



12 November 2016

Westpac Protected Equity Loan

Notice to investors

*The purpose of this notice is to provide updated information to investors in Westpac Protected Equity Loan ('**Westpac PEL**') issued by Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ('**Westpac**') under the Product Disclosure Statement dated 22 July 2013 as supplemented by the Supplementary Product Disclosure Statement dated 1 December 2015 ('**PDS**').*

In addition, effective from the date of this notice the Trust Deed has been varied. Material variations are reflected in the 'Changes to PDS' below. These variations apply to existing and future Holders.

Where changes in the PDS notified below are changes to the Terms and Conditions for a Loan and/or Interest Loan, these changes only apply to Loans and/or Interest Loans entered into on or after the date of this notice. However, Westpac has separately entered into a deed poll under which it gives existing Holders with Loans and/or Interest Loans the benefit of these changed Terms and Conditions as well.

Capitalised terms in this notice have the meaning given to them in the PDS unless the context requires otherwise.

Changes to PDS

Westpac has updated the PDS.

Effective from the date of this notice, the PDS will be updated as follows. These updates apply to existing and future Holders. The changes are:

The Westpac PEL at a glance

1. The first two paragraphs under the heading 'How a Loan under the Westpac PEL works' on page 3 of the PDS is replaced with the following:

The Loan is a discretionary and uncommitted loan facility provided by Westpac. If we approve your loan application we will advance a separate Loan for each parcel of Securities (a **Parcel**) you would like to buy or borrow against, as we approve. Securities can only form part of the same Parcel if they are identical to each other. The Securities will be held by the Security Trustee. We take a mortgage over each Parcel as security for the Loan and any Interest Loan.

Subject to our approval, you can elect to borrow up to 100% of the value of the Securities (plus the Application Fee, any Adviser Service Fee and Brokerage and the principal under any Interest Loan). If you borrow to purchase Securities and you elect to borrow less than 100% of the Security price, you will be required to make a capital contribution equal to the difference between the price of the Securities at inception (plus Brokerage, any Adviser Service Fee and the Application Fee) and the amount borrowed per Security.

2. The following paragraph is inserted after the last paragraph in the section 'How a Loan under the Westpac PEL works' on page 3 of the PDS is replaced with the following:

The Loan may become repayable if a Corporate Action, Market Disruption Event or Default occurs.



Section 3 Key risks

The section under the heading 'Corporate Actions' on page 8 of the PDS is replaced with the following:

Certain Corporate Actions affecting Securities may affect your investment in a Loan and may result in the Loan terminating prior to Maturity. We have broad rights designed to protect the value of our Security Interest in the event of a Corporate Action. We may exercise these discretions in a way that may not be favourable to your circumstances and may cause you to suffer financial loss.

Section 4 How a Loan works under the Westpac PEL

The second sentence under the heading 'Loan' on page 14 of the PDS is replaced with the following:

Subject to our approval, you can elect to borrow between 50% and 100% of the value of the Parcel plus certain costs. The final approved Loan amount (which may be higher or lower than the amount you applied for) will be notified to you after the Loan has been advanced.

Section 8 Interest, fees and charges - Break costs

The first bullet point in the box under the heading 'The net cost of terminating your Loan, any Interest Loan and associated funding arrangements' on page 38 of the PDS is replaced with the following:

- The present value of future scheduled interest payments on your Loan and any Interest Loan (including any unpaid portion of your Capital Protection Fee, to the extent you undertake to pay that fee as a component of the Interest Rate), less an amount representing a portion of the interest rate margin and costs applicable to the remaining Term determined in our sole discretion but based on reasonable grounds;

Section 11 General information

The first paragraph under the heading 'Limited liability and limited obligation of Security Trustee' on page 52 of the PDS is replaced with the following:

The Security Trustee's liability for losses or liabilities arising under or in connection with the Trust Deed is limited to the extent to which the Security Trustee is actually indemnified against those losses or liabilities out of the property of the separate Trusts, provided that the loss was not caused by the Security Trustee's own dishonesty (or that of its officers or employees), a breach of trust or its own gross negligence.

Section 13 Terms and Conditions

1. *The following sentence is inserted before clause 1 of the Terms and Conditions on page 66 of the PDS:*

We will act fairly and reasonably in accordance with our legitimate business interests in exercising our rights and discretions under these Terms and Conditions.

2. *Clause 3.1(g) of the Terms and Conditions on page 67 of the PDS is replaced with the following:*

we are satisfied that each representation, statement and all information provided by you or on your behalf is true and complete and can reasonably be relied upon in all material aspects;

3. *Clause 3.4 of the Terms and Conditions on page 67 of the PDS is replaced with the following:*

If we do provide a Loan, it should not be taken as an assurance that the conditions set out in clause 3.1 have been satisfied or waived. We may, at our discretion, waive conditions precedent or provide a loan on the condition that conditions precedent are satisfied at a later date but we will specifically notify you of this.

4. *Clause 5.4 of the Terms and Conditions on page 68 of the PDS is replaced with the following:*



To the fullest extent permitted by Law you will indemnify us, the Security Trustee, the Broker and the Sponsor concerning any loss, claim, reasonable expense or damage incurred as a result of:

- (a) our reliance, or the reliance of the Security Trustee, the Sponsor or the Broker, upon your instructions;
- (b) acting in accordance with your instructions; or
- (c) your failure to settle any transaction by its due date or to strictly comply with the terms of the Agreements,

unless due to our fraud, willful misconduct or gross negligence.

5. *The last sentence in clause 5.6 of the Terms and Conditions on page 68 of the PDS is replaced with the following:*

We accept no liability or responsibility for losses or damages incurred as a result of a delay in processing a request for sales or purchases of selected Securities (unless due to our fraud, willful misconduct or gross negligence).

6. *At the end of clause 6.3 of the Terms and Conditions on page 69 of the PDS, insert the following:*

We will notify you when those conditions are satisfied and the transfer takes effect.

7. *The first sentence in clause 8.1 of the Terms and Conditions on page 69 of the PDS is replaced with the following:*

You may make an early repayment of the whole or any part of the Loan on any Business Day on the conditions set out below. If you have nominated to pay interest on a Loan in advance, we shall refund to you the relevant portion of the prepaid interest (subject to any amounts you owe us under clause 11). The conditions for early repayment are:

8. *The first sentence in clause 9.1 of the Terms and Conditions on page 70 of the PDS is replaced with the following:*

Break costs will be payable by you to us in relation to any early repayment of any Loan or Interest Loan under clause 8 (including any repayment required under clause 22.2(a) or 25.3 to be made in accordance with clause 8) and in relation to any repayment required under clause 24.2 when there is a Default. The break costs will be the amount determined by us (in good faith and adopting commercially reasonable procedures) as the amount equal to:

9. *Clause 9.1(e) of the Terms and Conditions on page 70 of the PDS is replaced with the following:*

any losses, and reasonable costs and expenses (including any duties and government charges) incurred by us in effecting the repayment, enforcing our rights on Default, discharging the Security Interest and what would be the reasonable cost or benefit if we terminated the hedging or other arrangements that may have been entered into by us in relation to the Loan, any related Interest Loan, the Secured Property, the Reduced Rate Facility and the Put Option,

10. *Clause 9.2 of the Terms and Conditions on page 70 of the PDS is replaced with the following:*

You will be entitled to a refund of any pre-paid interest (if any, as reasonably determined by us) in relation to a Loan or an Interest Loan in respect of the Parcel.

11. *Clause 10.3 of the Terms and Conditions on page 71 of the PDS is replaced with the following:*

In the case of a Fixed Rate Loan, the Interest Rate applicable to the Loan will be set by us at the time of advancing the Loan, in accordance with the PDS and our normal rate setting procedures for Loans, and consistent with any indicative interest rate provided to you and may differ from the rate set out in any Indicative Term Sheet.



12. *Clause 10.4 of the Terms and Conditions on page 71 of the PDS is replaced with the following:*

In the case of an Annually Resetting Rate Loan, the Interest Rate applicable to the Loan for the first Interest Period will be set by us at the time of advancing the Loan, in accordance with the PDS and our normal rate setting procedures for Loans, and consistent with any indicative interest rate provided to you, and may differ from the rate set out in any Indicative Term Sheet. The Annually Resetting Rate applicable for each subsequent Interest Period will be set by us from time to time in accordance with the PDS and our normal rate setting procedures for Loans, and consistent with any indicative interest rate provided to you at or about the commencement of that Interest Period, and communicated to you in writing.

13. *Clause 10.11 of the Terms and Conditions on page 71 of the PDS is replaced with the following:*

We may at our discretion provide you with an option to change the interest payment method and schedule under clause 10.8(a) or clause 10.8(b) (as applicable) during the Term of the Loan. If you choose to exercise this option the Interest Rate may change and may be higher than the Interest Rate you were previously charged.

14. *Clause 10.12 of the Terms and Conditions on page 71 of the PDS is replaced with the following:*

If you do not pay us any amount payable under the Agreements (including under any indemnity and any failed direct debit payment) on its due date (**Unpaid Amount**) you will be liable to pay interest on the Unpaid Amount at a rate equal to the Reserve Bank of Australia Cash Rate plus 2% per annum (which rate may be varied by us in accordance with clause 43.2(b) from time to time) calculated on a daily basis and capitalised monthly.

15. *Clause 11.2 of the Terms and Conditions on page 71 of the PDS is replaced with the following:*

We may refuse to provide an Interest Loan at our discretion and will notify you either in writing or via telephone if your request has been accepted.

16. *Clause 11.3(a) of the Terms and Conditions on page 71 of the PDS is replaced with the following:*

will be subject to the satisfaction of the conditions in clause 3 in relation to the Loan and in addition satisfaction of the conditions in clauses 3.1(d) to 3.1(k) as if they expressly referred to the Interest Loan;

17. *Clause 11.5 of the Terms and Conditions on page 72 of the PDS is replaced with the following:*

The term of the Interest Loan will commence on the date that the Interest Loan is drawn and end on the date the Interest Loan Balance is repaid. You must repay the Interest Loan principal in equal monthly instalments at the end of every month during the term of the Interest Loan and we will direct debit each repayment from your nominated bank account.

18. *Clause 11.6 of the Terms and Conditions on page 72 of the PDS is replaced with the following:*

You must pay interest to us on the Interest Loan. The rate of interest applicable to an Interest Loan is a Fixed Rate set by us, in accordance with the PDS and our normal interest rate setting practices for these Loans, which may be different to the Interest Rate on the related Loan.

19. *Clause 12.2 of the Terms and Conditions on page 72 of the PDS is replaced with the following:*

The Capital Protection Fee applicable to the Loan will be set by us prior to the time that we first advance the Loan to you and, if clause 12.3(a) applies, we shall notify you of the Capital Protection Fee in the Welcome Letter. The Capital Protection Fee will be set by us in accordance with the PDS and our normal practices for setting this fee and consistent with any indicative fee provided to you. You can obtain details of the applicable Capital Protection Fee by contacting us prior to submitting your request.



20. At the end of clause 13.1 of the Terms and Conditions on page 72 of the PDS, insert the following:

If you believe we owe you an amount in relation to the Agreements you may raise that claim with us separately.

21. Clause 14.3 of the Terms and Conditions on page 73 of the PDS is replaced with the following:

We may refuse to provide a Top-up Loan at our absolute discretion and any advance granted will be subject to continued satisfaction of the conditions in clause 3 in relation to the initial Loan and in addition to satisfaction of the conditions in clauses 3.1(d) to 3.1(k) in relation to the Top-up Loan and any other additional terms and conditions as may be notified by us.

22. Clause 14.9 of the Terms and Conditions on page 73 of the PDS is replaced with the following:

The Top-up Fee will be set by us in accordance with the PDS and our normal practices for setting this fee and consistent with any indicative fee provided to you, and notified to you. You can obtain details of the applicable Top-up Fee by contacting us prior to submitting your request. The Top-up Fee shall be the aggregate of the following:

- (a) an Application Fee;
- (b) the cost to replace the Capital Protection under the initial Loan;
- (c) the cost to Westpac to provide the Top-up Loan at that same interest rate as the Interest Rate applicable to the Loan; and
- (d) upon prior notice to you, any other reasonable fees and charges that we may charge in connection with the Top-up Loan.

23. Clause 15.5 of the Terms and Conditions on page 74 of the PDS is replaced with the following:

The Security Reset Fee will be set by us in accordance with the PDS and our normal practices for setting this fee and consistent with any indicative fee provided to you and notified to you. You can obtain details of the applicable Security Reset Fee by contacting us prior to submitting your request. The Security Reset Fee shall be the aggregate of:

- (a) the net cost in relation to replacing the Put Option under the Loan with a new Put Option at a new Protection Level; and
- (b) upon prior notice to you, any other reasonable fees and charges that we may charge in connection with the Security Reset Facility.

24. Clause 16.2 of the Terms and Conditions on page 74 of the PDS is replaced with the following:

If we consent at our absolute discretion:

- (a) we will direct the Security Trustee to sell the Securities;
- (b) the Put Option in respect of that Parcel will be terminated;
- (c) the Proceeds of sale will be applied to purchase the new Securities (subject to the conditions set out in clauses 1.2, which apply as if the Proceeds were an advance under the Loan, and 16.4).

25. The last sentence in clause 16.6 of the Terms and Conditions on page 75 of the PDS is replaced with the following:

You must also pay or reimburse us, promptly on request, for any related government duties and Taxes we incur.

26. Clause 16.8 of the Terms and Conditions on page 75 of the PDS is replaced with the following:

The Portfolio Adjustment Fee will be set by us in accordance with the PDS and our normal practices for setting this fee and consistent with any indicative fee provided to you and notified to you. The Portfolio Adjustment Fee shall comprise of:



- (a) the cost in relation to replacing your Put Option with a new one entered into in respect of the new Securities; and
- (b) upon prior notice to you, any other reasonable fees and charges (including related government duties and Taxes) associated with selling the existing Securities or purchasing new Securities.

27. Clause 18.3 of the Terms and Conditions on page 76 of the PDS is replaced with the following:

If your request to utilise the Reduced Rate Facility is accepted by us in relation to a Parcel in our absolute discretion, we will limit your gain in respect of the Parcel to the Cap Value and:

- (a) if you choose to pay an upfront Capital Protection Fee, reduce the Capital Protection Fee over the Term of the Loan; or
- (b) otherwise, we will charge you a reduced Interest Rate on the Loan, determined in accordance with the PDS and our normal practices for setting this rate, and consistent with any indicative amount provided to you; and
- (c) in either case, subject to the conditions set out in this clause 18, you are required to pay a Cash Settlement Amount to us on the Maturity Date with a value calculated in accordance with clause 18.7.

28. Clause 20.1(b) of the Terms and Conditions on page 77 of the PDS is replaced with the following:

will not, and will not agree to, amend, vary, substitute or terminate the Sponsorship Agreement without our prior written consent (not to be unreasonably withheld).

29. Clause 22.1(b) of the Terms and Conditions on page 78 of the PDS is replaced with the following:

you will promptly notify us in writing as soon as you become aware of the occurrence of any event or circumstance which may materially, detrimentally alter your status or financial condition;

30. Clause 22.1(c) of the Terms and Conditions on page 78 of the PDS is replaced with the following:

you will promptly pay all calls, premiums, instalments and other moneys which are payable in respect of the Secured Property;

31. Clause 22.1(g)(h) of the Terms and Conditions on page 79 of the PDS is replaced with the following:

fail to accept and act on any direction given in relation to the Secured Property by us.

32. Clause 24.1(a) of the Terms and Conditions on page 80 of the PDS is replaced with the following:

any amount payable under any Agreement is not paid within 2 Business Days of its due date;

33. Clause 24.1(e) of the Terms and Conditions on page 80 of the PDS is replaced with the following:

a representation, warranty or statement made by any person in a document provided under or in connection with the Agreements is not true in a material respect or is misleading in a material respect when made or repeated;

34. Clause 24.1(h)(ii) of the Terms and Conditions on page 80 of the PDS is replaced with the following:

you or the Guarantor cease, suspend, or threaten to cease or suspend the conduct of all or a substantial part of your or their business or dispose of or threaten to dispose of a substantial part of your or the Guarantor's assets;



35. *Clause 25.1(b) of the Terms and Conditions on page 81 of the PDS is deleted in its entirety and clause 25.1(c) becomes 25.1(b). Clause 25.1(b) will be replaced by new clauses 27.4 and 27.5 (as set out below).*

36. *The heading for clause 27 on page 82 of the PDS is replaced with the following:*

Expenses and change in law

37. *Clause 27.3 of the Terms and Conditions on page 82 of the PDS is replaced with the following:*

You indemnify us against any loss or liability incurred by us or suffered by us as a result of any delay or failure by you to pay such Taxes, costs, charges and expenses except where this failure or delay is due to our fraud, willful misconduct or gross negligence.

38. *The following new clauses 27.4 and 27.5 (as referred to above) of the Terms and Conditions on page 83 of the PDS are inserted after clause 27.3:*

27.4 Whenever we determine that as a result of a Change in Law any of the following occurs in connection with a Loan:

- (a) our costs are increased;
- (b) an amount received or receivable by us is reduced; or
- (c) our return on capital or other effective return is reduced (including because more capital needs to be allocated to a Loan and cannot be used elsewhere), we may notify you. You must pay us on demand the amounts certified by us to be necessary to compensate us for the increase or reduction. That certificate will give an outline of the calculation of the amount demanded and will be conclusive and bind you in the absence of manifest error.

You must pay us whether or not the increase or reduction could have been avoided by restructuring, re-documenting, re-booking or otherwise modifying a Loan. However, at your request, we agree to consider ways of minimising any increase or reduction.

27.5 A Change in Law is the introduction of, or a change in, any law, official directive, ruling or request or a change in its interpretation or application. If it does not have the force of law, it must be one with which responsible Australian banks would comply. It includes any with respect to capital adequacy, special deposit, liquidity, reserve, prime assets, tax or prudential requirements (except a change in tax on overall net income).

39. *Clause 28.6(b) of the Terms and Conditions on page 83 of the PDS is replaced with the following:*

promptly after becoming aware of any rights or Entitlements, provide us with particulars of them;

40. *Clause 28.6(f) of the Terms and Conditions on page 83 of the PDS is replaced with the following:*

promptly give us a copy of all documents you receive in connection with the property under the Mortgage upon request;

41. *Clause 28.6(g) of the Terms and Conditions on page 83 of the PDS is replaced with the following:*

comply with, and instruct the Security Trustee to comply with, any reasonable conditions we attach to any approvals or consents we give in connection with the property under the Mortgage;

42. *Clause 30.2(f) of the Terms and Conditions on page 84 of the PDS is replaced with the following:*

you must indemnify us and keep us indemnified against all reasonable costs and expenses and losses suffered or incurred by us as a result of the upholding, concession or compromise of the claim.

43. *Clause 31.2(a) of the Terms and Conditions on page 84 of the PDS is replaced with the following:*



execute any document that the attorney believes is necessary or reasonably desirable to appoint the Security Trustee in connection with the Trust Deed or to transfer Securities to or from the Security Trustee for the purposes of these Terms and Conditions;

44. Clause 33.1 of the Terms and Conditions on page 85 of the PDS is replaced with the following:

In certain circumstances, as specified in these terms, we may be entitled to sell a Parcel and apply the Proceeds toward the Total Amount Owing in respect of that parcel of Securities.

45. Clause 39.3 of the Terms and Conditions on page 86 of the PDS is replaced with the following:

You will promptly on demand by us (at your entire cost and expense) perform all such acts and execute all such agreements, assurances and other documents and instruments as we reasonably require to perfect or improve any of our rights and Powers afforded, created, or intended to be afforded or created, by the Agreements and any Security Interest.

46. Clause 39.5 of the Terms and Conditions on page 86 of the PDS is replaced with the following:

A certificate which has been signed and dated by or on behalf of us is sufficient evidence, unless shown to be incorrect, of any fact or matter stated in the certificate, including:

- (a) the rate of interest payable for the Loan or the Interest Loan or any part of a Loan or Interest Loan;
- (b) that a Default has occurred; and
- (c) the Total Amount Owing in relation to any Loan.

47. Clause 39.8 of the Terms and Conditions on page 86 of the PDS is replaced with the following:

We will exercise our discretion reasonably, and any assumptions underlying an exercise of discretion will be based on reasonable grounds. Where any act, matter or thing in the Agreements or any Security Interest depends on our consent or approval then that consent or approval may be given or withheld in our absolute and unfettered discretion (subject to the above) and may be given subject to such conditions as we think fit.

48. Clause 40.3 of the Terms and Conditions on page 87 of the PDS is replaced with the following:

Each calculation we make under these Terms and Conditions is, unless shown to be incorrect, final and binding on you.

49. The last paragraph under clause 42.3 of the Terms and Conditions on page 87 of the PDS is replaced with the following:

You may at any time vary the device, electronic equipment or electronic address you have nominated, or you may terminate your agreement to us notifying us by the electronic communication method in 42.3(a) above.

50. Clause 43.2(c) of the Terms and Conditions on page 88 of the PDS is replaced with the following:

make any other variation to an existing fee or pass on to you a new or varied government charge that directly or indirectly affects you. If this happens, we will notify you by placing a notice in a major newspaper, or by writing to you, at least 30 days in advance of the day on which the change comes into effect;



51. *Clause 43.2(e) of the Terms and Conditions on page 88 of the PDS is replaced with the following:*

change any other term of an Agreement if we determine that it is reasonably necessary or desirable to do so to correct a manifest error (for example in the Welcome Letter) or to reflect an adjustment to our systems. Notice of the change will be sent to your address shown on our records at least 30 days before the change comes into effect.

52. *The last paragraph of clause 43.2 of the Terms and Conditions on page 88 of the PDS is replaced with the following:*

Advance notice may not be given when a change is necessitated by an immediate need to restore or maintain the security of our systems or of individual accounts. In this event we will notify you as soon as is practicable.

Section 14 Glossary

1. *The following paragraphs of the definition of 'Corporate Action' on page 91 of the PDS is replaced with the following:*

- (g) any event which we reasonably determine to be similar in effect to anything referred to in paragraphs (a) to (f) occurs; or
- (h) any other action or proposal is taken or made by the issuer of the Securities or by a third party with respect to the Securities which we reasonably determine is likely to reduce the value of the Securities held by us pursuant to the Mortgage.

2. *The last paragraph of the definition of 'Market Disruption Event' on page 93 of the PDS is replaced with the following:*

For the purposes of this definition, matters of materiality are to be reasonably determined by us in our absolute discretion.

For more information

If you have any questions or would like more information, please contact Westpac on 1800 990 107 or by visiting www.westpac.com.au/pel.

Information current as at 12 November 2016. Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 is the issuer of the Westpac Protected Equity Loan (Westpac PEL). A Product Disclosure Statement (PDS) is available for the Westpac PEL and can be obtained by calling Westpac on 1800 990 107 or visiting www.westpac.com.au/pel. You should read the whole of the PDS and consider all of the risk factors and other information concerning Westpac PEL before deciding to invest. The information in this notice is for general information only and does not take into account your investment objectives, personal circumstances, financial situation or needs. You should seek your own financial advice in relation to any decision to invest in Westpac PEL. If you have any questions, you should obtain independent legal, financial and taxation advice.