



**MembersEquity
Bank**
The Super Funds Bank

Business Banking

Members Equity Bank Pty Ltd ABN 56 070 887 679
Level 1, 144 Edward Street Brisbane QLD 4000
GPO Box 426 Brisbane QLD 4001
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AFS Licence: 229500

16th April 2008

Mr Chris Cameron
Spinnaker Capital Management Pty Ltd
PO Box 8459
GCMC QLD 9726

INDICATIVE TERMS SHEET

Dear Mr. Cameron,

RE: Development Finance of an Approved Subdivision at Ravenshoe, Queensland.

Further to our recent communications, I confirm Members Equity Bank would be prepared to consider an application from you for the provision of financial accommodation to assist your client with the finance of a land subdivision known as "Sunrise Estates" in two stages, stage one being 34 lots and stage 2 being 91 lots, at Ravenshoe Queensland.

The undermentioned indicative terms and conditions are those that are likely to apply to any credit facility provided by Members Equity Bank for property developments similar in size and scope.

It is important to note that this letter does not constitute an approval or an offer to provide financial accommodation. Any approval would be subject to a formal credit application requiring the approval of the bank's Credit Committee. It should also be noted that any approval might result in additional terms and conditions beyond those noted below. All rates fees and charges are strictly indicative only.

Borrower: Cousins Securities Pty Ltd

Facility Limit: \$2,750,000 (Two Million Seven Hundred and Fifty Thousand Dollars) To be structured as indicated below:

- Facility 1 – Construction Facility: **\$2,250,000**
- Facility 2 – Balance Land Facility: **\$500,000**

Purpose: To assist with the finance an approved development site at Ravenshoe, Queensland.



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Facility 1 Funding is to be considered based on the following basis

Costs	Bank Funded	Borrower Funded	Total Funds
Land at Valuation price	55	557	612
Construction Costs	1,182	0	1,182
Contingency (5%)	106	0	106
Professional Fees	100	0	100
ERGON	180	0	180
Council Contributions	237	0	237
Sales & Marketing	158	158	316
Brokerage	27	0	27
Finance Set up costs	15	5	20
Interest capitalised *	190	0	190
Total Funding	2,250	720	2,970

Facility 2 Funding is to be considered based on the following basis:

Loan Amount	\$500,000
Interest Provision (12 months)	\$60,000
Refinance NAB	\$435,000
Balance	\$5,000

Loan Type

Commercial Property Development Loan

Term

12 months from initial drawdown of loan facility. Term is to allow for construction and sell-down period.

Interest Rate

The interest rate is a variable rate, which will be determined at settlement and adjusted each 90 days. The interest rate is determined by reference to the bid rate (rounded up if necessary to the nearest five basis points) for bank-accepted bills of exchange obtained from Reuters' page BBSY "Bid rate" plus a margin of 2.50% p.a.

An indicative interest rate as at 16th April 2008 is 10.44% (being 90 day Bill rate of 7.94% per annum plus the margin of 2.50%).

Introducer:

This loan has been introduced to the Lender by Spinnaker Capital Management. The Lender may pay fees or commissions or pay other benefits to the Introducer, and in turn the Introducer may pay fees or benefits to third parties in relation to this transaction. The amount of the fees payable to the introducer has been stipulated herein.

Repayments:

Interest payable on the loan will be capitalised to the debit of the loan account.

Loan to be cleared in full at expiry or earlier completion of the project from property sales.



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Fees:

Establishment fee: \$20,000.00 (0.75%) of the loan amount, payable as follows:

\$5,000.00 payable upon your mandate to seek formal approval of the loan facility. This fee is not refundable except if the loan facility is not approved or conditions of approval are materially different to those proposed in the Terms Sheet accepted by the borrower.

\$15,000 payable at settlement.

Valuation fee: Quotation to be obtained with cost to be for the account of the borrower. Valuation undertaken by a valuer acceptable and instructed by Members Equity Bank.

Legal Costs: All reasonable legal fees and expenses incurred in connection with the preparation, negotiation, execution and registration of the loan and security documentation, paid to Members Equity Bank's Lawyers, will be met by the borrower.

Security: Loan Agreement incorporating full loan terms and conditions.

- Registered First Mortgage over the Property situated at Sunrise Estates, Ravenshoe, QLD
- Registered Fixed and Floating charge over the borrower.
- Interlocking, Cross-Collateralised Guarantees and Indemnity from all corporate shareholders of the Borrower:
- Guarantee and Indemnity from all Directors of the Borrower
- Tripartite Agreement between the Borrower, the Lender, and the appointed civil contractor.
- Such other security and sundry documents as the Lender and its Solicitors may require as a result of searches and inquiries.

Conditions Precedent:

- Borrowing structure to be satisfactory to the Lender
- Provision of the following financial information prepared by or for the borrower:
 - Financial statements for last 2 financial years,
 - Updated project cash flow and budgets for the proposed development.

The above are to be found satisfactory by the Lender in all respects.



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- Provision of loan statements from current financier/financiers.
- Provision of the following financial information prepared by or for the Guarantors:
 - Statement of Position
 - Tax Returns for last 2 financial years,

The above are to be found satisfactory by the Lender in all respects.

- All shareholders/directors/mezzanine lenders to the borrower are to be fully subordinated to the bank.
- Satisfactory credit checks to be completed on the borrower and Guarantors.
- A valuation report as prepared by a valuer selected and instructed by the lender. The report is to be satisfactory to the lender and is to confirm an estimated 'as is' value of Stage 1 not less than \$612,000 (net of GST) and a 'gross realisation' of \$4.94 Million (net of GST) and an 'as is' value of Stage 2 not less than \$1.638 Million (net of GST).
- Facility 1 Loan to 'Total Development Costs' value is not to exceed 75% net of GST and Facility 2 Loan to "As Is" value is not to exceed 40%.
- Development and Marketing Plans to be provided and found satisfactory by the Lender.
- A Quantity Surveyor or Consulting Engineer, selected and instructed by the Lender, is to be engaged to monitor the project on behalf of Members Equity Bank, at cost to the borrower. The QS will review and confirm project budgets as being reasonable and confirm loan funding is sufficient to complete the project. Loan to Total Development Costs ratio is not to exceed 75%. Total development cost is the sum of:
 - Land value
 - Construction costs
 - Professional fees & statutory charges
 - Construction and project management fees
 - Sundry Costs and contingency allowance.
 - Marketing and sales costs
 - Interest and financing costs for the construction period (ie interest capitalisation)



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- Building Contract terms and conditions, including contract amount and contingency allowances to be to the satisfaction of the Lender and its advisers.
- Builder to be satisfactory to the Lender (financial reports to be provided and found acceptable in all respects).
- Adequate all risks insurance cover to be held covering the development.
- Tripartite construction agreement to be held between the Lender, the Borrower and the Builder.
- Building plans, development permits and all other statutory or other permits covering the development are to be provided to Members Equity Bank and found to be satisfactory.
- Standard requirement for all pre-sales arrangements are listed below:
 1. Presale unconditional contracts to be acceptable to Members Equity Bank.
 2. Panel solicitor will review exchanged copy of Contract of Sale and be fully satisfy regarding validity and enforceability.
 3. Unless otherwise expressly agreed to, all presales are to be to Australian residents and at arms-length to the borrower or any associates of the borrower.
 4. Minimum 10% deposit to be paid on each presale contract with deposit funds to be held in a deposit account maintained with Members Equity Bank.
 5. Unconditional Bank Guarantees are acceptable in lieu of cash deposits.
 6. Negotiated purchase price to be not less than 95% of valuation.
 7. Members Equity Bank security to include a Specific Charge over the unconditional contract of sale exchanged and borrower's interests in the deposit held.
 8. The number and value of pre-sales/ deposits held to be confirmed to Members Equity Bank at least twice a month until the loan is repaid



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Conditions
Subsequent:

Loan

- Construction funding will be provided progressively on a cost to complete basis. All progress claims are to be in writing and must be confirmed by the QS appointed by Members Equity Bank. The QS must confirm completion of the work for which the progress claim relates and also confirm that the undrawn loan amount will be sufficient to complete the project.
- Full proceeds (inclusive of GST) from sales of the allotments houses are to be applied to the reduction of the loan.
- The Lender and its representative must be given adequate notice of and may attend any project control meetings or other material meeting regarding the Development.
- National Manager may attend meetings on a quarterly basis with reasonable travelling costs to be borne by the Borrower.
- The Manager may erect a sign on the Development, generally stating "this project is funded by Members Equity Bank".

I look forward to meeting up with you in the near future to discuss the contents of this letter and how we may progress this matter further.

Yours sincerely

Edward Moore
Business Development Manager
Business Banking
Members Equity Bank