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17 March 2015

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Dear Helen,

Review of Self-Managed Superannuation Fund Loan Transaction

Bank Westpac Banking Corporation
Borrower/SMSF How Heavenly Pty Ltd ACN 169 433 587 as trustee for The HB and AP Superannuation Fund
Property Trustee Mews Bowral Pty Ltd ACN 603 671 487 as trustee for The Holding Trust – 8/11 Bundaroo Street, Bowral NSW
Property The Mews 8/11-13 Bundaroo Street, Bowral NSW 2576

Thank you for instructing us to act for the Bank in relation to a proposed loan to the SMSF to purchase the Property.

Please forward the attached letter to the Borrower. It is important that the Borrower's solicitor or conveyancer is made aware of the matters contained in that letter. These matters **must** be satisfied prior to settlement.

You should also review the items discussed in the attached letter and ensure any requirements are satisfied as soon as possible.

Report on transaction

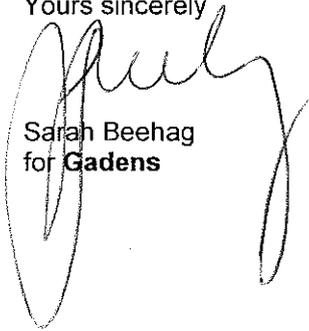
1. The credit approval states that the Code of Banking Practice applies to this loan. However, the Bank's policy states that the SMSF Trustee cannot be a trading company. Therefore, we have assumed that the Code of Banking Practice does not apply to this loan and we have prepared personal guarantees from the members of the SMSF on this basis.
2. Item 1 of the *Detailed Security Information* of the credit approval states that the guarantee by the Property Trustee is limited to the amount of \$286,000.00. The Bank's policy is for the guarantee by the Property Trustee to be limited to the Property. We have prepared the guarantee on this basis.
3. Item 1 of the *Detailed Security Information* of the credit approval states the Mews Bowral Property Trust will be giving a guarantee and a mortgage. A trust is not a separate legal entity. The Bank's policy is for the Property Trustee to give a mortgage and a guarantee limited to the Property and we have prepared the mortgage and guarantee on this basis.
4. The Property Trust does not have a term.
5. Redraw facilities are not permitted under the SIS Act. All references to redraw facilities have been deleted from the Business Finance Agreement.
6. You have provided us with a copy of the credit approval for this loan. We have reviewed the approval and confirm that except as noted above, the transaction documents we have prepared reflect the approval.

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7. We have not been provided with PPSR searches for the Borrower or the Property Trustee. Accordingly, we are unable to confirm whether there are any security interests registered against these entities. You may wish to obtain these searches prior to settlement.

We look forward to receiving the documentation requested in our attached letter. Upon receipt and further review of the additional / amended documentation we will provide the Bank with our certification.

Yours sincerely



Sarah Beehag
for **Gadens**