Equities does strongly recommend that you consult your professional taxation adviser about the tax effects of entering into a capital protected loan.

On 13 May 2008, the Federal Government announced that it will amend the benchmark interest rate in the capital protected borrowing rules from the Reserve Bank of Australia indicator variable rate for personal unsecured loans to the Reserve Bank of Australia indicator variable rate for standard housing loans for capital protected borrowings entered into after 7:30pm (AEST) on 13 May 2008. This change will therefore potentially affect the benchmark interest rate referred to in the Product Ruling.

As the proposed law has not been enacted, the ATO will not issue a legally binding Product Ruling on this change until the relevant legislation is enacted. Once the change is enacted, Leveraged Equities Limited intends that the Product Ruling will be amended and reissued to reflect the change in the law, including which arrangement will be affected by the proposed changes.

Trading SPP Securities

You are able to trade your protected securities throughout the term of the loan if you sell above the protected price. This enables you to profit-take without having to terminate the loan. If you are relying on our existing ATO Product Ruling (PR 2007/101) for interest deductions, you are limited to trading in each stock twice* a year.

Writing Covered Calls over SPP securities

Leveraged Equities offers you the capital protection of the Share Protection Plan with the income enhancement of writing covered calls. Writing covered calls against your protected stock may help finance annual interest payments for your SPP. There are conditions and product risks associated with such strategies. Please speak to your broker about this strategy and the suitability of writing covered calls against your SPP stock.

Please note the following conditions that must be adhered to when writing covered calls over SPP securities:

- (i) Calls must expire within the prepaid interest period.
- (ii) Calls written on SPP protected stock must expire prior to, or concurrently with, the expiry date of the put option.
- (iii) The strike price of the call must be at, or above the strike price of the put.

To write covered calls over SPP securities you will need to sign additional documentation. Please contact Leveraged Equities on 1300 307 807 for more information.

*Means exiting and re-entering the stock twice per year.

Understanding the Risks associated with the SPP.

Taxation

The tax benefits that occur as a consequence of prepaying interest on the SPP will vary with your individual circumstances. Leveraged Equities strongly recommends that you obtain independent taxation advice in relation to the suitability of this type of investment for your tax and other circumstances. Leveraged Equities has obtained a Product Ruling (PR 2007/101) which details the extent and the timing of deductions. A copy of the Ruling is available from Leveraged Equities, or on-line at the ATO web-site: ato.gov.au.

Please refer to comments on page 3 in respect of proposed legislative changes announced in the Budget on 13 May 2008 which may affect the Product Ruling.

Market Risks

The Share Protection Plan is a capital protected investment that protects you against down side risk on your securities as a result of falling share prices. However, you will be liable for any interest payments that fall due on the facility, and any early termination costs that occur as a result of you breaking your loan prior to the expiry date. Due to this, the return on your investment in the Share Protection Plan may be negative. Leveraged Equities does not give investment advice and does not assure performance of the selected securities.

Corporate Actions

A Corporate Action is an event that may change the Capital Structure of a company.

If at any time during the term of your Share Protection Plan a Corporate Action occurs in relation to a protected security, the security may be affected. Leveraged Equities may adjust the Exercise Price (protected price), or alternatively the number of underlying securities that are protected. This can result in a reduction of the value of the protected securities in relation to a particular tranche of securities, or extra units of the protected security may need to be purchased. Hence, an additional capital contribution to maintain the full security value of the loan may be required. Some examples of common corporate actions may include mergers, takeovers, returns of capital, special dividends, bonus and rights issues. Speak to your financial adviser for more detail about these events.

Leveraged Equities acknowledges that the occurrence of corporate actions may impact your protected loan significantly and corporate actions are events that are not controlled by Leveraged Equities.

Exiting the facility early

You are able to break your Share Protection Plan (partially or fully) throughout the term of the loan but you will be liable for any costs associated with exiting the facility (break costs). Break costs can only be calculated at the time of terminating a position and take into account the costs borne by Leveraged Equities to exit any contracts it entered into to protect the investment/s (including any interest rate hedges). Some of the factors that we may take into account in determining the amount of a break cost are profits or losses from the sale of protected stock, proceeds from the sale of protection on the stock, un-amortised protection costs, annual interest refunds or outstanding costs, and costs associated with breaking out of a fixed interest facility. Other factors may also be taken into account when we calculate a break cost.

Break costs can be sizeable and can generally be valued at around 5-10% of the loan amount for every year that remains on the loan. Please note these figures are only indicative.

Conditions of the Share Protection Plan.

Loan Term

1 to 5 years with interest fixed for the term of the loan. If you do not wish to take up a standard loan term we may be able to structure a plan to meet your preferred requirements.

Loan Size

\$50,000 minimum loan for a single share portfolio,
\$100,000 minimum for a multiple share portfolio.
The maximum loan size offered by Leveraged Equities for a Share Protection Plan of more than one year's duration is dependent upon your ability to service the interest on the loan. See "Statement of Financial Position".

Trade Size

There is a \$30,000 minimum trade in each stock for a \$100,000 portfolio, and a \$40,000 minimum trade in each stock for a portfolio greater than \$100,000.

Interest Rates

Interest Rates are higher than on the standard margin loan and are available on application. Alternatively, an indication of Share Protection Plan interest rates can be viewed on-line via leveraged.com.au. SPP approved stocks have individual interest rates applicable to them. If you decide to select a portfolio of stocks, the quoted rate will reflect the weighted average cost of the basket of stocks. Generally, the longer the term, the lower the interest rate.

Interest Payments

- **Annually in advance**
If you take up an SPP for more than one year, then the annual interest payment will be due two weeks before each anniversary date. These funds will be deposited into a Cash Management Trust on your behalf, earning interest until the funds are transferred to Leveraged Equities on the anniversary date.
- **Monthly in arrears**
Monthly interest in arrears payments must be made by direct debit. Interest is charged to *your* account on the last day of each month.

If you ask and Leveraged Equities agrees, the interest payment option chosen by you may be changed during the term. A fee will be payable by you at the time the change is made (information about current fees is available from Leveraged Equities on request). Should the interest option change, the applicable interest rate will also change. You will be notified of the applicable interest rate and interest payment details at the time the change is made.

If you default on your interest payment, the account will be closed and break costs will apply.

Statement of Financial Position

If you decide to take up an SPP deal for a term longer than one year, you will be required to complete a Statement of Financial Position. We may ask you to provide supporting evidence of the assets, liabilities, income and expenses that you declare to us in your Statement of Financial Position. Please see page 17 for this form.

How do I take advantage of the SPP?

Start of the loan term

If you are a new client wishing to apply for our Share Protection Plan you need to:

- Open a Margin Loan Account with Leveraged Equities by completing the Application Form and signing the Application Documents. Any questions can be directed to Leveraged Equities on 1300 307 807.

Existing and new clients (after completing the above step) can then follow these steps:

- New and existing clients will need to sign the Supplementary Application Form at the end of this booklet.
- Speak to Leveraged Equities regarding the shares you wish to purchase, along with the loan amount and term of the loan. Leveraged Equities will be able to provide you with a current Share Protection Plan interest rate list. You can also view these rates on-line via leveraged.com.au
- Loans over a term of one year will require a Statement of Financial Position to be completed.
- If approved Leveraged Equities will quote an interest rate. If you choose to pay interest annually in advance, the annual interest payment together with any brokerage will need to be paid upfront to Leveraged Equities prior to purchasing the stock(s). If you choose to pay interest monthly in arrears you will need to complete a Direct Debit Request form to facilitate monthly payment of interest and pay any brokerage upfront to Leveraged Equities prior to purchasing the stock(s).
- Instruct your stockbroker to purchase the agreed number of shares and inform them that Leveraged Equities must settle the trades on your behalf. You or your broker needs to advise Leveraged Equities **immediately** after you have bought the stock and inform them that the purchase(s) are for a Share Protection Plan. Leveraged Equities will then arrange the purchase of the put option(s). The purchase price of each stock(s) becomes the protected price or – the minimum price to be received on expiry of the SPP.

If you do not have a stockbroker, open an account with your broker of choice and purchase the stock(s) through them. Your broker must settle the buy order(s) through

Leveraged Equities and as above - you must tell them that they need to **immediately** inform Leveraged Equities of the stock purchase(s). We will then arrange the purchase of the put option(s) on your SPP stock(s) to protect you from any downside risk resulting from a falling share price.

During the term of the loan

- You are committed to the interest payments on the SPP as and when they become due.
- You are able to trade your protected shares twice (buy/sell x 2 per stock) in any one anniversary year if you are relying on our Product Ruling (PR 2007/101). The net sale price must be greater than the protected price. This allows for greater flexibility by locking in gains, while at all times maintaining the protection on the shares. Note the interest commitment is still payable on the original loan amount when the shares have been sold, and additional security may need to be lodged on the account if you repurchase the shares at a higher price than the sale price.
- If you wish to terminate the SPP prior to expiry, a break cost may be applicable but can only be calculated at the time of the request.
- You are unable to alter the number of shares for each stock in your SPP, or alter the stocks that you have originally selected in your SPP.
- If there are any adjustments to the shares, for example a capital return, bonus issue, share split or takeover, Leveraged Equities may make an adjustment to the number of protected shares and the price and advise you of the outcome. This may result in the requirement for a capital contribution, or a partial or total break of the SPP loan.
- If you choose to write covered calls over your SPP securities, you must adhere to the following conditions:
 - Calls must expire within the interest-prepaid period.
 - Calls written on SPP protected stock must expire prior to, or concurrently with, the expiry date of the put option.
 - The strike price of the call must be at or above the strike price of the put.

You are committed to interest payments on the SPP irrespective of whether you sell/get exercised on any of your protected stock(s). You must be aware that if you sell/get exercised on any of your protected stocks, the SPP loan will only continue to be advanced where both the underlying shares and the put options are present on your account.

Upon expiry of the loan

At the end of the term of the loan, you have a number of options available to you for each parcel of shares within the SPP. The following options available are dependent on whether the stock/s are trading below or above the protected price upon expiry:

If shares are trading below the protected price:

Instruct Leveraged Equities to sell the shares at the protected price on your behalf.

If shares are trading above the protected price:

1. Sell the shares and realise the profit; and/or
2. Pay out the loan attributable to the particular parcel(s) and keep the shares: and/or
3. Roll the shares into a new SPP;
4. Convert the loan to a margin loan. If the margin value of the shares is greater than the protected price, you will not have to provide any equity. If the margin value of the shares is less than the protected price, you will have to provide equity in the form of cash to repay part of the loan, or lodge additional shares as security.

Glossary of terms.

Anniversary Date:

Occurs every 12 months from the start date to the end date of your SPP facility.

Call Options:

A contract that entitles the taker (buyer) to buy a fixed number of the underlying shares at a particular price (the strike price) on or before the expiry date for that particular option series.

Corporate Actions:

An event affecting a listed company that has the effect of changing the capital structure of the company.

Some examples of common corporate actions may include mergers, takeovers, returns of capital, special dividends, bonus and rights issues, reconstruction, stock splits, consolidations, schemes of arrangement and also other events that may have similar effects on a company's capital structure.

Covered Calls:

A call option that is written over the same tranche of securities that you are protected on with the SPP – eg: you have the stock XYZ in your SPP portfolio, and you write calls over XYZ.

Exercised:

The buyer of the option exercises the right to buy or sell the underlying shares pertaining to an option contract. Exchange traded options over ASX listed shares are American style options, this means that the buyer has the right to exercise them at any time up until expiry.

Exchange Traded Options:

A contract between two parties giving the taker (buyer) the right, but not the obligation, to buy or sell a parcel of shares at a predetermined price possibly on, or before a predetermined date. To attain this right the taker pays a premium to the writer (seller) of the contract. Exchange traded options derive their value from that of the underlying shares.

Expiry Date:

The end date of the SPP loan which enables you to sell your protected securities at the protected price if the stock is trading below the protected price.

Hedges:

A transaction that lowers or offsets the risk involved in a particular holding of securities.

Protected Price:

The price at which you initially purchase the SPP securities. The 'Protected Price' is detailed in the 'SPP Notice'.

Protected Securities:

The securities specified by Leveraged Equities as being the securities we may accept in connection with the SPP as per the 'SPP Notice'.

Put Option:

An option contract that enables the buyer to sell a fixed amount of the underlying securities at a particular price on the expiry date of the option.

SPP Notice:

The SPP Notice is a confirmation that we send to the client that links the SPP Securities to the Leveraged Equities Mortgage. The SPP Notice sets out the interest amount for the loan, and specifies the SPP Securities.

Writing:

A person selling an options contract.

Share Protection Plan Agreement.

This Share Protection Plan Agreement is supplementary to the *Agreement* between you and Leveraged Equities Limited (**LE**) in relation to your *Margin Loan Account* and is to be read in conjunction with that *Agreement* except that, to the extent of any inconsistency in relation to the *Share Protection Plan*, the terms of this Share Protection Plan Agreement shall prevail.

This Share Protection Plan Agreement sets out the terms and conditions under which *LE* agree to provide you with the *Share Protection Plan*.

we, us and **our** means Leveraged Equities Limited (ABN 26 051 629 282), its successors and anyone it assigns its rights to.

you and **your** is a reference to the *Borrower* or the *Guarantor* as applicable.

In this Share Protection Plan Agreement, unless defined below or the context otherwise requires, words printed like *This* shall have the same meaning as set out in Clause 82 of the *Agreement* between you and Leveraged Equities in relation to your *Margin Loan Account* and the Share Protection Plan Agreement is to be interpreted according to any other interpretation provisions set out in Clause 82 of the *Agreement*.

Other words have the following meanings:

Agreement means the Margin Loan Agreement executed or to be executed on behalf of each *Borrower* and *Guarantor* pursuant to the original *Application Form* or relating to the *Margin Loan Account*, being the *Application Form* or *Margin Loan Account*, identified in the Share Protection Plan Application Form.

Margin Loan Account means the borrowing facility established under the *Agreement*.

Person includes both an individual and a corporation.

Power of Attorney means the power of attorney granted by each *Borrower* and *Guarantor* at the time of the original *Application Form*.

Share Protection Plan means the facility under which we agree to treat the value of certain *Secured Property* in the manner described in this Share Protection Plan Agreement.

Transaction Document means:

- this Share Protection Plan Agreement; and
- the *Agreement* (including any other document

which we or a related body corporate of us agree is a transaction document under the *Agreement*).

We may specify, in a Share Protection Plan Notice (**SPP Notice**), *Securities* or *Additional Securities* forming part of the *Secured Property* under the *Agreement* from time to time.

We agree that, subject to the terms of this Share Protection Plan Agreement, the *Securities* or *Additional Securities* specified in a *SPP Notice* (**Protected Securities**) are covered by the Share Protection Plan Agreement at the price (**Protected Price**) and until the time and date (**Expiry Time**) respectively specified in the relevant *SPP Notice* for each *Protected Security*, upon the terms and conditions set out below.

Terms and conditions

1. If prior to the *Expiry Time* with respect to a *Protected Security* you or a *Guarantor* is in default under the *Agreement* and prior to that *Expiry Time* *LE* exercises a power of sale over that *Protected Security* and the net sale price realised (after all sales expenses, brokerage and stamp duty) is less than the *Protected Price*, then *LE* will treat the *Protected Security* as having realised a net sale price equal to the *Protected Price*.
2. For the purpose of Clause 4.6 of the *Agreement* dealing with margin payments, *LE* will until the *Expiry Time* with respect to a *Protected Security* treat the value of that *Protected Security* as being the greater of:
 - the *Protected Price*; and
 - the proportion of the market value of that *Protected Security* otherwise calculated in accordance with our normal procedures.
3. Seven Business Days before the *Expiry Time* applicable to a *Protected Security* you and the *Guarantor* must let *LE* know which of the following options you and the *Guarantor* elect for that *Protected Security*:
 - If, at expiry of the loan, the market value of a particular tranche of *Protected Securities* is less than the *Protected Price*, the Investor can instruct Pirie Street Custodian Limited (**PSC**) to exercise the Put Option and sell the *Protected Securities* under the *Power of Attorney*. The exercise of the Put Option will result in the *Protected Securities* realising a net sale price equal to the *Protected Price*; or

- sell the *Protected Security* via your usual *Broker* prior to close of business on the third *Business Day* before the *Expiry Time*, as long as the net sale price realised is more than the *Protected Price* and the contract note is received by *LE* prior to the *Expiry Time*; or
- request us to enter into a new Share Protection Plan Agreement with respect to that *Protected Security*, which we may agree to do upon the terms and conditions applicable at that time; or
- repay the *Total Amount Owning* prior to the *Expiry Time* by an amount equal to the *Protected Price* for each *Protected Security*; or
- request us to convert that part of the loan outstanding under the *Agreement* applicable to the *Protected Security* to a standard Leveraged Equities Margin Loan Facility, in which case the *Protected Security* loses the benefit of Clause 2 of this Share Protection Plan Agreement from the time you advise us that you want to exercise this option and you may (depending on the market value of the *Protected Security* at that time and the market value of any other *Secured Property*) need to immediately comply with the margin obligations under Clause 4 of the *Agreement*.

If you do not indicate which option you elect prior to the close of business seven *Business Days* prior to the *Expiry Time* for a *Protected Security*, or we do not agree upon request to enter into a new *Share Protection Plan*, you and the *Guarantor* will be treated as having requested *PSC* to sell the stock in accordance with the first option above.

4. If you ask us and we agree, the *Share Protection Plan* may be terminated with respect to a *Protected Security* prior to the *Expiry Time* applicable to it upon the terms and conditions we specify.

The fees and charges payable on termination of the *Share Protection Plan* with respect to a *Protected Security* prior to the *Expiry Time* will include the following (as applicable):

- Break costs – described below;
- Exit fee – \$250; and
- Break cost fee estimate – \$50 (payable after one free estimate per annum).

These fees are correct as at 1 July 2007 and may be amended at *LE*'s discretion without prior notice.

You acknowledge that the total break costs can only be calculated at the time of terminating the *Share Protection Plan* with respect to a *Protected Security*. Break costs can be sizeable and can generally be valued at up to 10% of the loan amount for every year that remains on the loan. Break costs can include the following (as applicable):

- Costs borne by us in exiting any contracts entered into by us with respect to the *Protected Securities* (including any interest rate arrangements);
 - Losses from the sale of the *Protected Securities*;
 - Unamortised protection costs;
 - Any outstanding interest payments; and
 - Other variables affecting the overall figure will include proceeds from the sale of protection on the stock, and interest refunds. The factors that affect the outcome of the break cost are not limited to what is stated.
5. Without limiting Clause 6 of this Share Protection Plan Agreement, if prior to the *Expiry Time* applicable to a *Protected Security* the entity that issued the *Protected Security* is the subject of a takeover or merges or consolidates with another entity or transfers all or substantially all its assets to another entity, then *LEL* may by *Notice* terminate the *Share Protection Plan* with respect to the *Protected Security* and determine, in its absolute discretion, the amount payable upon that termination. Any amount payable by you and the *Guarantor* as a result of that termination must be paid on demand.
 6. If prior to the *Expiry Time* applicable to a *Protected Security*:
 - the relevant *Security* is subdivided, consolidated or reconstructed; or
 - the entity that issued the *Protected Security* makes a bonus issue, a distribution by way of return of capital or a rights issue, or otherwise alters its capital structure; or
 - that entity is the subject of a takeover or is to merge or consolidate with another entity or transfer all or substantially all its assets to another entity; or

- another change occurs with respect to the relevant *Security* or that entity;

then *LE* may in its discretion by notice alter the *Expiry Time*, vary the *Protected Price*, and/or the units of stock, and nominate alternative *Securities* as the *Protected Security*.

7. You and the *Guarantor* agree that *PSC* may as the nominee for the holder of a *Protected Security*, under the *Nominee Agreement* and *Sponsorship Agreement*, and at the cost of *LE*, enter into such hedging arrangements (**Hedge**) with respect to the *Protected Security* as *LE* sees fit with such person as *LE* nominates. The *Hedge* will be held by *PSC* on behalf of the holder of the *Protected Security*, and will comprise *Secured Property* under the *Mortgage*. This Clause 7 is taken to be a requirement for the *Hedge* to be part of the *Secured Property* under Clause 8 of the *Mortgage Terms*.
8. If *PSC* or *LE* is to sell any *Protected Security*, whether pursuant to this letter, upon exercise of a power of sale or otherwise, the *Protected Security* may be sold on-market or pursuant to any *Hedge*, at the option of *LE*.
9. The *Share Protection Plan* with respect to a *Protected Security* automatically terminates if you or a *Guarantor*:
 - sell, transfer, exercise, redeem or otherwise deal with any *Hedge*; or
 - gives us incorrect or misleading information (including through the representations and warranties set out in Clause 53 of the *Agreement* and the undertakings set out in Clause 54 of the *Agreement*) in connection with a *Transaction Document*; or
 - does something you or the *Guarantor* agree not to do, or do not do something you or the *Guarantor* agree to do, under any *Transaction Document*.

If the *Share Protection Plan* so terminates with respect to a *Protected Security*, then *LE* may determine, in its absolute discretion, the amount payable by you and the *Guarantor* upon that termination. Any amount payable by you and the *Guarantor* as a result of that termination must be paid on demand.

10. You and the *Guarantor* acknowledge that, unless we specifically agree, you may not vary the number, or the type, of *Securities* covered by this *Share Protection Plan*.

The original purchase price or current market price if lodging an existing portfolio will be the *Protected Price* throughout the term of the loan subject to any changes due to a corporate action on the underlying stock as detailed in Clause 5 and 6 of this *Share Protection Plan Agreement*.

11. You agree to promptly provide us with a *Statement of Financial Position* if so requested, and also agree to provide an updated *Statement of Financial Position* when reasonably requested by us.
12. Interest on the *Share Protection Plan* must be paid annually in advance, and two weeks prior to the anniversary date of the establishment of the *Share Protection Plan*. You agree that interest rates are fixed under the *Share Protection Plan*.
13. You and the *Guarantor* acknowledge that provision of the *Share Protection Plan* is conditional upon you and the *Guarantor* satisfying the requirements of our file noting process to confirm your understanding of the terms and conditions of the *Share Protection Plan*.
14. You agree that if trading the *Protected Securities* covered by the *Share Protection Plan*, any such transactions must be above the *Protected Price* and you must repurchase the original number of *Protected Securities*. Additional funds may be required to be lodged with us if you repurchase securities above the *Protected Price*.
15. You and the *Guarantor* agree that you must continue to meet interest payments as and when they become due, irrespective of whether you sell any *Protected Security* covered by the *Share Protection Plan*.
16. This *Share Protection Plan Agreement* comprises a *Transaction Document* for the purpose of the definition of *Agreement* in the *Agreement*.

Execution by attorney

Each *Attorney* executing this *Share Protection Plan Agreement* states that he or she has no notice of revocation or suspension of his or her power of attorney.

**THIS IS WHERE THE SIGNING CLAUSES
WOULD APPEAR IN THE SIGNATURE COPIES
OF THIS AGREEMENT.**

Leveraged Equities Share Protection Plan Application Form.

Application Information

PLEASE READ BEFORE COMPLETING APPLICATION.

This *Share Protection Plan Application Form* is used by an existing *Borrower* and (if required) any *Guarantor* of the *Borrower's* obligations, to apply for a Share Protection Plan facility offered by Leveraged Equities in relation to the margin lending facility of the *Borrower*. Before you complete this *Share Protection Plan Application Form*, you should read the *Share Protection Plan Information* (including any risk disclosure) accompanying this *Share Protection Plan Application Form*. If you have any questions when completing this *Share Protection Plan Application Form*, please contact us on 1300 307 807.

Words printed like *This* are defined in the *Agreement* for the Margin Loan Account. A copy of the *Agreement* was given to each of the *Borrower* and the *Guarantor* at or about the time they originally signed an *Application Form* incorporating a *Power of Attorney*. If either the *Borrower* or the *Guarantor* wants to see a copy of the *Agreement* before signing this *Share Protection Plan Application Form*, you should request a copy from us.

Other words printed like *This* and used in this *Share Protection Plan Application Form* have the following meanings:

- *Agreement* means the Margin Loan Agreement executed or to be executed on behalf of each *Borrower* and *Guarantor* pursuant to the original *Application Form* or relating to the Margin Loan Account, being the *Application Form* or Margin Loan Account, identified in this *Share Protection Plan Application Form*;
- *Power of Attorney* means the power of attorney granted by each *Borrower* and *Guarantor* at the time of the original *Application Form*;
- *Share Protection Plan Application Form* means the *Application Form* accompanying these instructions;
- *Share Protection Plan Agreement* means the agreement for a Share Protection Plan facility to be signed on behalf of the *Borrower* and the *Guarantor*, the terms and conditions of which are set out in the *Share Protection Plan Information* accompanying this *Share Protection Plan Application Form*;
- *Share Protection Plan Information* means the product information relating to the Share Protection Plan facility attached to this *Share Protection Plan Application Form*.

A reference to “you” or “your” means the person or persons, company or trustee whose details are set out under the signatures on this *Share Protection Plan Application Form* overleaf.

PLEASE COMPLETE IN BLOCK LETTERS. IF YOU MAKE A MISTAKE ANYWHERE ON THE FORM
DO NOT USE CORRECTION FLUID – CROSS THE ERROR OUT ONCE IN PEN
AND HAVE ALL THE PEOPLE SIGNING THE APPLICATION INITIAL BESIDE THE ERROR.

Acknowledgement

You acknowledge and agree that, by signing this *Share Protection Plan Application Form*, you have read and understood the *Share Protection Plan Agreement* provided with this *Share Protection Plan Application Form*. You acknowledge that you have not relied on any taxation, legal or financial advice from us and have sought independent taxation, legal and financial advice on the suitability of the product for you.

By each *Borrower* and *Guarantor* signing this *Share Protection Plan Application Form*:

- you request us to make available to you the Share Protection Plan facility;
- you agree that the Share Protection Plan facility constitutes a new *Arrangement* for which each *Guarantor* is liable under the *Guarantee*, and each *Guarantor* consents to the *Borrower* entering into the Share Protection Plan facility;
- you acknowledge that you have been given, and have read and agree to be bound by, the terms and conditions of the *Share Protection Plan Agreement*, including the *Share Protection Plan Information* accompanying this *Share Protection Plan Application Form* and any Privacy Disclosure and Consent and Risk Disclosures included in that information;
- you direct each attorney under the *Power of Attorney* which you have previously given to us, to execute the *Share Protection Plan Agreement* and to sell or otherwise deal with shares and other property pursuant to the *Share Protection Plan Agreement* on your behalf;
- you request that we do not send you a signed copy of the *Share Protection Plan Agreement*; and
- if you are a *Guarantor*, you are signing both as applicant for the Share Protection Plan facility (if required) and as *Guarantor* for the *Borrower's* obligations under the Share Protection Plan facility.

Leveraged Equities Share Protection Plan Application Form.

DATE OF APPLICATION FORM / ACCOUNT DETAILS

(a) When this is being signed at the same time as a new application for a Margin Loan Account:

Date of Application Form:

(b) When this is being signed after a Margin Loan Account is opened:

Account Number:

Account Name:

DATE

Date:

INDIVIDUAL BORROWER 1

Signature:

Name:

Trust Name (if Applicable):

INDIVIDUAL BORROWER 2

Signature:

Name:

Trust Name (if Applicable):

COMPANY BORROWER

This Share Protection Plan Application Form must be executed by the Company pursuant to its constitution.

Company Name:

ABN:

Trust Name (if Applicable):

Signature:

Signature:

Name:

Name:

Office Held (eg. Director/Secretary):

Office Held (eg. Director/Secretary):

Note – if a person is signing as Sole Director then tick the applicable box below:

Sole Director and Sole Secretary; or

Sole Director and there is no Company Secretary pursuant to section 204A(1) of the *Corporations Act*, and the constitution of the company does not require it to have a Company Secretary.

Company Seal (if required under constitution):

Leveraged Equities Share Protection Plan Application Form.

INDIVIDUAL GUARANTOR 1

Signature:

Name:

Trust Name (if Applicable):

INDIVIDUAL GUARANTOR 2

Signature:

Name:

Trust Name (if Applicable):

COMPANY GUARANTOR

This Share Protection Plan Application Form must be executed by the Company pursuant to its constitution.

Company Name:

ABN:

Trust Name (if Applicable):

Signature:

Signature:

Name:

Name:

Office Held (eg. Director/Secretary):

Office Held (eg. Director/Secretary):

Note – if a person is signing as Sole Director then tick the applicable box below:

Sole Director and Sole Secretary; or

Sole Director and there is no Company Secretary pursuant to section 204A(1) of the *Corporations Act*, and the constitution of the company does not require it to have a Company Secretary.

Company Seal (if required under constitution):

Leveraged Equities Statement of Position.

Note: If interest or Liabilities are in the name of companies, trusts or other persons who are not signing this form, then DO NOT include them here, but rather attach copies of relevant Company or Trust balance sheet. If Assets or Liabilities are owned jointly with another party, show only the value of your interest. Indicate which assets secure respective liabilities.

Name: Phone (wk):
 Address: Phone (hm):
 Occupation/Employer: Date of Birth: / /
 Annual Gross Income: Last Year: \$ Previous Year: \$

| Liabilities | \$ | Assets | Owner's Value | Manager Estimate |
|--|----|--------------------------------------|---------------|------------------|
| Mortgages | | Real and Personal Property | | |
| Home 1st to | | Home at | | |
| Repayments \$ Term/Yrs | | Insurance Cover | | |
| 2nd to | | | | |
| Repayments \$ Term/Yrs | | Other Freeholder Property at: | | |
| Other (1) to | | 1 | | |
| Repayments \$ Term/Yrs | | 2 | | |
| Other (2) to | | Furniture & Personal Effects | | |
| Repayments \$ Term/Yrs | | Motor Vehicles (not leased) | | |
| | | Caravan/Boat | | |
| Credit Facility from | | | | |
| Limit/Balance \$ | | Bank Accounts | | |
| | | Bank | | |
| | | Branch | | |
| Bank/Credit Cards | | A/C Name | | |
| | | Deposits with | | |
| Bank Overdraft (Limit \$) | | Loans to | | |
| Secured By | | | | |
| | | Investments | | |
| Loans From | | Shares – Listed Companies | | |
| Taxation | | Shares – Unlisted Companies | | |
| Rates | | Debentures with | | |
| | | Life Insurance Cover \$ | | |
| Loans from Company/Business/Other (specify) | | S/v | | |
| | | | | |
| | | Equity in Company or Business | | |
| | | Shareholder's Funds | | |
| Total Liabilities | | Shareholder's Loans | | |
| Total Assets | | | | |
| Surplus/Deficiency | | Other (specify) | | |
| Manager Estimate of Assets | | | | |
| Manager Estimate Surplus | | TOTAL | | |

Are there any contingent liabilities in existence? If so, detail

The information contained in this statement is true and correct:

Signature: Signature:
 Date: / /

*Indicate which assets secure respective liabilities. Please turn over for Income statement.

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Leveraged Equities Statement of Position.

INCOME STATEMENT MONTHLY

Rents Payable \$

Monthly Net Salary \$

(i.e. after tax only)

Loan Repayments \$

Revenues from Shares \$

\$

Rentals Receivable \$

Others

\$

\$

\$

\$

\$

\$

\$

\$

Total: \$

Total: \$

Signed:

Signed:

Print name:

Print name:

Date: / /

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Leveraged Equities Direct Debit Form.

Do not use correction fluid. If you make any errors, cross out and have all parties initial it. Please complete in BLOCK LETTERS.

New Direct Debit Amendment

Name of Borrower:

Account number (if known):

DIRECT DEBIT REQUEST

*Please see Section 4 of the *Agreement* for the Terms and Conditions of the Direct Debit Service Agreement.

ACCOUNT TO BE DEBITED

Bank or financial institution:

Account name:

BSB number:

Account number:

PAYMENTS TO BE DEBITED

I/We wish to pay monthly interest charges on my loan. This will be debited on the first *Business Day* of the following month.

AUTHORISATION

The authorisation applies to any section in additional information that has been completed.

BORROWER 1 / COMPANY SIGNATORY

Full name:

Signature:

Date: / /

Office held - complete if company *Borrower* only (e.g. Director/Secretary)

BORROWER 2 / COMPANY SIGNATORY

Full name:

Signature:

Date: / /

Office held - complete if company *Borrower* only (e.g. Director/Secretary)

ADDITIONAL BANK ACCOUNT SIGNATORY

This is only required if a signatory on the account is not a *Borrower* or a *Guarantor*.

Full name:

Signature:

Date: / /

Please note: Account holders must sign in accordance with the method of operation for their account.

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Leveraged Equities