

# Rewards Group Premium Timber Project 2009

## FINANCE INFORMATION

Rewards Projects Ltd is offering to approved applicants, a range of competitive finance packages for investors in the Rewards Group Premium Timber Project 2009.

Finance packages are available from QPR Capital Finance Pty Ltd (a wholly owned subsidiary of Rewards) and the Project's nominated financier, Commonwealth Bank of Australia (CBA).

## 12 Months Interest Free Loan Information

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### Financier

QPR Capital Finance Pty Ltd ACN 093 209 173 (a wholly owned subsidiary of Rewards).

### Finance Terms

There is **100% finance available** for the Application Amount (inclusive of GST).

No cash deposit is required.

The loan is a 12 month INTEREST FREE loan with 12 monthly repayments commencing on 31 July 2009.

### Finance Criteria

No statement of financial position is required.

No proof of income is required.

If a Grower is not investing through a dealer, IDPS, other financial advisers, or via an authorised representative of Rewards, then they must provide Rewards with identification materials for AML/CTF legislative purposes (refer to Application Guide for examples).

### Fees

A Loan Establishment Fee of 0.25% of the loan amount or \$250 (whichever is greater) is payable on 31 July 2009.

ASIC registration fee (Corporate borrowers only).

The loan is interest free except that interest will be charged on overdue amounts at the Base Rate plus 4.5% interest per annum (default interest will be calculated daily and accrued monthly).

### Security

Individual Borrowers provides Rewards with a charge over the forestry investment asset as security for the loan to the Grower.

Loan is full recourse against the borrower and guarantors (if any).

For Corporate borrowers, all Directors must sign as guarantors.

#### REGISTERING MORTGAGES FOR CORPORATE BORROWERS

A Form 309 (Notification of Details of a Charge) must be lodged with ASIC for Growers that are Corporate borrowers within 45 days of each Finance Agreement being entered into. Effectively, this entails having a "mortgage" charge over the company's holdings in the Managed Investment Scheme. The mortgage charge is defined as all of the Grower's present and future right, title and interest in and to, and all entitlements and benefits arising in favour of the Grower in respect of the Scheme, including without limitation, the woodlots and the Grower Agreements.

**IT IS NOT A CHARGE OVER ALL THE COMPANY'S ASSETS.**

### Early Repayment

There are NO fees, charges and other monies payable by a Grower to the Lender when the Grower repays the Principal Sum before its scheduled time of maturity.

# Nominated Financer Loan Information

## Financier

Commonwealth Bank of Australia (CBA).

CBA will lend directly to investors.

CBA will be responsible for the servicing and maintenance of loans including the debiting of interest repayments and the issuance of loan statements every 3 months.

## Finance Terms

There is **100% finance available** for the Application Amount inclusive of GST.

No cash deposit is required.

The **Finance Terms** available to borrowers for the 2009 financial year are as follows:

Finance Option	Repayments
2 Year Loan	24 monthly repayments
3 Year Loan	36 monthly repayments
5 Year Loan	60 monthly repayments
7 Year Loan	84 monthly repayments
10 Year Loan	120 monthly repayments
12 Year Loan	144 monthly repayments
15 Year Loan	180 monthly repayments

**Interest Only options are available for the above loans (first 36 months interest only)**

### Interest Rate Options for Fixed and Variable Rate Loans

Interest rates for both a fixed rate loan and a variable rate loan will be determined on the date of advance by CBA (at the published CBA rate).

Interest charges will be calculated from the date of advance by CBA.

Repayments will be direct debited on the first business day of each month, commencing 1 month after that date of advance.

The date of advance by CBA will be the last business day of the month the loan is approved.

*For example:*

Mr Smith has had his finance application approved on 15 April 2009.

The date of advance by CBA will be 30 April 2009.

The rate for his loan shall be determined on 30 April 2009.

Interest charges will be calculated from 30 April 2009.

The first repayment date (to be direct debited from a Grower's bank account) will be 1 June 2009.

Indicative Interest Rates are available on Rewards' website [www.rewardsgroup.com.au](http://www.rewardsgroup.com.au)

Upon approval of a finance application, an email confirmation will be issued by Rewards.

Within 30 days following the date of advance, a loan approval letter will be issued by CBA detailing the loan amount, the margin, the repayment dates and repayment amounts over the life of the loan.

## Finance Criteria

The maximum finance amount for a borrower investing in a single Rewards MIS investment is \$500,000. Loans greater than \$500,000 will be at the sole discretion of CBA.

The borrower must meet a Net Tangible Assets (**NTA**) test and a Debt Servicing Ratio (**DSR**) test in relation to an application for finance for a single Rewards MIS investment.

To determine indicative DSR and NTA calculations, advisers can use the Rewards Group Wealth Generator Model, using the finance calculator.

The finance criteria to be applied to borrowers this year by CBA, are as follows:

Loan Amount	DSR	25% or less	26- 30%	31-35%	36-40%
\$0 – \$100k	NTA(x)	2	3	3	4
\$101k-\$200k	NTA(x)	2	3	4	5
\$201k-\$500k	NTA(x)	2	3	4	5

### DEBT SERVICING RATIO (DSR)

The calculation is a percentage of gross income that is required to service gross commitments declared.

DSR is based on gross monthly income or net monthly profit of business, if self employed.

Maximum DSR must be below 35% if the gross income is under \$55,000 per annum.

Maximum DSR must be below 40% if the gross income is equal to or above \$55,000 per annum.

### NET TANGIBLE ASSETS (NTA)

NTA is calculated by the multiple of the net assets of the applicant over the amount of the loan applied for.

The net tangible asset includes all realisable assets less liabilities.

The apportionment of assets values is as detailed below:

NTA Value Apportioned	
<b>Asset</b>	
Cash / Term deposits	100%
Property (residential)	100%
Property (investment)	100%
Listed Shares	80%
Vehicles/Boats	80%
Home Contents (if home owned - otherwise nil)	50%
Personal (i.e. Jewellery)	0%
Managed Investment Schemes	40%
Superannuation	0%
Life Insurance Policies	0%
<b>Liabilities</b>	
Mortgage # (residential)	100%
Mortgage # (investments)	100%
Credit Card Limit	100%
Other Loans and Leases (including MIS)	100%
Third Party Guarantees (e.g. MIS loans)	50%
<b>Income</b>	
Gross Salary	100%
Net Monthly Profit (if self employed)	100%
Gross Dividend Income	80%
Rental Income	80%

## NOTES:

If equity of a business is included as an asset on the application, the Net Asset Value (excluding goodwill) of the business entity will be accepted provided a current balance sheet of the entity is provided.

All controllable trusts and companies provided by the applicant can be included with the applicant's financial data as long as the Trust or Company guarantees the contract performance.

## SUPPORTING DOCUMENTATION REQUIRED

### Proof of Income

- **Employees**
  - Copy of latest 2 tax returns; **OR**
  - Latest tax return and a recent pay slip; **OR**
  - Two most recent pay slips confirming income.
- **Self Employed**
  - Latest two tax returns; **OR**
  - Letter from Accountant regarding estimated income.
- **Other Third Party Income**
  - Confirmation of income declared (e.g. verified letter from employer).
  - Rental income: rental contract.
  - Dividend income: dividend statement/Listed Shares Brokers Statement.

### **Assets**

If a loan is above \$100,000, confirmation that a major property asset is owned by the borrower must be obtained in the form of a rate notice or a title search.

### Proof of Identification

**Certified copy of Driver's Licence or Passport**

**PROCESSING OF A GROWER'S APPLICATION MAY BE DELAYED IF THE ABOVE INFORMATION IS NOT SUPPLIED.**

NOTE: A clear Credit Rating is also applicable. However, the credit rating can include recorded defaults if they total no more than \$2,000 or are over 5 years old.

## Fees

An Establishment Fee of 0.25% of the loan amount or \$250 (whichever is greater) is payable. This will be capitalised onto the loan amount unless the applicant specifically elects to pay it in a lump sum on 31 July 2009.

Trust Review Fee (if applicable): \$300 per trust review is payable only if a trust goes as a guarantor for a loan. This fee will be capitalised onto the loan amount unless the applicant specifically elects to pay it in a lump sum on 31 July 2009.

Stamp Duty Administration Fee: This fee is 0.1% of the loan amount. This fee will be capitalised onto the loan amount unless the applicant specifically elects to pay it in a lump sum on 31 July 2009.

ASIC registration fees are applicable for Corporate Borrowers only. If applicable, this fee must be paid in a lump sum on 31 July 2009.

The Loan Establishment Fee, Trust Review Fee (if applicable), Stamp Duty Administration Fee or any other statutory fees by default will be capitalised onto the loan amount.

## Security

Individual borrowers will provide CBA with a charge over their forestry investment asset as security for the loan to CBA.

The loan is of full recourse against the borrower and guarantors (if any).

For Corporate borrowers, all Directors must sign as guarantors.

## REGISTERING MORTGAGES FOR CORPORATE BORROWERS

A Form 309 (Notification of Details of a Charge) must be lodged with ASIC for Growers that are Corporate borrowers within 45 days of each Finance Agreement being entered into. Effectively, this entails having a “mortgage” charge over the company’s holdings in the Managed Investment Scheme. The mortgage charge is defined as all of the Grower’s present and future right, title and interest in and to, and all entitlements and benefits arising in favour of the Grower in respect of the Scheme, including without limitation, the woodlots and the Grower Agreements.

### IT IS NOT A CHARGE OVER ALL THE COMPANY’S ASSETS

For a Company application over \$100,000, an ASIC company search will be performed to ascertain if the company is subject to existing charges. If existing charges are identified, they must be noted on the loan application file. The Lender reserves the right to refuse loans over \$100,000 that are subject to an existing charge, unless a partial release of the existing charge is granted by the senior lender (allowing the Lender to take first priority mortgage over the woodlot).

## Refinancing

Should CBA finance applications not be assessed in time (on or by 30 June 2009), CBA finance applications will be converted to the 12 Month Interest Free Loan option in order for refinancing to occur by 31 July 2009.

**SHOULD A FINANCE APPLICATION FAIL TO MEET CBA’S LENDING CRITERIA, THE APPLICATION WILL REMAIN AS A 12 MONTH INTEREST FREE LOAN WITH OPR UNLESS OTHERWISE SPECIFIED BY THE GROWER. THE REPAYMENT AMOUNT FOR A 12 MONTH INTEREST FREE LOAN WILL APPLY.**

## Prepayments

Partial prepayments of up to \$1,000 will be accepted without the need for an interest rate adjustment.

Partial prepayments over \$1,000 or full prepayments are to be subject to an Early Repayment Administration Fee. The cost of this repayment is \$300 for partial prepayment and \$500 for full early repayment plus any Early Repayment Interest Rate Adjustment (if applicable).

## Early Repayment (Break Cost) of Loans

All fees, charges and other monies will be payable by the Grower to the Lender when the Grower repays the Principal Sum before its scheduled time of maturity.

Requests for early repayment must be in writing to the Lender.

The break cost is determined by the Lender’s calculation of its loss on a fixed term loan due to movements in the cost of funds. Break costs are applicable where the current cost of funds is lower than the original cost of funds resulting in a loss to the Lender.

Calculations of break costs are reliant on several factors and differ on any given day.

Such factors include:

- The amount of the loan being repaid.
- The remaining fixed rate period.
- The contracted loan repayments.
- The cost of funds at the start of the fixed rate term of the Grower’s loans (original cost of funds).
- The cost of funds at the time the Grower repays the loan (current cost of funds) adjusted for the remaining fixed rate term of the loan.

An approximate break cost calculation is available upon request.

### WORKED EXAMPLE FOR A FIXED RATE LOAN

\$48,400 loan (8 Woodlots of Premium Timber) on an **indicative** fixed rate of 9.75% p.a. fixed rate loan.

Term of the loan: 5 Years Principal and Interest.

The monthly repayments would calculate to be \$998.84.

Should a Grower decide to payout his loan in Year 3, a break cost would apply in ‘breaking’/exiting a fixed rate loan **plus** an administration fee of \$500.

An **indicative** break cost quote would be \$216.40 if the interest rate dropped by 1% to 8.75%.

**There are no break costs or Early Repayment Administration Fees if a variable rate loan is paid out early.**