

Memorandum of Resolutions of the Director(s) of

Flexile Holdings Pty Ltd ACN: 009250515

ATF The Robyn Ottey Superannuation Fund

INVESTMENT ACQUISITIONS:

It was resolved to ratify the investment acquisitions throughout the financial year ended 30 June 2020.

INVESTMENT DISPOSALS:

It was resolved to ratify the investment disposals throughout the financial year ended 30 June 2020.

MARKET VALUE OF ONE-HALF UNDIVIDED INTEREST IN THE FEE SIMPLE OF UNIT 7-152 BALCATT ROAD, BALCATT (THE PROPERTY):

The Chairperson reminded the meeting that SMSFs are required to use *market value* reporting for their financial accounts and statements.

The ATO's **Valuation guidelines for self-managed superannuation funds** refers to the valuation requirements for a variety of purposes including year-end reporting requirements.

When valuing real property for SMSF financial reports, the guidelines provide:

- An external valuation of real property is not required each year. A recent valuation however would be prudent if you expect that the valuation is now materially inaccurate or an event occurred that may have affected the value of the property since it was last valued. This may be due to a change in market conditions or a natural disaster.
- relevant factors and considerations may include:
 - the value of similar properties
 - the amount that was paid for the property in an arm's length market
 - independent appraisals
 - whether the property has undergone improvements since it was last valued
 - For commercial properties, net income yields.
- The valuation may be undertaken by anyone as long as it is based on objective and supportable data. A valuation undertaken by a property valuation service provider, including online services or real estate agent would be acceptable.

Further, with regard to valuing property generally for SMSFs, the guidelines provide that:

- The valuation should be based on objective and supportable data.
- A qualified independent valuer be used if an asset represents a significant portion of the funds value or the nature of the assets would mean that the valuation would be complex or difficult.
- The valuation guidelines be read in conjunction with **Market valuation for tax purposes** to ensure adherence to valuations required for tax purposes also. Both guides are available on the ATO website.

Market value

The Chairperson advised the meeting that:

- the valuation of the Property is very important because the Fund is paying pensions and the value of the Property in the accounts affects the minimum and maximum withdrawal requirements;
- the responsibility to value the investments of a SMSF rests with the Trustee; and
- on 15 June 2020 a further external valuation of the Property was obtained from Valuations WA (C.B. O'Reilly AAPI, Certified Practising Valuer, Licensed Valuer 44369 W.A).

After carefully considering the guidelines and the other factors mentioned above, the Directors considered it appropriate that the market value of the Fund's one-half undivided interest in the fee simple of the Property as at 30 June 2020 be based on the independent valuation of the property on 15 June 2020 by Valuations WA. That valuation was \$470,000, a decrease of \$80,000 since the valuation on 19 June 2019.

The Directors calculated the market value of the Fund's investment as follows:

Independent valuation of the whole Property as at 15 June 2020

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by Valuations WA	\$470,000
x 50% interest owned by Fund	\$235,000

It was resolved that the Fund's one-half undivided interest in the fee simple of Unit 7-152 Balcatta Road, Balcatta be valued at \$235,000.

ALLOCATION OF INCOME:

It was resolved that the income of the Fund would be allocated to the members based on their average daily balance (an alternative allocation basis may be percentage of opening balance).

FINANCIAL STATEMENTS OF SUPERANNUATION FUND:

It was resolved that the financial statements would be prepared as special purpose financial statements as, in the opinion of the trustee(s), the Superannuation Fund is a non-reporting entity and therefore is not required to comply with all Australian Accounting Standards.

It was further resolved that the financial statements and notes to the financial statements of the Superannuation Fund in respect of the year ended 30 June 2020 thereon be adopted.

TRUSTEE'S DECLARATION:

It was resolved that the trustee's declaration of the Superannuation Fund be signed.

ANNUAL RETURN:

Being satisfied that the Fund had complied with the requirements of the Superannuation Industry (Supervision) Act 1993 (SISA) and Regulations during the year ended 30 June 2020, it was resolved that the annual return be approved, signed and lodged with the Australian Taxation Office.

REVIEW OF INVESTMENT RETURNS AND LIQUIDITY:

During the year the shares in Woolworths Limited were sold to maintain liquidity.

The value of the ½ interest in Unit 7-152 Balcatta Road, Balcatta decreased by \$40,000 to \$235,000 (14.5%). The rental return on the Property was approximately 5.1%.

As discussed in detail in the valuation report by Valuations WA (15 June 2020), the outbreak of the COVID-19 pandemic has significantly impacted the Perth commercial property market which was already experiencing slow market conditions, but which was starting to show signs of recovery. The Reserve Bank of Australia Board has predicted a return to an improving trend once coronavirus is contained.

The value of the share portfolio decreased by approximately 5.7%. The franked dividend income (including the imputation credits) was approximately 6.5%.

The rate of interest on the AMP Business Saver Account is competitive, but was reduced from 1.85% to 0.95% during the year.

The overall return on capital was approximately negative 6.6%.

The liquidity of the Fund is very sound and it should not be necessary to sell part/all of the Property nor any shares for at least 3 years and continuing to hold it is considered the best course of action.

The Directors reviewed the Fund's investments.

They:

- considered the risk of holding the investments
- considered the risk of selling the investments
- compared the investment returns with the investment objectives and against the cash rates available.

It was resolved that:

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1. The Fund's investments are generally performing satisfactorily; and
2. A formal review of the investments be carried out on an annual basis in addition to the daily monitoring of relevant factors.

INVESTMENT STRATEGY:

The Chairperson reported that the strategy adopted on 30 June 2013 took into account the Members ages, their respective financial circumstances and retirement needs and was one that the Directors believed would maximise the retirement benefits able to be paid to them. The ability of the Fund to diversify its investments and the relative expected returns from all investments undertaken or able to be undertaken by it had been considered.

The investment objective was to preserve the real value of the capital in the Fund whilst receiving a reasonable income. This was to be achieved by maintaining a large proportion of the Fund's assets in a quality commercial property which would be held long term.

The Directors still consider that the limited diversification as a result of the application of the "principal asset" strategy, and any resulting risk, is adequately offset by the high quality of the assets held. The diversification amongst the various asset classes specified in the Fund's investment strategy adopted on 30 June 2013 have been complied with.

The Directors had considered the Fund's expected cash flow, the expected risk implicit in the investments, the expected return, the general suitability of the investment including its liquidity and that pension benefits are payable to the Members.

The Directors had carefully weighed up all factors and were confident that, notwithstanding the substantial investment in one asset, the Fund would be able to discharge existing and prospective liabilities.

The Directors would ensure all the Fund's investments were authorised by the trust deed and would be consistent with the purpose for which the Fund had been set up which was to provide retirement benefits to members.

The Directors would obtain expert investment assistance as required.

It was resolved that the investment strategies contained in the "Investment Policy Statement" (30 June 2013) continue to be relevant and are confirmed. They will be reviewed annually or at such earlier time as changing circumstances necessitate.

INSURANCE COVER:

The trustee(s) reviewed the current life and total and permanent disability insurance coverage on offer to the members and resolved that the current insurance arrangements were appropriate for the Fund.

TRUSTEE STATUS:

Each of the trustee(s) confirmed that they are qualified to act as trustee(s) of the Fund and that they are not disqualified persons as defined by s 120 of the SISA.

AUDITORS:

It was resolved that Tony Boys of

Box 3376, Rundle Mall, South Australia 5000 act as auditors of the Fund for the next financial year.

TAX AGENTS:

It was resolved that Taxaction & Accounting Services Pty Ltd act as tax agents of the Fund for the next financial year.

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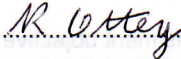
CLOSURE:

Signed as a true record –



Neil Warren Ottey

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Robyn Elizabeth Elsie Ottey

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