

**PEYARNA SUPER FUND
(FUND)**

**PEYARNA PTY LTD
(ACN 150 148 879)
(COMPANY)**

**RESOLUTION OF THE DIRECTORS
MADE UNDER THE CONSTITUTION OF THE COMPANY**

We, the undersigned:

Tanya Dodman
Lance William Crofton

being all of the directors of the Company, in the Company's capacity as trustee of the Fund (**Fund Trustee**) do hereby resolve as follows:

**PROPOSED
INVESTMENT IN
PROPERTY VIA A
BORROWING BY THE
FUND:**

It was noted that under section 67A of the Superannuation Industry (Supervision) Act 1993 (**SIS Act**) trustees of Self Managed Superannuation Funds may borrow money to fund the acquisition of an asset in certain circumstances.

It was noted that in order to comply with section 67A of the SIS Act, the acquisition of an asset by a regulated superannuation fund via a borrowing must comply with the following criteria:

- the loan proceeds must be applied for the acquisition of an asset by the Fund;
- the asset acquired must not be an asset that the Fund Trustee is prohibited from acquiring normally under the SIS Act or any other law;
- the acquired asset must be held on trust for the Fund by a separate entity, so that the Fund Trustee holds the beneficial entitlement to the asset;
- the Fund Trustee must have the right to acquire legal ownership of the asset from the separate entity by making one or more payments after obtaining a beneficial entitlement to the asset; and
- the loan to the Fund must be limited recourse in nature, so that the lender's rights to recourse on default of the loan are limited to rights to the asset being acquired.

TERMS OF THE
PROPOSAL:

A proposal that the Fund Trustee acquire Lot 403, John Howe Circuit Muswellbrook NSW 2333 (**Property**) from Stephen Pollard and Vicki Joanne Pollard ATF Muswellbrook Property Trust 2 (**Vendors**) for a purchase price of \$385,000.00 via a borrowing arrangement between the Fund Trustee and a lender was noted.

It was noted that the Fund Trustee will borrow the amount of \$_____ (**Loan**) from _____ (**Lender**) to facilitate the acquisition of the Property, and pay the balance of the purchase price of the Property from the accounts of the Fund.

It was noted that, in order to comply with section 67A of the SIS Act, title to the Property, once acquired, will be held on trust for the Fund by Peyarna Custodian Pty Ltd (ACN 154 313 863) (**Bare Trustee**). A draft bare trust deed (**Bare Trust Deed**) was tabled, to be executed by the Fund Trustee and the Bare Trustee, setting out the terms on which the Bare Trustee will hold legal title to the Property once the Property is acquired (**Custodial Arrangement**).

It was noted that the Fund Trustee and the Bare Trustee are related parties.

Tanya Dodman made the following declarations of interest:

- i. I am a Member of the Fund
- ii. I am a Director of the Fund Trustee
- iii. I am a Shareholder of the Fund Trustee
- iv. I am a Director of the Bare Trustee
- v. I am a Shareholder of the Bare Trustee

Lance William Crofton made the following declarations of interest:

- i. I am a Member of the Fund
- ii. I am a Director of the Fund Trustee
- iii. I am a Shareholder of the Fund Trustee
- iv. I am a Director of the Bare Trustee
- v. I am a Shareholder of the Bare Trustee

It was noted that the constitution of the Fund Trustee allows the directors of the Fund Trustee to be counted in the quorum in relation to voting and resolutions notwithstanding their interests

as disclosed.

It was noted that the interests declared by the directors do not prevent them from voting under the trust deed for the Fund or other law.

It was noted that the Bare Trustee will hold legal title to the Property under the Custodial Arrangement, but that the Fund Trustee will hold the full beneficial entitlement to the Property and will be the real purchaser in respect of the Property. It was further noted that the Bare Trustee must, upon receiving a direction from the Fund Trustee, transfer legal title to the Property to the Fund Trustee for nil consideration.

It was noted that the Bare Trustee will, if it has not already done so, be required to execute all necessary documents including a contract of sale in respect of the Property (**Contract of Sale**) to acquire legal title to the Property.

It was noted that in order to comply with section 67A of the SIS Act, the Property must not be a property that the Fund would otherwise be prohibited from purchasing under the SIS Act or other law.

It was noted that the Vendors are not related parties of the Fund for the purposes of the related party acquisition prohibition in section 66 of the SIS Act.

It was noted that the acquisition of the Property would not therefore infringe the rule against related party transactions.

It was noted that the Custodial Arrangement will not be considered a breach of the in-house asset rules of the SIS Act despite the Bare Trust being a related trust, pursuant to the exemption granted by section 71(8) of the SIS Act.

It was noted that the acquisition of the Property would not therefore breach the in-house asset rules of the SIS Act.

It was noted that the Loan from the Lender to the Fund will be limited recourse in nature, and that the Lender will require the Bare Trustee to execute a security document (**Security**) with the Lender in relation to the Property. It was further noted the Lender will require the Fund Trustee to execute a loan agreement (**Loan Agreement**) with the Lender in relation to the

Property.

It was noted that under the terms of the Bare Trust Deed, the Bare Trustee must exercise all rights, powers and remedies in respect of the Property in accordance with the directions of the Fund Trustee and the Bare Trustee must not exercise any discretion under this deed other than at the direction of the Fund Trustee. It was further noted that the Fund Trustee will instruct the Bare Trustee to execute the Security.

It was noted that under the terms of the Bare Trust Deed, the Fund Trustee will indemnify the Bare Trustee against all costs of and incidental to the holding of the Property upon trust for the Fund Trustee including but not limited to the acquisition, maintenance and retention of the Property and the Bare Trustee's trusteeship of the Bare Trust.

It was noted that in the event of a default on the Loan, the Lender's rights will be limited to rights against the Property as set out in the Loan Agreement and Security. It was noted that in the event of a default, the Property will be sold and the Lender will be entitled to receive payment of the outstanding interest and principal of the loan out of the proceeds of the sale. It was noted that if the proceeds of the sale are not sufficient to cover the outstanding interest and principal payable under the Loan, the shortfall will be to the Lender's account and the Fund Trustee will not be liable to make any further payments from the accounts of the Fund.

The Contract of Sale was tabled, and it was noted that the Bare Trustee, if it has not already done so, will be required to execute the Contract of Sale to give effect to the Bare Trust Deed.

It was noted that under the trust deed for the Fund, the Fund Trustee has the power to acquire the Property on the terms and conditions outlined in the Bare Trust Deed and the SIS Act.

Material terms of the Bare Trust Deed were discussed in relation to the requirements of the SIS Act.

A letter of advice from Topdocs Legal Pty Ltd was tabled, in which Topdocs Legal Pty Ltd expressed the opinion, having reviewed the Bare Trust Deed that:

- The Bare Trust Deed will, in our view, meet the requirements of section 67A of the SIS Act as regards the

manner in which property to be acquired with the proceeds of borrowing by the trustee/s of the Fund (**Property**) is to be held, provided the Property is a *single acquirable asset* for the purposes of Section 67A of the SIS Act and is not an asset that the Borrower is otherwise prohibited from acquiring by the SIS Act or any other law.


- The exception to the in-house asset rules conferred by section 71(8) of the SIS Act will apply to the Bare Trust to be established by the Bare Trust Deed (and therefore the interest of the trustee/s of the Fund in the Bare Trust will not constitute an "in-house asset" of the Fund for the purposes of the SIS Act) provided that the Property would not constitute an "in-house asset" of the Fund (if it were an asset of the Fund acquired directly).
- The Bare Trust Deed and draft resolutions prepared by Super Registry Pty Ltd have been prepared in accordance with your instructions (as contained in the Application Form and any variations to those instructions notified to us).

The merits of the investment in the Property were discussed and it was resolved that the investment in the Property was consistent with the Fund's investment strategy.

It was resolved that:

- The acquisition of the Property on the terms of the Bare Trust Deed is an appropriate investment of the Fund.
- The Fund Trustee execute the Bare Trust Deed, and all other documents required to effect the Bare Trust Deed.
- The Fund Trustee instruct the Bare Trustee, if the Bare Trustee has not already done so, to execute the Contract of Sale and all other documents the Bare Trustee is required to execute to effect the Bare Trust Deed.

DATED 23-11-11



TANYA DODMAN

A handwritten signature in black ink, appearing to read 'L. Crofton', is written over a horizontal line.

LANCE WILLIAM CROFTON

**PEYARNA CUSTODIAN PTY LTD
(ACN 154 313 863)
(COMPANY)**

**RESOLUTION OF THE DIRECTORS
MADE UNDER THE CONSTITUTION OF THE COMPANY**

We, the undersigned:

Tanya Dodman
Lance William Crofton

being all of the directors of the Company, in the Company's capacity as trustee of the Peyarna Custodian Trust (**Bare Trustee**) do hereby resolve as follows:

**PROPOSED CUSTODIAL
ARRANGEMENT:**

A proposal that the Bare Trustee hold Lot 403, John Howe Circuit Muswellbrook NSW 2333 (**Property**) on trust for Peyarna Pty Ltd (ACN 150 148 879) (**Fund Trustee**) as trustee for the Peyarna Super Fund (**Fund**) in relation to a proposed borrowing arrangement between the Fund Trustee and _____ (**Lender**) was noted.

A draft bare trust deed (**Bare Trust Deed**) was tabled, to be executed by the Fund Trustee and the Bare Trustee, setting out the terms on which the Bare Trustee will hold legal title to the Property once the Property is acquired (**Custodial Arrangement**).

It was noted that the Fund Trustee and the Bare Trustee are related parties.

Tanya Dodman made the following declarations of interest:

- i. I am a Member of the Fund
- ii. I am a Director of the Fund Trustee
- iii. I am a Shareholder of the Fund Trustee
- iv. I am a Director of the Bare Trustee
- v. I am a Shareholder of the Bare Trustee

Lance William Crofton made the following declarations of interest:

- i. I am a Member of the Fund
- ii. I am a Director of the Fund Trustee
- iii. I am a Shareholder of the Fund Trustee

- iv. I am a Director of the Bare Trustee
- v. I am a Shareholder of the Bare Trustee

It was noted that the constitution of the Bare Trustee allows the directors of the Bare Trustee to be counted in the quorum in relation to voting and resolutions notwithstanding their interests as disclosed.

It was noted that the constitution of the Bare Trustee confers on the Bare Trustee the necessary powers to enter into the Bare Trust and carry out its obligations under the Bare Trust Deed.

It was noted that the Bare Trustee will hold legal title to the Property under the Custodial Arrangement, but that the Fund Trustee will hold the full beneficial entitlement to the Property and will be the real purchaser in respect of the Property. It was further noted that the Fund Trustee will have the right to instruct the Bare Trustee to transfer legal title to the Property to the Fund Trustee at any time for nil consideration.

It was noted that under the terms of the Bare Trust Deed, the Bare Trustee must exercise all rights, powers and remedies in respect of the Property in accordance with the directions of the Fund Trustee and the Bare Trustee must not exercise any discretion under the Bare Trust Deed other than at the direction of the Fund Trustee. It was noted that the Fund Trustee will instruct the Bare Trustee, via a notice of instruction, to execute a security document (**Security**) in relation to the Property to secure repayment of the Loan.

It was noted that under the terms of the Bare Trust Deed, the Bare Trustee is required to execute all such documents as are necessary and desirable to grant legal title to the Property to the Bare Trustee, including but not limited to a contract of sale in respect of the Property (**Contract of Sale**).

It was noted that under the terms of the Bare Trust Deed, the Fund Trustee will indemnify the Bare Trustee against all costs of and incidental to the holding of the Property upon trust for the Fund Trustee including but not limited to the acquisition, maintenance and retention of the Property and the Bare Trustee's trusteeship of the Bare Trust.

It was noted that the Bare Trustee would not be entitled to be remunerated for carrying out its obligations under the Bare Trust

Deed.

It was noted that in the event of a default on the loan, the Lender's rights will be limited to rights against the Property. It was noted that in the event of a default, the Property will be sold and the Lender will be entitled to receive payment of the outstanding interest and principal of the loan out of the proceeds of the sale. It was noted that if the proceeds of the sale are not sufficient to cover the outstanding interest and principal payable under the loan, the shortfall will be to the Lender's account and the Fund Trustee will not be liable to make any further payments from the accounts of the Fund.

The Contract of Sale was tabled, and it was noted that the Bare Trustee, if it has not already done so, will be required to execute the contract of sale to give effect to the Bare Trust Deed.

It was resolved to:

- Execute the Bare Trust Deed and all other documents necessary to effect the Bare Trust Deed.
- Execute the Contract of Sale.
- At the written instruction of the Fund Trustee, execute the Security.

DATED _____



TANYA DODMAN



LANCE WILLIAM CROFTON

**PEYARNA CUSTODIAN PTY LTD
(ACN 154 313 863)
(COMPANY)**

**RESOLUTION OF THE DIRECTORS
MADE UNDER THE CONSTITUTION OF THE COMPANY**

We, the undersigned:

Tanya Dodman
Lance William Crofton

being all of the directors of the Company, in the Company's capacity as trustee of the Peyarna Custodian Trust (**Bare Trustee**) do hereby resolve as follows:

**PROPOSED CUSTODIAL
ARRANGEMENT:**

It was noted that the Bare Trustee and Peyarna Pty Ltd (ACN 150 148 879) (**Fund Trustee**) as trustee for the Peyarna Super Fund (**Fund**) had previously executed a bare trust deed (**Bare Trust Deed**) regarding the acquisition of Lot 403, John Howe Circuit Muswellbrook NSW 2333 (**Property**) from Stephen Pollard and Vicki Joanne Pollard ATF Muswellbrook Property Trust 2.

It was noted that the Fund Trustee had applied for a loan of \$ _____ (**Loan**) from _____ (**Lender**) to assist in the funding of the acquisition of the Property. It was further noted that the Lender has provided the Fund Trustee with a loan agreement and security document (**Security**) in relation to the loan.

It was noted that the Fund Trustee wishes to grant the Lender security over the Property in the form outlined in the Security.

It was noted that the Bare Trust Deed confers on the Fund Trustee the power to instruct the Bare Trustee to execute the Security with the Lender to secure repayment of the Loan.


**NOTICE OF
INSTRUCTION:**

A notice of instruction (**Notice of Instruction**) signed by the Fund Trustee and the Security were tabled. It was noted that the Notice of Instruction instructs the Bare Trustee to enter into the Security with the Lender.


It was noted that the constitution of the Bare Trustee confers on the Bare Trustee the necessary powers to enter into the Security with the Lender.

It was resolved to execute the Security.

DATED _____



TANYA DODMAN



LANCE WILLIAM CROFTON

NOTICE OF INSTRUCTION

FROM:

Peyarna Pty Ltd (ACN 150 148 879) **ATF** Peyarna Super Fund (**Fund Trustee**)

TO:

Peyarna Custodian Pty Ltd (ACN 154 313 863) (**Bare Trustee**)

The Fund Trustee instructs the Bare Trustee to provide security over Lot 403, John Howe Circuit Muswellbrook NSW 2333 in the form of a first registrable limited recourse mortgage as attached to this notice of instruction.


.....
Signed for on behalf of the Fund Trustee by Tanya Dodman

DATED: 23. 11. 11

**PEYARNA SUPER FUND
(FUND)**

**PEYARNA PTY LTD
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(COMPANY)**

**RESOLUTION OF THE DIRECTORS
MADE UNDER THE CONSTITUTION OF THE COMPANY**

We, the undersigned:

Tanya Dodman
Lance William Crofton

being all of the directors of the Company, in the Company's capacity as trustee of the Fund (**Fund Trustee**) do hereby resolve as follows:

**PROPOSED
INVESTMENT IN
PROPERTY VIA A
BORROWING IN THE
FUND:**

It was noted that the Fund Trustee and Peyarna Custodian Pty Ltd (ACN 154 313 863) (**Bare Trustee**) had previously executed a bare trust deed (**Bare Trust Deed**) regarding the acquisition of Lot 403, John Howe Circuit Muswellbrook NSW 2333 (**Property**) from Stephen Pollard and Vicki Joanne Pollard ATF Muswellbrook Property Trust 2.

It was noted that the Fund Trustee previously applied for a loan of \$_____ from _____ (**Lender**) to assist in the funding of the acquisition of the Property. It was noted that the balance of the purchase price of the Property would be paid from the accounts of the Fund.

**TERMS OF THE LOAN
AGREEMENT AND
SECURITY:**

It was noted that the Lender has provided the Fund Trustee with a loan agreement (**Loan Agreement**) and security document (**Security**) in relation to the loan.

The Loan Agreement and Security were tabled.

It was noted that in order to comply with section 67A of the Superannuation Industry (Supervision) Act 1993 (**SIS Act**), the acquisition of an asset by a regulated superannuation fund via a borrowing must comply with the following criteria:

- the loan proceeds must be applied for the acquisition of an asset by the Fund;
- the asset acquired must not be an asset that the Fund Trustee is prohibited from acquiring normally under the SIS Act or any other law;

- the acquired asset must be held on trust for the Fund by a separate entity, so that the Fund Trustee holds the beneficial entitlement to the asset;
- the Fund Trustee must have the right to acquire legal ownership of the asset from the separate entity by making one or more payments after obtaining a beneficial entitlement to the asset; and
- the loan to the Fund must be limited recourse in nature, so that the Lender's rights to recourse on default of the loan are limited to rights to the asset being acquired.

The material terms of the Loan Agreement and Security were discussed including default arrangements and payment terms, and the requirements of the SIS Act.

It was noted that in the event of a default on the loan, the Lender's rights will be limited to rights against the Property as set out in the Loan Agreement and Security. It was noted that in the event of a default, the Property will be sold and the Lender will be entitled to receive payment of the outstanding interest and principal of the loan out of the proceeds of the sale. It was noted that if the proceeds of the sale are not sufficient to cover the outstanding interest and principal payable under the loan, the shortfall will be to the Lender's account and the Fund Trustee will not be liable to make any further payments from the accounts of the Fund.

It was noted that under the terms of the trust deed for the Fund, the Fund Trustee has the power to acquire the Property on the terms and conditions outlined in the Loan Agreement and Security.

It was noted that under the terms of the Bare Trust Deed, the Fund Trustee has the power to instruct the Bare Trustee to enter into the Security. It was further noted that the Fund Trustee will instruct the Bare Trustee, via a notice of instruction (**Notice of Instruction**), to execute the Security.

It was resolved that:

- Entering into the Loan Agreement and Security is in the best interests of the beneficiaries of the Fund.
- The Fund Trustee execute the Loan Agreement, and all other documents required to effect the Loan Agreement.
- The Fund Trustee execute the Notice of Instruction and deliver it to the Bare Trustee.

DATED 23-11-11



TANYA DODMAN



LANCE WILLIAM CROFTON