

# Arthurmac Private Debt Fund

## Part B - Loan Memorandum

### Offer of 78 Balwyn

Trustee: BC CAPITAL PTY LTD ACN 162 643 478 AFS Licence No. 435500

This Part B - Loan Memorandum ("Loan Memorandum") is issued by BC Capital Pty Ltd ("Trustee"), ACN 162 643 478, which is the trustee of the Arthurmac Private Debt Fund ("Fund") and which holds Australian Financial Services Licence ("AFSL") number 435500. For each class of Investors, the Information Memorandum ("IM") comprises both: the 'Part A - Information Memorandum' and the 'Part B - Loan Memorandum' relevant to that class of Investors.

This Loan Memorandum forms part of the IM relating to the offer of 78 Balwyn Units in the Fund and is dated 14 December 2021. The offer of 78 Balwyn Units under this IM comprising both Part A - Information Memorandum dated 20<sup>th</sup> May 2021 and this Part B - Loan Memorandum 14 December 2021 ("Offer") is made by the Trustee of the Fund.

The Trustee has appointed Arthurmac Private Pty Ltd, ACN 626 357 275 ("Investment Manager") as the investment manager of the Fund under an Investment Management Agreement. The Investment Manager is a corporate authorised representative (Authorised Representative number: 001273918) of BC Capital Pty Ltd, ACN 162 643 478 (AFSL number 435500).

The purpose of this Loan Memorandum, together with the Part A - Information Memorandum is to provide information for prospective investors to enable them to decide whether they wish to invest in the Fund. Recipients should read all documents in their entirety before making a decision about whether to invest, and, if in doubt, should consult their professional advisors.

This Part B Loan Memorandum is dated 14 December 2021.

Before reading this Loan Memorandum please read the Important Notices appearing on pages 2-3 of the Part A - Information Memorandum for the Fund.

This Offer of 78 Balwyn Units in the Fund ("Select Investment") aims to provide investors with an attractive rate of return.



Investment Information	Unit Price	eg. \$1.00
	Minimum Investment Amount	eg. \$100,000
	Investment Target Return	8.00% p.a. of sum invested, fixed and net of fees and costs
	Investment Term	12 months
	Distribution Payments	Payable monthly in advance at the Investment Target Return.
	Unit Class	78 Balwyn Units
	PROPOSED UNIT ISSUE DATE	20 December 2021
Security Property	Type of Security	Registered First Mortgage(s)



	Security 1:	Unit 304, 78 Doncaster Road, Balwyn North VIC 3104 Volume: 12026 Folio: 886	
	Valuation By:	Charter Keck Cramer	
	Property Description:	The security is a 3 <sup>rd</sup> floor modern style 3-bedroom, 2-bathroom apartment including two car spaces, and a rooftop terrace with city skyline views. The dwelling is 122sqm in size plus 47sqm of outdoor living.	
	Valuation Date:	6 December 2021	
	Valuation Amount:	\$1,400,000.00	
	Other Security	Personal unlimited guarantees by guarantors and mortgagors.	

Loan Details	Loan Amount	\$910,000		
	1 <sup>st</sup> Mortgage	\$910,000 to BC Capital Pty Ltd (rollover)		
	Loan to Valuation Ratio	65.00%		
	Term	12 months		
	Loan Purpose	Rollover existing loan term for an additional 12 months		
	Loan Interest Rate	8.50% p.a. payable by the borrower		
	Default Rate	13.50% p.a. payable by the borrower		
	Loan Type	1st Mortgage	National Credit Code Regulated	No
	Drawdown Type	Fully Drawn	Proposed Drawdown Date	ASAP

Borrower Details	Borrower(s)	78 Balwyn North Project Pty Ltd ACN 607 726 429 atf 78 Balwyn Project Trust	
	Mortgagor(s)	78 Balwyn North Project Pty Ltd ACN 607 726 429	
	Guarantor(s)	Zhiwei Huang & Xingjuan Liang	
Borrower Background	78 Balwyn North Project Pty Ltd was an SPV that was setup to develop and finally invest in the security property and does not trade. Ms Liang runs a restaurant in Chinatown and is also involved in property development and investment. Mr Huang is renowned Property and has completed many developments.		

Creditworthiness	We have obtained a credit report from a credit reporting agency relating to the borrowers and guarantors (if applicable). The report gives information about the borrower's credit history for the past five (5) years. The report confirms that there is 1 default noted against Ms Liang's credit report in the amount of \$1,545.00 owing to Origin Energy, although no judgements or bankruptcies.
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Exit Strategy	The borrower intends to sell the property within the loan term or refinance to a bank type Lender.
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Management Fees (exclusive of GST) payable by out of the Fund on the value of the Loan Amount	Total Fees Payable to the following parties:	0.50% p. a.
	Arthurmac (Investment Manager Fee)	0.25% p.a.
	Investor Referrer	0.00% p.a.
	Loan Referrer	0.00% p.a.
	BC Capital Pty Ltd (Trustee Fee)	0.25% p.a.
The Management Fees will only be paid by the Fund on receipt of interest payments from the Borrower each month. If the Borrower defaults on an interest payment under a Loan the Fund will accrue but not pay Management Fees until such time as the interest payment is received.		

Operational costs and expenses paid directly by Borrower These costs and expenses are paid by the Borrower on the value of the Loan Amount to establish the Loan (Ex GST)	Due Diligence Fee – Trustee	0.25% of the loan amount	\$2,502.50 inc GST
	Application Fee – Arthurmac	0.50% of the loan amount	\$5,005.00 inc GST
	Brokerage fee – HY Home Loans	0.50% of the loan amount	\$5,005.00 inc GST
	Settlement & Searches Fee		\$440.00 inc GST
	Legal fees estimated	Grindal Legal	\$2,200.00 inc GST



Special Conditions	<ol style="list-style-type: none"> <li>1. Interest is calculated monthly in advance on monthly rests</li> <li>2. Minimum term is 6 months</li> <li>3. 1 month of interest is payable if the loan is paid out in full before the maximum term expires</li> <li>4. 1 months payment of Interest due upon settlement</li> </ol>
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Notes to the Application	<ol style="list-style-type: none"> <li>1. Ms Liang has a default on her credit rating in the amount of \$1,545.00 owing to Origin Energy</li> <li>2. Property location is in metro location Balwyn North</li> <li>3. Funds are to be used for business purpose</li> </ol>
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## INVESTMENT FUNDING

You may fund your investment by cheque or direct deposit as follows:

SOLICITOR ACTING FOR TRUSTEE	PAYABLE TO	DIRECT DEPOSIT
Grindal Legal	BC Capital Pty Ltd atf Arthurmac Private Debt Fund	BANK: Westpac Bank BSB: 033 033 Account: 402 218

## IMPORTANT NOTE:

No investment advice

The information contained in this IM is general information only and does not take into account the individual objectives, financial situation or needs of any particular person. Because of that, before investing, you should read this IM carefully before making any decision to invest and consider the appropriateness of the information in this IM having regard to your objectives, financial situation and needs. You should consult your legal, professional or financial advisers about an investment in the Fund.

No guarantee

No person, company or entity (including the Trustee and the Investment Manager and their respective related parties, officers, employees, consultants, advisers or agents) makes any promise or representation or gives any guarantee as to the performance or success of the Fund, the repayment of capital invested in the Fund, any particular rate of income or capital return for the Fund or the timeframe for payment of any income or the return of any capital invested.

## Risks

Investments in 78 Balwyn are subject to unique risks specific to this class of Units only, these risks include:

1. Failure to sell & settle the security property within the 12 month loan term and complete the stated exit strategy
2. Failure to make loan repayments when required after the initial 6 months pre-paid interest period and an event of default occurs
3. The property selling at less than required to repay the loan amount & costs if repossession is required

Entities related to and associated with the Investment Manager (where terms 'related' and 'associated' have the meaning given to those terms in the Corporations Act 2001 (Cth)) may hold interests relating to assets which the Fund intends to acquire. The following related or associated entities hold interests relating to the following assets:  
NIL

## Related party Transactions and Conflicts of Interest

The Trustee will manage related party transactions and conflicts of interest as set out in Part A of this IM.

Any transactions which may give rise to a conflict of interest in relation to the Trustee's performance of its role as trustee of the Fund or in relation to the Investment Manager's performance of its role as investment manager of the

Fund (including the Due Diligence Fee or any Borrower Application Fee) will be negotiated at arms length and on commercial terms and disclosed in this Loan Memorandum in the details of the Offer above.

## SPECIFIC INVESTMENT AUTHORITY

### SUMMARY

BORROWER	78 Balwyn North Project Pty Ltd ACN 607 726 429 atf 78 Balwyn Project Trust	REF	8975R
LOAN AMOUNT	\$910,000	SELECT INVESTMENT OFFER DATE	14 December 2021
LOAN INTEREST RATE	8.50% p.a.	TERM OF LOAN	12 months
MANAGEMENT FEE	0.50% per annum of the loan amount under management		
LOAN PURPOSE			

### INVESTOR DETAILS & APPROVAL AUTHORITY

I/We would like to invest in 78 Balwyn Units, which will form part of the Arthurmac Private Debt Fund (Fund).

INVESTOR NO.		INVESTMENT AMOUNT	\$50,000.00
NAME	Otta International Pty Ltd atf Otta International Pty Ltd Superannuation Fund	INVESTMENT RATE	8.00% p.a.
BANK CBA	Otta Int. Pty Ltd Superanniation Fund Account	BSB: 620000	Account: 11856118
UNIT CLASS	78 Balwyn	INVESTMENT TERM	12 months
PROPOSED UNIT ISSUE DATE - Based on proposed drawdown date	21 <sup>st</sup> December 2021		

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### INVESTOR ACKNOWLEDGEMENT

I/We acknowledge that in completing this Specific Investment Authority:

- I/we have received and read in full the terms of the Offer of 78 Balwyn set out in the Information Memorandum (comprising Parts A and B) and the Constitution of the Fund, as amended from time to time, and understand and accept the contents and in particular the sections which describe the fees and other costs and agree to be bound by those terms.
- I/we declare that I/we are applying to the Trustee to accept the Offer to acquire 78 Balwyn and become an Investor in the Fund on the terms set out in this Specific Investment Authority and I/we accepted that this application cannot be revoked.
- I/we understand and acknowledge that the Trustee may accept or reject this application in whole or in part.
- I/we declare that the Offer was received and accepted in Australia and all information in this Specific Investment Authority is true and correct.
- I/we indemnify the Trustee and the Investment Manager against any liabilities whatsoever arising from acting on any information I/we provide in connection with this application.
- I/we have legal power to invest in accordance with this application and have complied with all applicable laws in doing so.
- I/We authorise the disclosure to my/our Financial Adviser, Authorised Representative or Referrer and/or other service provider of any information in relation to this application or my/our investment in the Fund ("personal information") and I/we consent to the payment of fees (subject to applicable law) to the Financial Adviser, Authorised Representative or Referrer as set out in Part A - Information Memorandum and Part B - Loan Memorandum or subsequent disclosure.

8. I/we agree that, until I/we inform the Trustee otherwise, I/we will be taken to have consented to the following uses of our personal information:
  - (a) processing my/our application;
  - (b) providing or marketing products and services to me/us (unless I/we have opted out);
  - (c) administering, managing, monitoring, auditing and evaluating products and services;
  - (d) ensuring compliance with all applicable regulatory or legal requirements, including the requirements of the Australian Taxation Office, Australian Transaction Reports and Analysis Centre and other regulatory bodies or relevant exchanges; and
  - (e) other uses relevant and reasonable in the circumstances.
9. I/we understand that if we fail to provide any information requested or do not agree to any of the possible uses or disclosure of our information as detailed in the Information Memorandum, our application may be rejected by the Trustee and the Trustee is released and indemnified in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided.
10. I/we acknowledge that the Trustee and the Investment Manager (or their associates, directors, employees or agents) have not provided me/us with financial product advice regarding an investment in the Fund, that has taken into account my/our objectives, financial situation or needs. I/we acknowledge that I/we have had the opportunity to seek independent professional advice regarding the legal, taxation and financial implications of investing in the Fund.
11. I/we acknowledge that neither the Trustee nor the Investment Manager (including their directors and employees) guarantee the Fund's performance, the repayment of capital, any particular rate of return or any distribution. The performance of the Fund, the repayment of capital, any particular rate of return or the payment of distributions is not guaranteed by any person, including the Trustee, the Investment Manager or any of their associates, directors, employees or representatives.
12. In the case of joint applications, the joint applicants agree that unless otherwise indicated on the application form, the Units will be held as joint tenants and either investor is able to operate the account and bind the other investor for future transactions
13. If this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of the power.
14. I/We hereby irrevocably appoint Arthurmac, and any Director, agent, attorney or substitute nominated by it and the Investment Manager to be my/our attorney for the purpose of performing its duties under the Fund's Constitution in relation to any investment which I/we make, such appointment to be effective on and from the date on which Units in the Fund are issued to me/us.
15. The Trustee will advance the Fund's investment in the Loan at the Trustee's discretion;
16. All the details in this Part B Loan Memorandum were complete and provided to me/us prior to me/us executing this Specific Investment Authority;
17. the terms of the Offer are subject to the settlement of the Loan on the same terms as stated in this document;

EXECUTION

DocuSigned by:  
  
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Signed \_\_\_\_\_

Signed \_\_\_\_\_

Print Name \_\_\_\_\_  
 Tom Terei

Print Name \_\_\_\_\_

Date \_\_\_\_\_  
 15-12-2021

Date \_\_\_\_\_

Capacity to Execute (if not investor) \_\_\_\_\_

1. Companies should affix their Common Seal. (if applicable)
2. Investor representatives must state their capacity to execute and attach an appropriate original or certified copy of authority.