

Pasandi Gunasekera

Subject: FW: Gavin's response re: Rent at Market Value for SMSF.

From: Catherine Barber <cathybarber957@gmail.com>

Sent: Thursday, 23 April 2020 9:10 AM

To: Pasandi Gunasekera <pasandi@armstrongadvisory.com.au>

Subject: Gavin's response re: Rent at Market Value for SMSF.

Hello Passandi.

Please find below Gavin's response to the SMSF Rent Paid at Market Value.

Regarding Pasandi's question, there was a lease in place between H N Olsen Pty Ltd (owner) and H N Olsen Funerals Pty Ltd (tenant) in 2016. This lease was based on the value of the property assessed by Westpac bank for the approval of overdraft facilities.

When the three properties were sold to the SMSFs in 2017 the existing leases transferred with the sale.

The value of the properties was confirmed by the agreement of Bendigo Bank to lend for the purchase.

There has been no amendment to the lease. It continues to apply, including the annual 3% increase applied to the rental payments. (See rent schedule for 2018/19 attached.)

The rent yield of \$148,000 on property worth \$1.5m is in the normal range of commercial rentals.

The directors of Olsens and the trustees of the three separate SMSFs were satisfied with the lease values represented fair value at time of purchase.

I trust that this will be sufficient information to satisfy the questions about the market value of the SMSF property.

Regards

Gavin

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Kind regards from Cathy B.

