

# LOAN AGREEMENT

## Williams Superannuation Fund

Our ref: 7407:193307

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**THIS AGREEMENT** is made on: ..... 1 JULY 2019 .....(insert date of execution)

**BETWEEN:** The lender referred to in item 1 of the Schedule ('Lender')

**AND:** The borrower referred to in item 2 of the Schedule ('Borrower')

**AND:** The custodian referred to in item 3 of the Schedule ('Custodian')

**RECITALS:**

- A The Borrower seeks a limited recourse loan facility ('Loan') from the Lender in order to finance the acquisition of a single Acquirable Asset, which is deemed to include a collection of identical assets with the same market value, described in item 4 of the Schedule ('Asset').
- B The Lender has agreed to lend a maximum facility amount equal to the amount referred to in item 5 of the Schedule ('Facility Amount') and the Borrower has agreed to accept the amounts so provided subject to the terms and conditions of this Agreement.
- C The Borrower may access draw downs of the Facility Amount subject to the provisions of this Agreement, which may be applied towards the future acquisition of the Asset.
- D The Borrower seeks to acquire the Asset and appoints the Custodian to hold legal title to the Asset. The Borrower shall contribute an initial payment of its own moneys equal to the amount referred to in item 6 of the Schedule ('Initial Payment') towards the acquisition of the Asset.
- E The Borrower has a right to acquire legal ownership of the Asset by making one or more payments after acquiring the beneficial interest in accordance with section 67A(1)(c) of the SISA. More particularly, the Custodian shall hold legal title to the Asset for the Borrower until the Loan has been repaid in full or until it is otherwise instructed to deal with the Asset in accordance with the provisions of this Agreement.
- F If a Default Event occurs (see clause 22), the Lender may exercise its rights as provided for in this Agreement which are limited to rights relating to the Asset.
- G This Loan is intended to comply with the requirements of sections 67A, 67B and 71(8) of the SISA.
- H This Loan is subject to the Special Conditions described in item 14 of the Schedule (see also clause 65.10). To the extent of any inconsistency, the Special Conditions override the other conditions of this Agreement subject at all times to compliance with the Applicable Law.

**PROVISIONS:**

**Limited recourse**

- 1. Despite anything else in this Agreement, the rights of the Lender against the Borrower for, in connection with, or as a result of, (whether directly or indirectly) a default on:
  - 1.1. the Loan; or
  - 1.2. the sum of the Loan and charges related to the Loan;are limited to rights relating to the Asset.
- 2. Despite anything else in this Agreement, if, under the Loan the Borrower has a right relating to the Asset (other than a right described in section 67A(1)(c) of the SISA) — the rights of the Lender against the Borrower for, in connection with, or as a result of,



(whether directly or indirectly) the Borrower's exercise of the Borrower's right are limited to rights relating to the Asset.

3. To the extent that any term of this Agreement would cause the Loan to give rise to a contravention of the SISA, that term is void *ab initio* and is severed from the rest of this Agreement.

#### **Payment by direction**

4. The parties confirm that any provision of finance or payment made by the Lender to anyone other than the Borrower (eg, a payment directly to the vendor of the Asset) is provided by the Borrower and is taken to have been made at the direction of and on behalf of the Borrower.

#### **Loan**

5. The Lender has agreed to advance and the Borrower has agreed to borrow and accept a maximum amount not exceeding the Facility Amount subject to the terms and conditions of this Agreement. The Borrower may draw down amounts up to the Facility Amount. Subject to the money being applied for the acquisition, maintenance or repair of the Asset as contemplated by section 67A(1)(a) of the SISA, there may be multiple draw downs and they may occur over a period of time.
6. The Lender may increase the Facility Amount at its discretion.
7. The total of all amounts drawn down ('Principal Sum') plus all interest accrued thereon and any other amounts that become payable pursuant to or in relation to this Agreement at any time shall constitute the 'Loan Amount' and any part of the Loan Amount which has not been repaid shall constitute the 'Total Amount Outstanding'.

#### **Term**

8. The term of the Loan commences on the date of the first draw down of any amount of the Facility Amount ('Commencement Date') and the Loan has a maximum term as provided for in item 7 of the Schedule.
9. Where:
  - 9.1. the box in item 15 of the Schedule is ticked or the parties have agreed in writing that advances made pursuant to this Agreement shall comply with the requirements of section 109N in division 7A of the ITAA 1936 in order to ensure that such advances will not be treated as deemed dividends; and
  - 9.2. amounts of the Facility Amount are drawn down in different amounts and at different times during a financial year ('FY');

then, notwithstanding any provision to the contrary in this Agreement, all draw downs made in respect of a FY shall be deemed to constitute one amalgamated loan ('Amalgamated Loan'). Each Amalgamated Loan shall be subject to the provisions of this Agreement and each Amalgamated Loan shall have a respective Commencement Date to be determined separately in accordance with clause 8. Even if there is more than one Amalgamated Loan, such loans will be deemed to have been provided pursuant to this same Agreement.

#### **Repayments**

10. If the type of Loan described in item 13 of the Schedule ('Type of Loan') is:
  - 10.1. a loan of principal and interest, then the Loan shall be repaid by the Borrower by way of repayments of principal and interest ('Periodic Repayments') to be paid on the last business day of the period described in item 8 of the Schedule; or
  - 10.2. an interest only loan, then the Loan shall be repaid by the Borrower by way of repayments of interest ('Periodic Repayments') to be paid on the last business day of the period described in item 8 of the Schedule;



however, if a Periodic Repayment is not made within the relevant period described in this clause, then the Lender may agree that this does not constitute a Default Event (see clause 22) and that interest shall be capitalised.

11. The Lender shall notify the Borrower in a timely manner of the amount of each Periodic Repayment, having regard to, among other things, the Principal Sum, the interest calculated pursuant to clauses 15 and 17 herein and the term of the Loan.
12. The Lender shall, as soon as practicable after the end of each FY and on request by the Borrower, provide the Borrower with a summary of the repayment amounts received during the immediately preceding FY, including a breakdown of the amounts that represented repayment of the Principal Sum (if any), interest and any other costs.
13. The Borrower must repay the Total Amount Outstanding on the expiration of the term of this Loan.
14. The Lender shall accept repayment of any additional portion of the Total Amount Outstanding at any time. Any repayment amount received from the Borrower in addition to the Periodic Repayments shall first be applied towards any capitalised interest. If there is no capitalised interest or all capitalised interest has been repaid, then any such repayment shall first be applied towards reduction of the Principal Sum.

### **Interest**

15. Subject to clause 43, interest on any draw downs of the Facility Amount and any other costs that become payable shall accrue daily or at such other intervals determined by the Lender in arrears on the amounts so provided:
  - 15.1. beginning:
    - (a) from the day of the draw down or the day the costs become payable, or
    - (b) if the Lender has determined that an interval other than daily applies, at the end of the interval in which the amount is drawn down or the costs become payable; and
  - 15.2. ending:
    - (a) on the day on which the amount drawn down is repaid or the costs are repaid; or
    - (b) if the Lender has determined that an interval other than daily applies, in the interval in which the amount drawn down is repaid or the costs are repaid.
16. If the Lender has determined in accordance with clause 15 that interest shall accrue at an interval other than daily and the draw down or costs are repaid before the last day of an interval, the amount of interest to be paid will be pro-rated in accordance with the number of days which have occurred in that particular interval prior to the day of repayment.
17. In notifying the Borrower of the Periodic Repayments, the Lender shall calculate the interest component of such repayment amounts in accordance with the criteria referred to in item 9 of the Schedule and using the interest rate referred to in item 10 of the Schedule.
18. Notwithstanding clause 53, whenever the interest rate in item 10 of the Schedule is a variable rate, the Lender may vary that interest rate without necessity of any prior notice to the Borrower but must notify the Borrower as soon as practicable of the change and its date of effect.

### **Security**

19. The Lender's rights against the Borrower in respect of this Loan are limited to rights relating to the Asset only. The Lender may take a mortgage, charge or any type of security over the Asset. The Lender confirms that the Total Amount Outstanding is not otherwise secured by or against the Borrower. For the avoidance of doubt, and subject to

any applicable laws in the relevant jurisdiction, where the Asset acquired by the Borrower is a partial interest in real property, the mortgage, charge or other security granted to the Lender will be in respect of the Asset only, and any such security will be recorded only on the interest title issued in respect of the Asset acquired.

20. Subject to clause 19, this Agreement does not limit the Lender's ability to hold securities or guarantees from any other party in relation to the Loan. The Lender may hold a security or guarantee from other parties in relation to the Loan including, but not limited to:
- 20.1. a deed of guarantee and indemnity;
  - 20.2. a mortgage;
  - 20.3. a charge over shares or other entitlements in the Custodian or other entity; and
  - 20.4. any other interest, charge or security over an asset that is not held by, or on trust for, the Borrower,

and notwithstanding any other provision of this Agreement, where the Borrower provides a mortgage, charge or security in favour of the Lender, the parties agree to the extent of any inconsistency between this Agreement and the terms of any mortgage, charge or security, the terms of this Agreement prevail.

21. The Lender may give notice to other parties of its rights in relation to the Asset in a manner consistent with the SISA and in particular the requirements for borrowings permitted by sections 67A and 71(8) of the SISA.

#### **Default Events**

22. A Default Event occurs when:
- 22.1. subject to clause 10, the Borrower fails to pay any amount required to be repaid in accordance with the provisions of this Agreement within a prescribed time period;
  - 22.2. the Borrower becomes an insolvent, bankrupt, is placed under external administration or placed into liquidation, or steps are taken to place the Borrower in any such position;
  - 22.3. the superannuation fund, of which the Borrower is the trustee and in respect of which this Loan has been obtained ('Superannuation Fund'), is wound-up;
  - 22.4. without the prior written consent of the Lender, the Borrower:
    - (a) transfers, sells or agrees to transfer the Asset or otherwise breaches clause 28; or
    - (b) does anything in relation to the Asset that would, significantly or materially, adversely impact its market value;
  - 22.5. the Borrower does something it agrees not to do, or does not do something it agrees to do, pursuant to this Agreement;
  - 22.6. the Lender reasonably believes that the Borrower has acted fraudulently or made a false representation in relation to any provision of this Agreement; or
  - 22.7. the Borrower breaches a material provision of this Agreement and the Lender issues a notice to the Borrower specifying that the breach constitutes a Default Event.

#### **Effects of default**

23. If a Default Event occurs then the interest rate described in item 11 of the Schedule ('Default Interest Rate') shall instead apply from the date of the Default Event in calculating the interest component of future periodic repayments in accordance with clause 10 until such time as:
- 23.1. in the event of a Default Event which occurs by operation of clause 22.1, the amount outstanding as notified by the Lender has been repaid in full; or



- 23.2. in any other event, the Lender is satisfied that the Default Event has been properly rectified by the Borrower.
24. If a Default Event occurs then the Lender may, without the necessity of any notice or demand by the Lender to the Borrower, decide that the Total Amount Outstanding has become payable and instruct the Custodian in writing to:
- 24.1. sell the Asset and pay to the Lender:
- (a) the net proceeds of the sale; or
  - (b) so much of the net proceeds of the sale that are equal to the Total Amount Outstanding, with the balance of the proceeds, if any, to be paid to the Borrower; or
- 24.2. transfer legal title to the Asset to the Lender.
25. If the Lender gives an instruction to the Custodian in accordance with clause 24.1(a), then the Lender must pay to the Borrower any remaining amount of the net sale proceeds received, if any, after subtracting an amount equal to the Total Amount Outstanding.
26. Any instruction given by the Lender in accordance with clause 24 must be given together with written evidence that a Default Event has occurred.
27. The Borrower is liable for all reasonable expenses, costs and Taxes of the Lender and the Custodian occasioned by the Default Event, including without limiting the generality of the foregoing all legal fees and court costs.

#### **Replacement Asset**

28. To the extent permitted by the Applicable Law, the Borrower may, with the prior written consent of the Lender, request that the Custodian sell an Asset ('Original Asset') and use the proceeds to purchase a replacement asset ('Replacement Asset'), provided:
- 28.1. subsection (3), (4), (5), (6), (7) or (8) of section 67B of the SISA applies in respect of the Asset;
- 28.2. the Lender approves of the Replacement Asset to be acquired;
- 28.3. the Replacement Asset is acquired by the Custodian within thirty business days of the sale of the Original Asset or within such longer period as consented to by the Lender; and
- 28.4. the market value of the Replacement Asset at the date of acquisition does not differ from the market value of the Original Asset at the date of sale.
29. The Replacement Asset, once acquired, shall be subject to the provisions of this Agreement that apply to the Asset and any amounts that have been drawn down in order to acquire the Original Asset shall continue to be subject to the provisions of this Agreement.
30. In the event that any Original Asset is sold in accordance with clause 28 but for any reason no Replacement Asset is purchased within thirty business days of the sale, or such longer period as they case may be, the Custodian shall pay the proceeds of the sale of the Original Asset to the Lender and the Lender shall apply this payment towards reduction of the Total Amount Outstanding, with any surplus above the Total Amount Outstanding to be paid to the Borrower.

#### **Full repayment**

31. Clauses 32 and 33 are to be read subject at all times to Recital E of this Agreement.
32. On full repayment of the Total Amount Outstanding, the Lender shall provide written notice to the Borrower and the Custodian that the Total Amount Outstanding has been repaid. The Borrower may then instruct the Custodian in writing to transfer title to the Asset to the Borrower.



33. On full repayment of the Total Amount Outstanding, the Lender agrees to take any action necessary to fully discharge and release the Borrower and to withdraw any notice it has given to other parties of its rights in relation to the Asset.

#### **Custodian's obligations**

34. The Custodian shall hold each Asset on trust until such time as the loan is repaid in full or it is instructed to deal with the Asset in accordance with the provisions of this Agreement.
35. Provided that the Lender has produced written evidence that a Default Event has occurred, the Custodian agrees to comply with any written instruction by the Lender given to the Custodian in accordance with clause 24.
36. Provided that the written consent of the Lender has been obtained by the Borrower, the Custodian agrees to comply with any request made in accordance with clause 28 to transfer or otherwise deal with the Asset.
37. Provided that the Lender has produced written evidence that the Total Amount Outstanding has been repaid in full, the Custodian agrees to comply with any written instruction by the Lender given to the Custodian in accordance with clause 33.

#### **Borrower's covenants**

38. Any written instruction given by the Lender to the Custodian in accordance with clause 24 is deemed to also be an instruction to the Borrower and the Borrower agrees to co-operate with all parties in respect of any such instruction and shall attend to any matter or thing required for the instruction to be carried out in a timely manner.
39. If applicable, the Borrower agrees:
- 39.1. to keep the Asset in good condition and repair and, if applicable, insured against normal risks of fire, damage and public liability; and
- 39.2. to follow such other reasonable requests by the Lender relating to the preservation of the market value of the Asset.
40. The Borrower agrees that it shall not, without the prior written consent of the Lender:
- 40.1. take steps to effect or otherwise permit a change in trustee of the Superannuation Fund;
- 40.2. take steps to effect or otherwise permit a variation of the trust deed or governing rules of the Superannuation Fund;
- 40.3. take steps to effect or otherwise permit a variation to the Borrower's company constitution, if any; or
- 40.4. perform any other act which would interfere with, undermine or compromise this Loan or the provisions of this Agreement;
- provided always that the Lender shall not unreasonably withhold its consent to any request by the Borrower to undertake any of the above acts.

#### **Power of attorney**

41. The Borrower:
- 41.1. appoints the Lender and any legal personal representative of the Lender as its attorney to do all or any of the following:
- (a) all acts and execute all documents which under or by virtue of the provisions of this Agreement, the Borrower is obliged to do; and
- (b) all acts and things which by virtue of this Agreement or by any other law the Borrower is authorised or empowered to do; and
- 41.2. cannot revoke this power of attorney until the Borrower has repaid the Total Amount Outstanding; and

- 41.3. agrees to ratify all acts lawfully carried out by the Lender as its attorney pursuant to this clause.

### **Compliance with Applicable Law**

42. This Agreement shall be deemed to incorporate any relevant provision of the Applicable Law that must be so complied with, including but not limited to any provision required in order to ensure that advances and financial accommodation made pursuant to this Agreement comply with sections 67A, 67B and 71(8) of the SISA.

### **Division 7A loan**

43. If the box in item 15 of the Schedule is ticked or the parties have otherwise agreed in writing that advances made pursuant to this Agreement shall comply with the requirements of section 109N and the other applicable criteria in division 7A of the ITAA 1936 ('Div 7A Criteria') in order to ensure that such advances will not be treated as deemed dividends, then, notwithstanding any other provision of this Agreement:
- 43.1. advances made pursuant to this Agreement shall comply with the Div 7A Criteria;
- 43.2. the term of the Loan shall not exceed:
- (a) 25 years if:
    - (i) 100% of the value of the Loan is secured by a mortgage over real property that has been registered in accordance with a law of a State or Territory; and
    - (ii) when the Loan was first made, the market value of that real property (less the amounts of any other liabilities secured over that property in priority to the Loan) was at least 110% of the amount of the Loan; or
  - (b) 7 years for any other loan (including an unsecured loan);
- 43.3. this Agreement shall be deemed to incorporate any relevant Div 7A Criteria that must be so complied with;
- 43.4. the Div 7A Criteria shall override any other provision of this Agreement to the extent of any inconsistency, except:
- (a) interest accrues over the period specified in clause 15 unless the Lender has determined that interest accrues in accordance with section 109E(6) of the ITAA 1936; or
  - (b) where the inconsistency arises from a conflict with the SISA or SISR in which case the SISA and SISR shall prevail; and
- 43.5. if the Div 7A Criteria is amended, replaced or superseded, then such other applicable criteria shall be incorporated in to this Agreement so the loan complies with the revised regime relating to private company loans to shareholders and their associates so as to ensure there is no deemed dividend or similar adverse tax imposition and clause 65.4 also applies to aid this result.

### **Dispute resolution**

44. If a dispute arises out of or relates to this Agreement, the parties agree that no recourse to arbitration or litigation will be made until the matter is referred to:
- 44.1. mediation in accordance with clause 45 unless terms of settlement are entered into and then only to enforce the terms of settlement; or
- 44.2. in the event of cessation of mediation, to arbitration in accordance with clause 45; unless that litigation is solely to enforce terms of settlement entered into in accordance with clause 45.3, the decision of an arbitrator pursuant to clause 49 or to enforce this clause.



## Mediation

45. A mediation shall proceed as follows:
- 45.1. the party or parties wishing to resolve a dispute must give notice of intention to mediate the dispute to:
    - (a) the other party or parties; and
    - (b) to a mediator selected by the legal profession board of the State or Territory described in item 12 of the Schedule;  
which gives particulars of the matter in dispute;
  - 45.2. the parties must co-operate with the mediator in an effort to resolve the dispute;
  - 45.3. the mediator may engage an appropriately qualified expert to give an opinion on technical matters raised in the course of the mediation or which are relevant to the dispute;
  - 45.4. if the dispute is mediated successfully, the parties must sign a copy of the terms of settlement approved by the mediator;
  - 45.5. if the dispute is not resolved within 14 days after the mediator has commenced the mediation, or within such other period as is agreed to by the parties, the mediation shall cease and either party may commence arbitration pursuant to clause 49 when mediation ceases where no terms of settlement have been concluded by the parties;
  - 45.6. all costs of the mediator shall be borne equally between the parties, and shall be payable by the parties to the mediator directly.
46. Any terms of settlement concluded by the parties in accordance with clause 45.4 are binding on the parties, except to the extent of any conflict with the terms of this Agreement.
47. The terms of settlement concluded by the parties in accordance with clause 45.3 may be tendered in evidence in any mediation, arbitration or legal proceeding.
48. The parties agree that any statement made by either party during the course of mediation, whether such statement is written or oral and whether made as between the parties or between any one or more parties and the mediator, are not admissible by the recipient of such statement in any arbitration or legal proceeding.

## Arbitration

49. An arbitration that commences on the cessation of any mediation in accordance with clause 45.4 shall be referred to the arbitration of:
- 49.1. a panel of senior practitioners appointed by the President for the time being of the division of CPA Australia Ltd in the State or Territory described in item 12 of the Schedule; or
  - 49.2. if the dispute concerns more than \$40,000, a single arbitrator to be appointed by the President for the time being of the Institute of Arbitrators.
50. Any awards or determinations made as a result of arbitration commenced pursuant to clause 49:
- 50.1. may comprise or include an order for the costs of the dispute against any party; and
  - 50.2. shall be final and binding upon the parties.
51. Every arbitration commenced pursuant to clause 49 shall be held in accordance with the provisions of any relevant arbitration law in the State or Territory described in item 12 of the Schedule.




**Definitions**

- 65.11. **Acquirable Asset** has the same meaning as it does in the SISA;
- 65.12. **Applicable Law** includes the SISA, SISR, ITAA 1936, ITAA 1997, any regulations relating thereto and any other applicable State, Territory or Commonwealth law with which this Agreement or the parties thereto must comply unless the parties determine otherwise and includes any direction of the Australian Tax Office or other regulatory authority in respect of any applicable provision of those said laws or regulations including any direction given in any regulatory guide, modification, order, ruling, circular or guideline;
- 65.13. **Financial year** means a year commencing on 1 July and ending on the following 30 June and FY has a corresponding meaning;
- 65.14. **ITAA 1936** means the *Income Tax Assessment Act 1936* (Cth);
- 65.15. **ITAA 1997** means the *Income Tax Assessment Act 1997* (Cth);
- 65.16. **SISA** means the *Superannuation Industry (Supervision) Act 1993* (Cth);
- 65.17. **SISR** means the *Superannuation Industry (Supervision) Regulations 1994* (Cth); and
- 65.18. **Taxes** means any tax or duty imposed by the Commonwealth or any State or Territory, including but not limited to income tax, capital gains tax, goods and services tax, duty and land tax and includes any charges or registration costs relating to such taxes or duties.

**EXECUTED** as an agreement.

**LENDER**

SIGNED SEALED AND DELIVERED by )  
**PETER WILLIAMS** in the presence of )  
the following witness: )

  
\_\_\_\_\_  
Signature of **PETER WILLIAMS**

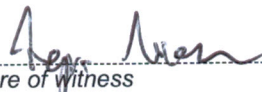
  
\_\_\_\_\_  
Signature of witness

**ANGUS MORRISON**  
\_\_\_\_\_  
Name of witness

**6B RUDYARD ST, BENTLEIGH EAST, VIC, 3105**  
\_\_\_\_\_  
Address of witness

SIGNED SEALED AND DELIVERED by )  
**KAMOLNIT WILLIAMS** in the presence )  
of the following witness: )

  
\_\_\_\_\_  
Signature of **KAMOLNIT WILLIAMS**

  
\_\_\_\_\_  
Signature of witness

**ANGUS MORRISON**  
\_\_\_\_\_  
Name of witness

**6B RUDYARD ST, BENTLEIGH EAST, VIC, 3105**  
\_\_\_\_\_  
Address of witness

**BORROWER**

EXECUTED by **SUPER PK PTY LTD** ACN 634 )  
443 968 ATF Williams Superannuation Fund in )  
accordance with s 127 of the *Corporations Act* )  
2001 (Cth): )  
)



Signature of **DIRECTOR / SECRETARY**

KAMOLNIT WILLIAMS

Name of signing officeholder



Signature of **DIRECTOR**

PIETEN ANTHONY WILLIAMS

Name of signing officeholder

**CUSTODIAN**

EXECUTED by **PK TOVA PTY LTD** ACN 634 )  
443 897 in accordance with s 127 of the )  
*Corporations Act 2001* (Cth): )  
)  
)



Signature of **DIRECTOR / SECRETARY**

KAMOLNIT WILLIAMS

Name of signing officeholder



Signature of **DIRECTOR**

PIETEN WILLIAMS

Name of signing officeholder

## SCHEDULE

1. Lender: **PETER WILLIAMS** and **KAMOLNIT WILLIAMS** both of 58 Greenwood Drive, Carrum Downs, Victoria 3201
2. Borrower: **SUPER PK PTY LTD** ACN 634 443 968 ATF Williams Superannuation Fund care of Angus Morrison Accounting & Business Solutions, 83a Balcombe Road, Mentone, Victoria 3194
3. Custodian: **PK TOVA PTY LTD** ACN 634 443 897 care of Angus Morrison Accounting & Business Solutions, 83a Balcombe Road, Mentone, Victoria 3194
4. Description of Asset: real estate located at Lot 7, 18-20 Tova Drive, Carrum Downs, Victoria 3201 being all of the land more particularly described in Certificate of Title Volume 10588 Folio 323
5. Facility Amount: \$295,000.00
6. Initial Payment: \$200,000.00
7. Term: 15 years
8. Principal and interest payments due: each month
9. Interest criteria: Total Amount Outstanding;  
compounding period: monthly unless otherwise specified;
10. *i*: 5.94% [fixed for the first 5 years beginning from the FY2020];  
and  
  
then the Relevant Rate as determined below and re-determined each 1 July [variable].  
  
The Relevant Rate is the rate published for the most recent month of May by the Reserve Bank of Australia in respect of the Indicator Lending Rates for banks providing standard variable housing loans for investors [variable]
11. Default Interest Rate: The higher of the interest rate referred to in item 10 of the Schedule plus 2% or the rate agreed between the Lender and the Borrower that is not less than the interest rate in Item 10 of the Schedule
12. State or Territory: Victoria
13. Type of Loan: principal and interest
14. Special Conditions: Nil
15. Application of division 7A of the ITAA 1936:  If this box is checked, clause 43 of this Agreement applies, and in addition:
  - the term of the Loan does not exceed the term specified in clause 43 of this Agreement;



- the interest criteria outlined in section 109N(2) of the ITAA 1936 applies to the Loan\*;
- the type of Loan is principal and interest;
- the yearly repayments must total at least the amount calculated in s 109E of the ITAA 1936; and
- in the event of any inconsistency between this item 15 and the rest of the Schedule, this item 15 shall prevail.

Note: broadly, interest will accrue from each draw down unless the Lender determines otherwise under clause 43.4(a).

\*Where the interest rate referred to in item 10 of this Schedule ('Item 10 Interest Rate') is less than the benchmark interest rate outlined in section 109N(2) of the ITAA 1936 ('Div 7A Rate') for any given period, the Div 7A Rate will apply for that period. At all other times, the Item 10 Interest Rate prevails.