



**UNSECURED NOTE DEED POLL**

**BETWEEN**

**PRINCIPAL FINANCE PTY LTD  
(Company)**

**- AND -**

**EACH PERSON WHO IS FROM TIME TO TIME AN UNSECURED NOTEHOLDER**

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**AGREEMENT** dated 6<sup>th</sup> February 2012

**PARTIES:**

**Principal Finance Pty Ltd ACN 008 081 712** of 2 Beulah Road, Norwood South Australia  
5067 **(Company)**

**AND**

**In favour of each person who is from time to time and for the time being an Unsecured Noteholder.**

**BACKGROUND:**

- A. The Company proposes to issue Unsecured Notes in accordance with the terms of this deed poll.
- B. The Unsecured Notes will be constituted by this deed poll and issued in registered form by inscription in the Unsecured Note Register.

**TERMS:**

1. **DEFINED TERMS AND INTERPRETATION**

- 1.1 In this Agreement, unless a contrary intention is evident:
  - 1.1.1 **Business Day** means for receiving a notice under clause 6, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is sent.
  - 1.1.2 **Corporations Act** means the *Corporations Act 2001* (Cth).
  - 1.1.3 **Directors** means the Directors of the Company from time to time acting as the board.
  - 1.1.4 **Electronic Communication** has the same meaning as in the *Electronic Transactions Act 1999* (Cth).
  - 1.1.5 **Information Memorandum** means the Unsecured Note Investment Offer Information Memorandum dated 6<sup>th</sup> February 2012 which has been prepared on the basis that it is not a disclosure document because of section 708 of the *Corporations Act 2001* (Cth).
  - 1.1.6 **Disclosing Parties** means the Company, its related bodies corporate, the Shareholders, and any agent, consultant or adviser of the Company and any of their respective officers, employees, agents or consultants and **Disclosing Party** means each of them.
  - 1.1.7 **Notice** means:
    - (a) a notice in writing; or
    - (b) a consent, approval or other communication required to be in writing under this deed poll.

1.1.8 **Terms and Conditions** means in relation to an Unsecured Note, the terms and conditions set out in Annexure 1 to this deed poll.

1.1.9 **Unsecured Notes** means the simple interest-only loan to Principal with a minimum investment of \$100,000 as applied for by a person on the terms and conditions set out in this deed poll and the Terms and Conditions.

1.1.10 **Unsecured Noteholder** means a person whose name is entered in the Unsecured Note Register as the holder of an Unsecured Note or Notes.

1.1.11 **Unsecured Note Register** means the register of Unsecured Note Holders kept by the Company under this deed poll.

## 1.2 Interpretation

1.2.1 In this deed poll, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed poll, and a reference to this deed poll includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, \$A, dollar or \$ is to Australian currency;
- (f) a reference to time is to Adelaide, South Australia time;
- (g) a reference to a party is to a party to this deed poll, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (k) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Agreement or any part of it; and
- (l) headings are for ease of reference only and do not affect interpretation.

## 2. **THE UNSECURED NOTES**

2.1 The obligations of the Company under the Unsecured Notes is constituted by, and specified in, this deed poll.

2.2 The Company undertakes with each Unsecured Noteholder:

2.2.1 to issue a confirmation of investment upon acceptance of an application form;

2.2.2 despite any breach of or non-compliance by the Company this deed poll, all Unsecured Notes in respect of which an acceptance has been issued under clause 2.2.1:

- (a) the relevant Unsecured Noteholder and the Company;
- (b) the relevant Unsecured Noteholder and any liquidator of the Company; and
- (c) the relevant Unsecured Noteholder and all other Unsecured Noteholders,

deemed to have been validly issued under this deed;

2.2.3 in accordance with the Terms and Conditions to pay interest to the Unsecured Noteholder (or its nominee or nominees notified in accordance with the Terms and Conditions) in respect of each Unsecured Note held by the Unsecured Noteholder;

2.2.4 that upon expiry of the Unsecured Note in accordance with the Terms and Conditions the Company shall repay to the Unsecured Noteholder (or its nominee or nominees notified in accordance with the Terms and Conditions) the face value of each Unsecured Note held by the Unsecured Noteholder; and

2.2.5 to otherwise comply with the Terms and Conditions.

2.3 The Company agrees to establish and maintain a principal Unsecured Note Register in South Australia or such other place or places as the Company may determine in accordance with the Corporations Act.

2.4 The Company must record in the Register:

2.4.1 the name and address of each Unsecured Noteholder;

2.4.2 the number of Unsecured Notes held by each Unsecured Noteholder; and

2.4.3 the date of issue or transfer of Unsecured Notes held by each Unsecured Noteholder.

### **3. RIGHTS AND OBLIGATIONS OF THE UNSECURED NOTEHOLDERS**

3.1 This deed poll is executed as a deed poll. The Company acknowledges and confirms in favour of the Unsecured Noteholders that the obligations imposed on the Company under this deed in relation to the Unsecured Notes issued by the Company are owed to and are for the benefit of each Unsecured Noteholder from time to time so that each such Unsecured Noteholder has the benefit of, and may enforce, this deed poll against the Company in accordance with its terms even though it is not a party to, or is not in existence at the time of execution and delivery of this deed poll.

3.2 Each Unsecured Noteholder may enforce its rights under this deed poll in accordance with its terms independently from each other Unsecured Noteholder.

3.3 The Unsecured Notes are issued on the basis that each Unsecured Noteholder is deemed to have notice of, and be bound by, all the provisions of this deed poll (including the Terms and Conditions in Annexure 1) and the Information Memorandum, as amended from time to time.

3.4 Each Unsecured Noteholder is taken to have irrevocably nominated and authorised the Company to hold this deed poll in Adelaide, South Australia on its behalf.

4. **DISCHARGE AND RELEASE**

The Company is immediately discharged and released from its liabilities, obligations and covenants under this deed poll in respect of an Unsecured Note on the first to occur of the date on which:

- 4.1 the Unsecured Note is redeemed and paid in accordance with the Terms and Conditions; and
- 4.2 the Unsecured Note is converted or terminated in accordance with the Terms and Conditions.

5. **LIABILITY**

5.1 The Company enters into this deed poll only in its own capacity. A liability arising under or in connection with this deed poll can be enforced against the Company only to the extent to which it can be satisfied out of property of the Company. This limitation of the Company's liability applies despite any other provision of this deed poll (except clause 5.2) and extends to all liabilities and obligations of the Company in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed poll.

5.2 The provisions of this clause 5 does not apply to any obligation or liability of the Company to the extent that it is not satisfied because under the Company Constitution or by operation of law there is a reduction in the extent of the Company's indemnification out of the assets of the Company, as a result of the Company's fraud, negligence or breach of duty.

5.3 The Company is not obliged to enter into any commitment or obligation in addition to its obligations under this deed poll in respect of any Unsecured Note issued.

5.4 All of the terms, clauses and conditions of this deed poll and any other document entered into in relation to the Unsecured Notes are subject to this clause 5.

6. **NOTICES AND OTHER COMMUNICATION**

6.1 A party giving Notice or notifying under this deed poll must do so in writing or by Electronic Communication:

6.1.1 directed to the other party's representative at the other party's address;

6.1.2 hand delivered or sent by pre-paid post, facsimile or Electronic Communication to that address.

6.2 A Notice given in accordance with this clause is taken to be received:

6.2.1 if hand delivered, on delivery;

6.2.2 if sent by pre-paid post, 3 days after the date of posting;

6.2.3 if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice unless, within one Business Day after that transmission, the recipient informs the sender that it has not received the entire Notice; or

6.2.4 if sent by Electronic Communication, at the time that would be the time of receipt under the Electronic Transactions Act 1999 (Cth).

7. **MISCELLANEOUS**

7.1 At any time and from time to time the Directors may, by resolution of the board, modify, alter, cancel, amend or add to all or any of this deed and the Terms and Conditions, if:

7.1.1 in their opinion the modification, alteration, cancellation, amendment or addition is:

- (a) of a formal or technical nature;
- (b) made to correct manifest error; or
- (c) necessary to comply with the provisions of any statute or the requirements of any statutory authority; or

7.2 Any provision of this deed poll that is invalid or unenforceable in any jurisdiction is, as to that jurisdiction only, read down or severed to the extent of that invalidity or unenforceability so long as the remaining provisions of this deed poll are properly and effectively self-sustaining and capable of separate enforcement without regard to the read down or severed provision in that jurisdiction. The remaining provisions continue to be valid and enforceable in accordance with their terms.

7.3 This deed poll is governed by the law of South Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.

**EXECUTED AS A DEED POLL**

**Executed by Principal Finance Pty Ltd ACN  
008 081 712** pursuant to section 127 of the  
*Corporations Act 2001*



\_\_\_\_\_  
Signature of director

**ANTHONY MARK GUIDERA**

\_\_\_\_\_  
Name of director (print)



\_\_\_\_\_  
Signature of director/company secretary

**DAVID ANDREW PALYGA**

\_\_\_\_\_  
Name of director/company secretary (print)

## **ANNEXURE 1 – TERMS AND CONDITIONS**

### ***General terms of issue***

1. Each Unsecured Note:
  - a. is an unsecured obligation of the Company constituted under the deed poll and takes the form of entries in the Unsecured Note Register;
  - b. has a principal amount of, and is issued at, AUD \$100,000;
  - c. has the term as indicated in the application form as approved by the Company in accordance with its confirmation or acceptance in the form required by clause 2.2.1 of the deed poll;
  - d. is redeemable in the manner and at the times in accordance with conditions 6 to 9;
  - e. ranks pair passu (equally) in proportion to the principal amount owing; and
  - f. is issued subject to these Terms and Conditions and the Information Memorandum as issued from time to time.
2. Each Unsecured Note must be paid for in full on application.
3. The obligations of the Company in respect of each Unsecured Note constitutes separate and independent obligations which the Unsecured Noteholder to whom those obligations are owed is entitled to enforce without having to join any other Unsecured Noteholder or any predecessor in title to the Unsecured Noteholder.
4. The Company reserves its right to not accept application monies received by a potential Unsecured Noteholder under an issued Information Memorandum. If an application is not accepted by the Company, monies received will be returned without interest within 14 days.

### ***Use of proceeds***

5. The Company is to use the proceeds from the issue of an Unsecured Note to finance the continued growth of the Company's loan portfolio.

### ***Redemption***

6. An Unsecured Noteholder may redeem their Unsecured Notes upon providing 30 days written notice prior to the maturity of the Unsecured Note.
7. At such time, as the Company is provided with sufficient notice in accordance with condition 6, the Company will upon having sufficient funds pay any interest owing and repay the face value of the Unsecured Note and otherwise comply with the terms and conditions in accordance with the deed poll.
8. The Company may, from time to time agree to repay an Unsecured Note, at its absolute discretion prior to the expiry date of an Unsecured Note.

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9. If the Company does agree to an early redemption in accordance with condition 8, the Company reserves the right to charge a break fee and may deduct any fee from your redemption amount.
  10. Upon full payment of any interest owing and the face value of the Unsecured Note the Unsecured Noteholder acknowledges that it will be removed from the Unsecured Note Register.

#### ***Interest paid on the Unsecured Notes***

11. The interest rate as fixed at the amount set out in the Information Memorandum and the corresponding Application Form, subject to the relevant term nominated and signed up to by the Unsecured Noteholder and accepted by Principal.
12. The interest rate is fixed for the fixed term of the Unsecured Note.
13. Interest will be calculated from the date of receipt of an application form as approved by the Company in accordance with its confirmation or acceptance in the form required by clause 2.2.1 of the deed poll.
14. Interest calculation – interest is calculated on the principal amount of the term deposit without regard to any interest previously paid or accumulated. That is, interest is not compounding:
  - a. Interest calculated and paid monthly – interest is calculated on the last day of each calendar month from the date your application is accepted by Principal. It will be paid monthly in arrears. If your investment application is accepted after the 20th day of the month, in which an interest payment is due to be made, the interest for those days will be paid in the next month.
  - b. Interest calculated and paid on maturity – interest is calculated from the date your application is accepted by Principal. It will be paid on maturity of the Unsecured Note.
15. Interest payments will be paid directly into your nominated bank account as set out on the application form.
16. Notification of interest earned will be sent by mail as follows.
  - a. Interest paid monthly - Principal will send you a statement of interest earned for each taxation year. The statement will be issued by 31st July each year;
  - b. Interest paid on maturity – Principal will send you a statement of interest earned within 30 days of maturity of the investment term.

#### ***Rollover***

17. At the end of the term of an Unsecured Note, the Company will notify the Unsecured Noteholder by written notice given 30 days prior to the maturity of the Unsecured Note, if it wishes to extend the term of the Unsecured Note in writing.
18. The Company will notify the Unsecured Noteholder of any change in the interest rate and any other additional terms and conditions which may apply to the rollover of the Unsecured Note in writing which will form part of these Terms and Conditions and replace any corresponding provisions.
19. The Unsecured Noteholder may withdraw their investment or extend for an additional period of either 12 or 24 months, subject to the terms of the offer in condition 18.

20. If any additional terms as advised under condition 19 are not able to be agreed upon, the Company, at its absolute discretion may terminate the Unsecured Note and make payment of any interest owing and the face value of the Unsecured Note.

***Payment to Unsecured Noteholders***

21. Interest payments, redemption money or any other money payable on or in respect of an Unsecured Note must be paid in Australian dollars:
- a. by cheque marked 'not negotiable' and sent to the address of the Unsecured Noteholder on the Unsecured Note Register;
  - b. by deposit to an account with any bank in Australia that the Unsecured Noteholder, by written notice to the Company (as included in the application form), may direct; or
  - c. by any other method of transferring money agreed by the Company and the relevant Unsecured Noteholder from time to time.

***Joint Unsecured Noteholders***

22. Joint Unsecured Noteholders held by them jointly will be listed in order as set out on their application form and as entered on the Unsecured Note Register.
23. If several persons are entered in the Unsecured Note Register as joint Unsecured Noteholders the receipt by any one of them for the payment or satisfaction of any principal from time to time payable or repayable to the joint Unsecured Noteholders is as effective a discharge to the Company as if the person accepting the payment were a sole Unsecured Noteholder in respect of that Unsecured Note.
24. In the case of the death of any one of joint Unsecured Noteholders, the survivors are the only persons recognized by the Company as having any title to or interest in the relevant Unsecured Notes.

***Deceased Unsecured Noteholders***

25. The legal personal representatives of a deceased Unsecured Noteholder (not being one of joint Unsecured Noteholders) are the only persons recognised by the Company as having any title to that Unsecured Noteholders Unsecured Notes.
26. Any person becoming entitled to the Unsecured Notes because of the death of liquidation of an Unsecured Noteholder may, on producing evidence of that person's title as the Directors of the Company think sufficient, be registered himself as the holder of the Unsecured Notes or, subject to the Terms and Conditions as to transfer, may transfer those Unsecured Notes.
27. The Directors of the Company may retain the principal and any other money payable in respect of:
- a. any Unsecured Notes to which a person is entitled under conditions 25 to 27; or
  - b. any Unsecured Notes which a person is entitled to transfer under conditions 25 to 27,
- until the person is registered or has duly transferred the Unsecured Notes under these Terms and Conditions.

***Withholding tax***

28. The Company reserves the right to deduct withholding tax and other taxation deductions where required to do so under any applicable taxation law.

***Statement of interest***

29. Statement of interest:
- a. Interest paid monthly – the Company will send you a statement of interest earned for each taxation year. The statement will be issued by 31st July each year; or
  - b. Interest paid on maturity – the Company will send you a statement of interest earned within 30 days of maturity of the investment term.

***Management fees***

30. The Company does not impose any management fees in relation to the Unsecured Notes.