

11 April 2019

Lodged with ASX Online

The Manager
Company Announcements Office
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

RE: SECURITISATION INITIATIVE UPDATE

Reference is made to the announcement by Yellow Brick Road Holdings Limited (ASX:YBR) (**YBR** or the **Company**) dated 12 September 2018 regarding its negotiations to establish an initial A\$300 million RMBS Warehouse Facility, through which it intended to launch its new securitisation initiative.

YBR is now pleased to announce that it has entered into two separate non-binding but detailed Term Sheets relating to the establishment of the securitisation business, funding its initial working capital requirements, and funding the initial A\$6m subordinated/first loss C Note (equity-skin-in-the-game) required for that RMBS Warehouse Facility.

The first Term Sheet is with an US\$13b alternative asset manager counterparty who, in return for a 50% equity interest in Resi Wholesale Funding Pty Ltd (**RWF**), being the intended trust manager and sponsor of the securitisation business (the other 50% of which is to be owned by YBR), will provide and/or arrange:

- A\$18m in ordinary equity in RWF in 2 tranches; and
- a facility for a combined A\$64m in future funding for C Notes and/or B Notes for the RMBS Warehouse Facility.

The other Term Sheet is with a private Australian counterparty, who amongst other things, will provide a back-up facility for another A\$20m in future funding for C Notes for the RMBS Warehouse Facility.

Each Term Sheet is subject to completion of final due diligence (both of whom have already undertaken significant due diligence) and finalisation of definitive legally binding transaction documentation (the negotiation and drafting of which has also commenced).

The importance of these funding arrangements is that, once definitively agreed and implemented, they would satisfy a major commercial condition precedent to the RMBS Warehouse Facility.

It is noted that any drawdown of the RMBS Warehouse Facility and commencing a securitisation programme is further subject to YBR completing definitive legally binding transaction documentation with the warehouse lender and all other relevant third parties (including mezzanine funders) and satisfying any other related conditions that may be included in such transaction documentation.

YBR Executive Chairman Mark Bouris said “this is a major milestone on our journey to commence a securitisation business in Australia. It proves up the unseen value of our YBR and Vow distribution network, and will come at a time when the market is seeking alternative funding for home loan lending in Australia”.

A handwritten signature in black ink that reads 'Mark Bouris'.

Mark Bouris
Executive Chairman

ENDS