

## 7. UN-FUNDED PURCHASE PRICE (“Blue Shortfalls”)

N.B. Complete this Section for any component of the Purchase Price that is not funded by insurance (or if Vendor Finance is required in the case of a retirement or other sale).

Component of Equity	Questions	Component (i)	Component (ii)	Component (iii)	Component (iv)	TOTAL
Name of Business Entity	What (is being sold)?	Dixon Small Business Centre	Dixon Services Pty Ltd	Dixon Small Business Centre Trust		N/A
Pre-agreed Sale Price	What (Price)?	\$320,000	\$1	\$79,999		\$400,000
Amount Insured	How much (funded)?	\$120,000 (TPD)	\$1 (TPD)	\$79,999 (TPD)		\$200,000 (TPD)
Amount of Shortfall	How much (shortfall)?	\$200,000	Nil	Nil		\$200,000
Timeframe for Payment	What time (to pay)?	Four (4) years	N/A	N/A		N/A
Number of Instalments	How often?	48 (monthly)	N/A	N/A		N/A
Amount of Each Instalment	How much?	\$4,167	N/A	N/A		\$4,167
Interest Rate	What interest for delay?	Bank Rate + 2%	N/A	N/A		N/A
Security	What protection (for Vendor)?	First Mortgage over Equity	First Mortgage over Shares	First Mortgage over Units		N/A

### TPD Strategy

This Item has been completed for a TPD Strategy in which half of the Pre-agreed Purchase Price (\$400K) has been funded by Insurance Proceeds (\$200K).

The shortfall of \$200K is being funded at the rate of \$50K per annum or 48 equal monthly instalments over four years.

Interest is being charged in addition to the instalments and is being paid at the same time as the instalments.

The interest rate is 2% higher than the Bank Rate.

This means that the Purchasers would have a financial incentive to:

- Re-finance the “loan” with a Bank at the Bank Rate (thus, potentially saving 2%);
- Pay the balance of the Purchase Price in one instalment; and
- End any ongoing financial relationship with the Outgoing Proprietor (or their Estate).

The available cover has been allocated to the Equity in the Unit Trust.

As a result, the shortfall relates solely to the Equity in the Partnership.