

Arthurmac Private Debt Fund Part B - Loan Memorandum Offer of 12 Camp

Trustee: BC CAPITAL PTY LTD ACN 162 643 478 AFS License 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 License ("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 12 Camp Units in the Fund and is dated 15 February 2022. The offer of 12 Camp Units under this IM comprising both Part A - Information Memorandum dated 20th May 2021 and this Part B - Loan Memorandum 15 February 2022 ("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 15th February 2022.

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 12 Camp 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	9.50% 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	12 Camp Units
	PROPOSED UNIT ISSUE DATE	28th February 2022

Security Property	Type of Security	Registered 1st Mortgage Mortgage(s)
	Security 1:	12 Camp Street Daylesford Vic 3460 Volume: 11151 Folio: 923 also known as Lot: 2 on Plan 626679S
	Valuation By:	Hay Property Group
	Property Description:	The security property at 12 Camp St Daylesford is known as Albert Guest House. It consists of a formal lounge, dining room, managers area, 5 lower level rooms with ensuites, a Day Spa & laundry. The back brick warehouse has been converted into 6 additional split level self contained units plus 2 undeveloped warehouse areas. The site is sloping, irregular shape and is 1,404m2 in size. The property is located on the fringe of the Commercial Precinct of Daylesford.
	Valuation Date:	31st Jan 2022
	Valuation Amount:	\$2,500,000.00 (this is the "as is" valuation and the valuer notes the purchase price is \$3,000,000 which includes some goodwill for the business)
	Other Security	Personal unlimited guarantees by guarantors and mortgagors.

Loan Details	Loan Amount	\$1,625,000		
	Loan to Valuation Ratio	65.00%		
	Term	12 Months		
	Loan Purpose	To purchase the security property		
	Loan Interest Rate	10.50% p.a. payable by the borrower		
	Default Rate	15.50% 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)	Melville Living Pty Ltd ACN 618 378 813 atf Melville Living Trust and David & Ge Yu Bromley Pty Ltd ACN 606 517 613 atf Bromley Property Trust
	Mortgagor(s)	Melville Living Pty Ltd ACN 618 378 813 and David & Ge Yu Bromley Pty Ltd ACN 606 517 613
	Guarantor(s)	Louise Maree Melotte, David Bromley & Ge Yu Bromley

Borrower Background	Louise Maree Melotte operates a restaurant and accommodation business in Daylesford with her husband. Hotel Frangos consists of accommodation, a pizza restaurant & bar and Koukla café. Their other brand is Daylesford Breaks which helps promote their accommodation business consisting of an additional 3 properties with this current purchase complimenting this side of their business. David Bromley and Ge Yu Bromley run Bromley & Co (www.bromleyandco.com) which is involved in art, interior design, fashion and anything creative. They are involved in this purchase to eventually take over & own the warehouse space of the security property through a subdivision of the property. They already own lot 1 adjoining the security property and they will move their gallery into this space once complete. They also own a significant property portfolio.
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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 are no listed defaults, judgements or bankruptcies and are satisfactory.
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Exit Strategy	The borrowers plan to refinance this loan to an institutional lender within the loan term.
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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:	1.00% p. a.
	Arthurmac (Investment Manager Fee)	0.75% 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	\$4,468.75 inc GST
	Application Fee – Arthurmac	1.00% of the loan amount	\$17,875.00 inc GST
	Broker Fee	1.00% of the loan amount	\$17,875.00 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"> 1. Interest is calculated monthly in advance on monthly rests 2. Minimum term is 6 months 3. 1 month of interest is payable if the loan is paid out in full before the maximum term expires 4. 1 months payment of Interest due upon settlement
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Notes to the Application	<ol style="list-style-type: none"> 1. Property location is in regional Victoria in Daylesford 2. Property purchase from a contract of sale signed 25th Nov 2021 3. The property has a heritage and environmental overlay 4. If a quick mortgagee sale was required with this type of property, the valuer notes could result in a 20% reduction to his valuation estimate 5. The valuer notes a 3-6 month selling cycle but could be up to 12 months 6. Valuer notes he has valued the property on an “as is” basis and part of the \$3,000,000 contract of sale is for goodwill of the business 7. There is a vendor finance agreement for this purchase of \$1,500,000 and we hold a copy of this agreement 8. The 2nd mortgagee will sign a deed of priority before settlement giving this 1st mortgage priority 9. There is a handshake agreement between Louise Melotte and David & Ge Yu Bromley that they will subdivide off the back warehouse in the next 24 months. David & Ge Yu Pty Ltd are to own the warehouse and Melville Living will own the accommodation component. We note any change to the ownership structure on title will need to be subsequent to the 1st mortgage being paid out in full. 10. We hold BAS statements for both borrower’s businesses which show strong income and profits as indicated in both borrowers applications
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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 12 Camp are subject to unique risks specific to this class of Units only, these risks include:

1. Failure to refinance this loan facility within the 12 month loan term and complete the stated exit strategy
2. Failure to make loan repayments when required after the initial 1 month 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	Melville Living Pty Ltd ACN 618 378 813 atf Melville Living Trust and David & Ge Yu Bromley Pty Ltd ACN 606 517 613 atf Bromley Property Trust	REF 9268
LOAN AMOUNT	\$1,625,000	SELECT INVESTMENT OFFER DATE
LOAN INTEREST RATE	10.50% p.a.	TERM OF LOAN
MANAGEMENT FEE	1.00% per annum of the loan amount under management	
LOAN PURPOSE	To purchase the security property	

INVESTOR DETAILS & APPROVAL AUTHORITY

I/We would like to invest in 12 Camp Units, which will form part of the Arthurmac Private Debt Fund (Fund).

INVESTOR NO.		INVESTMENT AMOUNT	\$70,000.00
NAME	Otta International Pty Ltd atf Otta International Pty Ltd Superannuation Fund	INVESTMENT RATE	9.50% p.a.
BANK CBA	Otta Int. Pty Ltd Superanniation Fund Account	BSB: 620000	Account: 11856118
UNIT CLASS	12 Camp	INVESTMENT TERM	12 Months
PROPOSED UNIT ISSUE DATE - Based on proposed drawdown date	3 rd March 2022		

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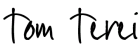
INVESTOR ACKNOWLEDGEMENT

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

- I/we have received and read in full the terms of the Offer of 12 Camp 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 12 Camp 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.
- 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:

 E92D80E823EB41E

Signed _____

Signed _____

Print Name _____
Tom Terei

Print Name _____

Date _____
28-02-2022

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.