

## 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.