

Nexus4 Topaz Notes Prospectus

**Nexus
Deutsche**

Issuer

Nexus Bonds Limited
ABN 23 101 744 389

Capital guaranteed
at maturity by

Deutsche Bank AG

Portfolio Manager

**Société Générale
Asset Management
Alternative Investments S.A.**

Arranger

Deutsche Bank AG

Lead Manager

Grange Securities Limited

Nexus4 Topaz Notes are classified as
unsecured notes for the purposes of
section 283BH of the Corporations Act.

A Passion to Perform.

Deutsche Bank



Important information

Nexus Bonds Limited (**Nexus**) is the issuer of the Nexus4 Topaz Notes described in this Prospectus. Nexus is not a member of the Deutsche Bank group. Deutsche Bank AG (ABN 13 064 165 162 and AFS Licence 238153) (**Deutsche Bank**) is arranging the issue of Nexus4 Topaz Notes by Nexus.

The issue of Nexus4 Topaz Notes will be made pursuant to arrangements which constitute 'intermediary authorisations' for the purposes of section 911A(2)(b) of the Corporations Act. Nexus4 Topaz Notes are classified as unsecured notes for the purposes of section 283BH of the Corporations Act.

Note to Investors

The repayment of the principal amount of Nexus4 Topaz Notes (**Principal Amount**) on the Maturity Date (10 years after the Issue Date) is capital guaranteed by Deutsche Bank. If there is an early redemption, Investors may receive less than their original investment amount. Deutsche Bank's guarantee does not apply if Nexus4 Topaz Notes are redeemed early. The payment of interest and the performance of Nexus, each as described in this Prospectus, are not guaranteed by Deutsche Bank nor any related parties or associates of Deutsche Bank. Neither Deutsche Bank nor any of its related parties or associates makes any representation or gives any guarantee or assurance as to the performance of Nexus (other than the guarantee of repayment of the Principal Amount on the Maturity Date), the payment of interest on Nexus4 Topaz Notes or any particular rate of overall return. Nexus4 Topaz Notes are subject to investment risk, including that interest may be reduced, possibly to zero, during the Investment Term.

Deutsche Bank has entered into certain arrangements with Nexus, which are described in this Prospectus.

None of Permanent Nominees (Aust.) Ltd (ACN 000 154 441), Computershare Investor Services Pty Limited (ABN 48 078 279 277), the Lead Manager, Société Générale Asset Management Alternative Investments S.A. (**SGAM AI** or **Portfolio Manager**) or any of their related parties or associates makes any representation or gives any guarantee or assurance as to the performance of Nexus, the payment of interest on or principal amounts invested in Nexus4 Topaz Notes, or any particular rate of overall return.

The interest payable on Nexus4 Topaz Notes is linked to the creditworthiness of the Portfolio Companies in the Portfolio. Nexus4 Topaz Notes do not represent deposits or any other type of liability of any of the Portfolio Companies and Investors have no direct rights against or investment in any of those Portfolio Companies. None of Nexus, Deutsche Bank, the Portfolio Manager or any other person on their behalf makes any representation or warranty, express or implied, as to the credit or other quality of any of the Portfolio Companies in the Portfolio or any obligations of those Portfolio Companies.

Other financial products issued outside Australia may include 'Topaz' in their name. Nexus4 Topaz Notes are different to such financial products.

Ratings

The rating to be assigned by Standard & Poor's in relation to Nexus4 Topaz Notes is in respect of the repayment of the Principal Amount on the Maturity Date. The rating does not assess interest payable on Nexus4 Topaz Notes nor the payment of amounts on early redemption of Nexus4 Topaz Notes. Standard & Poor's rating of the Principal Amount on the Maturity Date will be based on the current credit rating of Deutsche Bank.

The rating assigned by Standard & Poor's is not a recommendation to buy, hold or sell Nexus4 Topaz Notes in as much as it does not comment as to market price or suitability for a particular Investor.

The ratings assigned by Standard & Poor's and/or the public ratings assigned by Moody's (together, **Rating Agencies**) to certain of the Portfolio Companies, and the rating assigned by Standard & Poor's, Moody's Investors Service and Fitch Ratings, Inc to Deutsche Bank, are based on information obtained by them from sources they consider reliable. None of Standard & Poor's, Moody's nor Fitch performs an audit in connection with any rating and may, on occasion, rely on unaudited financial information. Any rating may be changed, suspended or withdrawn at any time as a result of changes in, or unavailability of, such information, or based on other circumstances.

Portfolio Company weightings

For the purposes of explaining the impact of Credit Events and Substitutions, this Prospectus assumes that the weighting of Portfolio Companies in the Portfolio is equal. This may not be the case if there has been a Succession Event or a partial Restructuring Event in respect of a Portfolio Company (see Section 10.5.7).

This Prospectus

This Prospectus is dated 13 May 2005 and was lodged with ASIC on 13 May 2005. ASIC takes no responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Nexus may make a further offer of Nexus4 Topaz Notes under this Prospectus after the Closing Date, in which case Nexus will issue a supplementary prospectus.

Jurisdiction

No action has been taken to register or qualify Nexus4 Topaz Notes or the Offer, or otherwise permit a public offering of Nexus4 Topaz Notes, in any jurisdiction outside Australia. This Prospectus does not constitute an offer to any person to whom, or in any place in which, it would be unlawful to make such an offer. The distribution of this Prospectus in any jurisdiction outside Australia may be restricted by law and therefore any person who receives this Prospectus should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

By making an Application, the applicant warrants to Nexus and Deutsche Bank that it is lawful for this invitation to be made to the applicant and for the applicant to subscribe for Nexus4 Topaz Notes under this Prospectus.

Availability of Prospectus

This Prospectus, without the Application Forms, will be made available in Australia during the exposure period by being posted on Nexus' website at www.nexusbonds.com.au/prospectus.html. The exposure period commences on the date of this Prospectus and will be for seven days, although it may be extended by up to a further seven days up to 14 days. Persons who access an electronic version of the Prospectus should ensure they download and read the entire Prospectus. Paper copies of this Prospectus including the Application Forms are available free of charge during the Offer Period by calling the Arranger, the Lead Manager on 1800 634 636, or the information line on 1300 782 767.

Nexus4 Topaz Notes will only be issued following receipt of an Application Form which was issued together with this Prospectus. The Application Form must not be passed on to another person unless it is attached to a hard copy of this Prospectus or to a complete and unaltered electronic version of this Prospectus.

Nexus is prohibited from processing Applications during the exposure period. Applications received during the exposure period will not be processed until after the expiry of this period.

Interpretation

Certain capitalised words used in this Prospectus have defined meanings. A glossary of these terms appears at pages 89 to 94.

Rounding

Unless otherwise stated, amounts and percentages in this prospectus have been rounded to two decimal places. In this Prospectus, the Income Factor, Portfolio Market Spread and the Floating Credit Margin have been shown with two decimal places. When calculating interest payable on Nexus4 Topaz Notes, the Income Factor, Portfolio Market Spread and the Floating Credit Margin will not be rounded.

Issue size

Nexus intends to raise up to \$50 million by the issue of Nexus4 Topaz Notes, with the ability to accept over-subscriptions. There is no minimum issue amount.

Risks of investing

The terms of Nexus4 Topaz Notes, and a discussion of the risks associated with investing in Nexus4 Topaz Notes, are described in this Prospectus. These include, in particular, the risk of the reduction in the interest payable on Nexus4 Topaz Notes, possibly to zero, due to a reduction in the Income Factor (see Sections 5 and 8), the Portfolio is not managed by the Portfolio Manager in a manner that preserves the Income Factor (see Sections 5 and 8) and the credit risk of Deutsche Bank which may affect amounts payable on Nexus4 Topaz Notes (see Sections 4 and 8). Potential investors should read the whole of this Prospectus carefully (including Section 8 'Risks'). This Prospectus does not take into account the investment objectives, financial situation and particular needs of each potential investor. Collateralised debt obligation (CDO) products such as Nexus4 Topaz Notes should only be included as part of an Investor's diversified portfolio of investments. Nexus4 Topaz Notes may not be suitable for all investors. It is recommended that, before making a decision to apply for Nexus4 Topaz Notes, you consult your broker or licensed financial services adviser.

Application Forms will only be accepted if they have been stamped by the Lead Manager or by your broker or licensed financial services adviser.

ASX quotation

Application will be made for the quotation of Nexus4 Topaz Notes on ASX within seven days from the date of this Prospectus. ASX takes no responsibility for the contents of this Prospectus.

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Letter to Investors

Dear Investor

It is my pleasure to invite you to participate in the latest offering from Nexus Bonds Limited, which is arranged by Deutsche Bank, Nexus4 Topaz Notes.

Nexus was established in 2002 and was the issuer of the first listed collateralised debt obligation (CDO) on the Australian Stock Exchange. Nexus has successfully issued three ASX listed CDO investment products.

The offer of Nexus4 Topaz Notes, as with the previous Nexus offerings, continues to take advantage of Deutsche Bank's global reach and extensive experience in arranging innovative investment opportunities, including CDO investment products. Deutsche Bank currently holds International Financing Review magazine's 'Credit Derivatives House of the Year' (2004) award, as well as other industry accolades.

Nexus4 Topaz Notes are designed to deliver the following key features:

- capital guaranteed at maturity by Deutsche Bank;
- on issue, a AA-p N.R.i rating by Standard & Poor's, which represents a AA- rating on the repayment at maturity of principal invested and no rating on the payment of interest;
- an investment based on the creditworthiness of a portfolio of 120 companies which is managed by Société Générale Asset Management Alternative Investments S.A.;
- interest payable for the first interest period from the Issue Date to 20 November 2005 is based on the 180 day Bank Bill Rate plus 2.60% per annum;
- thereafter, interest is payable based on a floating interest rate which reflects changes in the credit market's view of companies in the portfolio as well as changes in market interest rates. The amount of interest payable will be reduced if portfolio companies suffer credit events or net trading losses that result from a portfolio composition change; and
- a 10 year term with liquidity available to all Investors at a price disclosed by Nexus on ASX on the 7th anniversary of the issue date. In addition, the ability to trade Nexus4 Topaz Notes on ASX.

The directors of Nexus believe Nexus4 Topaz Notes provide an opportunity for Investors to earn a risk-adjusted interest rate which incorporates a floating credit margin, while still providing Investors with the comfort of a capital guarantee at maturity. See Section 8 for a discussion of the risks associated with investing in Nexus4 Topaz Notes.

The offer is scheduled to close on 16 June 2005. Nexus4 Topaz Notes may not be suitable for all investors. If you wish to apply for Nexus4 Topaz Notes, I recommend you contact your licensed financial services adviser and complete an Application Form, which you will find at the end of this Prospectus.

Yours sincerely



Richard Nettleton
Chairman
Nexus Bonds Limited

Interest payable for the first interest period is based on the **180 day Bank Bill Rate plus 2.60% per annum.**

After the first interest period, the interest rate is based on the **180 day Bank Bill Rate plus the Floating Credit Margin.**

The amount of interest payable will be **reduced if any Credit Events or Net Trading Losses occur.**

Your **capital is guaranteed at maturity** by Deutsche Bank.

Key dates

| | |
|---------------------|---------------|
| Offer opens | 23 May 2005. |
| Closing Date | 16 June 2005. |
| Issue Date | 23 June 2005. |

These dates are indicative only and may change. The Arranger has the right to close the Offer early, extend the Closing Date or withdraw the Offer, in each case without notice. Potential investors who wish to apply for Nexus4 Topaz Notes are encouraged to submit their Application Form as soon as possible after the Offer opens (see Section 12 for detailed information on how to invest in Nexus4 Topaz Notes).

You should read this Prospectus in full. You should consult your broker or licensed financial services adviser before making a decision to apply for Nexus4 Topaz Notes.

If you have further questions about the Offer, please call the Lead Manager on the telephone number set out below or the information line on 1300 782 767 (Monday to Friday 8.30am to 5.00pm Sydney time).

Lead Manager

Grange Securities Limited

Phone

1800 634 636

Nexus4 Topaz Notes at a glance

| Topic | Summary | More information |
|---------------------------------------|--|---------------------------|
| Issuer | Nexus Bonds Limited. | Sections 3 and 11 |
| Type of security | <p>Nexus4 Topaz Notes are a type of managed collateralised debt obligation (CDO) investment product.</p> <p>Nexus4 Topaz Notes are capital guaranteed notes where the interest payable is linked to the creditworthiness of 120 companies in a managed portfolio (Portfolio).</p> <p>Nexus4 Topaz Notes are classified as unsecured notes for the purposes of section 283BH of the Corporations Act.</p> | Section 2 |
| Issue Price | Each Nexus4 Topaz Note has an issue price of \$100 (Principal Amount). | Section 12 |
| Capital guaranteed at maturity | The repayment of the Principal Amount at the end of the 10 year Investment Term (the Maturity Date) is guaranteed by Deutsche Bank. | Section 4 |
| Minimum investment | Applications must be for a minimum of \$5,000 (50 Nexus4 Topaz Notes) and thereafter in multiples of \$1,000 (10 Nexus4 Topaz Notes). | Section 12 |
| Offer size | Nexus intends to raise up to \$50 million by the issue of Nexus4 Topaz Notes, with the ability to accept over-subscriptions. There is no minimum issue amount. | Section 12 |
| Investment Term | <p>10 years.</p> <p>If there is a change in law or tax which affects Nexus' ability to meet its payment obligations under Nexus4 Topaz Notes, Nexus4 Topaz Notes may be redeemed prior to the Maturity Date at less than the Principal Amount.</p> | Sections 1.1, 1.2 and 4.4 |
| Investor Redemption Facility | On the 7th anniversary of the Issue Date, Nexus will disclose on ASX the price at which it is willing to redeem Nexus4 Topaz Notes 14 days later. | Sections 1.1, 2 and 4.3 |
| ASX quotation | Nexus will apply for official quotation of Nexus4 Topaz Notes on ASX within seven days of the date of this Prospectus. The anticipated date of ASX quotation is 29 June 2005. ¹ | Section 12.7 |
| Use of proceeds | Proceeds raised from the issue of Nexus4 Topaz Notes will be placed on deposit with Deutsche Bank. | Section 2 |
| Rating | It is expected that on the Issue Date, Standard & Poor's will assign a AA-p N.R.i rating to Nexus4 Topaz Notes, which represents a AA- rating in relation to the repayment of the Principal Amount on the Maturity Date and no rating assessment on the payment of interest. This rating is based on the credit rating of Deutsche Bank. | Sections 1.2 and 4.2 |

¹ This date is indicative only and may change. The Arranger has the right to close the Offer early, extend the Closing Date or withdraw the Offer, in each case without notice.

Nexus4 Topaz Notes at a glance

| Topic | Summary | More information |
|--|--|--------------------------------|
| Exposure to a managed Portfolio | <p>Société Générale Asset Management Alternative Investments S.A. (SGAM AI or Portfolio Manager) has been appointed by Deutsche Bank to select and substitute companies (Substitution) in the Portfolio in accordance with certain criteria (Company Eligibility and Portfolio Criteria) for the first seven years of the Investment Term (Portfolio Exposure Period), or until the Portfolio Manager is removed or resigns. If the Portfolio Manager is removed or resigns, Deutsche Bank will seek to appoint a replacement.</p> <p>During the Portfolio Exposure Period, interest payable on Nexus4 Topaz Notes is linked to the creditworthiness of the Portfolio Companies through the Income Factor (which will be reduced if one or more Credit Events occur, and will be reduced by Net Trading Losses and increased by Net Trading Gains) and the Floating Credit Margin (see below).</p> <p>From the end of the Portfolio Exposure Period until the Maturity Date, the Income Factor and the Floating Credit Margin are fixed, so there is no further exposure to changes in the creditworthiness of the Portfolio Companies.</p> | Sections 1.4, 6 and 7 |
| Interest payable | <p>The dollar amount of interest an Investor will receive for an Interest Period is calculated by multiplying:</p> <ul style="list-style-type: none"> ■ the number of Nexus4 Topaz Notes held by that Investor; by ■ the Interest Rate; by ■ the number of days in the Interest Period divided by 365; by ■ the Income Factor. <p>Investors should note that the Income Factor may be reduced, possibly to zero. If the Income Factor is reduced to zero, no further interest is payable on Nexus4 Topaz Notes.</p> | Sections 1.3, 5.1 and 5.3 |
| Interest Periods | <p>The first Interest Period is from the Issue Date to 20 November 2005. Subsequently, each Interest Period is six months, except for the last Interest Period during the Portfolio Exposure Period, which is from 20 November 2011 to the end of the Portfolio Exposure Period. Each Interest Period after the end of the Portfolio Exposure Period is six months.</p> | Sections 1.3.1 and 5.2 |
| Interest Payment Dates | <p>Interest is payable in arrears three Business Days after each Interest Period. Therefore the timing of Interest Payment Dates will vary depending on the duration of each Interest Period.</p> | Sections 1.3.4 and 5.2 |
| Interest Rate | <p>The Interest Rate is equal to:</p> <ul style="list-style-type: none"> ■ the 180 day Bank Bill Rate, which is reset at the beginning of each Interest Period; plus ■ a floating margin (Floating Credit Margin) set at 2.60% per annum for the first Interest Period and subsequently reset by reference to market credit spreads of Portfolio Companies at the beginning of each Interest Period, until the end of the Portfolio Exposure Period. From the end of the Portfolio Exposure Period until the Maturity Date, the Floating Credit Margin will be fixed at the rate set for the last Interest Period in the Portfolio Exposure Period. <p>See 'Interest payable' above for how the Interest Rate and other factors are used to calculate interest payable on Nexus4 Topaz Notes.</p> | Sections 1.3, 5.1, 5.4 and 5.5 |

| Topic | Summary | More Information |
|---|---|------------------------|
| Income Factor | <p>The Income Factor is used to link the credit performance of the Portfolio to the interest payable on Nexus4 Topaz Notes.</p> <p>The Income Factor is initially 100.00. During the Portfolio Exposure Period the Income Factor will be:</p> <ul style="list-style-type: none"> ■ reduced if there are any Credit Events in relation to Portfolio Companies; and/or ■ reduced as a result of Net Trading Losses calculated in relation to the Substitution of Portfolio Companies; and/or ■ increased as a result of Net Trading Gains calculated in relation to the Substitution of Portfolio Companies. <p>From the 7th anniversary of the Issue Date the Income Factor will be fixed at the value calculated for the last Interest Period in the Portfolio Exposure Period.</p> <p>For the first Interest Period, the initial Income Factor of 100.00 is used to calculate the interest payable on Nexus4 Topaz Notes.</p> <p>The Principal Amount of Nexus4 Topaz Notes repayable on the Maturity Date is not impacted by changes in the Income Factor.</p> | Sections 1.3.3 and 5.6 |
| About the Portfolio Manager | <p>SGAM AI is a wholly owned subsidiary of Société Générale Asset Management S.A. (SGAM) which is part of one of the world's largest banking groups. As at the date of this Prospectus, SGAM AI is the manager for CDO portfolios for which over €550 million of rated debt has been issued since June 2004. SGAM had fixed income assets under management totalling over €80 billion as at 31 December 2004.</p> | Sections 1.4.3 and 7.1 |
| Role of the Portfolio Manager | <p>The Portfolio Manager has been appointed by Deutsche Bank to manage the Portfolio with the primary objective of preserving the Income Factor. It will do so by aiming to reduce the risk of the occurrence of Credit Events by making Substitutions of Portfolio Companies in accordance with the Company Eligibility and Portfolio Criteria.</p> <p>These Substitutions will cause Trading Gains and/or Trading Losses, which will impact the size of the Income Factor.</p> | Sections 1.4.2 and 7.2 |
| Alignment of interests between the Portfolio Manager and Investors | <p>The structure of the management fees payable to SGAM AI is designed to align the interests of SGAM AI with those of Investors. Over 75% of the management fees are linked to the Income Factor and therefore will be reduced if the Income Factor is reduced. The management fees are paid by Deutsche Bank and do not affect Investors' returns.</p> | Sections 7.2 and 7.6 |
| Co-investment in Nexus4 Topaz Notes | <p>SGAM AI, or a fund managed by SGAM or one of its affiliates, will invest \$2.5 million in Nexus4 Topaz Notes alongside other Investors. This investment is required to be held for as long as SGAM AI manages the Portfolio.</p> | Section 7.2 |

Nexus4 Topaz Notes at a glance

| Topic | Summary | More information |
|------------------------------|---|----------------------|
| Reporting | Deutsche Bank will provide Nexus with quarterly reports detailing the composition of the Portfolio. In addition, each Substitution will be reported by Deutsche Bank to Nexus on a timely basis. These reports will be provided to ASX and made available on Nexus' website at www.nexusbonds.com.au . | Section 1.5 |
| Fees payable to Nexus | There are no entry, exit or management fees payable by Investors to Nexus. | Section 12.4 |
| Key risks | <p>Nexus4 Topaz Notes are subject to investment risks. The key risks include:</p> <ul style="list-style-type: none"> ■ a reduction in the interest payable on Nexus4 Topaz Notes, possibly to zero, due to a reduction in the Income Factor; ■ the Portfolio is not managed by the Portfolio Manager in a manner that preserves the Income Factor; and ■ the credit risk of Deutsche Bank, which may affect amounts payable on Nexus4 Topaz Notes. <p>Investors are also reliant on Deutsche Bank calculating the Trading Gains and Trading Losses, which impact the Income Factor, and the Floating Credit Margin in a manner consistent with customary practices and procedures in international credit markets. These and other key risks are set out in this Prospectus.</p> | Sections 1.6 and 8 |
| Taxation | This Prospectus includes a tax opinion which summarises, in broad terms, the main income tax consequences for certain Investors arising from an acquisition of Nexus4 Topaz Notes. | Section 9 |
| Other information | This Prospectus also sets out additional information on the business and financial position of Nexus, its board of directors, its service providers and the interests of, and fees payable to, the directors and certain other persons named in this Prospectus. | Sections 3, 4 and 11 |



Section 1 Investment summary

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Section 1

Investment summary

This Section 1 sets out a summary of the key terms of Nexus4 Topaz Notes.

This information is a summary only. An investment in Nexus4 Topaz Notes may not be suitable for all investors. You should read this Prospectus in full, including in particular, Section 8 'Risks'. You should consult with your broker or licensed financial services adviser, or the Lead Manager, before making a decision to apply for Nexus4 Topaz Notes.

1.1 Investment Term

The Maturity Date for Nexus4 Topaz Notes is 10 years after the Issue Date.

On the 7th anniversary of the Issue Date, Nexus will disclose on ASX the price at which it is willing to redeem Nexus4 Topaz Notes 14 days later (or any extended date) under the Investor Redemption Facility. Investors are not obliged to accept this offer to redeem. The Investor Redemption Facility is explained in Sections 4.3 and 10.2.

In addition, Nexus4 Topaz Notes may be redeemed earlier than the Maturity Date in certain circumstances (see Sections 1.2 and 4.4).

1.2 Principal Amount – capital guaranteed at maturity

The repayment of the Principal Amount of Nexus4 Topaz Notes on the Maturity Date is guaranteed by Deutsche Bank.

It is expected that on the Issue Date, Standard & Poor's will assign a AA-p N.R.i rating to Nexus4 Topaz Notes, which represents a AA- rating on the repayment of the Principal Amount on the Maturity Date and no rating on the payment of interest. This rating is based on Deutsche Bank's current rating of AA- from Standard & Poor's as at the date of this Prospectus. If this rating is not assigned before Nexus4 Topaz Notes are issued, Nexus4 Topaz Notes will not be issued and all application money will be refunded to applicants without interest.

The rating by Standard & Poor's of the repayment of the Principal Amount on the Maturity Date is not linked to the Portfolio in any way. There is no rating assessment on the payment of interest or the payment of amounts on early redemption of Nexus4 Topaz Notes.

An Early Redemption Event occurs if there is a change in law or tax which reduces the amount of interest payable to Nexus such that it affects Nexus' ability to meet its payment obligations under Nexus4 Topaz Notes. If an Early Redemption Event occurs, Nexus4 Topaz Notes will be redeemed prior to the Maturity Date for an amount that may be less than the Principal Amount.

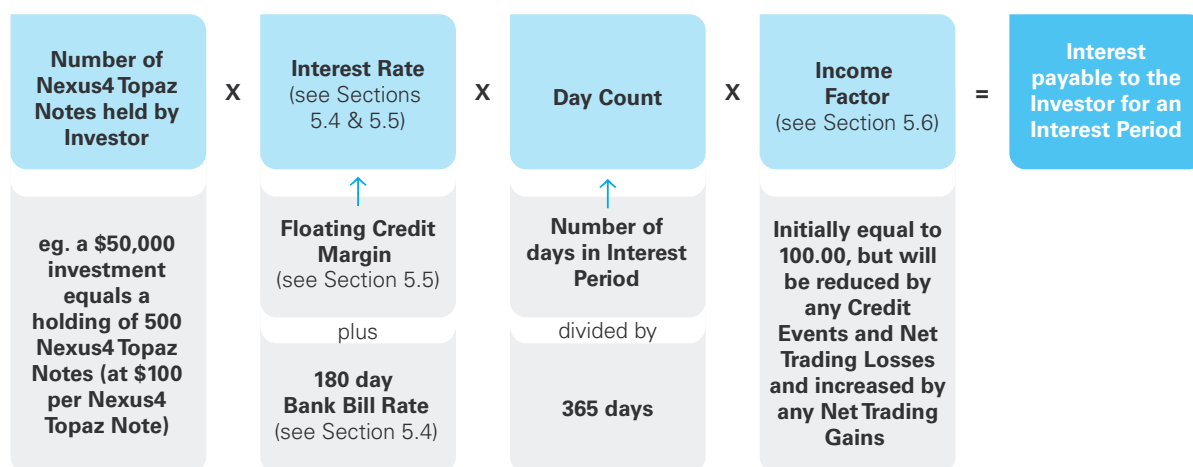
If an Early Redemption Event occurs, or Nexus4 Topaz Notes are redeemed under the Investor Redemption Facility, the Deutsche Bank capital guarantee does not apply.

See Sections 4.3, 4.4 and 10.2.4 for further details on Early Redemption Events, the Investor Redemption Facility and the calculation of the amount payable in such circumstances.

1.3 Interest

Interest payable on Nexus4 Topaz Notes is linked to the creditworthiness of 120 companies in the Portfolio.

The diagram below shows how to calculate the dollar amount of interest an Investor will receive for an Interest Period.



Investors should note that the interest payable on Nexus4 Topaz Notes will be affected by, among other factors, the size of the Income Factor. The Income Factor will be reduced if any Credit Events occur and if there are Net Trading Losses, and will be increased if there are Net Trading Gains. If the Income Factor reduces to zero, no further interest is payable on Nexus4 Topaz Notes.

The table on the following page shows the key factors that impact the amount of interest payable on Nexus4 Topaz Notes. The table shows each of these factors in isolation, although their impact may be different if more than one of them occur together as the impact of one factor may negate the impact of another. The timing of these factors is also important to their impact on interest payable on Nexus4 Topaz Notes. The table does not address the amount of any change in interest payable on Nexus4 Topaz Notes as a result of one or more of these factors.

Section 1

Investment summary

Key factors that impact interest payable on Nexus4 Topaz Notes

| Factor | Impact on Floating Credit Margin | Impact on Income Factor | Impact on 180 day Bank Bill Rate | Impact on interest payable |
|---|----------------------------------|-------------------------|----------------------------------|----------------------------|
| Portfolio Company suffers a Credit Event | - | ↓ | - | ↓ |
| Trading Loss on Substitution of a Portfolio Company | - | ↓ | - | ↓ |
| Trading Gain on Substitution of a Portfolio Company | - | ↑ | - | ↑ |
| Increase in the average Credit Spread of Portfolio Companies | ↑ | - | - | ↑ |
| Reduction in the average Credit Spread of Portfolio Companies | ↓ | - | - | ↓ |
| Increase in general market interest rates | - | - | ↑ | ↑ |
| Reduction in general market interest rates | - | - | ↓ | ↓ |

For further details of these and the other factors relevant to the calculation of interest payable on Nexus4 Topaz Notes, see below and Section 5.

Investors are reliant on Deutsche Bank determining the Floating Credit Margin and calculating Trading Gains and Trading Losses in a manner consistent with customary practices and procedures in international credit markets.

1.3.1 Interest Periods

The table below shows the duration of each Interest Period in the Investment Term.

| 10 year Investment Term | 7 year Portfolio Exposure Period | Interest Periods | Duration of Interest Periods |
|-------------------------|----------------------------------|---|---|
| | | First Interest Period | From (and including) the Issue Date to (but excluding) 20 November 2005. |
| | | Interest Periods to end of Portfolio Exposure Period | Semi-annual Interest Periods from (and including) 20 November 2005 to (but excluding) 20 November 2011. Last Interest Period in Portfolio Exposure Period is from (and including) 20 November 2011 to (but excluding) the 7th anniversary of the Issue Date. |
| | | Interest Periods from end of Portfolio Exposure Period to the Maturity Date | Semi-annual Interest Periods from (and including) the 7th anniversary of the Issue Date to (but excluding) the Maturity Date. |

The table below shows how the calculation of interest varies over the Investment Term.

| | | Interest Rate | | | Income Factor |
|-------------------------|---|--|---|---|--|
| | | Interest Periods | 180 day Bank Bill Rate ^a | Floating Credit Margin | |
| 10 year Investment Term | 7 year Portfolio Exposure Period | First Interest Period | Set on the first day of the Interest Period | 2.60% per annum | 100.00 |
| | | Interest Periods to end of Portfolio Exposure Period | Set on the first day of each Interest Period | Set immediately prior to the beginning of each Interest Period as 4.0 times the Portfolio Market Spread subject to a minimum of 1.00% per annum | Set on the last day of each Interest Period. The Income Factor will be reduced by any Credit Events and Net Trading Losses and increased by any Net Trading Gains since the Issue Date |
| | Interest Periods from end of the Portfolio Exposure Period to the Maturity Date | Set on the first day of each Interest Period | Fixed at the rate set for the last Interest Period in the Portfolio Exposure Period | Fixed at the end of the Portfolio Exposure Period. No further exposure to Credit Events | |

^a The 180 day Bank Bill Rate is used for each Interest Period even though the Interest Period may be more or less than 180 days.

See Section 5.9 for examples of how interest payable on Nexus4 Topaz Notes is calculated.

1.3.2 Interest Rate

A unique feature of Nexus4 Topaz Notes among previous public offerings of CDOs in Australia is that, during the Portfolio Exposure Period, both the 180 day Bank Bill Rate and the Floating Credit Margin components of the Interest Rate are floating.

Therefore during the Portfolio Exposure Period, the Interest Rate is designed to move according to both changes in market interest rates (as measured by the 180 day Bank Bill Rate) and also according to changes in the credit market's view of each of the Portfolio Companies (as measured by the Floating Credit Margin).

Previous public offerings of CDOs in Australia typically have had a fixed credit margin and so were not linked to credit market conditions in this way.

In much the same way that floating interest rates allow investors to participate in higher or lower market interest rates over the life of an investment, a floating credit margin calculated in respect of market Credit Spreads allows investors to participate in the effect of any increases or decreases of those market Credit Spreads.

Section 1

Investment summary

The market Credit Spread of a company moves according to the credit market's view of the company. Generally, a lower Credit Spread indicates that the creditworthiness of a company is considered relatively less risky and conversely a higher Credit Spread indicates that the creditworthiness of a company is considered relatively more risky.

A person investing in this type of security who is of the view that credit conditions may become more difficult for borrowers would expect to earn higher interest in exchange for the increased risk. Conversely, if credit conditions become easier, an investor would expect to earn less interest, but be exposed to less risk.

A feature of Nexus4 Topaz Notes which may appeal to Investors is the Floating Credit Margin component of the Interest Rate. The Floating Credit Margin links interest payable on Nexus4 Topaz Notes to the credit market's view of the creditworthiness of the Portfolio as measured by the average Credit Spread of the Portfolio Companies (see Section 5.5). The Floating Credit Margin may not be less than 1.00% per annum for any Interest Period regardless of the Credit Spreads of the Portfolio Companies.

In addition to the Floating Credit Margin and the 180 day Bank Bill Rate, there are other factors that will affect interest payable on Nexus4 Topaz Notes, such as changes in the Income Factor that may reduce the interest payable even if the Floating Credit Margin and/or the 180 day Bank Bill Rate increase.

Historical 180 day Bank Bill Rate

The 180 day Bank Bill Rate is a floating rate of interest that may move up and down over the Investment Term. The chart below shows how the 180 day Bank Bill Rate has moved over the period from 5 May 1994 to 10 May 2005. The historical rates shown in the chart may not be indicative of future rates. For further details in relation to the 180 day Bank Bill Rate, see Section 5.4.

Historical 180 day Bank Bill Rate



Source: Deutsche Bank

Historical credit spreads

The chart below shows credit spreads for corporate bonds from 5 May 1994 to 10 May 2005. It has been included in this Prospectus to demonstrate that market credit spreads fluctuate over time.

The chart shows market credit spreads calculated by Deutsche Bank based on an index of US corporate bonds that is published by a leading international rating agency. These market credit spreads are calculated as the total yield per that index less the US 30 year swap rate. That US corporate bond index is used because there is at least 10 years of historical data available. There are no available credit default swap indices which can be used to show movements in credit spreads over a similar period.

That US corporate bond index is based on 100 equally weighted investment grade rated corporate bonds issued in the United States with a minimum maturity of 20 years and an average maturity of 30 years.

The movements in, or the absolute level of, credit spreads shown in the chart may not be indicative of the movements in, or the level of, future market Credit Spreads of Portfolio Companies. The characteristics and risks of the debt of Portfolio Companies on which Credit Spreads are based may be different to those of companies included in that US corporate bond index. In addition, historical spreads may not be indicative of future spreads.

The charts in this Section 1.3.2 are intended solely for illustration purposes. They are not, and should not be used as, a basis for assessing likely future trends for the purposes of Nexus4 Topaz Notes. Historical data is not a reliable indicator of future performance. Actual performance may differ materially.

Historical credit spreads



Source: Deutsche Bank

Section 1

Investment summary

1.3.3 Income Factor

The Income Factor is used to link the credit performance of the Portfolio to the interest payable on Nexus4 Topaz Notes. The Income Factor is 100.00 on the Issue Date and may increase or decrease during the Portfolio Exposure Period.

Impact of Credit Events

The first and each subsequent Credit Event to occur in relation to Portfolio Companies will reduce the Income Factor by 23.33 (assuming equal weighting of Portfolio Companies in the Portfolio). There is no protection amount that protects Investors from the impact of Credit Events except to the extent that the Income Factor has increased above 100.00 as a result of any Net Trading Gains arising from Substitutions performed by the Portfolio Manager. See Section 5.7 for more information on the impact of Credit Events on interest payable. The table below shows the amount of the reduction to the Income Factor due to a number of Credit Events based on certain assumptions as set out in Section 5.7.2.

| Number of Credit Events | Income Factor ^a |
|-------------------------|----------------------------|
| No Credit Events | 100.00 |
| One Credit Event | 76.67 |
| Two Credit Events | 53.34 |
| Three Credit Events | 30.00 |
| Four Credit Events | 6.67 |
| Five Credit Events | nil |

^a The impact of one Credit Event of 23.33 is rounded to two decimal places. This rounding is not taken into account in the table above in calculating the cumulative effects of more than one Credit Event on the Income Factor.

Although there are 120 Portfolio Companies in the Portfolio, Credit Events on five Portfolio Companies will reduce the Income Factor to zero. This assumes there are no Net Trading Gains or Net Trading Losses. If there are Net Trading Losses, the number of Credit Events that causes the Income Factor to reduce to zero may be less than five.

Impact of Substitutions

Because the impact of a single Credit Event on the Income Factor is significant, the Portfolio Manager will seek to make Substitutions throughout the Portfolio Exposure Period with the aim of reducing the risk of the occurrence of Credit Events so as to preserve the Income Factor. These Substitutions may result in Trading Gains and/or Trading Losses which will also impact the Income Factor as follows:

- Net Trading Gains (i.e. where Trading Gains exceed Trading Losses) will increase the Income Factor; and
- Net Trading Losses (i.e. where Trading Losses exceed Trading Gains) will reduce the Income Factor.

A Trading Gain will generally arise if the Credit Spread of the Portfolio Company being removed from the Portfolio is less than the Credit Spread of the company being included in the Portfolio. Such a Substitution may generally make the Portfolio more risky, as measured by Credit Spreads, because the incoming Portfolio Company has a higher Credit Spread than that of the outgoing Portfolio Company.

Conversely, a Trading Loss will generally arise if the Credit Spread for the Portfolio Company being removed from the Portfolio is greater than the Credit Spread of the company being included in the Portfolio. Such a Substitution may generally make the Portfolio less risky, as measured by Credit Spreads, because the incoming Portfolio Company has a lower Credit Spread than that of the outgoing Portfolio Company.

Trading Gains and Trading Losses are explained further in Section 5.8.

Impact of a static Portfolio

If the Portfolio Manager is removed or resigns and there is no replacement manager appointed by Deutsche Bank, or if the Income Factor falls to or below 20.00, the Portfolio becomes static (meaning it is no longer managed). In these circumstances there can be no further Trading Gains or Trading Losses, however any Credit Events continue to impact the Income Factor until the end of the Portfolio Exposure Period. A static Portfolio means that even if it is likely that a Portfolio Company will suffer a Credit Event, that Portfolio Company will remain in the Portfolio.

1.3.4 Interest Payment Dates

Interest is payable in arrears three Business Days after the end of each Interest Period, except for interest payable for the Interest Period ending on the Maturity Date which is payable on the Maturity Date. If the Income Factor is reduced to zero, no further interest will be payable to Investors. See Section 5.2 for further detail on Interest Periods and Interest Payment Dates.

1.4 Portfolio

1.4.1 Composition

The Portfolio, which consists initially of 120 Portfolio Companies, is selected and managed by the Portfolio Manager according to the Company Eligibility and Portfolio Criteria described in Section 6.3.

1.4.2 Management

An important feature of Nexus4 Topaz Notes is that the Portfolio Manager has been appointed by Deutsche Bank to manage the Portfolio with the primary objective of preserving the Income Factor. It will do so by aiming to reduce the risk of the occurrence of Credit Events by making Substitutions of Portfolio Companies.

The Portfolio Manager can make Substitutions provided the replacement company meets the Company Eligibility Criteria and the Substitution does not cause the Portfolio to breach the Portfolio Criteria or, if the Portfolio is not then in compliance with the Portfolio Criteria, does not worsen the extent of non-compliance (see Section 6.3).

The structure of the management fees payable to SGAM AI is designed to align the interests of SGAM AI with those of Investors. Over 75% of the management fees are linked to the Income Factor (subject to a maximum of 100.00) and therefore will reduce if the Income Factor is reduced below 100.00. Fees payable to the Portfolio Manager are paid by Deutsche Bank and do not affect Investors' returns.

Section 1

Investment summary

SGAM AI, or a fund managed by SGAM or one of its affiliates (the **SGAM Investor**), is required to invest \$2.5 million in Nexus4 Topaz Notes alongside other Investors. This investment is required to be held for as long as SGAM AI manages the Portfolio.

SGAM AI has contracted with Deutsche Bank to exercise reasonable care in the selection and management of the Portfolio in a manner consistent with practices and procedures followed by prudent institutional investment managers of international standing.

Investors should note however, that the Portfolio Manager has not been engaged by Nexus and is not obliged to consider the interests of Nexus or Investors in exercising its discretions in managing the Portfolio and performing its obligations under the Investment Management Agreement. In particular, the Portfolio Manager does not act as an adviser to or as agent for, or owe any fiduciary duties to, Nexus or Investors. Nor do Nexus or Investors have recourse against the Portfolio Manager or Deutsche Bank for any failure by the Portfolio Manager to perform its obligations under the Investment Management Agreement. Neither Nexus nor Deutsche Bank has any ability to influence the exercise of discretions by the Portfolio Manager .

If the Portfolio Manager is removed or resigns, Deutsche Bank will seek to appoint a replacement Portfolio Manager (see Section 7.7).

1.4.3 The Portfolio Manager

The Portfolio Manager is Société Générale Asset Management Alternative Investments S.A., a wholly owned subsidiary of SGAM. SGAM is part of one of the world's largest banking groups. SGAM had fixed income assets under management totalling over €80 billion as at 31 December 2004.

SGAM AI manages structured products, CDOs, hedge funds and private equity funds for its worldwide clients and had assets under management of over €24 billion as at 31 December 2004.

As at the date of this Prospectus, SGAM AI is the manager for CDO portfolios for which over €550 million of rated debt has been issued since June 2004.

Deutsche Bank has appointed SGAM AI as the Portfolio Manager having regard to its:

- well resourced CDO structuring and management team;
- clear credit management;
- track record in managing CDOs for wholesale clients; and
- understanding and endorsement of CDO transaction mechanics.

See Section 7 for further details about SGAM AI.

1.5 Reporting

Deutsche Bank will provide Nexus with quarterly reports detailing the composition of the Portfolio using information provided to it by the Portfolio Manager. In addition, each Substitution will be reported by Deutsche Bank to Nexus on a timely basis, including the impact on the Income Factor.

These reports will be provided to ASX and will be made available on Nexus' website at www.nexusbonds.com.au. See Section 10.5.9 for more details on reporting obligations.

1.6 Risks

Nexus4 Topaz Notes are subject to investment risks. A summary of those risks is set out in Section 8. You should read Section 8 carefully, as well as the rest of the Prospectus. The key risks include the following:

- The reduction of interest payable on Nexus4 Topaz Notes, possibly to zero, as a result of the occurrence of Credit Events in respect of Portfolio Companies, which reduce the Income Factor.
- The Portfolio is not managed by the Portfolio Manager in a manner that preserves the Income Factor.
- The credit risk of Deutsche Bank, which may affect amounts payable on Nexus4 Topaz Notes.
- There are a number of determinations and calculations relating to Nexus4 Topaz Notes which are at the discretion of Deutsche Bank, including in relation to the calculation of interest payable on Nexus4 Topaz Notes. Investors are reliant on Deutsche Bank making these determinations and calculations in a manner consistent with customary practices and procedures in international credit markets.
- If the Portfolio Manager resigns (which it may do on 30 days' notice) or is removed and no replacement is appointed, or the Income Factor falls to or below 20.00, no further Substitutions will be made and the Portfolio will become static (i.e. no longer managed). Any Credit Events will continue to impact the Income Factor until the end of the Portfolio Exposure Period. The risk of a Portfolio Company suffering a Credit Event increases if the Portfolio is static because the Portfolio Manager is unable to replace increasingly risky Portfolio Companies with more creditworthy companies. Although Deutsche Bank is obliged to use reasonable endeavours to appoint a replacement Portfolio Manager following the resignation or removal of the Portfolio Manager, there is no assurance that a replacement will be appointed.
- The Portfolio Manager may undertake Substitutions that result in Trading Gains in order to increase the Income Factor, but this may lead to the Portfolio becoming more risky and the occurrence of Credit Events.



Section 2 How your investment works

Section 2

How your investment works

An investment in Nexus4 Topaz Notes works as follows:

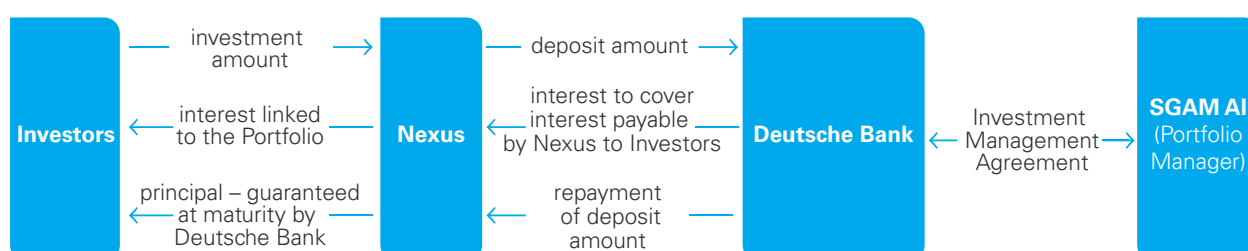
- Investors subscribe for Nexus4 Topaz Notes (see Section 12);
- the full amount raised from the Offer will be placed in the Deposit Account with Deutsche Bank. Nexus will receive interest from Deutsche Bank on the Deposit Account to cover the interest payable on Nexus4 Topaz Notes (see Section 10.7);
- during the Portfolio Exposure Period, the dollar amount of interest payable to an Investor for each Interest Period is calculated by multiplying:
 - the number of Nexus4 Topaz Notes held by that Investor; by
 - the Interest Rate (which is comprised of the 180 day Bank Bill Rate plus the Floating Credit Margin) – see Sections 5.4 and 5.5; by
 - the relevant Day Count; by
 - the Income Factor (see Section 5.6);
- on the 7th anniversary of the Issue Date, Nexus will disclose on ASX the price at which it is willing to redeem Nexus4 Topaz Notes on the Investor Redemption Date (see Section 4.3 for details of this Investor Redemption Facility). Investors can choose to have their Nexus4 Topaz Notes redeemed at this price or continue to hold them;
- for the rest of the Investment Term, the dollar amount of interest payable to an Investor for each Interest Period is calculated by multiplying:
 - the number of Nexus4 Topaz Notes held by that Investor; by
 - the Interest Rate (which is comprised of the 180 day Bank Bill Rate that will continue to fluctuate and the Floating Credit Margin which is fixed at the rate that applied for the last Interest Period in the Portfolio Exposure Period) – see Sections 5.4 and 5.5; by
 - the relevant Day Count; by
 - the Income Factor which is fixed at the end of the Portfolio Exposure Period (see Section 5.6).

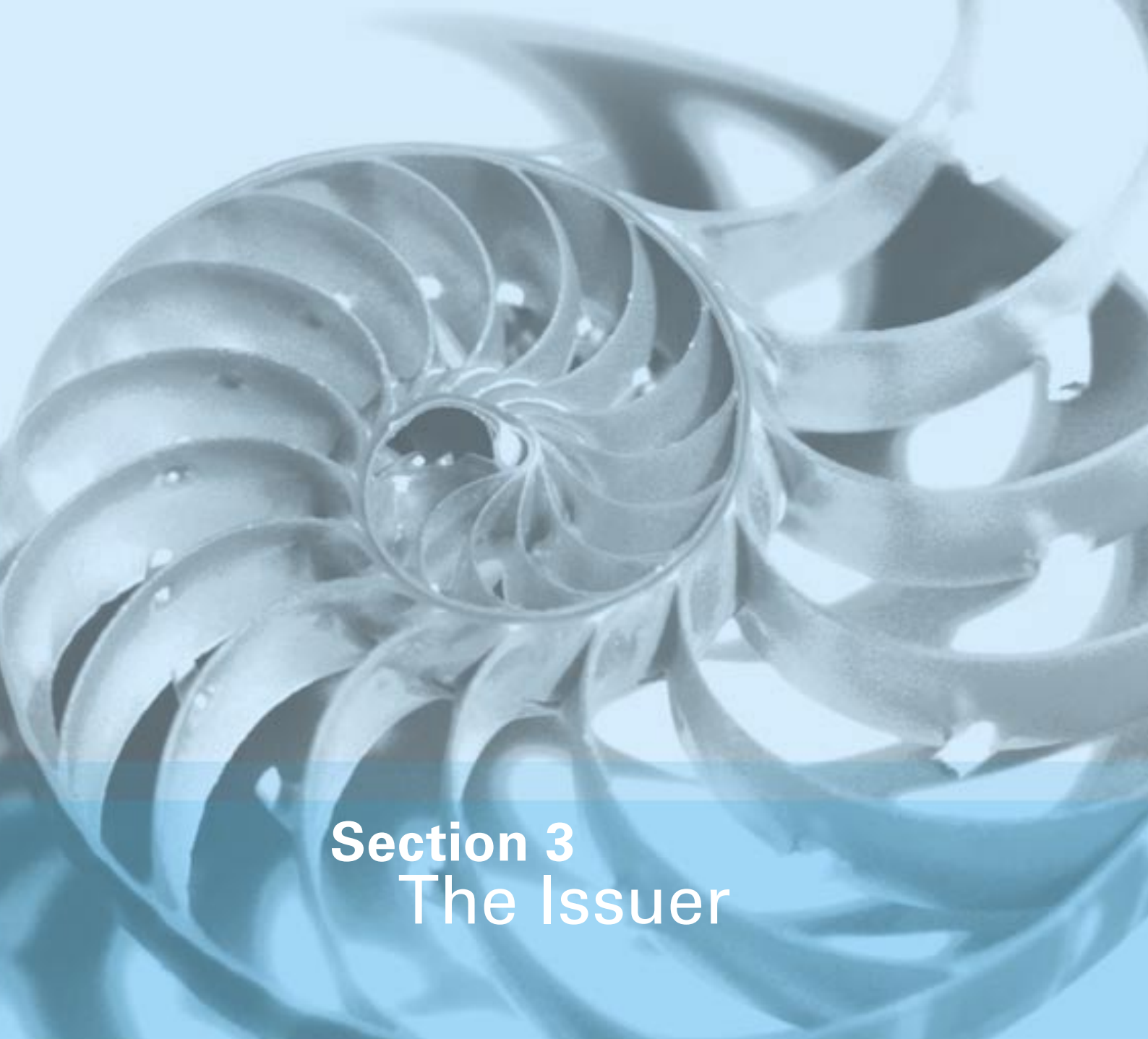
This means that during this period, interest payable on Nexus4 Topaz Notes will only fluctuate according to the 180 day Bank Bill Rate; and

- on the Maturity Date, provided an Early Redemption Event has not occurred and the Investor has not participated in the Investor Redemption Facility, each Investor will receive the Principal Amount for each Nexus4 Topaz Note they hold (see Section 4.1).

Where your money goes

The diagram below shows how the proceeds of the Offer will be used and how Nexus is able to pay the interest and principal on Nexus4 Topaz Notes. Nexus places the proceeds of the Offer on deposit with Deutsche Bank. In return, Deutsche Bank pays Nexus interest on the deposit to cover the interest which is payable by Nexus to Investors and repays the deposit on maturity. This is explained in more detail in Section 10.7.





Section 3 The Issuer

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Section 3

The Issuer

3.1 What is the business of Nexus?

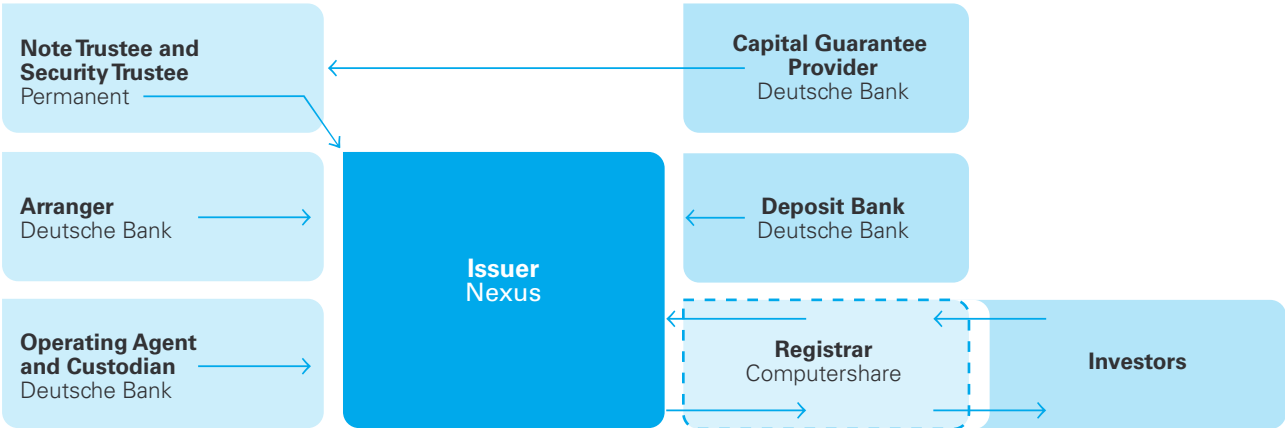
Nexus has previously issued Nexus1 Notes (ASX code NXBHA), Nexus2 Notes (ASX code NXBHB) and Nexus3 Notes (ASX code NXBHC). These CDO investment products represent a new class of ASX listed investment and provide an alternative, with different characteristics and risks, to investments in shares and other equity securities and many previously available debt securities.

Nexus may also issue other securities in the future. See Section 11 for further information on the business and financial position of Nexus.

3.2 Who provides services to Nexus?


Nexus' key service providers in connection with Nexus4 Topaz Notes include Deutsche Bank, Permanent and Computershare. Nexus has entered into arrangements with each of them for the purpose of the ongoing administration of Nexus4 Topaz Notes.

The diagram below shows the relationships between Nexus, its key service providers and Investors.



Each of Deutsche Bank, Permanent and Computershare act as independent contractor, and not as partner, officer or employee of Nexus. Except for the guarantee of the repayment of the Principal Amount on the Maturity Date which is enforceable by the Note Trustee (on behalf of Investors), Deutsche Bank's services are provided solely to Nexus and it provides no service to, and undertakes to perform no obligations in favour of, Investors.

A summary of the responsibilities of each service provider and the material contracts between Nexus and each service provider is set out in Section 10.



Section 4 Principal and capital guarantee

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Section 4

Principal and capital guarantee

4.1 Capital guarantee provided by Deutsche Bank

The repayment of the Principal Amount on the Maturity Date is guaranteed by Deutsche Bank.

If an Early Redemption Event occurs, or Nexus4 Topaz Notes are redeemed under the Investor Redemption Facility, the Deutsche Bank capital guarantee does not apply. See Sections 4.3, 4.4, 10.2.4 and 10.2.5 for further details on Early Redemption Events, the Investor Redemption Facility and the calculation of the amount payable in such circumstances.

4.2 Principal rated by Standard & Poor's

4.2.1 Rating

It is expected that, on the Issue Date, Standard & Poor's will assign a AA-p N.R.i rating to Nexus4 Topaz Notes, which represents a AA- rating on the repayment of the Principal Amount on the Maturity Date and no rating on the payment of interest. If this rating is not assigned before Nexus4 Topaz Notes are issued, Nexus4 Topaz Notes will not be issued and all application money will be refunded without interest.

This rating is based on Standard & Poor's credit rating of Deutsche Bank (which is AA- as at the date of this Prospectus). The rating of the Principal Amount of Nexus4 Topaz Notes by Standard & Poor's is not linked to the Portfolio in any way and does not address the likelihood of the payment of interest on Nexus4 Topaz Notes.

The rating assigned to the repayment of the Principal Amount on the Maturity Date is not a recommendation to buy, sell or hold Nexus4 Topaz Notes in as much as it does not comment on market price or suitability for a particular Investor.

Appendix B includes an overview of Standard & Poor's credit ratings system and definitions of each major Standard & Poor's ratings category.

4.2.2 Who is Standard & Poor's?

Standard & Poor's is a leading international rating agency which specialises in the assessment of the credit quality of investments. Further information on Standard & Poor's is available on the Standard & Poor's website at www.standardandpoors.com.

Section 4

Principal and capital guarantee

4.3 Investor Redemption Facility

On the 7th anniversary of the Issue Date, Nexus will disclose on ASX the price at which it is willing to redeem Nexus4 Topaz Notes on the Investor Redemption Date (being the date 14 days later, unless extended).

The price quoted may be higher or lower than the price at which Nexus4 Topaz Notes are trading on ASX. The price quoted will be subject to a maximum of \$100 per Nexus4 Topaz Note (being the Principal Amount) plus accrued interest and will be a price determined by Deutsche Bank which, subject to that maximum, will reflect:

- the present market value of the obligation to repay the Principal Amount on the Maturity Date;
- an adjustment to reflect the Income Factor as at the Investor Redemption Date; and
- any administrative costs incurred by Deutsche Bank (as Deposit Bank) in relation to the early repayment as a result of the Investor Redemption Facility.

Investors are not obliged to accept the price quoted under the Investor Redemption Facility and instead may choose to continue to hold their Nexus4 Topaz Notes.

See Section 10.2.5 for further details on the Investor Redemption Facility and circumstances in which the price disclosed by Nexus may be revised.

4.4 Nexus' rights to early redemption

Nexus4 Topaz Notes will be redeemed early by Nexus if, following a change in law or tax, Nexus receives an opinion from an independent expert to the effect that the interest payable to Nexus on the deposit is, or will be, reduced such that it will affect the ability of Nexus to meet its payment obligations to Investors under Nexus4 Topaz Notes.

The early redemption amount payable following an Early Redemption Event is determined by Deutsche Bank and will reflect:

- the present market value of the obligation to repay the Principal Amount on the Maturity Date;
- an adjustment to reflect the Income Factor as at the date of the early redemption; and
- any administrative costs incurred by Deutsche Bank (as Deposit Bank) in relation to the early repayment as a result of the Early Redemption Event.

This early redemption amount may be less than the Principal Amount. Investors will also be paid any accrued interest.

See Section 10.2.4 for further details on early redemption.

4.5 Who is Deutsche Bank?

Deutsche Bank AG is a banking institution and a stock corporation incorporated under the laws of Germany. Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, property finance companies, instalment financing companies, research and consultancy companies and other domestic and foreign companies.

The table below shows key summary consolidated financial and other information for Deutsche Bank AG.

| | Quarter ended 31 March 2005 | Financial year ended 31 December | |
|---|--------------------------------|----------------------------------|----------|
| | | 2004 | 2003 |
| Total revenues | €6,583m | €21,918m | €21,268m |
| Net income | €1,103m | €2,472m | €1,365m |
| Total assets | €901bn | €840bn | €804bn |
| Net loans | €143bn | €136bn | €145bn |
| Shareholders' equity | €26.8bn | €25.9bn | €28.2bn |
| Branches | 1,561 | 1,559 | 1,576 |
| Employees (full time equivalent) | 64,527 | 65,417 | 67,682 |
| Long-term rating | | | |
| ■ Standard & Poor's | AA- | AA- | AA- |
| ■ Moody's | Aa3 | Aa3 | Aa3 |
| ■ Fitch | AA- | AA- | AA- |

Source: Deutsche Bank

Further information on Deutsche Bank is available on the bank's website, www.db.com.



Section 5 Interest

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Section 5

Interest

5.1 How is interest calculated?

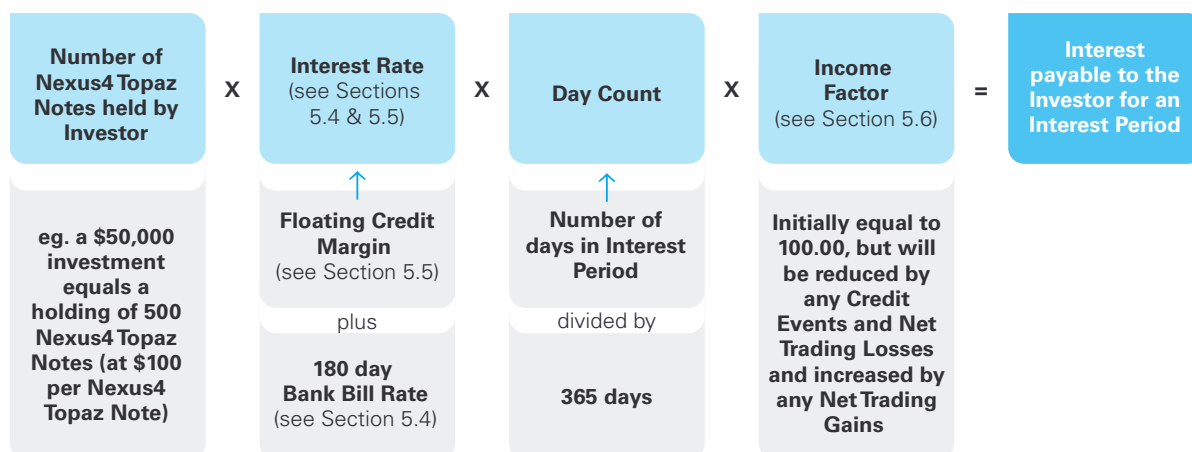
The amount of interest an Investor will receive for each Interest Period, expressed as a dollar amount, is calculated by multiplying:

- the number of Nexus4 Topaz Notes held by that Investor; by
- the Interest Rate (which is comprised of the 180 day Bank Bill Rate plus the Floating Credit Margin); by
- the relevant Day Count; by
- the Income Factor.

Because both the 180 day Bank Bill Rate and Floating Credit Margin components of the Interest Rate are floating, Nexus4 Topaz Notes deliver Investors an interest rate that is risk-adjusted to reflect the credit market's view of the Portfolio Companies during the Portfolio Exposure Period as well as reflecting variations in market interest rates over the Investment Term.

Investors should note that the Income Factor will be reduced as a result of any Credit Events and/or Net Trading Losses. Each Credit Event will reduce the Income Factor by 23.33. If the Income Factor is reduced to zero, no further interest is payable on Nexus4 Topaz Notes. Any Credit Events that occur after the end of the Portfolio Exposure Period will not affect the Income Factor.

The diagram below shows how to calculate the dollar amount of interest an Investor will receive for an Interest Period.



Investors will receive interest in arrears on each Interest Payment Date until the Maturity Date unless their Nexus4 Topaz Notes are redeemed early (see Sections 4.3 and 4.4) or the Income Factor is reduced to zero (see Section 5.6). Investors will not receive any compounded interest on the interest payable in respect of an Interest Period during the three Business Days between the end of the Interest Period and the relevant Interest Payment Date. The duration of the Interest Periods varies during the Investment Term (see Section 5.2).

Although Standard & Poor's is expected to, on the Issue Date, rate the likelihood of the repayment of the Principal Amount on the Maturity Date (see Section 4.2), Standard & Poor's has not provided a rating in relation to interest payments.

Section 5

Interest

The table below shows the key factors that impact the amount of interest payable on Nexus4 Topaz Notes. The table shows each of these factors in isolation, although their impact may be different if more than one of them occur together as the impact of one factor may negate the impact of another. The timing of these factors is also important to their impact on interest payable on Nexus4 Topaz Notes. The table does not address the amount of any change in interest payable on Nexus4 Topaz Notes as a result of one or more of these factors.

| Factor | Impact on Floating Credit Margin | Impact on Income Factor | Impact on 180 day Bank Bill Rate | Impact on interest payable |
|---|----------------------------------|-------------------------|----------------------------------|----------------------------|
| Portfolio Company suffers a Credit Event | - | ↓ | - | ↓ |
| Trading Loss on Substitution of a Portfolio Company | - | ↓ | - | ↓ |
| Trading Gain on Substitution of a Portfolio Company | - | ↑ | - | ↑ |
| Increase in the average Credit Spread of Portfolio Companies | ↑ | - | - | ↑ |
| Reduction in the average Credit Spread of Portfolio Companies | ↓ | - | - | ↓ |
| Increase in general market interest rates | - | - | ↑ | ↑ |
| Reduction in general market interest rates | - | - | ↓ | ↓ |

5.2 Interest Periods and Interest Payment Dates

Interest is payable in arrears three Business Days after the end of each Interest Period, except for the Interest Period ending on the Maturity Date when interest is payable on the Maturity Date. If the Income Factor is reduced to zero, no further interest will be payable to Investors.

The table below shows the duration of each Interest Period in the Investment Term.

| 10 year Investment Term | 7 year Portfolio Exposure Period | Interest Periods | Duration of Interest Periods |
|---|---|--|---|
| | | First Interest Period | From (and including) the Issue Date to (but excluding) 20 November 2005. |
| | | Interest Periods to end of Portfolio Exposure Period | Semi-annual Interest Periods from (and including) 20 November 2005 to (but excluding) 20 November 2011. Last Interest Period in Portfolio Exposure Period is from (and including) 20 November 2011 to (but excluding) the 7th anniversary of the Issue Date. |
| Interest Periods from end of Portfolio Exposure Period to the Maturity Date | Semi-annual Interest Periods from (and including) the 7th anniversary of the Issue Date to (but excluding) the Maturity Date. | | |

5.3 How the calculation of interest varies over the Investment Term

The table below shows how the calculation of interest varies over the Investment Term.

| | | Interest Rate | | | |
|-------------------------|---|--|---|---|--|
| | | Interest Periods | 180 day Bank Bill Rate ^a | Floating Credit Margin | Income Factor |
| 10 year Investment Term | 7 year Portfolio Exposure Period | First Interest Period | Set on the first day of the Interest Period | 2.60% per annum | 100.00 |
| | | Interest Periods to end of Portfolio Exposure Period | Set on the first day of each Interest Period | Set immediately prior to the beginning of each Interest Period as 4.0 times the Portfolio Market Spread subject to a minimum of 1.00% per annum | Set on the last day of each Interest Period. The Income Factor will be reduced by any Credit Events and Net Trading Losses and increased by any Net Trading Gains since the Issue Date |
| | Interest Periods from end of the Portfolio Exposure Period to the Maturity Date | Set on the first day of each Interest Period | Fixed at the rate set for the last Interest Period in the Portfolio Exposure Period | Fixed at the end of the Portfolio Exposure Period. No further exposure to Credit Events | |

^a The 180 day Bank Bill Rate is used for each Interest Period even though the Interest Period may be more or less than 180 days.

See Section 5.9 for examples of how the interest payable on Nexus4 Topaz Notes is calculated.

5.4 180 day Bank Bill Rate

The 180 day Bank Bill Rate is a floating rate of interest which may move up and down over the Investment Term. Changes in the 180 day Bank Bill Rate will be one factor that causes the interest payable on Nexus4 Topaz Notes to change. The 180 day Bank Bill Rate is set on the first day of each Interest Period.

The 180 day Bank Bill Rate is regularly quoted in the financial data section of The Australian Financial Review under the heading 'Money and Bond Markets' where it is described as the '180 day Bank Bill Swap Reference Rate'. Details of the 180 day Bank Bill Rate will also be available on Nexus' website at www.nexusbonds.com.au.

As at 10 May 2005, the 180 day Bank Bill Rate was 5.73% per annum. If Nexus4 Topaz Notes had been issued on this date, the Interest Rate for the first Interest Period would have been 8.33% per annum (5.73% plus 2.60%). The 180 day Bank Bill Rate on the Issue Date (expected to be 23 June 2005)² may be higher or lower than 5.73% per annum.

² This date is indicative only and may change. The Arranger has the right to close the Offer early, extend the Closing Date or withdraw the Offer, in each case without notice.

Section 5

Interest

5.5 Floating Credit Margin and Portfolio Market Spread

5.5.1 How is the Floating Credit Margin calculated?

The Floating Credit Margin has been set at 2.60% per annum for the first Interest Period. After that, the Floating Credit Margin is reset immediately prior to the beginning of each Interest Period until the end of the Portfolio Exposure Period. After the Portfolio Exposure Period ends, the Floating Credit Margin will be fixed for the remainder of the Investment Term at the Floating Credit Margin that applied for the last Interest Period in the Portfolio Exposure Period.

The Floating Credit Margin is calculated by Deutsche Bank as:

$$\text{Floating Credit Margin} = 4.0 \times \text{Portfolio Market Spread}$$

The multiple of 4.0 is used in the calculation of the Floating Credit Margin and is fixed throughout the Investment Term.

If the Floating Credit Margin was set on 10 May 2005, the Floating Credit Margin would have been approximately 2.60% per annum (based on a Portfolio Market Spread for the Indicative Portfolio of 0.65% per annum). The Floating Credit Margin that applies during the Investment Term may be higher or lower than 2.60% per annum.

The Floating Credit Margin can never be less than 1.00% per annum regardless of the credit market's view of the creditworthiness of the Portfolio Companies.

5.5.2 What is the Portfolio Market Spread?

Credit markets operate in much the same way as other financial markets in that buyers and sellers are able to trade financial instruments, in this case, credit protection. A buyer of credit protection seeks to transfer its exposure to the credit risk of a particular company, while a seller of credit protection is willing to accept a corresponding credit risk exposure. The price at which this credit protection is bought and sold is referred to as a Credit Spread.

The Credit Spread represents the market view of the relative creditworthiness of a company. For example, a lower Credit Spread indicates that the debt of that company is considered relatively less risky and would generally apply to a company with a higher credit rating.

The Portfolio Market Spread for an Interest Period during the Portfolio Exposure Period is determined immediately prior to the commencement of that Interest Period.

The Portfolio Market Spread is the average of the Credit Spread (expressed as a percentage per annum) for each of the Portfolio Companies as determined by Deutsche Bank in a manner consistent with customary practices and procedures in international credit markets. For the purposes of determining the Portfolio Market Spread, the Credit Spread for any Portfolio Company is subject to a maximum of 8.00% per annum.

The Portfolio Manager may obtain alternative Credit Spread bids for any Portfolio Company and the calculation of the Portfolio Market Spread will be adjusted to reflect those alternative Credit Spreads (see Section 10.5.6). If the Portfolio Manager resigns or is removed, and no replacement Portfolio Manager is appointed, the Portfolio Market Spread will be determined by Deutsche Bank for the remainder of the Portfolio Exposure Period.

5.6 Income Factor

The Income Factor is used to link the credit performance of the Portfolio to the interest payable on Nexus4 Topaz Notes.

The Income Factor will be reduced if any Credit Event occurs in relation to a Portfolio Company and by any Net Trading Losses as a result of Substitutions of Portfolio Companies. The Income Factor will be increased if there are Net Trading Gains as a result of Substitutions of Portfolio Companies.

The first and each subsequent Credit Event to occur in relation to Portfolio Companies will reduce the Income Factor by 23.33 (assuming equal weighting of Portfolio Companies in the Portfolio). There is no protection amount that protects Investors from the impact of Credit Events except to the extent that the Income Factor has increased above 100.00 as a result of any Net Trading Gains.

If the Income Factor falls to or below 20.00, no further Substitutions are permitted and the Portfolio becomes static (meaning it is no longer managed). Any Credit Event that occurs during the Portfolio Exposure Period after this will reduce the Income Factor to zero. Section 5.9 provides examples of how changes in the Income Factor affect the calculation of interest payable on Nexus4 Topaz Notes.

For the purposes of calculating the interest payable for the first Interest Period, the initial Income Factor of 100.00 is used. Credit Events, Net Trading Gains or Net Trading Losses that arise during that first Interest Period will impact on the Income Factor used in the second and subsequent Interest Periods.

5.7 Credit Events

5.7.1 What is a Credit Event?

The Credit Events that may apply to a Portfolio Company will depend on its place of incorporation. The Credit Events that may apply to a Portfolio Company are:

- the occurrence of events relating to the insolvency of that Portfolio Company, such as administration, winding up, dissolution, receivership or a general arrangement with creditors (**Bankruptcy**); or
- failure to pay when due at least US\$1 million in respect of borrowed money (**Failure to Pay**); or
- the restructuring of at least US\$10 million of borrowed money which it owes (**Restructuring Event**), for example, by way of:
 - a reduction in the rate or amount of interest payable;
 - a reduction in the amount of principal payable at maturity;
 - a postponement or other deferral of a date for payment of interest or principal; or
 - a change in the ranking in priority of a payment.

A Restructuring Event must be due to a deterioration in the creditworthiness of a Portfolio Company and would not include a solvent reorganisation of a Portfolio Company's business.

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In addition, for Portfolio Companies incorporated in some countries, borrowed money becoming due and payable immediately, and prior to the scheduled maturity date of that borrowed money (**Obligation Acceleration**), may also be a Credit Event. Additional Credit Events may apply to an incoming Portfolio Company if the standard terms in the international credit markets for credit default swaps referencing that Portfolio Company change.

A Credit Event is not:

- a fall in the share price of a Portfolio Company;
- non-payment of a dividend by a Portfolio Company; or
- a change in the credit rating of a Portfolio Company.

If a Portfolio Company suffers a Credit Event, Deutsche Bank will provide notice of that Credit Event, together with publicly available information regarding the Credit Event, to Nexus who will then disclose that information on ASX.

For the purposes of determining whether a Credit Event has occurred, either the senior or subordinated debt of a Portfolio Company is used (this is specified in Appendix A for the Indicative Portfolio).

If subordinated debt is specified as applying for a Portfolio Company on its inclusion in the Portfolio, that subordinated debt will be relevant to the determination of whether any Failure to Pay, Restructuring Event or Obligation Acceleration Credit Events have occurred in respect of that Portfolio Company. This may mean that a Credit Event occurs even though no Credit Event would have occurred if only senior debt had applied for that Portfolio Company.

If a Portfolio Company has suffered a Credit Event, its Credit Spread is not included for the purpose of calculating the Portfolio Market Spread for any subsequent Interest Periods.

5.7.2 Impact of Credit Events on the Income Factor

Each Credit Event that occurs in relation to Portfolio Companies will reduce the Income Factor by 23.33 (assuming equal weighting of Portfolio Companies in the Portfolio).

The table on the following page shows the impact of Credit Events on the Income Factor. The calculations in this table assume that:

- there are no Trading Gains or Trading Losses as a result of Substitutions by the Portfolio Manager;
- the Portfolio Companies remain equally weighted; and
- if the relevant Credit Event relates to a Restructuring Event, that Credit Event related to the full weighting of the affected Portfolio Company.

These assumptions may not necessarily always be the case (see Section 5.9).

See Section 5.9 for examples of how Credit Events affect the calculation of interest payable on Nexus4 Topaz Notes.

| Number of Credit Events | Income Factor ^a |
|-------------------------|----------------------------|
| No Credit Events | 100.00 |
| One Credit Event | 76.67 |
| Two Credit Events | 53.34 |
| Three Credit Events | 30.00 |
| Four Credit Events | 6.67 |
| Five Credit Events | nil |

^a The impact of one Credit Event of 23.33 is rounded to two decimal places. This rounding is not taken into account in the table above in calculating the cumulative effects of more than one Credit Event on the Income Factor.

Although there are 120 Portfolio Companies in the Portfolio, Credit Events on five Portfolio Companies will reduce the Income Factor to zero. This assumes there are no Net Trading Gains or Net Trading Losses. If there are Net Trading Losses, the number of Credit Events that causes the Income Factor to reduce to zero may be less than five.

5.8 Trading Gains and Trading Losses

Because the impact of a single Credit Event on the Income Factor is significant, the Portfolio Manager has been appointed to make Substitutions throughout the Portfolio Exposure Period with the aim of reducing the risk of the occurrence of Credit Events. These Substitutions may result in Trading Gains or Trading Losses. No Substitutions will be made after the end of the Portfolio Exposure Period (or from any earlier date on which the Portfolio Manager resigns or is removed prior to any replacement Portfolio Manager being appointed, or if the Income Factor reduces to or below 20.00).

5.8.1 What are Trading Gains and Trading Losses?

Trading Gains or Trading Losses occur when the Portfolio Manager makes a Substitution of a Portfolio Company. A Trading Gain will generally arise if the Credit Spread of the Portfolio Company being removed from the Portfolio is less than the Credit Spread of the company being included in the Portfolio. Conversely, a Trading Loss will generally arise if the Credit Spread for the Portfolio Company being removed from the Portfolio is greater than the Credit Spread of the company being included in the Portfolio.

5.8.2 Impact of Trading Gains or Trading Losses on the Income Factor

If, as a result of Substitutions made by the Portfolio Manager, the cumulative Trading Losses exceed the cumulative Trading Gains, then there is a Net Trading Loss which will reduce the Income Factor. If cumulative Trading Gains exceed cumulative Trading Losses, then there will be a Net Trading Gain which will increase the Income Factor. In the absence of any Credit Events, Net Trading Gains will increase the Income Factor above the initial Income Factor of 100.00.

5.8.3 How are Trading Gains and Trading Losses calculated?

The amount of the Trading Gain or Trading Loss that results from a Substitution is calculated by Deutsche Bank based on customary market practice for determining the impact of Substitutions on returns from managed CDOs and Deutsche Bank's CDO portfolio models.

Prior to any Substitution being made, Deutsche Bank will notify the Portfolio Manager of the Trading Gain or Trading Loss it has calculated in relation to the Substitution proposed by the Portfolio Manager. The Portfolio Manager then makes a decision as to whether to proceed with the proposed Substitution.

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5.8.4 Impact of Trading Gains and Trading Losses on the Income Factor – example

For example, if during the Portfolio Exposure Period, the Portfolio Manager performs a Substitution by removing a Portfolio Company with a higher Credit Spread and replaces it with a Portfolio Company with a lower Credit Spread, a Trading Loss will generally be incurred. If we assume that the Income Factor prior to this Substitution was 100.00 and the Substitution resulted in a Trading Loss equivalent to a reduction in the Income Factor of 3.00, then the resulting Income Factor is 97.00.

If there are no further Trading Gains or Trading Losses and there are no Credit Events before the end of the Interest Period then, in this example, the Income Factor used for the purpose of calculating the interest payable for that Interest Period is 97.00.

If during the next Interest Period, there is a Substitution that results in a Trading Gain equivalent to an increase in the Income Factor of 1.00, then the Income Factor in this example will increase from 97.00 to 98.00 and, assuming no other Substitutions or Credit Events in that period, the Income Factor used for the purpose of calculating the interest payable for that Interest Period is 98.00.

The example set out above is for illustrative purposes only and may not be indicative of the impact on the Income Factor of actual Substitutions conducted by the Portfolio Manager. It is provided only to illustrate the relationship between the Income Factor and Net Trading Gains and Net Trading Losses. See Section 5.9 for additional examples of how Trading Gains and Trading Losses affect the calculation of interest payable on Nexus4 Topaz Notes.

5.9 Calculation of interest – examples

The scenarios set out in the table on the following pages show how the interest payable on Nexus4 Topaz Notes may be affected from one Interest Period to another during the Portfolio Exposure Period, based on the occurrence of various Credit Events, Trading Gains and Trading Losses and changes to the Floating Credit Margin.

In addition to each assumption listed in the table below, each scenario assumes:

- the 180 day Bank Bill Rate is 5.70% per annum;
- an Investor holds 50 Nexus4 Topaz Notes (which is equal to a Principal Amount of \$5,000);
- each Interest Period is semi-annual;
- the Portfolio Companies remain equally weighted;
- while the impact of one Credit Event of 23.33 is rounded to two decimal places, this rounding is not taken into account in calculating the cumulative effects of more than one Credit Event on the Income Factor; and
- the Day Count has been assumed to be 182 or 183 divided by 365 and is rounded to two decimal places. It is therefore shown in the calculations below as 0.50.

The examples set out in this Section 5.9 are provided by way of illustration only of the calculation of interest payable on Nexus4 Topaz Notes. The scenarios are not forecasts or simulations of the likely performance of the Portfolio Manager, Nexus or of Nexus4 Topaz Notes. The assumptions in the examples are used only for the purpose of illustrating how interest payments may be affected. Actual interest payable on Nexus4 Topaz Notes may be different to that shown in the examples.

| Scenario | Calculation | Effective rate (expressed as a % per annum) |
|---|---|---|
| <p>Scenario 1: Decrease in the Portfolio Market Spread</p> <p>Assumptions:</p> <ul style="list-style-type: none"> ■ the Income Factor at the beginning of the Interest Period is 100.00; ■ no Credit Events have occurred; ■ there were no Net Trading Gains or Net Trading Losses as at the end of the Interest Period; and ■ the Portfolio Market Spread for the Interest Period has decreased to 0.55%. | <p>The Income Factor is 100.00 since there were no Credit Events, Net Trading Gains or Net Trading Losses as at end of the Interest Period. The dollar amount of interest payable for the Interest Period is calculated by multiplying:</p> <ul style="list-style-type: none"> ■ the number of Nexus4 Topaz Notes held by the Investor equal to 50; by ■ the 180 day Bank Bill Rate of 5.70% per annum, plus the Floating Credit Spread of $(4 \times 0.55\%) = 2.20\%$ per annum; by ■ the Day Count equal to 0.50; by ■ the Income Factor, equal to 100.00. <p>Therefore, the interest payable to the Investor for the Interest Period equals \$197.50.</p> | 7.90% per annum |
| <p>Scenario 2: Increase in the Portfolio Market Spread</p> <p>Assumptions:</p> <ul style="list-style-type: none"> ■ no Credit Events have occurred; ■ there were no Net Trading Gains or Net Trading Losses as at the end of the Interest Period; and ■ the Portfolio Market Spread increases from 0.55% to 0.75%. | <p>The Income Factor is still at 100.00 since there were no Credit Events, Net Trading Gains or Net Trading Losses as at the end of the Interest Period. The dollar amount of interest payable for the Interest Period is calculated by multiplying:</p> <ul style="list-style-type: none"> ■ the number of Nexus4 Topaz Notes held by the Investor equal to 50; by ■ the 180 day Bank Bill Rate of 5.70% per annum, plus the Floating Credit Spread of $(4 \times 0.75\%) = 3.00\%$ per annum; by ■ the Day Count equal to 0.50; by ■ the Income Factor, equal to 100.00. <p>Therefore, the interest payable to the Investor for the Interest Period equals \$217.50.</p> | 8.70% per annum |
| <p>Scenario 3: Trading Loss and no movement in the Portfolio Market Spread</p> <p>Assumptions:</p> <ul style="list-style-type: none"> ■ no Credit Events have occurred; ■ one Trading Loss occurs during the Interest Period which results in a decrease in the Income Factor of 4.00; and ■ the Portfolio Market Spread is unchanged at 0.75%. | <p>The Income Factor will decrease by the Trading Loss of 4.00 to 96.00. The dollar amount of interest payable for the Interest Period is calculated by multiplying:</p> <ul style="list-style-type: none"> ■ the number of Nexus4 Topaz Notes held by the Investor equal to 50; by ■ the 180 day Bank Bill Rate of 5.70% per annum, plus the Floating Credit Spread of $(4 \times 0.75\%) = 3.00\%$ per annum; by ■ the Day Count equal to 0.50; by ■ the Income Factor, equal to 96.00. <p>Therefore, the interest payable to the Investor for the Interest Period equals \$208.80.</p> | 8.35% per annum |

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| Scenario | Calculation | Effective rate (expressed as a % per annum) |
|--|---|---|
| <p>Scenario 4: One Credit Event, Trading Gains and an increase in the Portfolio Market Spread</p> <p>Assumptions:</p> <ul style="list-style-type: none"> one Credit Event occurs during the Interest Period which results in a decrease in the Income Factor of 23.33; there are Trading Gains during the Interest Period which result in an increase in the Income Factor of 2.00; and the Portfolio Market Spread increases from 0.75% to 1.00%. | <p>The Income Factor (which was 96.00 at the beginning of the Interest Period) will decrease by 23.33 reflecting the Credit Event. The Income Factor is then increased by the Trading Gain of 2.00. The dollar amount of interest payable for the Interest Period is calculated by multiplying:</p> <ul style="list-style-type: none"> the number of Nexus4 Topaz Notes held by the Investor equal to 50; by the 180 day Bank Bill Rate of 5.70% per annum, plus the Floating Credit Spread of $(4 \times 1.00\%) = 4.00\%$ per annum; by the Day Count equal to 0.50; by the Income Factor, equal to 74.67. <p>Therefore, the interest payable to the Investor for the Interest Period equals \$181.07.</p> | 7.24% per annum |
| <p>Scenario 5: Two further Credit Events and a further increase in the Portfolio Market Spread</p> <p>Assumptions:</p> <ul style="list-style-type: none"> two Credit Events occur during the Interest Period which result in a decrease in the Income Factor of 46.66; there are Trading Losses during the Interest Period which result in a decrease in the Income Factor of 8.00; and the Portfolio Market Spread increases from 1.00% to 1.30%. | <p>The Income Factor (which was 74.67 at the beginning of the Interest Period) will be further decreased by the two Credit Events and the Trading Losses. The dollar amount of interest payable for the Interest Period is calculated by multiplying:</p> <ul style="list-style-type: none"> the number of Nexus4 Topaz Notes held by the Investor equal to 50; by the 180 day Bank Bill Rate of 5.70% per annum, plus the Floating Credit Spread of $(4 \times 1.30\%) = 5.20\%$ per annum; by the Day Count equal to 0.50; by the Income Factor, equal to 20.01. <p>Therefore, the interest payable to the Investor for the Interest Period equals \$54.53.</p> | 2.18% per annum |
| <p>Scenario 6: The Income Factor reduces to zero</p> <p>Assumption:</p> <ul style="list-style-type: none"> There is one further Credit Event which decreases the Income Factor to zero. | <p>The Income Factor (which was 20.01 at the beginning of the Interest Period) will be reduced to zero reflecting the fourth Credit Event. As such, there will be no further interest payable until maturity because the Income Factor is now zero. In addition, there are no further Substitutions permitted because the Income Factor is below 20.00.</p> | 0.00% per annum |



Section 6 The Portfolio

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Section 6

The Portfolio

6.1 The relevance of the Portfolio to the amount of interest payable to Investors

The Portfolio is relevant to the determination of the Floating Credit Margin (see Section 5.5) and the Income Factor (see Section 5.6) and is therefore relevant to the calculation of interest payable on Nexus4 Topaz Notes.

From the Issue Date until the end of the Portfolio Exposure Period, unless the Portfolio Manager resigns or is removed (and no replacement is appointed), or the Income Factor reduces to or below 20.00, the Portfolio Manager may make Substitutions to the Portfolio (see Sections 6.2.1 and 10.5.6). Substitutions alter the composition of the Portfolio and affect the Income Factor. After the Portfolio Exposure Period ends, no further Substitutions are permitted, no Credit Events have any impact, and the Income Factor will be fixed until the Maturity Date.

Regardless of whether there is a Portfolio Manager managing the Portfolio, Credit Events will continue to impact the Income Factor until the end of the Portfolio Exposure Period.

The Portfolio is not relevant to the payment of the Principal Amount on the Maturity Date.

6.2 Portfolio management by the Portfolio Manager

The Portfolio consists of 120 companies which are selected and managed by the Portfolio Manager. The Portfolio does not represent an investment or interest in any of the Portfolio Companies.

The Portfolio Manager has been appointed by Deutsche Bank with the primary objective of preserving the Income Factor. It will do so by aiming to reduce the risk of the occurrence Credit Events by removing Portfolio Companies from the Portfolio and Substituting alternative companies in accordance with the Company Eligibility and Portfolio Criteria (see Sections 6.2.1 and 6.3).

6.2.1 Substitutions

The Portfolio Manager may carry out Substitutions in respect of Portfolio Companies at any time during the Portfolio Exposure Period.

The Portfolio Manager may only make a maximum number of Substitutions each year equal to 25% of the number of Portfolio Companies in the Portfolio at that time, except where a Portfolio Company:

- has, in the opinion of the Portfolio Manager, a significant risk of declining in credit quality and may be subject to a Credit Event in the future; or
- has been downgraded, or placed on credit watch for possible downgrade, by more than one ratings band by one of the Rating Agencies.

The Portfolio Manager must not make a Substitution unless it is satisfied that it is reasonably possible to obtain three Credit Spread quotes for the proposed incoming Portfolio Company.

As the Portfolio Companies being substituted may have different Credit Spreads, there may be Trading Losses or Trading Gains as a result of Substitutions.

Substitutions will affect the Income Factor and also the Portfolio Market Spread (and consequently the Floating Credit Margin and the Interest Rate), and will therefore affect the amount of interest payable on Nexus4 Topaz Notes. See Section 5 for more detail on how interest is calculated.

Investors should note that Substitutions will not be allowed following:

- the resignation of the Portfolio Manager on 30 days' notice (see Section 10.5.4);
- the removal of the Portfolio Manager (see Section 10.5.4); or
- a reduction of the Income Factor to or below 20.00.

If the Portfolio Manager resigns or is removed, Deutsche Bank may appoint a replacement. In this circumstance, further Substitutions may be made by the replacement Portfolio Manager.

If there is a removal or resignation of the Portfolio Manager and no replacement manager is appointed, or there is a reduction of the Income Factor to or below 20.00, no further Substitutions are allowed and the Portfolio is static (meaning it is no longer managed) from the time the relevant event occurs until the end of the Portfolio Exposure Period. Any Credit Events that occur after one of those events, but before the end of the Portfolio Exposure Period, will still reduce the Income Factor. See Section 8 for a description of the risks associated with such events.

6.3 Company Eligibility and Portfolio Criteria

In order to be included in the Portfolio by way of Substitution, a company must comply with the Company Eligibility Criteria at the time of inclusion. In addition, the Substitution must not cause the Portfolio to breach the Portfolio Criteria or, if the Portfolio is not then in compliance with the Portfolio Criteria, must not worsen the extent of non-compliance. The Company Eligibility and Portfolio Criteria cannot be varied by the Portfolio Manager, Deutsche Bank or Nexus.

Once in the Portfolio, there is no requirement that a Portfolio Company comply with the Company Eligibility Criteria or that the Portfolio complies with the Portfolio Criteria on an ongoing basis. For example, if a Portfolio Company is downgraded so that it has a lower rating than when the Portfolio Company was first included in the Portfolio, there is no obligation to remove it from the Portfolio.

The Company Eligibility and Portfolio Criteria are summarised in the tables on the following page.

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The Portfolio

6.3.1 Company Eligibility Criteria

The criteria set out in the table below apply to all Portfolio Companies as at the Issue Date and incoming Portfolio Companies at the time of Substitution.

| Company Eligibility Criteria | |
|--|---|
| Minimum rating | Minimum long-term debt rating of BB- by Standard & Poor's or a minimum long-term debt rating of Ba3 by Moody's. |
| Maximum Credit Spread | The Credit Spread cannot exceed 7.00%. |
| Minimum rating of the country of incorporation of a Portfolio Company | Minimum rating of the country of incorporation of a Portfolio Company of BBB sovereign rating by Standard & Poor's or Baa2 sovereign rating by Moody's. |
| No Sovereigns | No Portfolio Company may be a Sovereign. |

6.3.2 Portfolio Criteria

The Portfolio must comply with the Portfolio Criteria as at the Issue Date. During the Portfolio Exposure Period, each Substitution must not cause the Portfolio to breach the Portfolio Criteria or, if the Portfolio is not then in compliance with the Portfolio Criteria, must not worsen the extent of non-compliance.

| Portfolio Criteria | |
|---|---|
| Maximum exposure to Portfolio Companies rated BB+/Ba1 or below | Maximum 10.0% exposure to Portfolio Companies rated BB+ or below by Standard & Poor's. Maximum 10.0% exposure to Portfolio Companies rated Ba1 or below by Moody's. |
| Maximum exposure to a single industry | Maximum 15.0% exposure to a single Standard & Poor's industry classification. Maximum 15.0% exposure to a single Moody's industry classification. |
| Maximum exposure to countries of certain credit rating | Maximum of 5.0% exposure to Portfolio Companies incorporated in countries having a Standard & Poor's sovereign rating of less than A-. Maximum of 5.0% exposure to Portfolio Companies incorporated in countries having a Moody's sovereign rating of less than A3. |
| Maximum exposure to Portfolio Companies with no public rating | Maximum 5.0% exposure to Portfolio Companies which do not have a public rating by either Rating Agency but do have a private rating by one Rating Agency. |
| Maximum concentration | The amount of exposure to a Portfolio Company cannot exceed 0.84% of the Portfolio Size. |
| Average Portfolio Credit Spread | Maximum average seven year Credit Spreads of the Portfolio Companies of 3.00%. |

All maximum exposure percentages shown in the table above are expressed as a percentage of the Portfolio Size.

6.4 Indicative Portfolio

The Portfolio is required to comply with the Company Eligibility and Portfolio Criteria at the Issue Date. An indicative portfolio of companies as at 10 May 2005 has been selected by SGAM AI and is set out in the table in Appendix A (**Indicative Portfolio**). The table also shows the Rating Agencies' credit rating for each company in the Indicative Portfolio as at 10 May 2005. Prior to the Issue Date, the Indicative Portfolio may be changed. The actual Portfolio will be selected by SGAM AI on the Issue Date but is not expected to change materially from the Indicative Portfolio.

A report containing a list of the Portfolio Companies in the actual Portfolio as at the Issue Date will be published on ASX shortly after the Issue Date.

The payment of interest on Nexus4 Topaz Notes will not be impacted by any Credit Events, or changes in the Indicative Portfolio, which occur before the Issue Date. Investors do not have exposure to any company in the Indicative Portfolio before the Issue Date.

Appendix B provides a definition of the Rating Agencies' credit ratings.

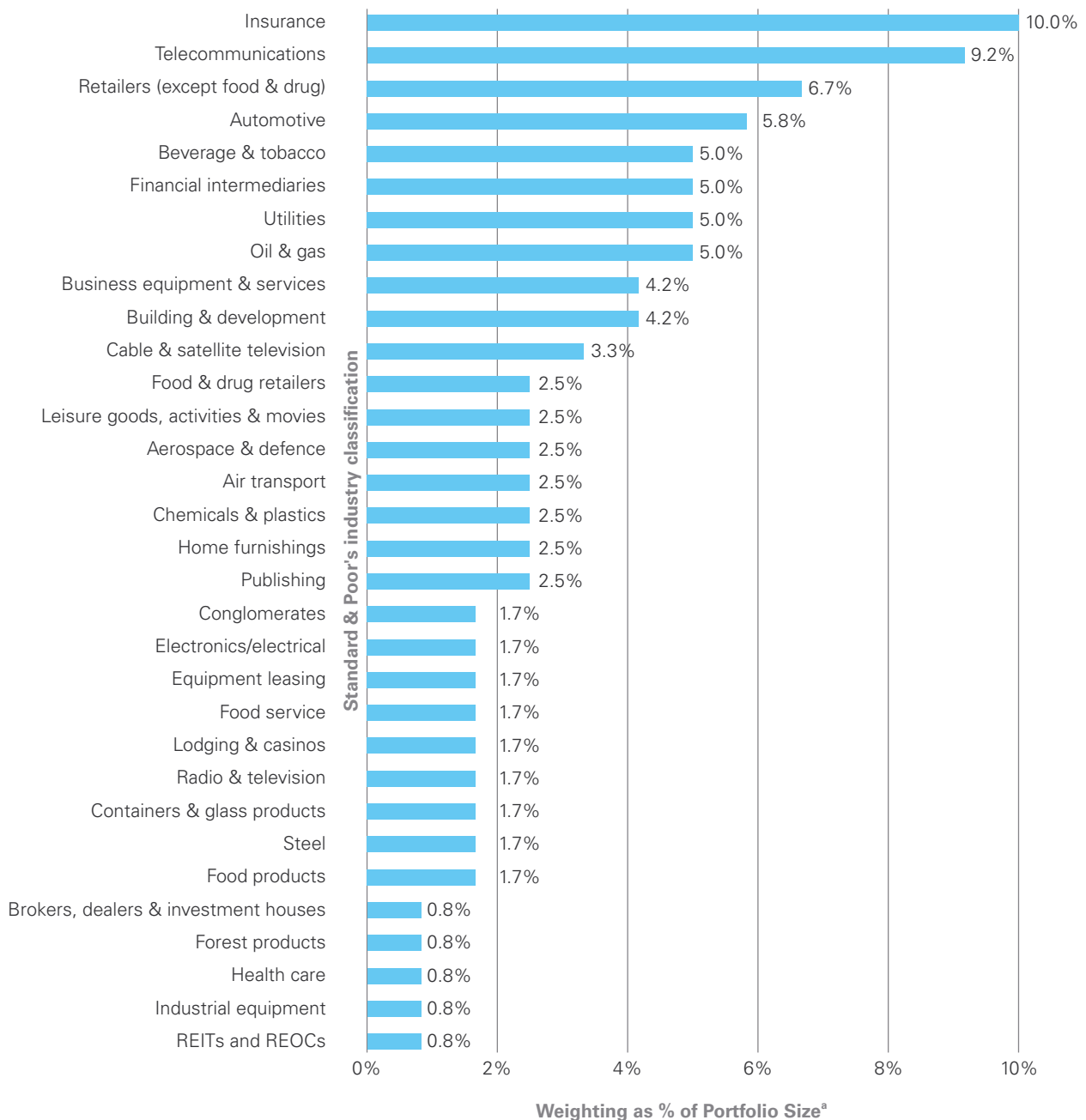
6.4.1 Industry distribution

The charts on the following pages show the distribution of the companies in the Indicative Portfolio as at 10 May 2005 according to the industry classifications of each Rating Agency. The industry distribution in the actual Portfolio may differ on the Issue Date from that shown in the following charts.

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The Portfolio

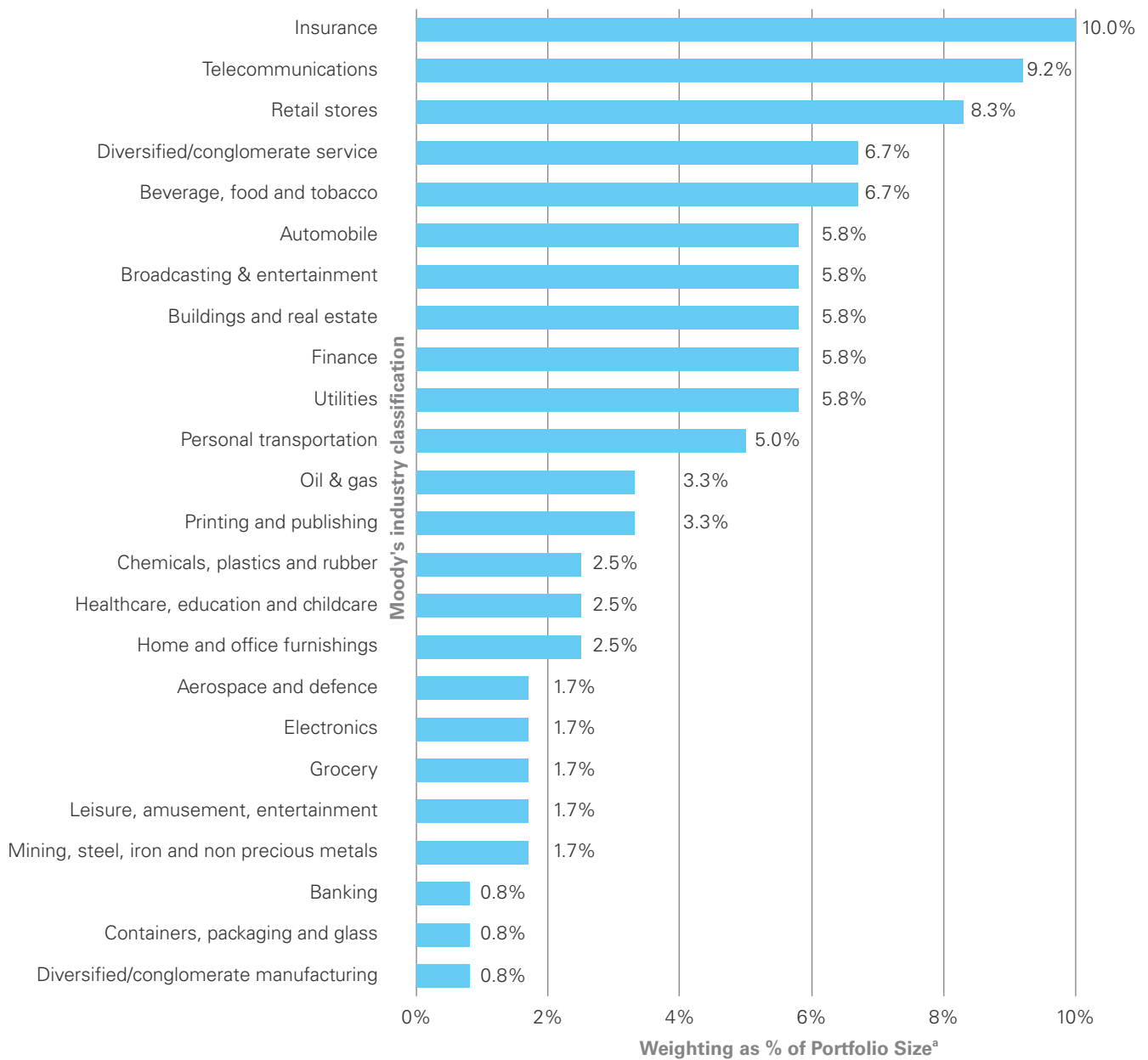
Industry distribution for the Indicative Portfolio as at 10 May 2005
using Standard & Poor's industry classification



Source: Deutsche Bank

^a Percentages have been rounded and so do not add up to 100.0%

**Industry distribution for the Indicative Portfolio as at 10 May 2005
using Moody's industry classification**



Source: Deutsche Bank

^a Percentages have been rounded and so do not add up to 100.0%

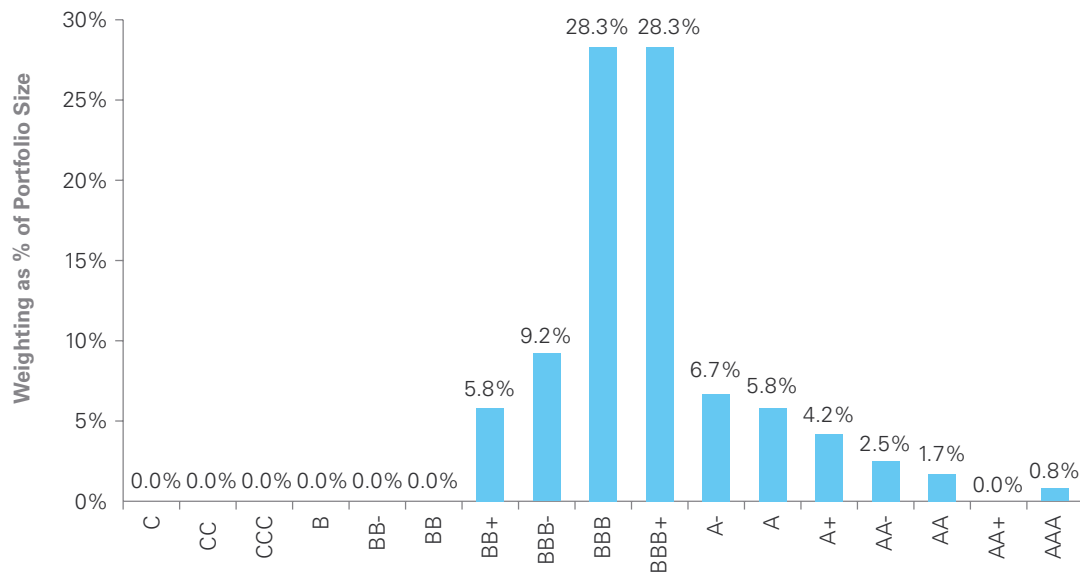
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6.4.2 Credit rating distribution

The charts below show the distribution of the companies in the Indicative Portfolio as at 10 May 2005 within each of the Rating Agencies' rating categories. The Standard & Poor's credit ratings are shown without adjustment to reflect any Standard & Poor's 'CreditWatch Negative' or 'CreditWatch Positive' statement. The credit rating distribution for the actual Portfolio on the Issue Date may be different from that shown in the charts.

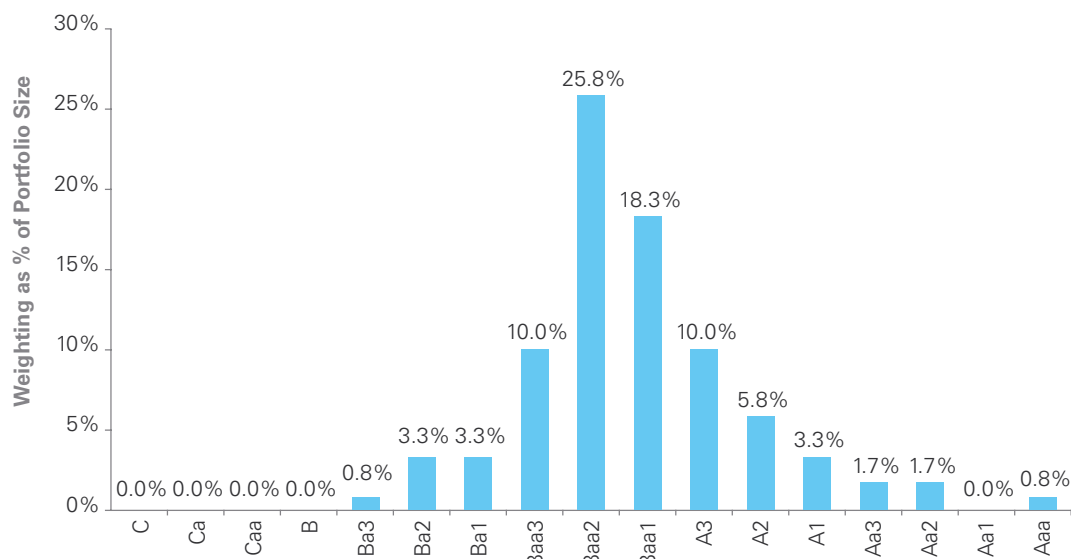
Distribution of the Indicative Portfolio by Standard & Poor's credit rating as at 10 May 2005^a



Source: Deutsche Bank

^a 6.7% of the Indicative Portfolio includes exposure to companies that have no public rating from Standard & Poor's.

Distribution of the Indicative Portfolio by Moody's credit rating as at 10 May 2005^a



Source: Deutsche Bank

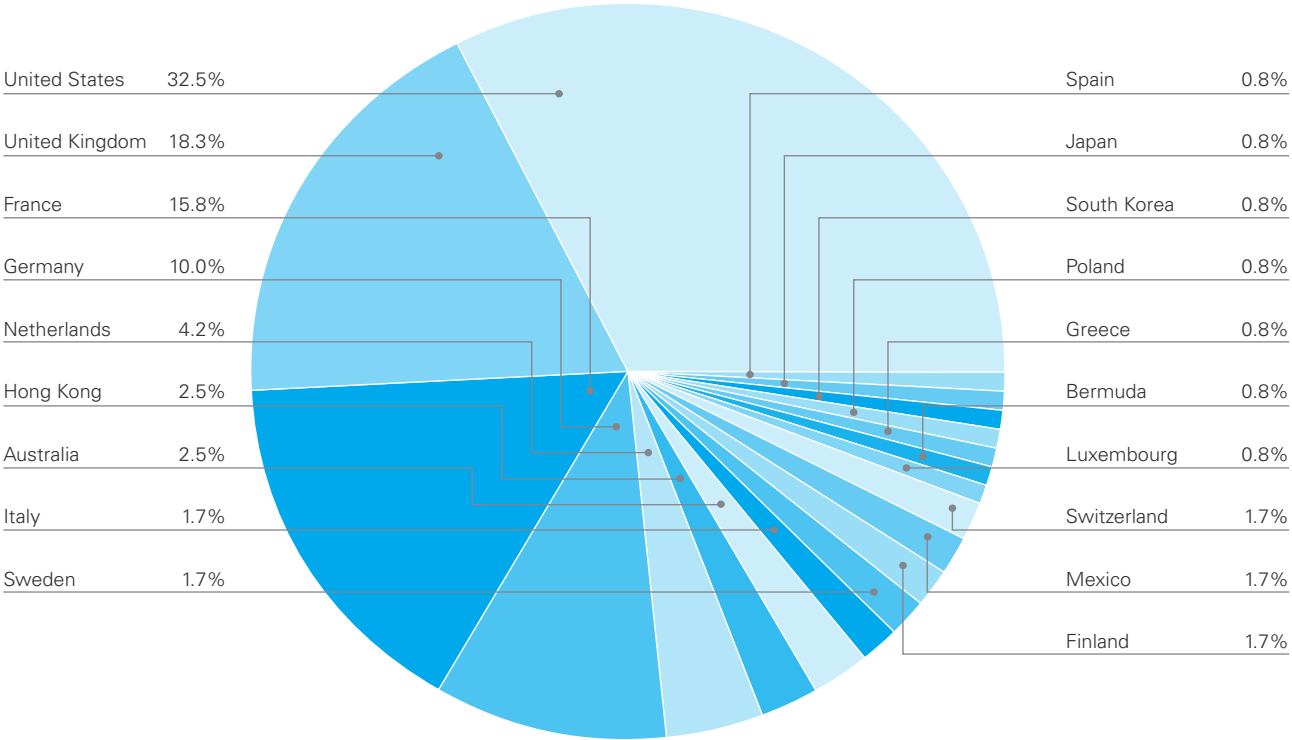
^a 15.8% of the Indicative Portfolio includes exposure to companies that have no public rating from Moody's.

Appendix B includes an explanation of the credit ratings set out in the charts above.

6.4.3 Geographic distribution

The chart below shows the distribution of companies in the Indicative Portfolio as at 10 May 2005 by country of incorporation. As at the Issue Date, the geographic distribution in the actual Portfolio may be different from that shown in the chart below.

Geographic distribution for the Indicative Portfolio as at 10 May 2005^a



Source: Deutsche Bank

^a The chart shows geographic weightings as a percentage of Portfolio Size. Percentages have been rounded and so do not add up to 100.0%



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Section 7

The Portfolio Manager

7.1 Who is the Portfolio Manager?

The Portfolio Manager is Société Générale Asset Management Alternative Investments S.A., a wholly owned subsidiary of SGAM. SGAM is part of one of the world's largest banking groups. SGAM had fixed income assets under management totaling over €80 billion as at 31 December 2004.

SGAM AI manages structured products, CDOs, hedge funds and private equity funds for its worldwide clients and had assets under management of over €24 billion as at 31 December 2004.

As at the date of this Prospectus, SGAM AI is the manager for CDO portfolios for which over €550 million of rated debt has been issued since June 2004.

7.2 Role of the Portfolio Manager

SGAM AI has agreed to manage the Portfolio with the primary objective of preserving the Income Factor. It will do so by aiming to reduce the risk of the occurrence of Credit Events by making Substitutions.

SGAM AI has contracted with Deutsche Bank to exercise reasonable care in the selection and management of the Portfolio in a manner consistent with practices and procedures followed by prudent institutional investment managers of international standing.

Investors should note however, that the Portfolio Manager has not been engaged by Nexus and is not obliged to consider the interests of Nexus or Investors in exercising its discretions in managing the Portfolio and performing its obligations under the Investment Management Agreement. In particular, the Portfolio Manager does not act as an adviser to or as agent for, or owe any fiduciary duties to, Nexus or Investors. Nor do Nexus or Investors have recourse against the Portfolio Manager or Deutsche Bank for any failure by the Portfolio Manager to perform its obligations under the Investment Management Agreement. Neither Nexus nor Deutsche Bank has any ability to influence the exercise of discretions by the Portfolio Manager.

The structure of the management fees payable to SGAM AI is designed to align the interests of SGAM AI as the Portfolio Manager with that of Investors. SGAM AI will only receive its full Ongoing Management Fee (see Section 10.6) if the Income Factor remains at or above the initial Income Factor of 100.00. As Credit Events or Net Trading Losses will reduce the Income Factor, SGAM AI is incentivised to preserve the Income Factor by avoiding Credit Events, and by generating Trading Gains to offset any Trading Losses. Fees payable to the Portfolio Manager are paid by Deutsche Bank and do not affect Investors' returns.

SGAM AI, or a fund managed by SGAM or one of its affiliates (the SGAM Investor) will subscribe for \$2.5 million of Nexus4 Topaz Notes alongside other Investors. This investment is required to be held for as long as SGAM AI manages the Portfolio provided it is not illegal for the SGAM Investor to do so.

Section 7

The Portfolio Manager

7.3 Why Société Générale Asset Management Alternative Investments?

Deutsche Bank has appointed SGAM AI as the Portfolio Manager having regard to its:

- well resourced CDO structuring and management team (see Section 7.4);
- clear credit management (see Section 7.5);
- track record in managing CDOs for wholesale clients (see Section 7.1); and
- understanding and endorsement of CDO transaction mechanics.

7.4 Who at SGAM AI will manage the Portfolio?

The Portfolio will be managed within SGAM AI's Structured Products division. As at the date of this Prospectus, the Structured Products division comprises over 70 people including seven credit analysts, 10 economists, 12 equity buy-side analysts and the CDO management investment and structuring team which consists of 10 professionals, two of whom are the fund managers appointed to manage the Portfolio.

7.5 Credit process

SGAM AI has a credit management process based on the following three step philosophy:

- rigorous credit allocation policies designed to avoid defaults;
- a sound understanding of CDO eligibility criteria and credit default swap execution; and
- a flexible management approach which allows management style to be adjusted according to different market conditions.

7.6 Portfolio Manager fees

All fees payable to the Portfolio Manager will be paid by Deutsche Bank and do not affect Investors' returns.

SGAM AI is entitled to:

- an upfront fee payable on the Issue Date equal to 0.60% of the amount raised under the Offer; and
- an Ongoing Management Fee payable at the end of each Interest Period during the Portfolio Exposure Period, equal to 0.30% multiplied by:
 - the number of Nexus4 Topaz Notes originally allotted on the Issue Date;
 - the Income Factor at the end of the relevant period (subject to a maximum of 100.00); and
 - the relevant Day Count.

The Ongoing Management Fee will not be payable following the resignation or removal of SGAM AI (although management fees will be payable to any replacement Portfolio Manager); if an early redemption of Nexus4 Topaz Notes occurs; or if the Income Factor is reduced to zero.

7.7 Removal or resignation of Portfolio Manager

In certain circumstances, Deutsche Bank can remove SGAM AI as Portfolio Manager. These circumstances include:

- a violation by the Portfolio Manager of any material provision of the Investment Management Agreement;
- the Portfolio Manager ceasing to be legally permitted to act as the Portfolio Manager;
- the Portfolio Manager becoming insolvent; or
- a material adverse change in the business and operations of the Portfolio Manager such that, in the opinion of Deutsche Bank, the Portfolio Manager no longer has the capacity or the competence to perform its obligations.

In addition, at any time during the Portfolio Exposure Period, the Portfolio Manager can resign on 30 days' notice to Deutsche Bank.

If the Portfolio Manager is removed or resigns, no further Substitutions are permitted and the Portfolio becomes static (meaning it is no longer managed) until such time as a replacement is appointed (if any). From the date of the removal or receipt of the resignation notice, Deutsche Bank will use reasonable endeavours to seek to appoint a replacement Portfolio Manager on the following basis:

- Deutsche Bank will have regard to the factors set out in Section 7.3 and must provide the directors of Nexus with reasonable details of its consideration of such factors as they relate to the proposed replacement Portfolio Manager prior to its appointment;
- the replacement Portfolio Manager must be appointed on substantially the same terms as that of the existing Portfolio Manager under the Investment Management Agreement (including, without limitation, that the replacement Portfolio Manager must be obliged to exercise reasonable care in the management of the Portfolio in a manner consistent with practices and procedures followed by prudent institutional investment managers of international standing), noting that the fee arrangements may be different and there may be a different co-investment arrangement or no co-investment arrangement at all. Deutsche Bank is not obliged to appoint a replacement Portfolio Manager if that would require it to pay fees in excess of those payable to the existing Portfolio Manager; and
- if no replacement Portfolio Manager can be appointed within 180 days of the resignation notice or removal date, the Portfolio will remain static and there is no further obligation on Deutsche Bank to appoint a replacement Portfolio Manager.



Section 8 Risks

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Section 8

Risks

Before applying for Nexus4 Topaz Notes, you should consider whether Nexus4 Topaz Notes are suitable for you and we recommend you consult your broker or licensed financial services adviser.

You should be aware that there are risks associated with investing in Nexus4 Topaz Notes. In particular, you should consider each of the following risks carefully, as well as the other information in this Prospectus. There may also be other risks that are not detailed in this Prospectus.

Some of the following risks apply generally to any investment, while others are specific to Nexus4 Topaz Notes. Many of these risks are outside the control of Nexus.

8.1 Portfolio risks associated with Nexus4 Topaz Notes

8.1.1 Occurrence of Credit Events

Investors are exposed to the risk of Credit Events on Portfolio Companies (which will reduce the Income Factor and consequently the interest payable on Nexus4 Topaz Notes, possibly to zero).

The occurrence of a Credit Event will depend on a range of factors beyond the control of Nexus. These factors include:

- the financial performance and other internal factors of each Portfolio Company; and
- global economic conditions and other external factors and their impact on each Portfolio Company.

8.1.2 Impact of Credit Events on interest payments

If any Credit Events occur in relation to Portfolio Companies then the Income Factor, used in the calculation of the interest payable will be reduced, and the amount of interest payable on Nexus4 Topaz Notes will be reduced, possibly to zero.

The timing of a Credit Event also affects Investors. A Credit Event which occurs toward the end of an Interest Period affects the Income Factor used for calculating interest for the whole of that Interest Period. This is because the Income Factor used to calculate interest payable is determined at the end of that period.

The reduction in the Income Factor in relation to a Credit Event is fixed at 23.33, assuming equal weighting of Portfolio Companies. In the absence of any Net Trading Gains or Net Trading Losses, and assuming all Portfolio Companies remain equally weighted, as few as five Credit Events affecting Portfolio Companies will reduce the Income Factor to zero, and therefore the amount of interest payable on Nexus4 Topaz Notes, to zero. This is illustrated by the table in Section 5.7.2.

Investors should note that the reduction of the amount of interest payable to zero does not result in early redemption of Nexus4 Topaz Notes. Accordingly, it is possible that the amount of interest payable on Nexus4 Topaz Notes will be reduced to zero at any time during the Portfolio Exposure Period and Investors will not have the Principal Amount of their Nexus4 Topaz Notes repaid until the Maturity Date (unless they choose to redeem early under the Investor Redemption Facility, which would in those circumstances be at an amount less than the Principal Amount). Investors receive no return on that Principal Amount in the intervening period.

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8.1.3 Impact of Net Trading Losses on interest payments

The Income Factor may also be reduced as a result of Net Trading Losses on the Portfolio. A Net Trading Loss will arise if, as a result of Substitutions, the cumulative Trading Losses exceed the cumulative Trading Gains.

Investors are reliant on Deutsche Bank calculating the impact of Trading Gains and Trading Losses in respect of Substitutions. These calculations involve Deutsche Bank exercising discretions in a manner consistent with customary practices and procedures in international credit markets and Deutsche Bank's CDO portfolio models.

8.1.4 The role of the Portfolio Manager

The Portfolio Manager has been appointed to manage the Portfolio with the primary objective of preserving the Income Factor. It will do so by aiming to reduce the risk of the occurrence of Credit Events by making Substitutions of Portfolio Companies in accordance with the Company Eligibility and Portfolio Criteria.

The Portfolio Manager is entitled to make Substitutions so long as the incoming company complies with the Company Eligibility Criteria at the time of inclusion and the Substitution does not cause the Portfolio to breach the Portfolio Criteria or, if the Portfolio is not then in compliance with the Portfolio Criteria, does not worsen the extent of non-compliance. However, the involvement of the Portfolio Manager does not mean that the Portfolio will not be affected by Credit Events, including if market conditions deteriorate over the Portfolio Exposure Period or the Portfolio Manager makes poor Substitution decisions. The performance of the Portfolio Manager in effectively managing the Portfolio is not guaranteed.

The risks associated with the Portfolio Manager are discussed further in Sections 8.3, 8.4 and 8.5.

8.1.5 Economic conditions and Credit Events

Global credit markets can be severely impacted by unforeseen events such as global recession, political uncertainty or instability, economic uncertainty or instability within particular industries, corporate fraud and a disruption of financial markets. Such factors can cause the number of credit defaults of Portfolio Companies (which may include Credit Events) to rise above their historical averages.

8.1.6 Information relating to the Portfolio Companies

The extent to which publicly available information may be obtained for any Portfolio Company in the Portfolio will vary, depending upon the disclosure obligations relevant to that Portfolio Company under applicable laws and regulations. Not all the Portfolio Companies in the Portfolio will be listed on financial markets. Deutsche Bank or the Portfolio Manager may have acquired, or during the Portfolio Exposure Period may acquire, information with respect to the Portfolio Companies or any obligations of any Portfolio Companies that is or may be material in the context of Nexus4 Topaz Notes and may or may not be publicly available to Investors. There is no obligation on Deutsche Bank or the Portfolio Manager to disclose any such information to Investors.

None of Nexus, the Note Trustee, the Security Trustee or Investors will have any right to receive any information regarding any Portfolio Company in the Portfolio, except the information described in Section 10.5.9.

8.1.7 Changes to the Portfolio

The Portfolio Manager may, in performing its role, make Substitutions by removing Portfolio Companies and replacing them with alternative companies, so long as the company complies with the Company Eligibility Criteria at the time of inclusion and the Substitution does not cause the Portfolio to breach the Portfolio Criteria or, if the Portfolio is not then in compliance with the Portfolio Criteria, does not worsen the extent of non-compliance. The risks associated with the Portfolio following a Substitution may be different to the risks associated with the Portfolio prior to the Substitution.

There is no requirement that a Portfolio Company complies with the Company Eligibility Criteria or the Portfolio with the Portfolio Criteria on an ongoing basis after the selection of the Portfolio Company by the Portfolio Manager. For example, if a Portfolio Company is downgraded so that it has a lower rating than when the Portfolio Company was first included in the Portfolio, there is no obligation to remove it from the Portfolio.

8.1.8 Static Portfolio

If the Income Factor is 20.00 or less, the Portfolio will become static meaning that no further Substitutions are permitted. If this occurs, the incidence of an additional Credit Event during the Portfolio Exposure Period would mean the Income Factor is reduced to zero and Investors will not be paid interest on Nexus4 Topaz Notes for the remainder of the Investment Term. See Section 5.7 for further information regarding Credit Events and Section 10.5.7 for circumstances in which a different outcome may arise.

The Portfolio will also become static if the Portfolio Manager is removed by Deutsche Bank or resigns as Portfolio Manager and a replacement is not appointed. The Portfolio Manager can resign on 30 days' written notice to Deutsche Bank at its discretion at any time during the Portfolio Exposure Period.

8.2 Additional risks associated with Nexus4 Topaz Notes

8.2.1 Liquidity/price fluctuations on ASX

Although Nexus4 Topaz Notes are expected to be quoted on ASX, Investors are exposed to the risk that:

- there will not be a liquid market on ASX for Nexus4 Topaz Notes; and
- the trading price of Nexus4 Topaz Notes will fluctuate and may fall below the Issue Price or the price at which Investors purchased Nexus4 Topaz Notes.

8.2.2 Fluctuations in 180 day Bank Bill Rate and the Floating Credit Margin

The 180 day Bank Bill Rate is a floating rate of interest which may move up or down over the Investment Term due to economic conditions and other factors beyond the control of Nexus or Deutsche Bank.

The interest payable on Nexus4 Topaz Notes is calculated based on a Floating Credit Margin over the 180 day Bank Bill Rate. The Floating Credit Margin is based on the Portfolio Market Spread which is the average of the Credit Spread (expressed as a percentage per annum) for each of the Portfolio Companies as determined by Deutsche Bank in a manner consistent with customary practices and procedures in international credit markets. Therefore the Floating Credit Margin may move up or down over the Portfolio Exposure Period depending on the prevailing Portfolio Market Spread. The performance of the Portfolio Manager in managing the Portfolio will affect the Floating Credit Margin because it affects the Portfolio Companies comprising the Portfolio. Section 8.3 sets out further details of this risk.

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Risks

In addition, if the Portfolio Manager is removed or resigns, the Portfolio Market Spread will be determined by Deutsche Bank without any review by a Portfolio Manager, unless a replacement Portfolio Manager is appointed (see Sections 8.8.2 and 10.5).

8.2.3 Floating Credit Margin fixed at end of Portfolio Exposure Period

For each Interest Period commencing after the Portfolio Exposure Period, the Floating Credit Margin will be fixed at the rate set for the last Interest Period in the Portfolio Exposure Period. Therefore the Floating Credit Margin may be fixed at a low amount (which will not be less than 1.00%) for the rest of the Investment Term. During that period, interest payable on Nexus4 Topaz Notes will only vary according to the 180 day Bank Bill Rate.

8.2.4 Early redemption

If there is a change in law or tax which reduces the amount of interest payable to Nexus on the deposit under the Deposit Deed such that it affects Nexus' ability to meet its payment obligations under Nexus4 Topaz Notes, Nexus4 Topaz Notes will be redeemed prior to the Maturity Date for an amount which may be less than the Principal Amount. These events will be outside the control of Nexus. The payment of any amount on early redemption is not guaranteed by Deutsche Bank.

8.2.5 Changes in tax laws

The Australian government has announced that a new income tax regime is to be introduced for the Taxation of Financial Arrangements (**TOFA**). The Treasury Department is currently undertaking consultations with various industry bodies as to the form and content of the new rules and they expect to be in a position to publish draft legislation toward the end of 2005.

At this stage, it is not possible to predict what effect, if any, the introduction of the proposed TOFA rules may have on Investors. Each Investor should monitor developments and, if the proposed TOFA rules are introduced, seek their own professional advice as to what consequences those rules may have in relation to the Nexus4 Topaz Notes held by that Investor.

8.3 Risks associated with the Portfolio Manager

The performance of the Portfolio Manager in managing the Portfolio is a key factor in delivering returns on Nexus4 Topaz Notes through the payment of interest. If the Portfolio Manager does not manage the Portfolio in a manner that preserves the Income Factor and there are Credit Events, interest payable on Nexus4 Topaz Notes will be reduced, possibly to zero. Poor performance by the Portfolio Manager may worsen the incidence of Credit Events for Portfolio Companies.

The performance of the Portfolio Manager is not guaranteed. The Portfolio Manager has been appointed to manage the Portfolio with the primary objective of preserving the Income Factor. It will do so by aiming to reduce the risk of the occurrence of Credit Events by making Substitutions. However, Investors should note that there can be no assurance that the Portfolio Manager will achieve this objective or that the credit performance of the Portfolio will be better than if the Portfolio were static (i.e. not managed).

In addition, the performance of the Portfolio Manager is dependent on the skills and experience of its management team. That performance may be adversely affected if members of the current management team cease to provide services to the Portfolio Manager. There can be no assurance that in these circumstances, the Portfolio Manager would be able to replace any or all of the management team with personnel with similar skills and experience.

If for any reason the Portfolio Manager resigns or is removed during the Portfolio Exposure Period, the Portfolio will be static unless Deutsche Bank appoints a replacement Portfolio Manager. If the Portfolio was not managed at all during the Portfolio Exposure Period, then Deutsche Bank's analysis of long-term Standard & Poor's historical default rates suggests that the interest payable to Investors would progressively fall to zero.

If the Income Factor is reduced to zero at any point during the Portfolio Exposure Period, Investors will receive no interest payments for the rest of the Investment Term.

The Portfolio Manager can resign by giving Deutsche Bank 30 days' written notice at any time during the Portfolio Exposure Period. As the ability to resign is at the Portfolio Manager's complete discretion, the Portfolio Manager could resign at any time after the Issue Date with effect from the end of its 30 day notice period. This would mean that unless and until a replacement Portfolio Manager is appointed, the Portfolio would no longer be managed from the date the resignation is effective and so no further Substitutions could occur. Any Credit Events after that date until the end of the Portfolio Exposure Period will reduce the Income Factor, possibly to zero.

Even though Deutsche Bank is obliged to use reasonable endeavours to appoint a replacement Portfolio Manager, there can be no assurance that Deutsche Bank will be able to make such an appointment (see Section 7.7). There is also a risk that any replacement Portfolio Manager may also resign on giving 30 days' written notice. Although Deutsche Bank will have regard to the same factors (as set out in Section 7.3) when considering the suitability of a replacement Portfolio Manager as it did in considering the suitability of SGAM AI, there is no assurance of the performance of the replacement Portfolio Manager.

8.4 Relationship with the Portfolio Manager

SGAM AI has contracted with Deutsche Bank and not with Nexus or any Investors, and is not obliged to consider the interests of Nexus or Investors in exercising its discretions in managing the Portfolio and performing its obligations under the Investment Management Agreement. In particular, the Portfolio Manager does not act as an adviser to or as agent for, or owe any fiduciary duties to, Nexus or Investors. Nor do Nexus or Investors have recourse against the Portfolio Manager or Deutsche Bank for any failure by the Portfolio Manager to perform its obligations under the Investment Management Agreement. Neither Nexus nor Deutsche Bank has any ability to influence the exercise of discretions by the Portfolio Manager. Neither Deutsche Bank nor Nexus is responsible for the actions of the Portfolio Manager. Neither Deutsche Bank nor Nexus provides any guarantee of the performance of the Portfolio Manager.

Section 8

Risks

8.5 Conflicts of the Portfolio Manager

Various actual and potential conflicts of interest may arise for the Portfolio Manager, from the overall investment banking, financial advisory, asset management and other activities of the Portfolio Manager or any of its affiliates which are related to their clients which may from time to time include Portfolio Companies. The Portfolio Manager's other activities may create incentives for the Portfolio Manager to make decisions that may be contrary to the best interests of Investors.

However, the calculation of the Ongoing Management Fee payable to SGAM AI is designed to create an incentive for SGAM AI to make decisions that are aligned with the interests of Investors by linking the fee payable to SGAM AI to the size of the Income Factor on which interest payments are based. In addition, the maximum Income Factor for the purposes of calculating the Ongoing Management Fee is 100.00. As a result, SGAM AI is not incentivised to make Substitutions so as to produce excessive Net Trading Gains.

If the Income Factor is low, and SGAM AI's management fees are therefore calculated on that lower basis, this may cause SGAM AI to take greater risks in managing the Portfolio in an attempt to recover the lost fees by generating Trading Gains. This in turn may result in further Credit Events.

8.6 Risks associated with Nexus

Nexus is a special purpose company and has issued Nexus4 Topaz Notes on the basis that the recourse of Investors and other creditors to the property of Nexus is limited.

If Nexus was to default under Nexus4 Topaz Notes (events of default are described in Sections 10.2.10 and 10.4.6), then the Security Trustee could enforce the charge granted by Nexus only over the property of Nexus relating to Nexus4 Topaz Notes (primarily the rights of Nexus under the Deposit Deed). The non-payment of interest is not an event of default, although Nexus and the Note Trustee are entitled to take action against Deutsche Bank if such non-payment is the result of a failure by Deutsche Bank to pay interest under the Deposit Deed.

The Security Trustee would then use any proceeds recovered to repay Nexus4 Topaz Notes and to pay the amounts owing by Nexus to the Note Trustee, the Security Trustee, Deutsche Bank and Computershare in the order described in Section 10.4.7.

No action can be taken against Nexus once these recovery proceeds have been paid, even if they were insufficient to repay Nexus4 Topaz Notes in full (or at all).

Any other property of Nexus (including any relating to other issues of securities by Nexus) is not available to repay Nexus4 Topaz Notes. An event of default in respect of any other series of securities issued by Nexus does not, of itself, constitute a default in respect of Nexus4 Topaz Notes.

8.7 Limitation on direct action by Investors

Investors are not entitled to take direct action against Nexus, the Portfolio Manager, the Note Trustee, the Security Trustee, Deutsche Bank (including in respect of the Deutsche Bank guarantee of repayment of the Principal Amount on the Maturity Date) or Computershare.

The rights against Nexus in respect of Nexus4 Topaz Notes and against Deutsche Bank in respect of Deutsche Bank's obligation to pay Nexus under the Deposit Deed and the of the Principal Amount on the Maturity Date will be exercisable by the Note Trustee on behalf of the Investors. The rights of the Security Trustee with respect to the property of Nexus, which is secured property, will be exercisable by the Security Trustee on behalf of all secured creditors.

8.8 Risks associated with Deutsche Bank

8.8.1 Deutsche Bank's credit risk

Although Deutsche Bank enjoys a credit rating of AA– as rated by Standard & Poor's, Aa3 as rated by Moody's and AA– as rated by Fitch as at the date of this Prospectus, Investors are nevertheless exposed to Deutsche Bank credit risk if Deutsche Bank is unable to make payments under the guarantee of the Principal Amount of Nexus4 Topaz Notes on the Maturity Date or is unable to pay amounts due to Nexus under the Deposit Deed.

Deutsche Bank does not guarantee the payment of interest in relation to Nexus4 Topaz Notes or amounts payable on early redemption in any way. However, Investors are exposed to Deutsche Bank credit risk in that, if Deutsche Bank becomes insolvent or otherwise unable to make payments under the Deposit Deed, Nexus is not obliged to make payments to Investors.

If Deutsche Bank's credit rating from Standard & Poor's is downgraded, the rating assigned to the Nexus4 Topaz Notes by Standard & Poor's may also be downgraded.


Further information on Deutsche Bank's financial position and ratings is available on its website at www.db.com.

8.8.2 Discretion of Deutsche Bank

A number of determinations and calculations in connection with Nexus4 Topaz Notes, including matters which affect the amount of interest payable on Nexus4 Topaz Notes, are at the discretion of Deutsche Bank, including the:

- calculation of the impact of a Substitution on the Income Factor;
- calculation of the amount payable on an early redemption, whether upon the occurrence of an Early Redemption Event or under the Investor Redemption Facility;
- calculation of the Portfolio Market Spread, and therefore the Floating Credit Margin, during the Portfolio Exposure Period (without any review by a Portfolio Manager if the Portfolio manager resigns or is removed and no replacement is appointed);
- calculation of the change in weighting of a Portfolio Company following a Restructuring Event (which impacts the Income Factor); and
- appointment of any replacement Portfolio Manager.

Whilst Deutsche Bank will make these determinations and calculations on the basis described in this Prospectus, Investors have no recourse against Deutsche Bank if they believe that a determination or calculation is inappropriate or erroneous.



Section 9 Taxation information

Section 9

Taxation information

MALLESONS STEPHEN JAQUES

13 May 2005
The Directors
Nexus Bonds Limited
Level 18
Grosvenor Place
225 George Street
Sydney NSW 2000

Dear Sirs

Nexus4 Topaz Notes

This Opinion has been prepared for inclusion in the Prospectus to be dated on or about 13 May 2005 in respect of Nexus4 Topaz Notes.

The purpose of this Opinion is to summarise, in broad terms, the main income tax consequences to certain investors arising from an acquisition of Nexus4 Topaz Notes under the Prospectus. This Opinion is not provided as a basis on which a potential investor should make an investment decision. That decision requires a review of all of the materials presented in the Prospectus. This Opinion focuses primarily on the position of an Australian resident investor who subscribes for Nexus4 Topaz Notes under the Prospectus, who does not carry on the business of trading or dealing in securities and who holds Nexus4 Topaz Notes for long term investment purposes. We also comment on whether payments of interest to certain Investors outside Australia may be subject to Australian interest withholding tax. This Opinion is necessarily general in nature and does not take into account the specific circumstances of each individual Investor. **A potential investor should not rely on this Opinion but should obtain specific tax advice in relation to his or her own circumstances prior to making an investment decision.**

This Opinion is given in relation to the law prevailing, together with known administrative practice, at the date of this Opinion. Investors should note that these laws, the interpretation of them by the Courts and administrative practice can change at any time.

Interest payments to Investors

Interest payments under Nexus4 Topaz Notes will be assessable income in the hands of the Investor. Generally, the interest will be assessable at the time it is paid to the Investor.

Disposal of Nexus4 Topaz Notes

Nexus4 Topaz Notes should be treated as 'traditional securities' for income tax purposes.

If an Investor sells a Nexus4 Topaz Note (or it is redeemed), any gain would be assessable income to the Investor at the time the sale (or redemption) occurs under the 'traditional security' provisions. A gain would arise to the extent to which the net consideration received on the sale (or redemption) of a Nexus4 Topaz Note is greater than its cost.

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In practical terms, there should be no capital gain on the disposal of a Nexus4 Topaz Note.

Generally, an allowable deduction should be available for any loss on the disposal of a Nexus4 Topaz Note in the tax year during which the disposal occurs (whether the Investor acquired the Nexus4 Topaz Note upon issuance or not). A loss should arise if the net consideration received is less than the cost of the Nexus4 Topaz Note. A capital loss will not arise on the disposal of a Nexus4 Topaz Note to the extent that an allowable deduction is available.

Tax File Numbers

There should be no deduction on account of tax on payments of interest to an Investor who is resident in Australia (or a non-resident receiving interest through a permanent establishment in Australia), provided that the Investor quotes its Tax File Number (TFN) or gives evidence of an appropriate exemption. Details of whether an Investor falls within an exemption category, and the relevant exemption category number, are available from the Australian Taxation Office.

The collection of TFN information is authorised, and its use and disclosure is strictly regulated, by Australian taxation and privacy laws. Investors need not quote a TFN (or a TFN exemption category) to Nexus if they do not wish to do so. If an Investor does not quote their TFN (or TFN exemption category), tax will be deducted from interest paid to the Investor at the appropriate rate (currently, 48.5%). If the Investor quotes their TFN (or TFN exemption category), no tax will be taken out of payments to the Investor.

If the Investor acquires a Nexus4 Topaz Note in the course or furtherance of an enterprise carried on by the Investor, the Investor may quote their Australian Business Number as an alternative to quoting their TFN.

Interest paid to certain Investors outside Australia

Interest paid to an Investor, who is a non-resident of Australia (other than a non-resident receiving the interest through a 'permanent establishment' in Australia), should not be subject to interest withholding tax or income tax. Similarly, no interest withholding tax should be imposed on interest paid to an Investor who is an Australian resident and who receives the interest through a 'permanent establishment' outside Australia. In each case, it is assumed that the Nexus4 Topaz Notes will be listed on ASX and that the Investor will not be an 'associate' of Nexus.

Disclaimer

This Opinion does not purport to give advice to any specific Investor, as each Investor's tax position will depend on his or her own particular circumstances. To the maximum extent permitted by law, neither this firm nor any partner or employee of this firm accepts any responsibility to any Investor for any statements, conclusions or opinion expressed in this Opinion. Investors should seek their own professional tax advice regarding their individual circumstances.

Yours faithfully,





Section 10 Material contracts

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Section 10

Material contracts

This Section 10 contains a summary of the material contracts entered into in relation to the Nexus4 Topaz Notes and their substantive terms, but does not necessarily include details of substantive terms which are discussed in other sections of this Prospectus. For the purposes of Section 10 only, a reference to the Portfolio Manager means SGAM AI and not any replacement.

10.1 Summary of the responsibilities of the key service providers to Nexus

10.1.1 Deutsche Bank

As Operating Agent: Deutsche Bank is responsible for the day to day administration of the business of Nexus.

As Custodian: Deutsche Bank is responsible for holding and keeping in safe custody the money and certain other property of Nexus. This does not include the amount raised from the issue of Nexus4 Topaz Notes which will be kept in the Deposit Account (which is held by Deutsche Bank as Deposit Bank).

As Arranger: Deutsche Bank is responsible for arranging the initial distribution and sale of Nexus4 Topaz Notes. Deutsche Bank is making offers to arrange the issuance of Nexus4 Topaz Notes by Nexus in accordance with an agreement between these two companies that constitutes an 'intermediary authorisation' for the purposes of Section 911A(2)(b) of the Corporations Act.

As Deposit Bank: Deutsche Bank acts as the deposit bank and all proceeds from the issue of Nexus4 Topaz Notes are deposited with Deutsche Bank.

As provider of the capital guarantee: Deutsche Bank unconditionally and irrevocably undertakes to the Note Trustee to pay the Principal Amount of Nexus4 Topaz Notes on the Maturity Date.

10.1.2 Permanent

As Note Trustee: Permanent is responsible for holding on trust, for the benefit of Investors, the right to enforce Nexus' and Deutsche Bank's obligations in respect of Nexus4 Topaz Notes. The right to enforce Nexus' obligations under Nexus4 Topaz Notes is subject to the limited recourse provisions of the Master Trust Deed (see Section 10.4.8). As Note Trustee, Permanent calls meetings of Investors when required under the Note Trust Deed and the Corporations Act. It would represent the Investors at any meetings of the secured creditors of Nexus.

As Security Trustee: Permanent also acts as security trustee for all of the secured creditors of Nexus. It is the Security Trustee who is authorised to enforce the security on behalf of the secured creditors of Nexus.

10.1.3 Computershare

As Registrar: Computershare is responsible for the establishment and maintenance of the Register of Nexus4 Topaz Notes. It is the Register which ultimately determines who is the registered holder of Nexus4 Topaz Notes.

10.2 Terms and conditions of Nexus4 Topaz Notes

The terms and conditions of Nexus4 Topaz Notes are contained in the Note Trust Deed (see Section 10.3 below) and the Master Trust Deed (see Section 10.4 below). They are summarised here separately for ease of reference.

10.2.1 Form of Nexus4 Topaz Notes

Nexus4 Topaz Notes are secured, limited recourse debt securities of Nexus constituted by the Note Trust Deed and take the form of entries in the Register. For the purposes of section 283BH of the Corporations Act, Nexus4 Topaz Notes are classified as 'unsecured notes'.

10.2.2 Undertaking to pay

In respect of each Nexus4 Topaz Note, Nexus has undertaken with the relevant Investor and the Note Trustee to pay the amounts due and payable in respect of that Nexus4 Topaz Note in accordance with the Note Trust Deed and the Master Trust Deed. The payment of an amount due under a Nexus4 Topaz Note to either the Investor or Note Trustee discharges the obligation of Nexus to pay that amount under the Nexus4 Topaz Note to each of the Investor and the Note Trustee. Nexus4 Topaz Notes rank equally amongst themselves.

10.2.3 Principal Amount

The Principal Amount of each Nexus4 Topaz Note is \$100.

Deutsche Bank has unconditionally and irrevocably undertaken to the Note Trustee to pay the Principal Amount of each Nexus4 Topaz Note on the Maturity Date (see Section 10.3.2).

10.2.4 Early Redemption Events

An **Early Redemption Event** will occur following any change in, the making of, any change in the official interpretation of, or any change in compliance with, any law, official directive or request, where Nexus receives an opinion from an independent expert to the effect that the return payable to Nexus under the Deposit Deed is reduced such that it affects the ability of Nexus to meet its payment obligations to all Investors and all other secured creditors who rank pari passu with, or in priority to, Investors (see Section 10.4.7).

If an Early Redemption Event does occur prior to the Maturity Date, then Nexus must give notice to the Deposit Bank, the Note Trustee and the Registrar (**Early Redemption Notice**).

The delivery of the Early Redemption Notice leads to redemption of each Nexus4 Topaz Note for an amount determined by the Deposit Bank to reflect:

- the present market value of the obligation to repay the deposit on the Maturity Date;
- an adjustment to reflect the Income Factor as at the date of early redemption; and

- any administrative costs incurred by the Deposit Bank in relation to the early repayment as a result of the Early Redemption Event,

divided by the number of outstanding Nexus4 Topaz Notes (**Early Redemption Amount**) plus accrued interest.

This amount will be payable on the date of early redemption, which will be the earlier of:

- the first Interest Payment Date after the date on which an Early Redemption Notice is given by Nexus; and
- the date Nexus determines is the last possible date for the redemption of the Notes under any applicable law, official directive or request.

10.2.5 Investor Redemption Facility

Nexus has agreed in the Note Trust Deed to offer to redeem Nexus4 Topaz Notes from Investors on the **Investor Redemption Date** which is the date 14 days after:

- the 7th anniversary of the Issue Date (or if such day is not a Business Day, the immediately following Business Day); or
- such later date on which a revised Investor Redemption Amount is publicly quoted by Nexus in accordance with the Note Trust Deed.

The price Nexus will offer to redeem each Nexus4 Topaz Note (**Investor Redemption Amount**) will be the amount determined by the Deposit Bank to reflect:

- the present market value of the principal amount of the deposit repayable on the Maturity Date;

- an adjustment to reflect the anticipated Income Factor as at the Investor Redemption Date; and

- any administrative costs incurred by the Deposit Bank in relation to the early repayment as a result of the Investor Redemption Facility,

divided by the number of outstanding Nexus4 Topaz Notes, provided such amount will not exceed the Principal Amount in respect of a Nexus4 Topaz Note. Investors whose Nexus4 Topaz Notes are redeemed will also be paid accrued interest up to the Investor Redemption Date.

The Investor Redemption Amount will be determined on the 7th anniversary of the Issue Date and publicly quoted through an announcement made to ASX. Investors may request Nexus redeem all or some of their Nexus4 Topaz Notes under this facility by giving notice in the form and manner specified by Nexus at that time at least three Business Days prior to the Investor Redemption Date.

Nexus may withdraw a previously announced Investor Redemption Amount and announce a revised Investor Redemption Amount in accordance with the terms of the Note Trust Deed. If the Investor Redemption Amount is withdrawn, all prior requests for redemption will be disregarded, but Investors may give a further notice requesting redemption at the revised Investor Redemption Amount.

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The making of payments due under the Investor Redemption Facility in respect of a Nexus4 Topaz Note redeems that Nexus4 Topaz Note in full and discharges the obligations of Nexus and Deutsche Bank in respect of that Nexus4 Topaz Note, whether or not the amount that has been paid is less than the Principal Amount.

The capital guarantee from Deutsche Bank does not extend to the payment of any amount by Nexus under the Investor Redemption Facility.

10.2.6 Interest

Interest is payable on each Nexus4 Topaz Note three Business Days after the last day of each Interest Period. However, interest paid in respect of each Nexus4 Topaz Note for the final Interest Period will be paid on the earlier of the date of early redemption (if any), the Investor Redemption Date (if any and only in respect of the relevant Nexus4 Topaz Notes) and the Maturity Date.

The amount of interest an Investor will receive in respect of an Interest Period (expressed as a dollar amount) is calculated by multiplying:

- the number of Nexus4 Topaz Notes held by that Investor; by
- the Interest Rate which is equal to the 180 day Bank Bill Rate plus the Floating Credit Margin (see Sections 5.4 and 5.5); by
- the number of days in the Interest Period divided by 365; by
- the Income Factor (see Section 5.6).

For the first Interest Period:

- the 180 day Bank Bill Rate will be set on the Issue Date;
- the Floating Credit Margin will be set at 2.60% per annum; and
- the Income Factor will be deemed to be 100.00.

For each subsequent Interest Period up to the end of the Portfolio Exposure Period:

- the 180 day Bank Bill Rate will be reset on the first day of each Interest Period;
- the Floating Credit Margin will be determined immediately prior to the beginning of each Interest Period; and
- the Income Factor will be determined after 6.00pm (New York time) on the last day of each Interest Period.

For each Interest Period after the Portfolio Exposure Period:

- the 180 day Bank Bill Rate will be reset on the first day of each Interest Period;
- the Floating Credit Margin will be fixed at the rate set for the last Interest Period in the Portfolio Exposure Period; and
- the Income Factor will be fixed at the amount determined for the last Interest Period in the Portfolio Exposure Period.

These amounts will be determined or reset by Deutsche Bank in accordance with the terms of the Note Trust Deed, the Deposit Deed and the Investment Management Agreement.

As set out in Section 5, interest payable in respect of Nexus4 Topaz Notes may be reduced to zero.

Interest accrues daily and is payable in arrears. Investors will not receive any compounded interest on the interest payable in respect of an Interest Period during the three Business Days between the end of the Interest Period and the relevant Interest Payment Date.

Nexus has irrevocably directed Deutsche Bank to pay into an account nominated by the Registrar amounts due to Nexus under the Deposit Deed which will cover the amount of interest payable on Nexus4 Topaz Notes.

10.2.7 Register of Nexus4 Topaz Notes

Nexus has agreed to keep an up-to-date register of the holdings of Nexus4 Topaz Notes which includes the details of each Investor and the number of Nexus4 Topaz Notes held by each Investor.

The person whose name is registered as the holder of a Nexus4 Topaz Note will be treated as the absolute owner of that Nexus4 Topaz Note.

An Investor must advise Nexus of any change to the information recorded in the Register.

Neither Nexus nor Deutsche Bank is liable for any mistake in the Register except to the extent the mistake is attributable to its own fraud, gross negligence or wilful default.

Nexus has arranged for the Registrar to maintain the Register on its behalf.

10.2.8 Transfers of and payments under Nexus4 Topaz Notes

Provisions relating to transfers of and payments under Nexus4 Topaz Notes are set out in the Master Trust Deed and the Note Trust Deed. Payments to Investors will be made according to the information recorded in the Register. Transfers and payments in respect of Nexus4 Topaz Notes registered on CHESS will be made in accordance with the rules and regulations of CHESS.

10.2.9 Deductions and withholdings

If a law requires Nexus or Deutsche Bank to deduct an amount in respect of taxes from a payment in respect of a Nexus4 Topaz Note such that the Investor or the Note Trustee would not actually receive on the due date the full amount provided for under the Nexus4 Topaz Note, then Nexus or Deutsche Bank will deduct the amount for the taxes and pay it to the relevant authority. Neither Nexus nor Deutsche Bank is obliged to pay any additional amounts to the Investor or the Note Trustee.

10.2.10 Events of Default

Events of Default are described in Section 10.4.6 below. If an Event of Default occurs, the Note Trustee must call a meeting of Investors as soon as is reasonably practicable and the Note Trustee may, and if directed by an extraordinary resolution of Investors must, by notice to Nexus declare the Principal Amount, plus any unpaid interest in respect of each Nexus4 Topaz Note on the date of the declarations, to be immediately due and payable, provided the Event of Default is subsisting at that time. No Investor has the right to make such a declaration.

The making of such a declaration does not entitle either the Note Trustee or any Investor to take any further action against Nexus or Deutsche Bank except as permitted by the Note Trust Deed and the Master Trust Deed. The Master Trust Deed sets out the further consequences of the occurrence of an Event of Default. Payments by the Security Trustee of the amount available to make payments under Nexus4 Topaz Notes under the Master Trust Deed discharges Nexus' obligations under Nexus4 Topaz Notes to the extent set out in the Note Trust Deed and the Master Trust Deed.

10.2.11 Investors bound

Each Investor is bound by the Note Trust Deed and the Master Trust Deed.

10.2.12 Meetings of Investors

Meetings of Investors are to be conducted in accordance with the Master Trust Deed.

10.2.13 Calculations in respect of Nexus4 Topaz Notes

Calculation of the interest rate, the Floating Credit Margin, the Early Redemption Amount (if any) and the Investor Redemption Amount (if any) are to be made by Deutsche Bank. The calculation of other amounts, rates and dates may be made by Nexus. Their determinations are final and binding on the Investors, unless there is a manifest error.

10.3 Note Trust Deed

Investors have the benefit of the Note Trust Deed established in relation to Nexus4 Topaz Notes. The Note Trust Deed contains the terms and conditions of Nexus4 Topaz Notes as well as establishing the trust for Investors. The Note Trust Deed also contains the terms of the capital guarantee from Deutsche Bank and the Investor Redemption Facility. The Note Trust Deed also varies some of the terms of the Master Trust Deed that apply to Nexus4 Topaz Notes, such as the order of the priority of payments and amendments required to reflect the capital guarantee from Deutsche Bank. The parties to the Note Trust Deed are Nexus, Permanent and Deutsche Bank.

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10.3.1 Note Trustee

Permanent is appointed as Note Trustee to hold the following on trust for the Investors:

- the right to enforce the duty of Nexus to repay under Nexus4 Topaz Notes;
- the right to enforce the obligations of Nexus to pay all other amounts payable under Nexus4 Topaz Notes. The right to enforce Nexus' obligations under Nexus4 Topaz Notes is subject to the limited recourse provisions of the Master Trust Deed (see Section 10.4.8);
- the right to enforce the obligation of Deutsche Bank to pay amounts payable under the capital guarantee (see Section 10.3.2);
- any amounts that the Note Trustee receives for Investors under the documents entered into by Nexus in connection with Nexus4 Topaz Notes (**Documents**);
- the security rights which the Note Trustee acquires under the Master Trust Deed in respect of amounts owing under Nexus4 Topaz Notes; and
- the right to enforce any other duties or obligations of Nexus under Nexus4 Topaz Notes, the Note Trust Deed or Chapter 2L of the Corporations Act or to Investors under the other documents in connection with Nexus4 Topaz Notes.

Many of the provisions described in Section 10.4 below in connection with the Master Trust Deed are incorporated into the Note Trust Deed and apply to Permanent in its capacity as Note Trustee. These include the statutory obligations of the Note Trustee, such as the duty to call meetings of Investors in certain circumstances and the limitations on the Note Trustee's liability. The Note Trustee's liability under the Note Trust Deed is limited to the assets of the trust.

10.3.2 Capital guarantee

Deutsche Bank has unconditionally and irrevocably undertaken to the Note Trustee to pay the Principal Amount in respect of each Nexus4 Topaz Note on the Maturity Date. The undertaking applies notwithstanding that the limited recourse provisions (see Section 10.4.8) may operate to limit Nexus' obligation to pay the Principal Amount. Deutsche Bank is not obliged to pay the Principal Amount to the extent that Nexus has paid such amount.

The undertaking is a continuing obligation and is enforceable by the Note Trustee (on behalf of Investors) only. No Investor may make a demand from Deutsche Bank in connection with the undertaking or otherwise seek to enforce it.

10.4 Master Trust Deed

The parties to the Master Trust Deed are Nexus, Permanent and Deutsche Bank.

10.4.1 Multiple series of securities

The Master Trust Deed is designed to apply to multiple issues of securities by Nexus, including the issue of Nexus1 Notes, Nexus2 Notes, Nexus3 Notes and Nexus4 Topaz Notes. As such, the Master Trust Deed includes terms, representations and warranties common to various issues of securities that may be made by Nexus. The application of the Master Trust Deed to Nexus4 Topaz Notes is varied by the Note Trust Deed.

The Master Trust Deed also provides for the creation of new trusts for future securities issued by Nexus by the execution of further bond or note trust deeds. There is no limit to the number of trusts that may be created nor to the number of series of securities that may be issued by Nexus.

However, Nexus and Permanent are under an obligation to ensure that all proceeds received from each issue of securities are recorded, kept and dealt with separately.

The proceeds from, and other assets of Nexus allocated to, one series of securities are not available to meet amounts owing in respect of any other series of securities (despite there being a single charge as described in Section 10.4.2 below).

10.4.2 Security arrangements

Under the Master Trust Deed, Permanent is appointed as the Security Trustee. The Security Trustee is required to hold the benefit of the Master Trust Deed for the secured creditors of Nexus (including Permanent as Note Trustee).

A single fixed and floating charge over the assets of Nexus is granted to Permanent as Security Trustee under the Master Trust Deed as security for specified payments to be made by Nexus, including amounts owing under Nexus1 Notes, Nexus2 Notes, Nexus3 Notes and Nexus4 Topaz Notes and future issues of securities. Some assets of Nexus are excluded from the charge such as goodwill, money of Nexus not related to issues of securities and some real property (if any is acquired).

Nexus provides representations and undertakings to the Security Trustee in the Master Trust Deed.

10.4.3 Rights and obligations of Permanent

The rights and obligations of Permanent in its capacity as Note Trustee and Security Trustee are set out in the Master Trust Deed and the Note Trust Deed.

The Master Trust Deed also limits the responsibility and liability of Permanent when acting as Security Trustee and Note Trustee to the amounts available to it as trustee, except in circumstances where it (or its agents, delegates or related entities) has acted negligently or fraudulently, or where there has been a gross or wilful breach of its obligations.

Permanent, as Note Trustee, calls meetings of Investors when required under the Note Trust Deed and the Corporations Act, and will represent the Investors at any meeting of the secured creditors of Nexus. As Security Trustee, Permanent is authorised to enforce the security on behalf of the secured creditors of Nexus.

10.4.4 Removal and resignation of Permanent

Nexus may, by giving 30 calendar days' notice in writing, remove Permanent as either the Security Trustee or the Note Trustee.

The secured creditors of Nexus may, by extraordinary resolution of each series of securities issued by Nexus, remove Permanent as Security Trustee.

The Investors may, by extraordinary resolution, remove Permanent as Note Trustee.

Permanent may retire as Security Trustee or Note Trustee by giving Nexus 30 calendar days' notice in writing. It must immediately retire if an insolvency event has occurred in respect of it in its personal capacity.

However, Permanent's appointment will not cease until a replacement trustee has been appointed by Nexus.

10.4.5 Fees, indemnities and expenses

The Master Trust Deed provides that Nexus must pay to Permanent such fees as agreed between them.

Nexus indemnifies Permanent against liabilities, costs, charges and expenses incurred in certain circumstances, and Permanent will be indemnified out of monies and other property it holds as trustee for all liabilities arising from the exercise or performance of its powers and obligations as Security Trustee or Note Trustee, except to the extent they were incurred directly or indirectly as a result of it (or its delegates, agents or related entities) acting negligently or fraudulently, or where there has been a gross or wilful breach of its obligations.

10.4.6 Nexus Events of Default

An **Event of Default** in relation to Nexus4 Topaz Notes occurs if:

- Nexus fails to pay any amount due (other than the payment of an amount of interest) under Nexus4 Topaz Notes or other amounts owing under the Documents within 10 Business Days of the due date;
- Nexus fails to perform any other obligation under any Document and that failure is not remediable and Permanent considers that the failure has a material adverse effect on the ability of Nexus to meet its payment obligations under the Documents;

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- Nexus fails to perform any obligation under any Document (other than a failure as described above) and Nexus has not remedied it within 14 Business Days after being requested by Permanent to do so and the failure has, or is likely to have, a material adverse effect on the ability of Nexus to meet its obligations under the Documents;
- any of a number of defined insolvency-related events occur in respect of Nexus;
- any Document ceases to be effective in accordance with its terms; or
- any of the representations and warranties made by Nexus in a Document is false and misleading when made or repeated and has, or is likely to have, a material adverse effect on the ability of Nexus to meet its obligations under the Documents.

An event of default in respect of any other series of securities issued by Nexus (including Nexus1 Notes, Nexus2 Notes and Nexus3 Notes) does not, of itself, constitute an Event of Default in respect of Nexus4 Topaz Notes.

10.4.7 Consequences of an Event of Default

If an Event of Default relating to Nexus4 Topaz Notes occurs then the charge becomes enforceable to the extent that it applies to the property of Nexus referable to Nexus4 Topaz Notes (primarily the rights under the Deposit Deed). Permanent must notify Nexus, Deutsche Bank and Computershare of the Event of Default and convene a meeting of them to determine what enforcement action is to be taken. As described in Section 10.2.10, Permanent (as Note Trustee) will also convene a meeting of Investors and will represent Investors at the meeting with Nexus, Deutsche Bank and Computershare.

As Security Trustee, Permanent also has the right (but not the obligation) to take separate enforcement action.

The Investors are not entitled to enforce the charge or take separate action against Nexus.

After an Event of Default relating to Nexus4 Topaz Notes has occurred and been enforced, the Security Trustee will pay the amount recovered on enforcement in the following order:

- amounts owing to the Security Trustee and the Note Trustee;
- any remuneration payable to the receiver appointed to Nexus by the Security Trustee (if any);
- amounts owing to the Deposit Bank under the Deposit Deed;
- amounts owing under Nexus4 Topaz Notes;
- amounts owing to the Deposit Bank under the Services Deed or to Computershare; and
- any remaining amount is to be paid to Nexus.

This order also applies to money acquired by Nexus prior to an Event of Default relating to Nexus4 Topaz Notes other than money paid to the Registrar under the Deposit Deed (and other payments which are directed to be paid under the Documents).

If, at the same time that an Event of Default relating to Nexus4 Topaz Notes occurs, the requirements for early redemption of Nexus4 Topaz Notes described in Section 10.2.4 are not satisfied and Deutsche Bank has not paid an amount owing by it under the Deposit Deed on the due date and has not remedied the failure to pay, then (in the order of payments made by the Security Trustee after the Event of Default) amounts owing under Nexus4 Topaz Notes will rank equally with amounts owing to the Deposit Bank under the Deposit Deed.

Money or other property of Nexus which is referable to any other securities issued by Nexus is not payable to any person claiming any amount due in respect of Nexus4 Topaz Notes.

10.4.8 Limited recourse

Nexus4 Topaz Notes and other dealings with Nexus are subject to the limited recourse provisions contained in the Master Trust Deed and Note Trust Deed.

For each Investor, this means that if the actual amount available for distribution to the Investor under the Master Trust Deed is less than the nominal amount owing to the Investor, the payment of the amount available completely discharges Nexus' liability to the Investor.

Subject to Deutsche Bank's guarantee of payment to the Note Trustee of the Principal Amount of Nexus4 Topaz Notes on the Maturity Date, an Investor has no further claim or entitlement to be paid the difference between the nominal amount and the available amount and the Note Trustee (on behalf of Investors) has waived all claims Investors may have against Nexus where Nexus' payment obligations have been discharged.

The terms of the Master Trust Deed and Note Trust Deed also provide that no Investor can apply for judgment against Nexus for the payment of money or damages, seek to wind up Nexus, appoint a receiver or administrator to Nexus, enforce against the property of Nexus, exercise rights of set-off or counterclaim against Nexus or issue a statutory demand against Nexus.

10.4.9 Amendment of the Documents

Nexus and Permanent may agree to an amendment of any Document without the consent of Investors if, in the opinion of Permanent the amendment:

- is made to correct an error or it is of a formal, technical or administrative nature;
- is necessary to comply with any applicable law or regulation; or
- is not materially prejudicial to the interests of the Investors.

Any amendment to a Document may be agreed upon by Nexus and Permanent with the authority of a resolution of Investors.

10.5 Investment Management Agreement

The Investment Management Agreement in relation to Nexus4 Topaz Notes is between Deutsche Bank and the Portfolio Manager. The Investment Management Agreement contains provisions relating to the appointment, powers, duties and obligations of the Portfolio Manager.

10.5.1 Appointment of Portfolio Manager

The Portfolio Manager is appointed by Deutsche Bank to:

- select the actual Portfolio on the Issue Date (see Section 6);
- make Substitutions in relation to the Portfolio (see Section 6, Section 7 and Section 10.5.6);
- perform certain calculations (see Section 10.5.8);
- provide various reports and information to Deutsche Bank (see Section 10.5.9); and
- perform related duties and functions.

10.5.2 Standard of care

The Portfolio Manager has agreed to perform its obligations in relation to the Portfolio with reasonable care and subject to and in accordance with the provisions of the Investment Management Agreement and (subject thereto) in a manner consistent with practices and procedures followed by prudent institutional investment managers of international standing.

The Portfolio Manager must ensure that appropriately qualified employees of the Portfolio Manager carry out the Portfolio Manager's duties and functions under the Investment Management Agreement.

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10.5.3 No contractual or other relationship with Nexus or Investors

The Portfolio Manager has not been engaged by Nexus and is not obliged to consider the interests of Nexus or Investors in exercising its discretions in managing the Portfolio and performing its obligations under the Investment Management Agreement. In particular, the Portfolio Manager does not act as an adviser to or as agent for, or owe any fiduciary duties to, Nexus or Investors. Nor do Nexus or Investors have recourse against the Portfolio Manager or Deutsche Bank for any failure by the Portfolio Manager to perform its obligations under the Investment Management Agreement. Neither Nexus nor Deutsche Bank has any ability to influence the exercise of discretions by the Portfolio Manager.

10.5.4 Termination

The appointment of the Portfolio Manager shall terminate on the 7th anniversary of the Issue Date, or, if earlier, on the first of the following dates to arise:

- the date the Portfolio Manager's appointment is terminated by Deutsche Bank;
- the date the Portfolio Manager resigns;
- the date there are no Nexus4 Topaz Notes outstanding; or
- the date on which the Income Factor is reduced to zero.

Deutsche Bank may terminate the appointment of the Portfolio Manager at any time upon the occurrence of a 'removal event', details of which are set out in the Investment Management Agreement. These removal events include:

- where the Portfolio Manager has wilfully violated any material obligation under the Investment Management Agreement;
- where certain insolvency related events happen to the Portfolio Manager;
- the occurrence of a fraudulent or criminal act by the Portfolio Manager in the performance of its obligations under the Investment Management Agreement;
- if the Portfolio Manager ceases to be permitted to act as the Portfolio Manager under the Investment Management Agreement under any applicable laws or regulations in any relevant jurisdiction;
- a material adverse change in the business and operations of the Portfolio Manager has occurred and is continuing such that, in the reasonable opinion of Deutsche Bank, the Portfolio Manager no longer has the capacity or the competence to perform its obligations as Portfolio Manager.

If a removal event does occur, then the Portfolio Manager is required to give prompt written notice to Deutsche Bank as soon as the Portfolio Manager becomes aware of such event.

The Portfolio Manager may resign at any time by giving at least 30 calendar days' written notice to Deutsche Bank.

10.5.5 Effect of termination of the Investment Management Agreement

If the Investment Management Agreement terminates, none of the parties has any further rights or obligations under the Investment Management Agreement other than in respect of rights or obligations that fell due to be performed on or prior to termination but remain unperformed, or any rights arising from the parties' respective performance or non-performance of their obligations under the Investment Management Agreement on or prior to that termination.

If the Portfolio Manager is removed or resigns, no further Substitutions are permitted and the Portfolio will become static (meaning it is no longer managed) from that time until the Maturity Date.

Under the terms of the Deposit Deed, from the date of the removal or receipt of the resignation notice, Deutsche Bank will use reasonable endeavours to seek to appoint a replacement Portfolio Manager (see Section 10.7.7).

10.5.6 Substitution process

The Investment Management Agreement contains the following provisions relating to the Substitution process:

- the Portfolio Manager may notify Deutsche Bank that it wishes to substitute a replacement company for an existing company in the Portfolio. The Portfolio Manager may only make a Substitution request if it determines that:
 - the replacement company is likely to comply with the Company Eligibility Criteria and the Portfolio is likely to comply with the Portfolio Criteria following such Substitution (or where the Portfolio is not then in compliance with Portfolio Criteria, must not worsen the extent of non-compliance); and
 - on the day the Substitution request is made it is reasonably possible to obtain alternative quotations from at least three dealers in respect of the relevant replacement company;
- if Deutsche Bank receives a Substitution request from the Portfolio Manager, then Deutsche Bank gives a notice to the Portfolio Manager of the Credit Spreads for the replacement company and the existing Portfolio Company, the Trading Gain or Trading Loss, and certain other information relevant to the proposed Substitution (**Substitution Notice**);
- the Portfolio Manager may request alternative quotations from other dealers for quoted Credit Spreads in respect of the replacement company or the existing Portfolio Company. The Investment Management Agreement sets out the basis on which any such alternative Credit Spreads shall be obtained. Each alternative Credit Spread is to be obtained on the basis of the same terms as those that applied to the Credit Spread given by Deutsche Bank;
- the Portfolio Manager may direct Deutsche Bank to execute a Substitution in accordance with the Substitution Notice. However, if the Portfolio Manager has obtained alternative Credit Spread quotations and wishes to execute a Substitution based on such alternative quotations, then the Portfolio Manager shall promptly deliver a notice to Deutsche Bank (**Alternative Quotation Notice**). The Investment Management Agreement specifies the information required to be set out in the Alternative Quotation Notice; and
- If an Alternative Quotation Notice has been given, Deutsche Bank shall either elect to match the alternative Credit Spread quotations for the purposes of calculating the relevant Trading Gain or Trading Loss or use its reasonable efforts to enter into the relevant credit default swaps with the relevant dealer that gave the alternative quotation. If Deutsche Bank is able to enter into relevant credit default swaps with the dealers from whom the alternative Credit Spread quotations have been obtained, it must execute the Substitution in accordance with the Alternative Quotation

Notice. To the extent that Deutsche Bank is unable to enter into any such credit default swaps, it shall enter into such credit default swaps as it can and shall execute the remainder of the Substitution as set out in the Substitution Notice and the Trading Gains or Trading Loss will reflect the Credit Spreads obtained from this process.

A Substitution will be effective provided:

- the replacement company complies with the Company Eligibility Criteria at the time of the Substitution; and
- the Portfolio complies with the Portfolio Criteria following the Substitution (or, where the Portfolio does not comply with the Portfolio Criteria immediately prior to such Substitution, the Substitution does not worsen the extent of such non-compliance).

In any event, a Substitution cannot occur if such Substitution would result in the value of the Income Factor falling to or below 20.00.

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10.5.7 Weighting

Except where a Succession Event or a Restructuring Event has occurred, the weighting of Portfolio Companies in the Portfolio is equal.

Succession Event

If a Succession Event occurs in relation to one or more Portfolio Companies, Deutsche Bank will determine whether the Succession Event results in:

- the existing Portfolio Company remaining as a Portfolio Company;
- two or more existing Portfolio Companies becoming one or more Portfolio Companies; or
- the existing Portfolio Company becoming two or more Portfolio Companies.

If Deutsche Bank determines that the existing Portfolio Company continues as one Portfolio Company, the weighting of the new Portfolio Company will remain the same as the existing Portfolio Company.

If Deutsche Bank determines that two or more existing Portfolio Companies become one Portfolio Company, then the weighting of that new Portfolio Company will be higher than the weighting of each of the other companies in the Portfolio.

If Deutsche Bank determines that the existing Portfolio Company becomes two or more Portfolio Companies, then the weighting of each of the new Portfolio Companies will be less than the weighting of each of the other companies in the Portfolio.

Restructuring Event

If a Restructuring Event occurs in relation to a Portfolio Company, Deutsche Bank has a discretion to decide the value of the weighting to be used in determining the reduction in the Income Factor. The weighting following a Restructuring Event can never be more than the full weighting of the Portfolio Company.

If a Restructuring Event occurs and Deutsche Bank decides to allocate a lesser weighting, then the Income Factor will decrease by a lesser amount than if the full weighting of the Portfolio Company was used. In this situation, the Portfolio Company will remain in the Portfolio but will have a lower weighting than the other Portfolio Companies, reflecting the difference between the full weighting of the Portfolio Company and the weighting used to determine the decrease in the Income Factor.

10.5.8 Calculations

The Investment Management Agreement also sets out provisions relating to the determination of the Portfolio Market Spread. See Section 5.5.2 for details about how it is calculated and the role of the Portfolio Manager.

The calculation of the impact of Credit Events, Succession Events and Restructuring Events on the Income Factor, the Portfolio Market Spread or the weighting of a Portfolio Company will be determined by Deutsche Bank in a manner consistent with customary practices and procedures in international credit markets.

10.5.9 Reporting obligations

The Portfolio Manager is required to prepare and distribute to Deutsche Bank reports in a timely fashion after the Issue Date and then quarterly after the last day of March, June, September and December in each year, which contain certain information as of the date of the relevant report, including:

- specified information on each the Portfolio Company in the Portfolio;
- a review of the Portfolio against the Portfolio Criteria; and
- details of all Substitutions since the date of the previous quarterly report.

If a Substitution has become effective, on the date of the Substitution, Deutsche Bank must deliver a summary to the Portfolio Manager including:

- the date of the Substitution;
- the name of the replaced Portfolio Company;
- the name of the replacement Portfolio Company; and
- the revised Income Factor and the amount of the adjustment to the Income Factor due to the Trading Gain or Trading Loss as a result of the Substitution.

As soon as practicable after the commencement of each Interest Period (other than the first Interest Period and each Interest Period commencing after the 7th anniversary of the Issue Date), Deutsche Bank must notify the Portfolio Manager of the Portfolio Market Spread it has determined in respect of that Interest Period.

Upon the occurrence of a Credit Event in respect of a Portfolio Company, Deutsche Bank must deliver to the Portfolio Manager a copy of each of the notices stating that a Credit Event has occurred and identifying the public source of that information and must specify the reduction in the Income Factor that has occurred as a result of the Credit Event.

10.6 Management Fee Letter

Deutsche Bank and the Portfolio Manager have signed a **Management Fee Letter**.

10.6.1 Fees

In the Management Fee Letter Deutsche Bank agrees to pay the Portfolio Manager the following fees for acting as Portfolio Manager:

- on the Issue Date, an upfront fee calculated as 0.60% of the initial aggregate Principal Amount of Nexus4 Topaz Notes as of the Issue Date; and
- a fee payable shortly after the end of each period during the Portfolio Exposure Period equal to the product of (a) 0.30% per annum, (b) the number of Nexus4 Topaz Notes originally issued, (c) the value of the Income Factor at the end of the relevant Interest Period (capped at a maximum of 100.00); and (d) the actual number of days in the relevant Interest Period divided by 365 (the **Ongoing Management Fee**).

10.6.2 Investment in Nexus4 Topaz Notes

In the Management Fee Letter, the Portfolio Manager also agrees to subscribe for, or procure the subscription by a fund managed by SGAM or one of its affiliates (the **SGAM Investor**) of Nexus4 Topaz Notes with an aggregate principal amount of \$2,500,000 and ensure that, at all times prior to the date the Portfolio Manager no longer manages the Portfolio, the SGAM Investor:

- maintains its economic exposure to those Nexus4 Topaz Notes and, unless held on behalf of a fund managed by the SGAM Investor, continues to hold legal and beneficial title to those Nexus4 Topaz Notes; and
- does not transfer any of Nexus4 Topaz Notes acquired by it, assign any of its rights in respect of such Nexus4 Topaz Notes, or enter into any risk participation or hedging arrangement in respect of such Nexus4 Topaz Notes.

This obligation of the Portfolio Manager does not apply if, after the date of the Management Fee Letter, it has or will become unlawful for the SGAM Investor to continue to hold the Nexus4 Topaz Notes as a result of the introduction or any change in (or in the interpretation of) any law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power.

10.6.3 Termination

The Management Fee Letter terminates on the date the Investment Management Agreement terminates.

10.7 Deposit Deed

The Deposit Deed is between Nexus and Deutsche Bank. It contains the provisions relating to the establishment, operation and use of the Deposit Account and Deutsche Bank's obligations in respect of the replacement of the Portfolio Manager.

10.7.1 Deposit Account

After the issue of Nexus4 Topaz Notes, Nexus will deposit the proceeds from the issue into a Deposit Account held with Deutsche Bank.

10.7.2 Interest

Deutsche Bank agrees to pay Nexus interest in connection with the Deposit Account in an amount that covers the interest payable by Nexus to Investors in respect of Nexus4 Topaz Notes on each Interest Payment Date. Deutsche Bank will also pay Nexus an additional amount on each Interest Payment Date (other than the Investor Redemption Date) equal to 0.02% per annum of the balance of the Deposit Account as at the last day of the immediately preceding Interest Period.

In the absence of an Event of Default, interest will not be credited to the Deposit Account and will be paid to the Registrar at the direction of Nexus.

Interest accrues daily and is calculated in the same manner as that used for the calculation of interest under Nexus4 Topaz Notes.

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Material contracts

10.7.3 Withdrawals from the Deposit Account

As a general matter, Nexus may not withdraw, and Deutsche Bank will not repay, any money deposited in the Deposit Account except:

- following the early redemption of Nexus4 Topaz Notes under the Investor Redemption Facility (see Section 10.2.5) in which case, an amount equal to the Investor Redemption Amount plus accrued interest will be deducted from the Deposit Account for each Nexus4 Topaz Note being redeemed by Nexus in accordance with the Note Trust Deed. Deutsche Bank is entitled to deduct from the Deposit Account and retain for its own account the difference between the aggregate Principal Amount of the Nexus4 Topaz Notes being redeemed and the aggregate Investor Redemption Amount deducted;
- following an Early Redemption Event (see Section 10.2.4), in which case Deutsche Bank will deduct an amount equal to the Early Redemption Amount plus accrued interest in respect of each Nexus4 Topaz Note from the Deposit Account. After the deduction, Deutsche Bank is entitled to retain any balance standing to the credit of the Deposit Account for its own account and the Deposit Account will be closed;
- following an Event of Default (see Section 10.2.10) and provided the Security Trustee is enforcing its rights under the charge, Deutsche Bank will pay amounts to, or at the direction of, the Security Trustee; and

- at the Maturity Date, Deutsche Bank will pay the balance of the Deposit Account to Nexus or the Registrar in accordance with the Deposit Deed.

Deutsche Bank is required to make payments only in accordance with the terms and conditions of the Deposit Deed.

10.7.4 Undertakings and indemnities

Nexus has made representations and given undertakings to Deutsche Bank in connection with the Deposit Account (including an undertaking not to deal with the Deposit Account except as permitted under the Documents).

Nexus indemnifies Deutsche Bank against any costs, loss or liability arising in connection with the Deposit Account or the Deposit Deed.

Recourse by Deutsche Bank to Nexus in respect of this indemnity is limited to the amounts available to pay it in accordance with the limited recourse provisions of the Master Trust Deed.

10.7.5 Investment Management Agreement

Under the Deposit Deed, Deutsche Bank agrees with Nexus not to agree to any material amendments to the Investment Management Agreement.

10.7.6 Reporting

Deutsche Bank agrees to provide Nexus with reports that reflect information provided by the Portfolio Manager under the Investment Management Agreement as well as certain reports that Deutsche Bank prepares under the Investment Management Agreement. These reports are referred to in Section 10.5.9 and concern information relating to:

- the composition of the Portfolio;
- the calculation of the Portfolio Market Spread;
- any Substitutions made in respect of the Portfolio; and
- notice of the occurrence of any Credit Events.

10.7.7 Replacement of the Portfolio Manager

Following the removal or resignation of the Portfolio Manager under the terms of the Investment Management Agreement, the Deposit Bank will use reasonable endeavours to seek to appoint a replacement portfolio manager.

Before any replacement becomes effective:

- the Deposit Bank will have regard to the proposed replacement portfolio manager having:
 - a well resourced CDO structuring and management team;
 - a clear credit management philosophy;
 - a track record in managing CDOs for wholesale clients; and
 - an understanding and endorsement of CDO transaction mechanics.

The Deposit Bank must provide the directors of Nexus with reasonable detail of its consideration of these factors as they relate to the proposed replacement portfolio manager; and

- the replacement portfolio manager must be appointed on substantially the same terms as the appointment of the Portfolio Manager under the Investment Management Agreement (including, without limitation, the obligation of the Portfolio Manager to perform its obligations with reasonable care and subject to and in accordance with the provisions of the Investment Management Agreement and (subject thereto) in a manner consistent with practices and procedures followed by prudent institutional investment managers of international standing). The structure of the fee arrangements and/or co-investment arrangements as set out in the Management Fee Letter may be different.

The Deposit Bank is under no obligation to continue to seek to appoint a replacement portfolio manager if:

- a replacement portfolio manager is not appointed within 180 days of the date the Portfolio Manager resigns or is removed in accordance with the terms of the Investment Management Agreement; or
- the appointment of a replacement portfolio manager would require that the Deposit Bank pay any fees in excess of those it agreed to pay to the Portfolio Manager under the Management Fee Letter.

So long as the Deposit Bank acts in good faith in appointing a replacement Portfolio Manager in accordance with the terms of the Deposit Deed, Deutsche Bank shall not be liable for any failure by the replacement Portfolio Manager to perform its obligations under the investment management agreement entered into by the replacement Portfolio Manager).

10.8 Services Deed

The **Services Deed** is between Nexus, Permanent and Deutsche Bank. It contains provisions relating to the appointment and function of Deutsche Bank as Custodian and Operating Agent.

10.8.1 Appointment of Custodian

Deutsche Bank is appointed as the Custodian of the authorised investments and money of Nexus.

This does not include the Deposit Account, which is held by Deutsche Bank as deposit bank under the Deposit Deed (see Section 10.7 above). As Custodian, Deutsche Bank must keep records which show to which series of securities the authorised investments and money of Nexus which it holds are referable.

10.8.2 Appointment of Operating Agent

Deutsche Bank is appointed as Operating Agent by Nexus to carry on Nexus' day to day administration.

Despite the appointment of Deutsche Bank as Operating Agent, the directors of Nexus retain the power to make decisions and direct how the business affairs of Nexus will be conducted.

10.8.3 Payment of Nexus' expenses

As Operating Agent, Deutsche Bank agrees to pay, on behalf of Nexus, any establishment expenses and the general operating expenses of Nexus and the few of the Note Trustee Security Trustee and Registrar (until an Event of Default happens). Nexus will reimburse Deutsche Bank if excess funds are available to it in respect of Nexus4 Topaz Notes.

Section 10

Material contracts

10.8.4 Delegation of responsibility

Deutsche Bank may discharge its obligations as Custodian or Operating Agent by acting through delegates.

10.8.5 Interested dealings

Deutsche Bank, or any of its related parties or associates, may enter into transactions with an Investor, another secured creditor of Nexus, Nexus or any other person.

10.8.6 Liability of Operating Agent

In acting as Operating Agent, Deutsche Bank is not liable for any loss or liability of Nexus in connection with the credit performance, market value or recovery value of any assets or obligations in connection with the Investment Management Agreement.

10.8.7 Custodian as agent for the Security Trustee

In certain circumstances, the Custodian may act on behalf of the Security Trustee instead of Nexus.

In these circumstances the Security Trustee is not liable for any act or omission of the Custodian.

10.8.8 Removal and resignation

Nexus may remove Deutsche Bank as Operating Agent by 12 months' notice and as Custodian by 30 calendar days' notice.

If Deutsche Bank may retire as either Operating agent or Custodian by giving at least 30 calendar days' notice. Deutsche Bank will retire if it becomes subject to specified insolvency related events.

The removal or retirement of Deutsche Bank is not effective until a replacement has been appointed by Nexus.

10.8.9 No fees

There are no fees payable by Nexus to Deutsche Bank for acting as Custodian and Operating Agent in relation to Nexus4 Topaz Notes, although Nexus may pay fees to Deutsche Bank for acting as Custodian and Operating Agent under the Services Deed in relation to other securities issued by Nexus.

10.8.10 Indemnity for costs and expenses

Nexus agrees to pay or reimburse Deutsche Bank for its reasonable costs and expenses in connection with the execution and enforcement of the Documents and any duties and registration fees payable in respect of the Documents. Nexus also indemnifies Deutsche Bank against its losses, costs and liabilities if Nexus breaches its obligations or representations to Deutsche Bank.

Recourse by Deutsche Bank to Nexus in respect of this indemnity is limited to the amounts available to pay it in accordance with the limited recourse provisions of the Master Trust Deed.

10.9 Distribution Deed

The **Distribution Deed** is between Nexus and Deutsche Bank and under it Deutsche Bank is appointed as Arranger to the Offer.

As Arranger, Deutsche Bank may:

- determine the timetable for the Offer;
- determine whether and to what extent the right to accept over subscriptions will be exercised;
- determine the manner of distribution of this Prospectus and other material in connection with the Offer;
- decide on the allocation of Nexus4 Topaz Notes amongst applicants under the Offer; and
- direct Nexus not to proceed with the Offer or withdraw the Offer.

Deutsche Bank may enter into sub-distribution agreements to nominate sub-distributors to lead manage or co-manage, or be a broker to, the Offer and enter into firm commitments with other persons (including Deutsche Bank acting in capacity other than as Arranger and related entities of Deutsche Bank) in relation to subscriptions for Nexus4 Topaz Notes.

Deutsche Bank as Arranger, and the sub-distributors nominated by the Arranger, are authorised to make offers to arrange for the issue of Nexus4 Topaz Notes by Nexus in accordance with this Prospectus.

Nexus and Deutsche Bank each gives indemnities in connection with the performance of their obligations under the Distribution Deed.

Deutsche Bank receives no fees under the Distribution Deed.

Deutsche Bank may at any time, at its absolute discretion, terminate its obligations under the Distribution Deed.

10.10 Other

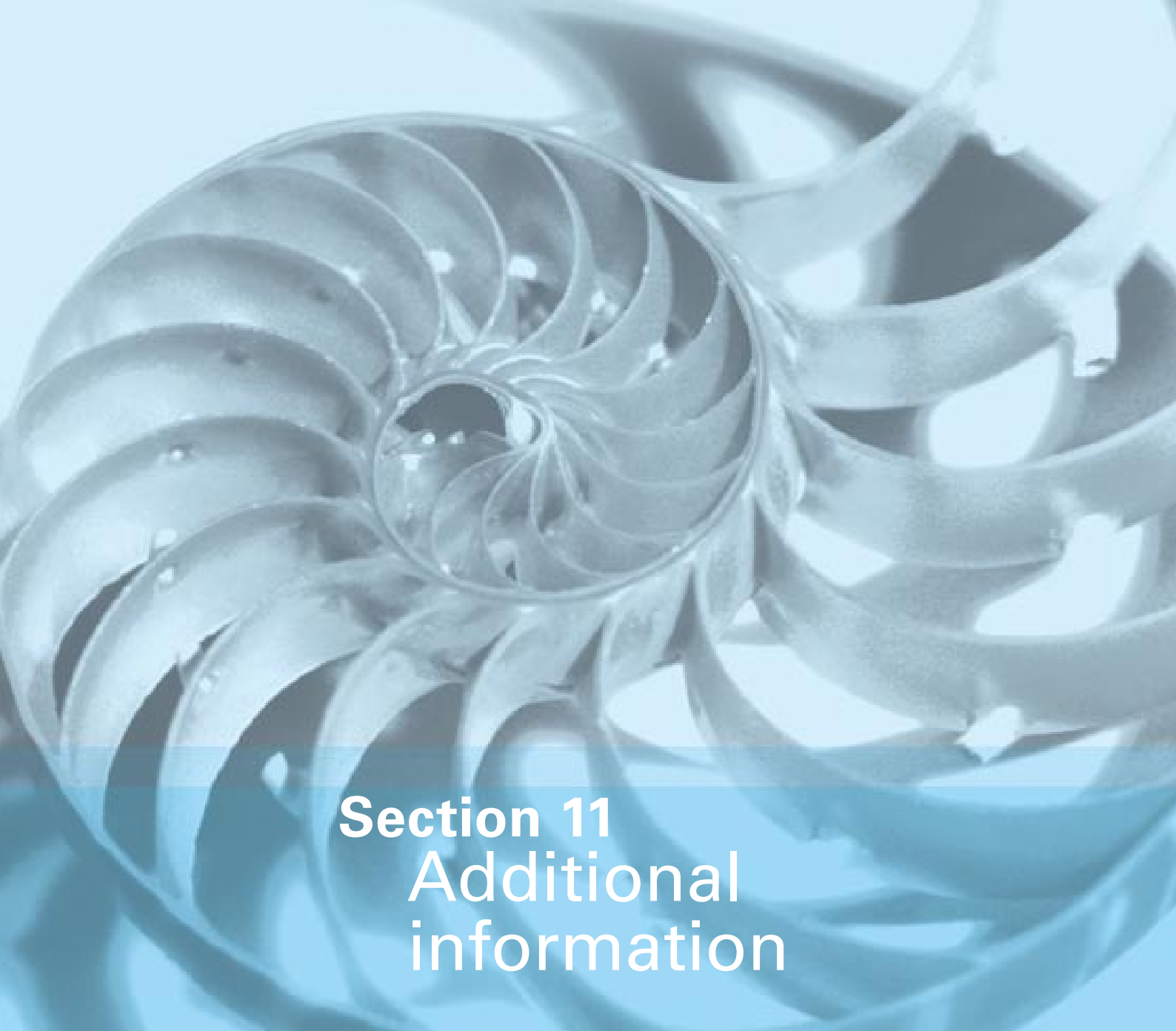
If a date (other than the Maturity Date) referred to in this Section 10 (with limited exceptions) is not a Business Day then it will be adjusted to be the next following Business Day. If the Maturity Date does not fall on a Business Day, then it will be adjusted to the immediately preceding Business Day.

Words used and not defined in this Section 10 can be found in the glossary.

10.11 Incorporation of documents by reference

The Note Trust Deed and Master Trust Deed described in Sections 10.3 and 10.4 are incorporated by reference in accordance with the Corporations Act.

Copies of the Note Trust Deed and the Master Trust Deed will be provided free of charge to any person who asks for it during the Offer Period by calling the information line on 1300 782 767 (Monday to Friday 8.30am to 5.00pm Sydney time).



Section 11 Additional information

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Section 11

Additional Information

11.1 Business and financial position of Nexus

The share capital of Nexus is held on trust for the benefit of certain charitable organisations. Nexus is not a member of the Deutsche Bank group.

As at the date of this Prospectus, Nexus has no business or operations other than in connection with the Nexus1, Nexus2 and Nexus3 Notes and Nexus4 Topaz Notes. Nexus may issue other securities in the future. The assets relating to each issue of securities by Nexus will be segregated from the assets relating to other issues of securities by Nexus. See Section 10.4.1 for a description of the segregation of the assets of Nexus in connection with each issue of securities.

Immediately following the Issue Date, the statement of financial position of Nexus (assuming that \$50 million is raised by the issue of Nexus4 Topaz Notes and taking into account that all costs relating to the issue will be paid by Deutsche Bank) will be as set out below.

| Assets | \$ |
|---|-------------|
| Nexus1 Notes Deposit | 60,000,000 |
| Nexus2 Notes Deposit | 70,000,000 |
| Nexus3 Notes Deposit | 35,000,000 |
| Nexus4 Topaz Notes Deposit ³ | 50,000,000 |
| Total current assets ⁴ | 1,476,000 |
| Cash | 1 |
| Total ³ | 216,476,001 |

| Liabilities and share capital | \$ |
|---|-------------|
| Nexus1 Notes | 60,000,000 |
| Nexus2 Notes | 70,000,000 |
| Nexus3 Notes | 35,000,000 |
| Nexus4 Topaz Notes Deposit ³ | 50,000,000 |
| Total current liabilities ⁴ | 1,476,000 |
| Issued share capital | 1 |
| Total ³ | 216,476,001 |

It is not expected that Nexus will earn anything other than nominal profits after payment of operating expenses and fees to Deutsche Bank. Deutsche Bank has agreed with Nexus to pay the operating expenses of Nexus including directors' fees and fees payable to Permanent and Computershare, subject to limited conditions if an event of default occurs in respect of Nexus4 Topaz Notes. Nexus agrees to reimburse Deutsche Bank for these payments if it has sufficient funds available to it in respect of Nexus4 Topaz Notes.

³ If the amount raised from the Offer is less than or greater than \$50 million, the Nexus4 Topaz Notes Deposit and the amount of Nexus4 Topaz Notes will decrease or increase proportionately and the total assets and liabilities of Nexus will vary accordingly.

⁴ Relates to amounts receivable and payable in relation to the issues of the Nexus1, Nexus2 and Nexus3 Notes.

Section 11

Additional Information

The deposits for each series of debt securities issued by Nexus relate only to those issues of debt securities and no deposit in relation to one series is available to meet the obligations of Nexus in connection with another series.

Nexus is currently in the process of finalising its accounting policies under International Financial Reporting Standards (**IFRS**). The preliminary view of Nexus is that the impact of adopting IFRS is not expected to result in material adjustments to the financial statements.

The key potential implications of the conversion to IFRS on Nexus are as follows:

- Credit linked notes/deposits: Under IFRS, it is likely that the credit linked notes/deposits (both issued to retail investors and placed with Deutsche Bank) will be treated as financial instruments. If this is the determination, the notes/deposits (both assets and liabilities) will be measured at fair value with changes in fair value recognised in the profit and loss statement. As the instruments will be measured at fair value, there will be no requirement to separate any embedded financial guarantees. Further, as the terms of the notes/deposits are similar, any change in the fair value of the instruments should approximately offset in the profit and loss statement. Under existing Australian Accounting Standards, the notes/deposits are accounted for on an accruals basis.
- Portfolio agreements (credit derivatives): Under IFRS, it is likely that portfolio agreements will be classified as a financial guarantee contract. The accounting for financial guarantee contracts is presently addressed by an exposure draft which has not been issued in final by the International Accounting Standards Board and may be subject to further change. The exposure draft proposes that financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of fair value or any provision that is recognised due to probable losses. As the fair value of the portfolio agreements approximate zero at inception, no balance is recognised in the pro forma financial statements. Premium income will continue to be recognised on an accruals basis.
- Income tax: Income tax will be calculated based on the 'balance sheet' approach, which could result in more deferred tax assets and liabilities and as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

The 'Nexus' trademark is registered in the name of Deutsche Bank and licensed to Nexus.

11.2 ASX waiver

In connection with the issue of Nexus1 Notes in December 2002, Nexus obtained a waiver from condition 3 of Listing Rule 1.8 so that Nexus did not need to have net tangible assets of at least \$10 million at the time of admission to the official list of ASX.

11.3 The Board

The individuals on the Board of Nexus are:

Richard J Nettleton

Richard Nettleton is a solicitor. He was a partner at Mallesons Stephen Jaques until 1994, where he now is a consultant. He is a director of a number of companies, mainly in the financial services industry, including J.P. Morgan Trust Australia Limited.

Douglas W (Bill) O'Neill

Bill O'Neill is a corporate finance specialist with over 35 years' industry experience and has been involved in over 150 stock market takeovers. He has acted as a consultant to KPMG Corporate Finance and uses his extensive industry experience to provide guidance on transactions. His previous roles include senior corporate finance positions at HSBC Investment Banking Group and Morgan Grenfell.

Stephen J Treanor

Stephen Treanor is a credit risk specialist who has advised corporates on financing and securitisation as well as risk management since 1993. From 1986 to 1993 he worked for Moody's where he held various roles including Managing Director of its Australasian offices, and had global responsibility for credit ratings and research for metals and mining companies. He is director of a number of securitisation companies.

11.4 Interests of directors of Nexus

Directors of Nexus are not required to hold Nexus4 Topaz Notes. No director of Nexus is, as at the date of this Prospectus, a beneficial holder of any Nexus4 Topaz Notes. However, directors of Nexus may acquire Nexus4 Topaz Notes under this Prospectus and may acquire other securities issued by Nexus.

The fees paid or payable to each of the three directors, Richard J Nettleton, Douglas W O'Neill and Stephen J Treanor, for acting as a director of Nexus are \$25,000 per annum plus:

- \$10,000 per issue of securities by Nexus (excluding Nexus1 Notes) at the time of issue; and
- \$5,000 per annum for each issue of securities by Nexus for the life of the issue (excluding Nexus1 Notes).

Richard Nettleton is a consultant to, and former partner of, Mallesons Stephen Jaques. He receives some payments from Mallesons Stephen Jaques out of profits as a retired partner and as a consultant receives remuneration at normal commercial rates.

Each of the directors will have the benefit of an indemnity insurance policy for liabilities incurred as a director of Nexus.

11.5 Interests and fees

No director of Nexus has, and no person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has:

- had any interest at any time during the past two years in the formation or promotion of Nexus, or in the transactions entered into by Nexus or in the Offer; or
- been paid or agreed to be paid, or received or agreed to receive any benefit either to induce the director to become, or to qualify as, a director of Nexus or for services provided in connection with the formation or promotion of Nexus or the Offer,

except as set out in this Prospectus.

Mallesons Stephen Jaques has acted as legal and taxation advisers to Nexus and Deutsche Bank in connection with the Offer and is entitled to receive approximately \$375,000 (exclusive of GST) for these services up to the date of this Prospectus.

Deutsche Bank is entitled to receive payments from Nexus in relation to the issue of the Nexus1, Nexus2 and Nexus3 Notes.

Section 11

Additional Information

Deutsche Bank has performed the roles in relation to the Prospectus as described in Section 10. It has received, or is entitled to receive to the extent of available funds, payments from Nexus under the Services Deed as described in Section 10.8.10.

KPMG has acted as investigating accountant for the purposes of this Prospectus and is entitled to receive approximately \$4,000 (exclusive of GST) for this service up to the date of this Prospectus.

The Lead Manager is entitled to be paid fees and a marketing allowance by Deutsche Bank out of Deutsche Bank's own funds.

Standard & Poor's is entitled to be paid fees out of Deutsche Bank's own funds.

Deutsche Bank will pay management fees to SGAM AI as described in Section 7.6.

11.6 Consents to be named

Each of the parties named below (referred to as **Consenting Parties**):

- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based other than as specified in Section 11.8 below;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and/or as specified in Section 11.8 below; and
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus.

| Role | Consenting Party |
|--|--|
| Arranger | Deutsche Bank AG |
| Portfolio Manager | Société Générale Asset Management Alternative Investments S.A. |
| Parent company of SGAM AI | Société Générale Asset Management S.A. |
| Security Trustee and Note Trustee | Permanent Nominees (Aust.) Ltd |
| Registrar | Computershare Investor Services Pty Limited |
| Auditor | KPMG |
| Legal Advisers | Mallesons Stephen Jaques |
| Taxation Advisers | Mallesons Stephen Jaques |
| Standard & Poor's | Standard & Poor's (Australia) Pty Limited |
| Lead Manager | Grange Securities Limited |

11.7 Consents of directors

Each director of Nexus has given, and not withdrawn as at the date of this Prospectus, their consent to the lodgement of this Prospectus.

11.8 Consents to the inclusion of information

Deutsche Bank has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of the information on the front cover, in the 'Important information' section, the 'Letter to Investors' section, the 'Nexus4 Topaz Notes at a glance' section, Sections 1.2, 1.3, 1.4.2, 1.4.3, 3.2, 4.3, 4.4, 4.5, 5.5.2, 5.8.3, 6.4.1, 6.4.2, 6.4.3, 7.2, 7.3, 7.6, 7.7, 8.1.3, 8.1.6, 8.2.2, 8.3, 8.4, 8.7, 11.1, 11.5, 12.5, 12.6 and the glossary concerning Deutsche Bank and the Deutsche Bank Group, each in the form and context in which they are included. Except with respect to the information referred to above, Deutsche Bank has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

Mallesons Stephen Jaques has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of its taxation opinion in Section 9 in the form and context in which it is included. Except with respect to its taxation opinion, Mallesons Stephen Jaques has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

SGAM AI has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of the information, in the 'Important information' section, the 'Nexus4 Topaz Notes at a glance' section, and in Sections 1.3.3, 1.4.2, 1.4.3, 5.5.2, 5.8, 6.2, 6.3, 6.4, 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 8.1.4, 8.1.6, 8.1.7, 8.3, 8.4, 8.5 and the glossary concerning SGAM AI, each in the form and context in which they are included. Except with respect to the information referred to above, SGAM AI has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

SGAM has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of the information in the 'Nexus4 Topaz Notes at a glance' section, Sections 1.4.3 and 7.1 and the glossary concerning SGAM, each in the form and context in which they are included. Except with respect to the information referred to above, SGAM has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

Standard & Poor's has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its written consent for the inclusion in this Prospectus of references to its ratings in the 'Important information' section, the 'Letter to Investors' section, the 'Nexus4 Topaz Notes at a glance' section, Sections 1.2, 4.2, 4.5, 5.1, 6.3.1, 6.3.2, 6.4.1, 6.4.2, 11.5, the glossary, Appendix A and the first part of Appendix B, and statements about the rating assigned to the Principal Amount of Nexus4 Topaz Notes and the rating of Portfolio Companies, each in the form and context in which they are included. Except with respect to its ratings, Standard & Poor's has made no statement included in this Prospectus or on which a statement made in this Prospectus is based.

This Prospectus includes information regarding public ratings and other publicly disclosed information which is available from Moody's (see Section 6 and Appendix A and Appendix B). As at the date of this Prospectus, this information is published and publicly available on Moody's website, www.moody.com. Moody's has not been involved in the preparation of this Prospectus, nor has it provided any ratings or other information for the purposes of this Prospectus. Moody's is not liable for the inclusion in this Prospectus of any information regarding Moody's public ratings and other publicly disclosed information.



Section 12

How to invest

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Section 12

How to invest

This Section 12 sets out detailed information on how to apply for Nexus4 Topaz Notes.

12.1 When to apply

From 9.00am 23 May 2005 to 5.00pm 16 June 2005.

The Offer is scheduled to open at 9.00am (Sydney time) on 23 May 2005 and is expected to close at 5.00pm (Sydney time) on 16 June 2005.

Applications for Nexus4 Topaz Notes must be received in accordance with the instructions in this Section 12 by no later than 5.00pm (Sydney time) on 16 June 2005.

The Arranger may, without notice, close the Offer early or extend the Closing Date. The Arranger also has the right at any time to withdraw the Offer without notice.

Potential investors who wish to apply are encouraged to submit their Application Form as soon as possible after the Offer opens.

If the Closing Date varies, subsequent dates may also vary.

12.2 How to apply

Apply through the Lead Manager, or your broker or licensed financial services adviser.

Your completed Application Form and payment must be lodged with the Lead Manager or your broker or licensed financial services adviser. It should not be lodged with Nexus, the Arranger or the Registrar.

To apply for Nexus4 Topaz Notes:

■ Complete the Application Form

You must complete an Application Form attached to, or accompanying, this Prospectus in accordance with the instructions set out on page 110, the Application Form and accompanying notes.

■ Return your Application Form

Broker firm Application

If you received a firm allocation of Nexus4 Topaz Notes from the Lead Manager, you must:

- return your completed Application Form to the Lead Manager; and
- attach a cheque or money order in Australian dollars which must be drawn on an Australian branch of a financial institution, made payable according to the instructions provided by the Lead Manager.

Section 12

How to invest

General Application

If you did not receive a firm allocation of Nexus4 Topaz Notes from the Lead Manager, you must:

- return your completed Application Form to the Lead Manager or your broker or licensed financial services adviser; and
- attach a cheque or money order in Australian dollars which must be drawn on an Australian branch of a financial institution, made payable to 'Nexus4 Topaz Notes Application Account' and crossed 'Not Negotiable'.

Failure to comply with these instructions may mean your Application is not accepted.

12.3 Minimum application size

\$5,000.

Applications must be for a minimum of \$5,000 (50 Nexus4 Topaz Notes), and thereafter in multiples of \$1,000 (10 Nexus4 Topaz Notes).

The issue price is \$100 per Nexus4 Topaz Note.

Application money is payable in full with your Application for Nexus4 Topaz Notes.

12.4 Application fees

None.

No entry, exit or management fees are payable by Investors to Nexus.

12.5 Distribution arrangements

Nexus has authorised Deutsche Bank as Arranger to make offers to arrange for the issue of Nexus4 Topaz Notes by Nexus in accordance with this Prospectus, and to nominate other persons to make similar offers to arrange for the issue of Nexus4 Topaz Notes by Nexus. As at the date of this Prospectus, Deutsche Bank has nominated the Lead Manager for this purpose. These arrangements between Nexus, the Arranger, the Lead Manager and each other person nominated by the Arranger constitute 'intermediary authorisations' for the purposes of section 911A(2)(b) of the Corporations Act.

12.6 Acceptance of Applications and refunds

A duly submitted Application Form constitutes an offer to subscribe for Nexus4 Topaz Notes on the terms set out in this Prospectus and a warranty by the applicant to Nexus and Deutsche Bank that it is lawful for this invitation to be made to the applicant and for the applicant to subscribe for Nexus4 Topaz Notes under this Prospectus.

Acceptance of an offer is constituted by entry of the applicant's name in the Register as the holder of Nexus4 Topaz Notes and will take effect immediately on entry without prior notice to the applicant.

Allocation of Nexus4 Topaz Notes will be at the discretion of the Arranger and, where relevant, the Lead Manager.

The distribution of broker firm allocations will be at the discretion of the Lead Manager and will be subject to the terms of relevant arrangements between the Arranger and the Lead Manager.

Applications may be subject to scaling back and some Applications may be rejected in full if there is demand for Nexus4 Topaz Notes beyond the intended issue size (see below). This may include scaling back below the stated minimum Application of 50 Nexus4 Topaz Notes.

If you are allotted less than the number of Nexus4 Topaz Notes you applied for, you will receive a refund of your excess application money as soon as practicable after the Closing Date. No interest will be payable on any application money, whether refunded or not. Nexus will retain interest on any application money.

The intended issue size is up to \$50 million (500,000 Nexus4 Topaz Notes). The Arranger, at its discretion, may accept over subscriptions. There is no minimum issue amount.

12.7 ASX quotation

Nexus will apply for official quotation of Nexus4 Topaz Notes on ASX within seven days of the date of this Prospectus. The expected ASX listing code is NXBHD.

If quotation is not granted on ASX, Nexus4 Topaz Notes will not be issued and all application money will be refunded without interest.

It is expected that trading of Nexus4 Topaz Notes on ASX will commence on 29 June 2005.⁵

12.8 CHESS and holding statements

Nexus will apply to participate in CHESS in relation to Nexus4 Topaz Notes and, in accordance with the Listing Rules and the ASTC Settlement Rules, will maintain an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. These two sub-registers together will make up Nexus' principal register of Nexus4 Topaz Notes. Nexus will not issue certificates to Investors.

Following the issue or transfer of Nexus4 Topaz Notes to successful applicants, Investors will receive an initial statement of holding (similar to a bank statement) that sets out the number of Nexus4 Topaz Notes which have been allocated to them.

This statement will also provide details of an Investor's Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register, or Security Reference Number (**SRN**) in the case of a holding on the issuer-sponsored sub-register.

Investors will be required to quote their HIN or SRN, as applicable, in all dealings with a broker or the Registrar. These statements will be dispatched to successful applicants within five Business Days after the Issue Date.

Investors will receive subsequent statements during the first week of the following month if there has been a change to their holding on the Register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Investor's sponsoring broker, in the case of a holding on the CHESS sub-register, or through the Registrar in the case of a holding on the issuer-sponsored sub-register. Nexus or the Registrar may charge a fee for these additional issuer sponsored statements.

⁵ This date is indicative only and may change. The Arranger has the right to close the Offer early, extend the Closing Date or withdraw the Offer, in each case without notice.

Section 12

How to invest

12.9 Transfer of Nexus4 Topaz Notes

If Nexus4 Topaz Notes are officially quoted on ASX, they may be transferred in any manner permitted by the CHES system. Before registration of any such transfer, Nexus may require any documents which the rules of the CHES system require or permit Nexus to require be provided to it to authorise registration. A transfer is not effective until registered.

In accordance with all applicable laws, Nexus must register a transfer of a Nexus4 Topaz Note to or by a person who is entitled to be registered as a result of death or bankruptcy of an Investor, on the provision of such evidence of entitlement as Nexus may require.

12.10 Commissions, stamp duty and GST

No commission or stamp duty will be payable by applicants on Nexus4 Topaz Notes. Stamp duty is not payable on transfers of Nexus4 Topaz Notes.

Nexus has agreed that the Arranger may make payments of certain commissions out of its own funds to the Lead Manager and other brokers or licensed financial services advisers in relation to Applications for Nexus4 Topaz Notes. Related bodies corporate of Deutsche Bank may receive some of these commission payments.

Additional payments in the form of a marketing allowance may also be made by the Arranger to certain groups licensed to give financial advice on securities in connection with the marketing and distribution of Nexus4 Topaz Notes.

Payments of interest and repayment of principal on Nexus4 Topaz Notes are not subject to GST.

12.11 Prospectus

During the exposure period and the Offer Period this Prospectus (without Application Forms) will be available on Nexus' website at www.nexusbonds.com.au/prospectus.html.

Applications may only be made on an Application Form attached to, or accompanying, this Prospectus.

During the Offer Period, you can request paper copies of the Prospectus including the Application Form and any supplementary documentation, free of charge by telephoning:

- the information line on 1300 782 767;
- the Arranger; or
- the Lead Manager on 1800 634 636.

12.12 Enquiries

If you require assistance to complete the Application Form, you should contact the Lead Manager on 1800 634 636 or the information line on 1300 782 767.

Nexus4 Topaz Notes may not be suitable for all investors. If you are unclear as to any matter or are uncertain if Nexus4 Topaz Notes are a suitable investment for you, you should contact the Lead Manager or your broker or licensed financial services adviser before making a decision to apply for Nexus4 Topaz Notes.



Glossary

Glossary

If a date referred to in this glossary is not a Business Day then it will be adjusted to the next following Business Day.

Additional defined terms which are used in Section 10 of this Prospectus (but not other sections) are defined within that Section 10.

| Term | Definition |
|-------------------------------------|---|
| \$, A\$ or AUD | Australian dollars. |
| € | Euros. |
| ABN | Australian business number. |
| ACN | Australian company number. |
| Application | A valid application made on the conditions set out in this Prospectus by using an Application Form to apply for a specified number of Nexus4 Topaz Notes. |
| Application Form | The application form which is attached to, or accompanies, this Prospectus on which an offer to subscribe for Nexus4 Topaz Notes is made. |
| Arranger | Deutsche Bank AG (ABN 13 064 165 162 and AFS License 238153). |
| ASIC | Australian Securities and Investments Commission. |
| ASX | Australian Stock Exchange Limited (ABN 98 008 624 691). |
| 180 day Bank Bill Rate | The average mid rate for bank bills of exchange having a term of 180 days, as shown on Reuters' 'BBSW' page, rounded to four decimal places (with 0.00005 being rounded up). If no such rate is displayed or there is an obvious error in it, the rate will be the equivalent mid rate set by Deutsche Bank in good faith. The 180 day Bank Bill Rate is regularly quoted in the financial data section of The Australian Financial Review under the heading 'Money & Bond Markets' where it is described as the '180 day Bank Bill Swap Reference Rate' (this quotation may be rounded to less than four decimal places). Details of the 180 day Bank Bill Rate will also be accessible from Nexus' website www.nexusbonds.com.au . |
| Business Day | A day on which commercial banks and foreign exchange markets are generally open to settle payments in Sydney. |
| CDO | Collateralised debt obligation. |
| CHESS | Clearing House Electronic Sub-register System operated by an associate of ASX. |
| Closing Date | The last day on which Application Forms will be accepted, expected to be 5.00pm (Sydney time), 16 June 2005. ⁶ Nexus may make a further offer of Nexus4 Topaz Notes under this Prospectus after the Closing Date in which case Nexus will issue a supplementary prospectus. |
| Company Eligibility Criteria | The criteria described in Section 6.3. |

⁶ This date is indicative only and may change. The Arranger has the right to close the Offer early, extend the Closing Date or withdraw the Offer, in each case without notice.

| Term | Definition |
|---|---|
| Company Eligibility and Portfolio Criteria | Company Eligibility Criteria and Portfolio Criteria. |
| Computershare | Computershare Investor Services Pty Limited (ABN 48 078 279 277). |
| Corporations Act | Corporations Act 2001 (Cwlth). |
| Credit Event | The events described in Section 5.7. |
| Credit Spread | The market view of the relative creditworthiness of a Portfolio Company as described in Section 5.5.2. |
| Custodian | Deutsche Bank or such other person appointed by Nexus from time to time as custodian. |
| Day Count | Number of days in the relevant Interest Period divided by 365. |
| Deposit Account | The account opened with Deutsche Bank in Nexus' name into which the proceeds from the issue of Nexus4 Topaz Notes are deposited. |
| Deposit Bank | Deutsche Bank. |
| Deposit Deed | The contract between Nexus and Deutsche Bank dated 13 May 2005 relating to the Deposit Account, which is summarised in Section 10.7. |
| Deutsche Bank | Deutsche Bank AG (ABN 13 064 165 162 and AFS License 238153). |
| Early Redemption Event | An event following which Nexus4 Topaz Notes will be redeemed by Nexus prior to the Maturity Date as described in Section 4.4. |
| Floating Credit Margin | A floating margin set for the first Interest Period at 2.60% per annum which is subsequently reset at the beginning of each Interest Period until the end of the Portfolio Exposure Period based on four times the Portfolio Market Spread. After the Portfolio Exposure Period ends, the Floating Credit Margin will be fixed at the rate set for the last Interest Period in the Portfolio Exposure Period. |
| Income Factor | A variable which is initially 100.00, but will be reduced as a result of any Credit Events and Net Trading Losses and increased as a result of any Net Trading Gains. |
| Indicative Portfolio | The indicative Portfolio of companies as at 10 May 2005 set out in Appendix A and described in Section 6.4. |
| Interest Payment Date | Interest is payable on Nexus4 Topaz Notes in arrears three Business Days after each Interest Period except for the Interest Period ending on the Maturity Date, in which case interest is payable on the Maturity Date. |
| Interest Period | A period as set out in the table in Section 1.3.1. |
| Interest Rate | For each Interest Period, the 180 day Bank Bill Rate plus the Floating Credit Margin. After the Portfolio Exposure Period ends, the Floating Credit Margin will be fixed at the rate set for the last Interest Period in the Portfolio Exposure Period. |

Glossary

| Term | Definition |
|--|---|
| Investment Management Agreement | The agreement between Deutsche Bank and Société Générale Asset Management Alternative Investments S.A. dated 13 May 2005 relating to the management of the Portfolio, which is summarised in Section 10.5. |
| Investment Term | The period commencing on the Issue Date and ending on the Maturity Date. |
| Investor | A person whose name is for the time being registered in the Register as the holder of a Nexus4 Topaz Note. |
| Investor Redemption Date | 14 days after the 7th anniversary of the Issue Date, or the next Business Day if that day is not a Business Day (or any extended date in accordance with the Note Trust Deed, see Section 10.3). |
| Investor Redemption Facility | The arrangements under which, Nexus will disclose on ASX the price at which it is willing to redeem Nexus4 Topaz Notes on the Investor Redemption Date. |
| Issue Date | The date on which Nexus4 Topaz Notes are issued, expected to be 23 June 2005. ⁷ |
| Issue Price | \$100 per Nexus4 Topaz Note. |
| Issuer | Nexus. |
| Lead Manager | Grange Securities Limited (ABN 12 066 797 760 and AFS Licence 246572). |
| Master Trust Deed | The master trust deed between Nexus, Permanent and Deutsche Bank dated 29 October 2002, which is summarised in Section 10.4. |
| Maturity Date | The date which is 10 years after the Issue Date. |
| Moody's | Moody's Investors Service, Inc. |
| Net Trading Gain | The amount by which any cumulative Trading Gains exceed any cumulative Trading Losses. |
| Net Trading Loss | The amount by which any cumulative Trading Losses exceed any cumulative Trading Gains. |
| Nexus | Nexus Bonds Limited (ABN 23 101 744 389). |
| Nexus1, Nexus1 Notes or Nexus Yield Bonds | The debt securities which were issued by Nexus under a prospectus dated 31 October 2002 and which are quoted on ASX (listing code NXBHA). These debt securities are unrated notes, paying interest of 10.25% per annum, for a five year term and are linked to a static diversified portfolio of debt issued by 40 well-known Australian and international companies. They are classified as unsecured notes for the purposes of section 283BH of the Corporations Act. |

⁷ This date is indicative only and may change. The Arranger has the right to close the Offer early, extend the Closing Date or withdraw the Offer, in each case without notice.

| Term | Definition |
|---|---|
| Nexus2, Nexus2 Notes or Nexus Portfolio Linked Floating Rate Notes | The debt securities which were issued by Nexus under a prospectus dated 12 November 2003 and which are quoted on ASX (listing code NXBHB). These debt securities were rated at the time of issue, and as at the date of this Prospectus, remain rated BBB by Standard & Poor's and pay interest at a floating rate equal to the 90 day Bank Bill Rate plus 3.25% per annum for a six year term. They are linked to a portfolio of senior debt obligations arising from Deutsche Bank's lending and credit business and are classified as unsecured notes for the purposes of section 283BH of the Corporations Act. |
| Nexus3 or Nexus3 Notes | The debt securities which were issued by Nexus under a prospectus dated 3 November 2004 and which are quoted on ASX (listing code NXBHC). These debt securities were rated at the time of issue, and as at the date of this Prospectus, remain rated BBB+ by Standard & Poor's and pay interest at a floating rate equal to the 90 day Bank Bill Rate plus 2.75% per annum for a six year term. They are linked to a portfolio of senior debt obligations arising from Deutsche Bank's lending and credit business and are classified as unsecured notes for the purposes of section 283BH of the Corporations Act. |
| Nexus4 Topaz Notes | The debt securities to be issued on the terms set out in the Note Trust Deed and the Master Trust Deed as described in this Prospectus. They are classified as unsecured notes for the purposes of section 283BH of the Corporations Act. |
| Note Trust Deed | The note trust deed between Permanent, Nexus and Deutsche Bank dated 13 May 2005, which is summarised in Section 10.3. |
| Note Trustee | Permanent or any other person appointed as note trustee in accordance with the Note Trust Deed. |
| Offer | The offer of Nexus4 Topaz Notes under this Prospectus. |
| Offer Period | The period commencing on the date the Offer opens and ending on the Closing Date. |
| Ongoing Management Fee | The fee described in Section 7.6. |
| Operating Agent | Deutsche Bank or such other person appointed by Nexus from time to time to act as operating agent. |
| Permanent | Permanent Nominees (Aust.) Ltd (ACN 000 154 441). |
| Portfolio | A managed portfolio of 120 companies as described in Section 6. |
| Portfolio Company | A company that is included in the Portfolio from time to time. |
| Portfolio Criteria | The criteria described in Section 6.3.2. |
| Portfolio Exposure Period | The period commencing on the Issue Date and ending on the 7th anniversary of the Issue Date. |
| Portfolio Manager | SGAM AI and any other person appointed from time to time to act as manager of the Portfolio. |
| Portfolio Market Spread | The average of the Credit Spread (expressed as a percentage per annum) for each of the Portfolio Companies as determined by Deutsche Bank in a manner consistent with customary practices and procedures in international credit markets as described in Section 5.5.2. |

Glossary

| Term | Definition |
|-------------------------------------|---|
| Portfolio Size | 40 times the aggregate Principal Amount of the Nexus4 Topaz Notes on the Issue Date. |
| Principal Amount | \$100 per Nexus4 Topaz Note. |
| Prospectus | This prospectus which is dated 13 May 2005. |
| Rating Agencies | Moody's and Standard & Poor's. |
| Register | The register of persons who hold Nexus4 Topaz Notes established and maintained in accordance with the Master Trust Deed and the Note Trust Deed and including any sub-register established and maintained under CHES. |
| Registrar | Computershare and any other person appointed by Nexus from time to time to act as registrar of the Register. |
| Restructuring Event | The restructuring of at least US\$10 million or borrowed money owed by a Portfolio Company as described in Section 5.7.1. |
| Security Trustee | Permanent or any other person appointed as security trustee in accordance with the Master Trust Deed. |
| SGAM | Société Générale Asset Management S.A. |
| SGAM AI | Société Générale Asset Management Alternative Investments S.A. |
| Sovereign | Any state, political subdivision, or government or any agency, instrumentality, ministry, department or other authority (including the central bank) of the state, political subdivision or government. |
| Standard & Poor's | Standard & Poor's Rating Services, a leading international credit rating agency and a division of the McGraw-Hill Companies Inc. acting through its wholly owned Australian subsidiary, Standard & Poor's (Australia) Pty Ltd (ABN 62 007 324 852). |
| Substitution | The removal of a Portfolio Company from the Portfolio and its replacement with an alternative company in accordance with the Company Eligibility and Portfolio Criteria. |
| Succession Event | The occurrence of an event, as determined by Deutsche Bank in a manner consistent with customary practices and procedures in international credit markets, such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off, or other similar event in which one Portfolio Company succeeds to the obligations of another company, whether by operation of law or pursuant to an agreement. |
| Trading Gain or Trading Loss | An amount calculated by Deutsche Bank in respect of a Substitution. See Section 5.8. |
| US\$ or USD | United States dollars. |



Appendix A Indicative Portfolio

Appendix A

Indicative Portfolio

This Appendix sets out the Indicative Portfolio as at 10 May 2005. The actual Portfolio may differ from the Indicative Portfolio below (see Section 6.4).

| Portfolio Company | Senior or subordinated debt (see Section 5.7.1) | Country of incorporation |
|---|---|--------------------------|
| ABB International Finance Ltd. | Senior | Switzerland |
| Accor S.A. | Senior | France |
| ACE Ltd. | Senior | United States |
| AEGON N.V. | Subordinated | Netherlands |
| Aktiebolaget Electrolux | Senior | Sweden |
| Allianz Aktiengesellschaft | Subordinated | Germany |
| Altria Group Inc. | Senior | United States |
| Ambac Financial Group Inc. | Senior | United States |
| Amcort Ltd. | Senior | Australia |
| Arcelor S.A. | Senior | France |
| Arrow Electronics Inc. | Senior | United States |
| AutoZone Inc. | Senior | United States |
| BAE Systems PLC | Senior | United Kingdom |
| Boots Group PLC | Senior | United Kingdom |
| British Airways PLC | Senior | United Kingdom |
| British American Tobacco PLC | Senior | United Kingdom |
| British Sky Broadcasting Group PLC | Senior | United Kingdom |
| British Telecommunications PLC | Senior | United Kingdom |
| Cadbury Schweppes PLC | Senior | United Kingdom |
| Caltex Australia Ltd. | Senior | Australia |
| Capital One Financial Corp. | Senior | United States |
| Carnival Corp. | Senior | United States |
| CenturyTel Inc. | Senior | United States |
| CIT Group Inc. | Senior | United States |
| Clear Channel Communications Inc. | Senior | United States |
| CNOOC Ltd. | Senior | Hong Kong |
| Comcast Corp. | Senior | United States |
| Compagnie Generale des Etablissements Michelin S.C.A. | Senior | France |
| Compass Group PLC | Senior | United Kingdom |
| Cooper Tire & Rubber Co. | Senior | United States |
| Countrywide Home Loans Inc. | Senior | United States |

'nr' means no public rating by Standard & Poor's or Moody's as applicable.

| Standard & Poor's industry classification | Moody's industry classification | Standard & Poor's public credit rating | Standard & Poor's CreditWatch | Moody's public credit rating |
|---|---|--|-------------------------------|------------------------------|
| Business equipment & services | Diversified/conglomerate service | BB+ | | Ba2 |
| Lodging & casinos | Leisure, amusement, entertainment | BBB | | nr |
| Insurance | Insurance | BBB+ | | A3 |
| Insurance | Insurance | A+ | | A2 |
| Home furnishings | Home and office furnishings | BBB+ | | Baa1 |
| Insurance | Insurance | AA- | | Aa3 |
| Beverage & tobacco | Beverage, food and tobacco | BBB+ | | Baa2 |
| Insurance | Insurance | AA | | Aa2 |
| Containers & glass products | Containers, packaging and glass | BBB | | Baa1 |
| Steel | Mining, steel, iron and non precious metals | BBB | | nr |
| Electronics/electrical | Electronics | BBB- | | Baa3 |
| Retailers (except food & drug) | Retail stores | BBB+ | | Baa2 |
| Aerospace & defence | Aerospace & defence | BBB | Watch Negative | Baa2 |
| Food/drug retailers | Healthcare, education and childcare | BBB+ | | A3 |
| Air transport | Personal transportation | BB+ | | Ba2 |
| Beverage & tobacco | Beverage, food and tobacco | BBB+ | | Baa1 |
| Cable & satellite television | Broadcasting & entertainment | BBB- | | Baa2 |
| Telecommunications | Telecommunications | A- | | Baa1 |
| Beverage & tobacco | Beverage, food and tobacco | BBB | | Baa2 |
| Oil & gas | Oil & gas | BBB+ | | nr |
| Financial intermediaries | Finance | BBB- | | Baa3 |
| Leisure goods, activities & movies | Personal transportation | A- | | A3 |
| Telecommunications | Telecommunications | BBB+ | | Baa2 |
| Financial intermediaries | Finance | A | | A2 |
| Radio & television | Broadcasting & entertainment | BBB- | | Baa3 |
| Oil & gas | Oil & gas | BBB+ | | A2 |
| Cable & satellite television | Broadcasting & entertainment | BBB | Watch Positive | Baa2 |
| Automotive | Automobile | BBB+ | | Baa2 |
| Food service | Retail stores | BBB+ | | Baa2 |
| Chemicals & plastics | Chemicals, plastics and rubber | BBB- | | Baa3 |
| Financial intermediaries | Finance | A | | A3 |

Appendix A

Indicative Portfolio

| Portfolio Company | Senior or subordinated debt (see Section 5.7.1) | Country of incorporation |
|---|---|--------------------------|
| Cox Communications Inc. | Senior | United States |
| Daily Mail & General Trust PLC | Senior | United Kingdom |
| DaimlerChrysler AG | Senior | Germany |
| Dana Corp. | Senior | United States |
| Degussa AG | Senior | Germany |
| Deutsche Lufthansa Aktiengesellschaft | Senior | Germany |
| Dixons Group PLC | Senior | United Kingdom |
| Dominion Resources Inc. | Senior | United States |
| Duke Capital LLC | Senior | United States |
| Eastman Chemical Co. | Senior | United States |
| Elisa Oyj | Senior | Finland |
| Eneco Holding N.V. | Senior | Netherlands |
| Essent N.V. | Senior | Netherlands |
| Finmeccanica SpA | Senior | Italy |
| Flextronics International Ltd. | Senior | United States |
| France Telecom S.A. | Senior | France |
| Fresenius Aktiengesellschaft | Senior | Germany |
| Gallaher Group PLC | Senior | United Kingdom |
| Gecina S.A. | Senior | France |
| General Electric Capital Corp. | Senior | United States |
| GKN Holdings PLC | Senior | United Kingdom |
| GUS PLC | Senior | United Kingdom |
| Halliburton Co. | Senior | United States |
| Hammerson PLC | Senior | United Kingdom |
| Hannover Rueckversicherung AG | Subordinated | Germany |
| Havas S.A. | Senior | France |
| HeidelbergCement AG | Senior | Germany |
| Hellenic Telecommunications Organization S.A. | Senior | Greece |
| Holcim Ltd. | Senior | Switzerland |
| Hutchison Whampoa Ltd. | Senior | Hong Kong |
| Imperial Tobacco Group PLC | Senior | United Kingdom |
| International Lease Finance Corp. | Senior | United States |

'nr' means no public rating by Standard & Poor's or Moody's as applicable.

| Standard & Poor's industry classification | Moody's industry classification | Standard & Poor's public credit rating | Standard & Poor's CreditWatch | Moody's public credit rating |
|---|-------------------------------------|--|-------------------------------|------------------------------|
| Cable & satellite television | Broadcasting & entertainment | BBB- | | Baa3 |
| Publishing | Printing and publishing | BBB | | nr |
| Automotive | Automobile | BBB | | A3 |
| Automotive | Automobile | BBB- | | Ba2 |
| Chemicals & plastics | Chemicals, plastics and rubber | BBB+ | | Baa1 |
| Air transport | Personal transportation | BBB | | Baa2 |
| Retailers (except food & drug) | Retail stores | nr | | Baa1 |
| Utilities | Utilities | BBB+ | | Baa1 |
| Utilities | Utilities | BBB | Watch Negative | Baa3 |
| Chemicals & plastics | Chemicals, plastics and rubber | BBB | | Baa2 |
| Telecommunications | Telecommunications | BBB | | Baa2 |
| Utilities | Utilities | A+ | Watch Negative | nr |
| Utilities | Utilities | A+ | | A2 |
| Aerospace & defence | Aerospace & defence | BBB | | Baa2 |
| Electronics/electrical | Electronics | BB+ | | Ba2 |
| Telecommunications | Telecommunications | A- | | Baa1 |
| Health care | Healthcare, education and childcare | BB+ | Watch Negative | Ba1 |
| Beverage & tobacco | Beverage, food and tobacco | BBB | | Baa3 |
| Building & development | Healthcare, education and childcare | A- | Watch Negative | nr |
| Financial intermediaries | Finance | AAA | | Aaa |
| Automotive | Automobile | BBB | | Baa3 |
| Retailers (except food & drug) | Retail stores | BBB+ | | Baa1 |
| Oil & gas | Diversified/conglomerate service | BBB | | Baa2 |
| Building & development | Buildings and real estate | nr | | Baa2 |
| Insurance | Insurance | AA- | | A3 |
| Business equipment & services | Diversified/conglomerate service | nr | | nr |
| Building & development | Buildings and real estate | BB+ | | Ba1 |
| Telecommunications | Telecommunications | BBB+ | | Baa1 |
| Building & development | Buildings and real estate | BBB+ | | nr |
| Conglomerates | Diversified/conglomerate service | A- | | A3 |
| Beverage & tobacco | Beverage, food and tobacco | BBB | | Baa3 |
| Equipment leasing | Diversified/conglomerate service | AA- | Watch Negative | A1 |

Appendix A

Indicative Portfolio

| Portfolio Company | Senior or subordinated debt (see Section 5.7.1) | Country of incorporation | |
|---|---|--------------------------|--|
| International Paper Co. | Senior | United States | |
| Kroger Co. | Senior | United States | |
| Lafarge S.A. | Senior | France | |
| Lehman Brothers Holdings Inc. | Senior | United States | |
| LVMH Moët Hennessy Louis Vuitton | Senior | France | |
| Marathon Oil Corp | Senior | United States | |
| Marks & Spencer PLC | Senior | United Kingdom | |
| May Department Stores Co. | Senior | United States | |
| MBIA Inc. | Senior | United States | |
| Metro AG | Senior | Germany | |
| Metso Oyj | Senior | Finland | |
| Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen | Subordinated | Germany | |
| Newell Rubbermaid Inc. | Senior | United States | |
| PCCW-HKT Telephone Ltd. | Senior | Hong Kong | |
| Petroleos Mexicanos (PEMEX) | Senior | Mexico | |
| Pilkington PLC | Senior | United Kingdom | |
| Pinault Printemps Redoute S.A. | Senior | France | |
| PMI Group Inc. | Senior | United States | |
| ProLogis | Senior | United States | |
| ProSiebenSat.1 Media AG | Senior | Germany | |
| Publicis Groupe S.A. | Senior | France | |
| Qantas Airways Ltd. | Senior | Australia | |
| Radian Group Inc. | Senior | United States | |
| Rallye S.A. | Senior | France | |
| Renault S.A. | Senior | France | |
| Rentokil Initial PLC | Senior | United Kingdom | |
| Safeway Inc. | Senior | United States | |
| SBC Communications Inc. | Senior | United States | |
| SCOR | Subordinated | France | |

'nr' means no public rating by Standard & Poor's or Moody's as applicable.

| Standard & Poor's industry classification | Moody's industry classification | Standard & Poor's public credit rating | Standard & Poor's CreditWatch | Moody's public credit rating |
|---|----------------------------------|--|-------------------------------|------------------------------|
| Forest products | Printing and publishing | BBB | | Baa2 |
| Food/drug retailers | Grocery | BBB | Watch Negative | Baa2 |
| Building & development | Buildings and real estate | BBB | | Baa2 |
| Brokers, dealers & investment houses | Finance | A | | A1 |
| Leisure goods, activities & movies | Diversified/conglomerate service | BBB+ | | nr |
| Oil & gas | Oil & gas | BBB+ | | Baa1 |
| Retailers (except food & drug) | Retail stores | BBB | | Baa2 |
| Retailers (except food & drug) | Retail stores | BBB | Watch Negative | Baa2 |
| Insurance | Insurance | AA | | Aa2 |
| Retailers (except food & drug) | Retail stores | BBB | | Baa1 |
| Industrial equipment | Diversified/conglomerate service | BB+ | | Ba1 |
| Insurance | Insurance | A+ | | Aa3 |
| Home furnishings | Home and office furnishings | BBB+ | | Baa2 |
| Telecommunications | Telecommunications | BBB | | Baa2 |
| Oil & gas | Oil & gas | BBB | | Baa1 |
| Containers & glass products | Buildings and real estate | BBB | | Baa2 |
| Retailers (except food & drug) | Retail stores | BBB- | | nr |
| Insurance | Insurance | A | | A1 |
| REITs and REOCs | Buildings and real estate | BBB+ | | Baa1 |
| Radio & television | Broadcasting & entertainment | nr | | Ba1 |
| Business equipment & services | Diversified/conglomerate service | nr | | nr |
| Air transport | Personal transportation | BBB+ | | Baa1 |
| Insurance | Insurance | A | | A2 |
| Retailers (except food & drug) | Retail stores | nr | | nr |
| Automotive | Automobile | BBB+ | | Baa1 |
| Business equipment & services | Utilities | BBB+ | | nr |
| Food & drug retailers | Grocery | BBB | Watch Negative | Baa2 |
| Telecommunications | Telecommunications | A | | A2 |
| Insurance | Insurance | BBB+ | | Baa3 |

Appendix A

Indicative Portfolio

| Portfolio Company | Senior or subordinated debt (see Section 5.7.1) | Country of incorporation |
|-----------------------------------|---|--------------------------|
| Scottish & Newcastle PLC | Senior | United Kingdom |
| SES Global S.A. | Senior | Luxembourg |
| Societe Air France | Senior | France |
| Sodexho Alliance S.A. | Senior | France |
| Sol Melia S.A. | Senior | Spain |
| Sprint Corp. | Senior | United States |
| Standard Life Assurance Co. | Subordinated | United Kingdom |
| Takefuji Corp. | Senior | Japan |
| Tate & Lyle PLC | Senior | United Kingdom |
| Technip | Senior | France |
| Telecom Italia SpA | Senior | Italy |
| Telefonos de Mexico, S.A. de C.V. | Senior | Mexico |
| Telekomunikacja Polska S.A. | Senior | Poland |
| The Export-Import Bank of Korea | Senior | South Korea |
| The Hertz Corporation | Senior | United States |
| ThyssenKrupp AG | Senior | Germany |
| Time Warner Inc. | Senior | United States |
| Tyson Foods Inc. | Senior | United States |
| Valeo | Senior | France |
| Vattenfall Aktiebolag | Senior | Sweden |
| Veolia Environnement S.A. | Senior | France |
| VNU N.V. | Senior | Netherlands |
| Volkswagen AG | Senior | Germany |
| Wendel Investissement | Senior | France |
| Whirlpool Corp. | Senior | United States |
| Wolters Kluwer N.V. | Senior | Netherlands |
| WPP Group PLC | Senior | United Kingdom |
| XL Capital Ltd. | Senior | Bermuda |

'nr' means no public rating by Standard & Poor's or Moody's as applicable.

| Standard & Poor's industry classification | Moody's industry classification | Standard & Poor's public credit rating | Standard & Poor's CreditWatch | Moody's public credit rating |
|---|---|--|-------------------------------|------------------------------|
| Beverage & tobacco | Beverage, food and tobacco | BBB | | nr |
| Cable & satellite television | Broadcasting & entertainment | BBB+ | | Baa2 |
| Aerospace & Defence | Personal transportation | nr | | nr |
| Food service | Retail stores | BBB+ | | nr |
| Lodging & casinos | Leisure, amusement, entertainment | BB+ | | nr |
| Telecommunications | Telecommunications | BBB- | Watch Positive | Baa3 |
| Insurance | Insurance | A+ | | A1 |
| Financial intermediaries | Finance | BBB | | Baa1 |
| Food products | Beverage, food and tobacco | BBB | | Baa2 |
| Oil & gas | Buildings and real estate | BBB+ | | nr |
| Telecommunications | Telecommunications | BBB+ | | Baa2 |
| Telecommunications | Telecommunications | BBB | | A3 |
| Telecommunications | Telecommunications | BBB | | Baa2 |
| Financial intermediaries | Banking | A- | | A3 |
| Equipment leasing | Personal transportation | BBB- | | Baa2 |
| Steel | Mining, steel, iron and non precious metals | BBB- | | Baa2 |
| Leisure goods, activities & movies | Broadcasting & entertainment | BBB+ | | Baa1 |
| Food products | Beverage, food and tobacco | BBB | | Baa3 |
| Automotive | Automobile | nr | | A3 |
| Utilities | Utilities | A- | | A3 |
| Utilities | Utilities | BBB+ | | Baa1 |
| Publishing | Printing and publishing | BBB | | Baa1 |
| Automotive | Automobile | A- | | A3 |
| Conglomerates | Finance | BBB+ | | nr |
| Home furnishings | Home and office furnishings | BBB+ | | Baa1 |
| Publishing | Printing and publishing | BBB+ | | Baa1 |
| Business equipment & services | Diversified/conglomerate service | BBB+ | | Baa2 |
| Insurance | Insurance | A | | A2 |



Appendix B Ratings Agencies' rating descriptions

Appendix B

Ratings Agencies' rating descriptions

Ratings Agencies have constructed credit ratings systems which are designed to quantify the ability and likelihood of an entity to meet and pay its debt obligations as and when they become due and payable. These ratings systems measure the Ratings Agencies' current assessment of an entity's capacity to meet and pay its financial obligations.

Investors should not assume that there will not be a Credit Event over the Portfolio Exposure Period. Since the likelihood of a Credit Event occurring during the Portfolio Exposure Period is related to conditions in the future, there is no certain way to predict the likelihood of a Credit Event.

1. Standard & Poor's

A Standard & Poor's issuer credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program (including ratings on securities issued under medium term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated.

Standard & Poor's classifies entities with a ratings system that assigns a highest possible credit rating of 'AAA' and a lowest rating of 'C'. In this classification system entities are termed 'investment grade' where they have a rating of 'BBB-' or better.

A Standard & Poor's rating outlook assesses the potential direction of a long-term credit rating over the intermediate to longer term. In determining a rating outlook, consideration is given by Standard & Poor's to any changes in economic and/or fundamental business conditions. A rating outlook is not necessarily a precursor of a rating change or future CreditWatch action.

The rating outlooks are:

- 'positive' which means that a rating may be raised;
- 'negative' which means that a rating may be lowered; and
- 'stable' which means that a rating is not likely to change.

CreditWatch highlights the potential direction of a short-term or long-term rating. It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by Standard & Poor's analytical staff. These may include mergers, recapitalisations, voter referendums, regulatory acts, or anticipated operating developments. Ratings appear on CreditWatch when such an event or a deviation from an expected trend occurs and additional information is required by Standard & Poor's to evaluate the current rating given to the relevant entity. A CreditWatch listing, however, does not mean that a rating change is inevitable, and whenever possible, a range of alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. The 'positive' designation means that a rating may be raised and the 'negative' designation means that a rating may be lowered. The 'developing' designation means that a rating may be raised, lowered or affirmed.

Appendix B

Ratings Agencies' rating descriptions

The table below shows Standard & Poor's credit rating definitions for each major ratings category. A credit rating from Standard & Poor's is not a recommendation to buy, sell or hold a financial obligation issued by an entity (including Nexus4 Topaz Notes). Standard & Poor's does not comment on the market price or suitability of specific investments.

| | Standard & Poor's major rating category | Standard & Poor's definition |
|----------------------|---|--|
| Investment grade | AAA | An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on these obligations is EXTREMELY STRONG. |
| | AA (AA+, AA and AA-) | An obligation rated 'AA' differs from the highest rated obligations only in a small degree. The obligor's capacity to meet its financial commitment on these obligations is VERY STRONG. |
| | A (A+, A and A-) | An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on these obligations is still STRONG. |
| | BBB (BBB+, BBB and BBB-) | An obligation rated 'BBB' exhibits ADEQUATE protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on these obligations. |
| Sub-investment grade | BB, B, CCC, CC, C | An obligation rated 'BB', 'B', 'CCC', 'CC' and 'C' is regarded as having significant SPECULATIVE CHARACTERISTICS. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. See further explanation of each of these ratings below. |
| | BB (BB+, BB and BB-) | An obligation rated 'BB' is LESS VULNERABLE to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. |
| | B (B+, B and B-) | An obligation rated 'B' is MORE VULNERABLE to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment. |
| | CCC, CC, C | An obligation rated 'CCC' is CURRENTLY VULNERABLE to non-payment, and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation. An obligation rated 'CC' or 'C' is currently HIGHLY VULNERABLE to non-payment. |
| | D | An obligation rated 'D' is in PAYMENT DEFAULT. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardised. |

Source: Standard & Poor's

2. Moody's

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

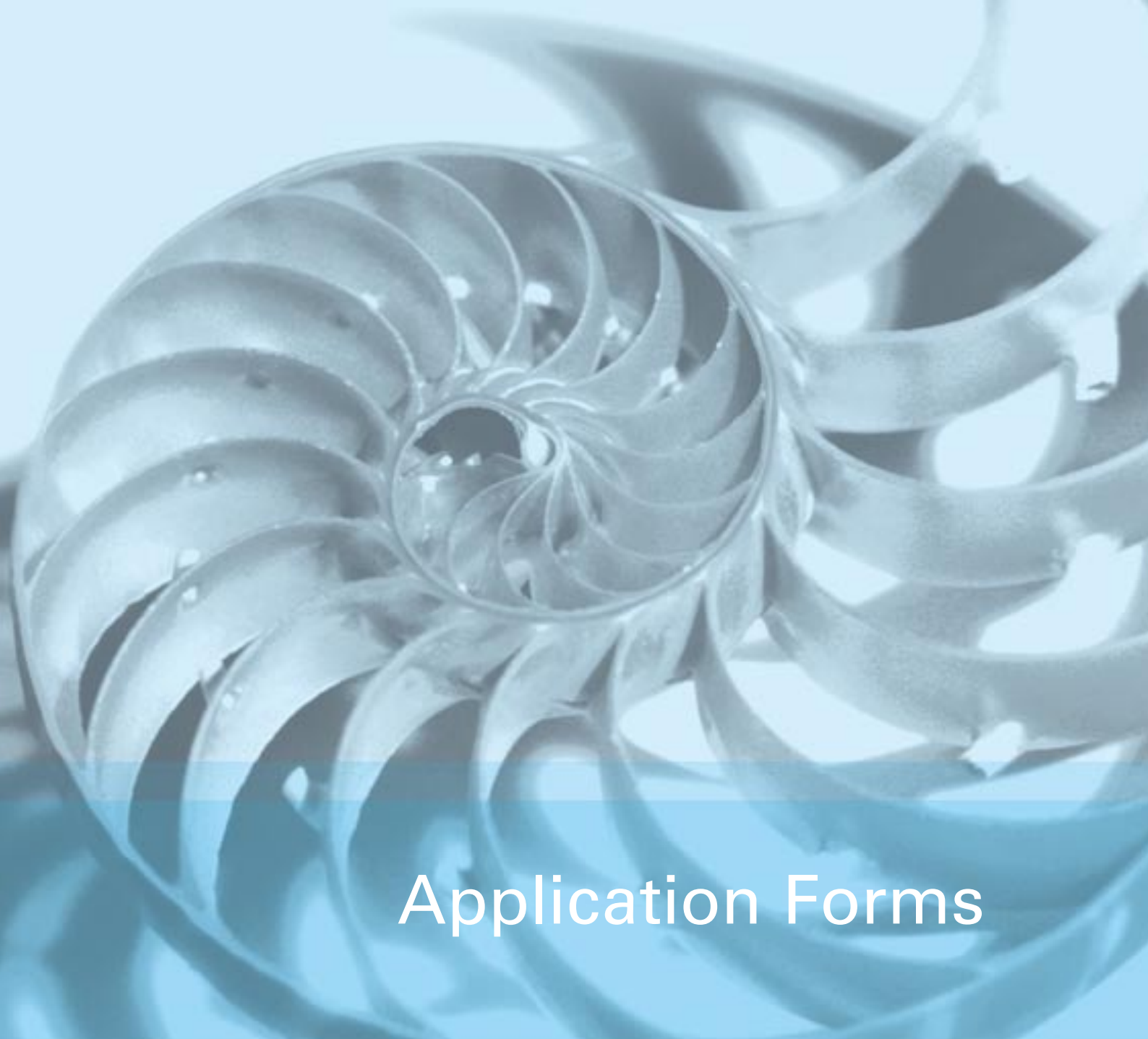
The table below shows Moody's credit rating definitions for each major ratings category. A credit rating from Moody's is not a recommendation to buy, sell or hold a financial obligation issued by an entity (including Nexus4 Topaz Notes). Moody's does not comment on the market price or suitability of specific investments.

| Moody's major rating category ^a | Moody's definition |
|--|--|
| Aaa | Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk. |
| Aa | Obligations rated Aa are judged to be of high quality and are subject to very low credit risk. |
| A | Obligations rated A are considered upper-medium grade and are subject to low credit risk. |
| Baa | Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics. |
| Ba | Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. |
| B | Obligations rated B are considered speculative and are subject to high credit risk. |
| Caa | Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk. |
| Ca | Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest. |
| C | Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest. |

Source: www.moody.com

^a Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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Application Forms

Application Forms

Important notice – Application Forms will only be accepted if they have been stamped by the Lead Manager or your broker or licensed financial services adviser.

| | | |
|----------|------------------------------------|--|
| A | Application amount | You must apply for at least \$5,000 of Nexus4 Topaz Notes (50 x \$100 per Nexus4 Topaz Note). You can apply for additional Nexus4 Topaz Notes in multiples of \$1,000 (10 x \$100 per Nexus4 Topaz Note). |
| B | Name | Please see the back of the Application Form for details on how to correctly set out names. |
| C | Address details | You need to write down the postal address to which you want us to send all communications regarding your Nexus4 Topaz Notes. If there is more than one applicant, please use only one address. |
| D | Tax file number information | <p>If you are not an Australian resident for tax purposes you will not be able to provide a tax file number (TFN).</p> <p>If you are an Australian resident for tax purposes then you are not required to provide your TFN or (if applicable) your corporate Australian Business Number (ABN). However, if you do not, Nexus is required by law to deduct Australian tax from all interest payments at the highest marginal tax rate plus the Medicare Levy. If you are exempt, please write in your exemption category.</p> |
| E | CHESS HIN | If you are sponsored in CHESS by a stockbroker (or other CHESS participant) please provide your Holder Identification Number (HIN). Please note that if you supply a HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the HIN and any Nexus4 Topaz Notes issued as a result of the Offer will be held on the issuer-sponsored sub-register. |
| F | Contact details | We need your contact details in case we need to contact you or your representative about your application. |
| G | Application payment details | <p>Do not send cash. If you do, your application will not be processed. We accept no responsibility for any cash sent to us or returned by us.</p> <p>You must pay by cheque or money order.</p> <ul style="list-style-type: none"> ■ If you are a broker firm applicant and require information about submitting an Application Form and payment instructions you should contact the Lead Manager, or the organisation you received your firm allocation of Nexus4 Topaz Notes from. ■ If you did not receive a broker firm allocation of Nexus4 Topaz Notes, you must make your cheque payable to 'Nexus4 Topaz Notes Application Account' and crossed 'Not Negotiable' and return it with your completed Application Form to the Lead Manager, or your broker or licensed financial services adviser. Do not return the Application Form or payment to Nexus, the Arranger or Computershare. <p>Your cheque or money order must be in Australian dollars and must be drawn on an Australian branch of a financial institution.</p> |
| H | Privacy Act | Please tick this box if you do not want to receive communications related to Other Matters (as defined on the back of the Application Form). |

Broker code

Adviser code

BROKER
STAMP

Nexus4 Topaz Notes Application Form

A Application amount. (you must apply for a minimum of 50 Nexus4 Topaz Notes and in multiples of 10 thereafter)

Number of Nexus4 Topaz Notes X Price per Nexus4 Topaz Note = Total application money

B Name. (please see the back of this Application Form for correct forms of registerable names)

Applicant 1 or company applicant name

Joint applicant 2 (or account name eg. <Super Fund A/C>)

C Address details.

Unit number, street number and street name

Suburb, city or town

State

Postcode

D Tax File Number information. (to be completed by Australian resident investors for tax purposes)

Please provide your Tax File Number (TFN) or Australian Business Number (ABN) for each applicant that is an Australian resident investor.

Applicant 1 TFN

Joint applicant 2 TFN

For resident companies, please provide ABN

If applicable, specify exemption category (refer to instructions).

E CHESS HIN. (if you want to add this holding to a specific CHESS holder, write this number here)

F Contact details. We may need to contact you or your representative about your application. Please write details of the person you want us to contact.

Contact name

Daytime phone number (including area code)

Mobile number

Email address

G Application payment details. Please pay by cheque or money order. Do not send cash.

Drawer

Cheque or money order number

BSB number

Account number

Amount

H Privacy Act. See the explanatory note on the back of this Application Form.

If you do not want to receive communications related to Other Matters, please tick this box .

Before you return this Application Form with your payment, please read the Acknowledgements on the back of this Application Form. You are not required to sign this Application Form. Photocopied Application Forms will not be accepted.

Please return this Application Form with your cheque or money order to the Lead Manager or your broker or licensed financial services adviser. It should not be returned to Nexus, the Arranger or the Registrar.

Please ensure that your application is received before the Offer closes. The Offer is scheduled to close at 5.00pm (Sydney time) on 16 June 2005. As the Offer may be closed earlier without prior notice, you are encouraged to submit your application as soon as possible after the Offer opens to the Lead Manager or your broker or licensed financial services adviser.

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and investors should seek advice on and observe such restrictions.

Acknowledgements

By returning this Application Form and attaching your payment you agree to the following statements. I/we:

- have read the Prospectus in full;
- have completed this Application Form correctly;
- may not withdraw this Application Form once Nexus or the Arranger has received it;
- apply for the number of Nexus4 Topaz Notes at the Australian dollar amount shown on the front of this Application Form;
- acknowledge that acceptance of my/our application and allocation of Nexus4 Topaz Notes will be at the sole discretion of the Arranger and, where relevant, the Lead Manager and that the Arranger and, where relevant, the Lead Manager have the right to reject any application or to allocate to any applicant a lower number of Nexus4 Topaz Notes than applied for;
- authorise Nexus, and its respective officers or agents, to do anything on my/our behalf necessary for Nexus4 Topaz Notes to be allocated to me/us;
- acknowledge that acceptance of my/our application will be constituted only by entry of my name/our names in the Register, such acceptance to take effect immediately on such entry without notice to me/us;
- acknowledge that I am/we are bound by the terms of Nexus4 Topaz Notes, including the limited recourse provisions;
- understand the risks involved in purchasing Nexus4 Topaz Notes and have not relied on any representation (whether oral or written) from Nexus or any other person involved in the preparation of the Prospectus as investment, financial, legal or taxation advice as to the suitability of Nexus4 Topaz Notes to my/our circumstances;
- warrant to Nexus and the Arranger that it is lawful for Nexus to make an invitation to me/us to subscribe for Nexus4 Topaz Notes under the Prospectus;
- acknowledge that neither the performance of Nexus nor any particular return from Nexus4 Topaz Notes is guaranteed by Deutsche Bank, any of its related bodies corporate or its associates (other than the guarantee of repayment of the Principal Amount on the Maturity Date);
- acknowledge that my/our investment in Nexus4 Topaz Notes is not a deposit with or any other type of liability of Deutsche Bank or any of its related bodies corporate or its associates; and
- acknowledge that my/our investment in Nexus4 Topaz Notes is subject to investment risks, including that interest may be reduced, possibly to zero, during the Investment Term.

Prospectus

This Application Form relates to the Prospectus dated 13 May 2005, which expires 13 months after the date of the Prospectus. It contains important information about investing in Nexus4 Topaz Notes and should be read with this Application Form. Persons who access an electronic version of the Prospectus should ensure they download and read the entire Prospectus. Paper copies of the Prospectus including the Application Forms are available free of charge during the Offer Period by calling the information line on 1300 782 767 or the Lead Manager on 1800 634 636. Words and expressions used in this Application Form have the meanings given to them in the Prospectus. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Nexus4 Topaz Notes will only be issued following receipt of an Application Form which was issued together with the Prospectus.

Privacy Act

By applying for Nexus4 Topaz Notes, you consent to Nexus and Deutsche Bank collecting and using your personal information for the purposes of assessing your application and the issue and administration of Nexus4 Topaz Notes. If you do not provide personal information, Nexus and Deutsche Bank may not be able to assess the application or administer the Nexus4 Topaz Notes the subject of the application. You consent to Nexus and Deutsche Bank collecting personal information about you from, and disclosing it to, your agents and representatives (including your broker or licensed financial services adviser), other credit providers, a proposed acquirer of all or part of Nexus' or Deutsche Bank's business, and any other third party service provider or professional adviser to Nexus or Deutsche Bank, even if the disclosure is to an organisation overseas which is not subject to equivalent privacy obligations as apply to Nexus and Deutsche Bank. You also consent to Nexus and Deutsche Bank obtaining from a credit reporting agency or credit provider any information about you, and consent to any such credit reporting agency or credit provider providing that information. Nexus or Deutsche Bank may also disclose your personal information to Deutsche Bank offices and affiliates within Australia and overseas, and Australian and overseas regulatory bodies and credit reference organisations such as the Stockbrokers' Mutual Reference Society Limited.

You acknowledge that some of these collections and disclosures of personal information may be required by the Financial Transaction Reports Act 1988, the Corporations Act (see below), the Income Tax Assessment Act 1936, stock exchange rules, financial services industry regulatory codes and schemes or due to the request of regulatory bodies.

Nexus advises that once you become an Investor, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the Nexus4 Topaz Notes you hold) to be included in Nexus' public register. This information must continue to be included in Nexus' public register if you cease to hold Nexus4 Topaz Notes. These statutory obligations are not altered by the Privacy Act 1988. Your personal information may also be used for related purposes, such as to inform you about Nexus and its businesses in newsletters, other offers of financial products arranged by Deutsche Bank or its affiliates and other communications (together, Other Matters) that may be sent to you from time to time. If you do not wish to receive such communications please tick the box at part H of this Application Form.

You may have access to any information which Nexus or Deutsche Bank holds about you in relation to Nexus4 Topaz Notes at any time by contacting Nexus or the Sydney office of Deutsche Bank. Deutsche Bank's privacy policy is available on its website at www.deutschebank.com.au or by contacting Nexus.

Names The table below shows how to complete part B of this Application Form.

| Type of investor | Correct form |
|------------------------------------|---|
| Individual person applicant | JOHN ANTHONY SMITH |
| Joint individual person applicants | JOHN ANTHONY SMITH JANET ANTHEA SMITH |
| Companies | XYZ PTY LTD |
| Trusts | JOHN SMITH <JOHN SMITH AND FAMILY A/C> |
| Partnerships | JOHN SMITH AND JAMES SMITH <JOHN SMITH & SONS A/C> |
| Superannuation funds | XYZ PTY LTD <SUPERANNUATION FUND A/C> |

Broker code

Adviser code

BROKER
STAMP

Nexus4 Topaz Notes Application Form

A Application amount. (you must apply for a minimum of 50 Nexus4 Topaz Notes and in multiples of 10 thereafter)

Number of Nexus4 Topaz Notes

X

Price per Nexus4 Topaz Note

=

Total application money

B Name. (please see the back of this Application Form for correct forms of registerable names)

Applicant 1 or company applicant name

Joint applicant 2 (or account name eg. <Super Fund A/C>)

C Address details.

Unit number, street number and street name

Suburb, city or town

State

Postcode

D Tax File Number information. (to be completed by Australian resident investors for tax purposes)

Please provide your Tax File Number (TFN) or Australian Business Number (ABN) for each applicant that is an Australian resident investor.

Applicant 1 TFN

Joint applicant 2 TFN

For resident companies, please provide ABN

If applicable, specify exemption category (refer to instructions).

E CHESS HIN. (if you want to add this holding to a specific CHESS holder, write this number here)

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Contact name

Daytime phone number (including area code)

Mobile number

Email address

G Application payment details. Please pay by cheque or money order. Do not send cash.

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- authorise Nexus, and its respective officers or agents, to do anything on my/our behalf necessary for Nexus4 Topaz Notes to be allocated to me/us;
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| Partnerships | JOHN SMITH AND JAMES SMITH <JOHN SMITH & SONS A/C> |
| Superannuation funds | XYZ PTY LTD <SUPERANNUATION FUND A/C> |

Corporate directory

Issuer

Nexus Bonds Limited

Level 18
Grosvenor Place
225 George Street
Sydney NSW 2000

Portfolio Manager

Société Générale Asset Management Alternative Investments S.A.

170 Place Henri Regnault
92043 Paris La Défense Cedex
France

Arranger

Deutsche Bank AG

Level 18
Grosvenor Place
225 George Street
Sydney NSW 2000

Note Trustee and Security Trustee

Permanent Nominees (Aust.) Ltd

35 Clarence Street
Sydney NSW 2000

Auditor

KPMG

10 Shelley Street
Sydney NSW 2000

Legal adviser

Mallesons Stephen Jaques

Level 60
Governor Philip Tower
1 Farrer Place
Sydney NSW 2000

Taxation adviser

Mallesons Stephen Jaques

Level 60
Governor Philip Tower
1 Farrer Place
Sydney NSW 2000

Registrar

Computershare Investor Services Pty Limited

Level 3
60 Carrington Street
Sydney NSW 2000

Lead Manager

Grange Securities Limited

Level 33
264 George Street
Sydney NSW 2000

Nexus website
www.nexusbonds.com.au

Nexus4 Topaz Notes information line
1300 782 767
Monday to Friday 8.30am – 5.00pm (Sydney time)

