

MA:AM:WAL37S

DATE

National Australia Bank Limited
Business Banking
2078 Logan Road
UPPER MOUNT GRAVATT QLD 4122

Attn: Fiona Carlson

Good Morning Fiona

RE: WALKER SUPERANNUATION FUND – APPLICATION FOR FINANCE

We are the Accountants for the abovenamed Superannuation Fund which is currently seeking finance to acquire a property at Unit 4, 51 Freda Street, Upper Mount Gravatt. We are responsible for the administration of the Fund and independent audit. Further to your request we wish to advise the following:

1. The Fund is a Self Managed Superannuation Fund, with less than 5 members. The Fund currently and at all times since it was established has only had two members, David Walker and Bernadette Elizabeth Walker.
2. We understand that the purchase is at market value and note that the vendor and purchaser are not related in any way and this is evidence to us that they are acting at arm's length. We are however not registered Real Estate Valuers and cannot provide assurance of the market value of the property. We are aware that NAB has confirmed the purchase to be at market value via its own internal valuer.
3. We also confirm that the lease between the Superannuation Fund and the related party will be on arm's length terms and at market rental in order to satisfy the In-house Asset and arm's length transactions sections of the SIS Act.
4. The investment meets the Sole Purpose Test of the *SIS Act* as the property is being purchased in order to provide retirement benefits to the members or their dependants in the event of death before retirement. The Trustees will have acquired the property as a long term investment and as part of their investment strategy, consider that the returns associated with the ownership of property will enable them to provide for their retirement.
5. The original Deeds (including variations and appointments) will be stamped and delivered to NAB prior to settlement.
6. The purchaser's solicitor is to provide an undertaking to NAB today that the registered lease to Brizzy Signs Pty Ltd will be extinguished from the title prior to settlement. The purchaser has advised that the lessee has vacated the premises approximately 12 months ago and it is simply that the existing owner has not lodged documents to remove the lease from the title.

Should you require any further information, please don't hesitate to contact me.

Kind regards



Mari Ashted
Superannuation Manager

Marsh Tincknell Pty Ltd ACN 106 558 436

Address Level 1, 1454 Logan Road Mount Gravatt Central Q 4122

Postal Address PO Box 6243 Upper Mount Gravatt Brisbane Q 4122

Telephone 07 3422 8000 **Facsimile** 07 3422 8080

Web www.marsh tincknell.com.au

H:\Wal37S\2008-2009 Letters\Letter to NAB covering off points from legal review.doc



Chartered Accountants

principa|alliance
MEMBER

business development division
asset protection division
superannuation division
tax consulting division

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Should you require any further information, please don't hesitate to contact me.

Kind regards



Mari Ashted
Superannuation Manager



Mari Ashted

From: Fiona.J.Carlson@nab.com.au
Sent: Monday, 10 November 2008 8:57 AM
To: Mari Ashted
Subject: Re: Draft Commercial Lease - Walker
Attachments: CommercialLease2008.pdf

Mari

Thank you for the draft lease agreement. I have forwarded this to our Legal representative Sonia for review.

Sonia has also completed review on all documentation to hand so far, and the following points have been raised.

Can you please provide confirmation :-

- Title search indicates registered lease on the title 7059390392 transferred to Brizzy Signs Pty Ltd. What are the clients intention with this lease? A copy needs to be provided for perusal.
- The contract includes a commercial tenancy agreement with John Lippino Pty Ltd as the tenants. The term is incomplete.
- Trust Deeds need to be stamped and an original made available prior to settlement.

Where the parties may be related regarding the transaction we must ensure that the following requirements are satisfied:-

1. super fund must have fewer than 5 members
2. Purchase must be for market value - this has already been confirmed by our internal Bank Panel Valuer
3. Lease must be for market rental and on commercial terms - non compliance raises issues of undisclosed fund contributions, accessing superfund monies before entitled and other tax and SIS Act compliance issues - this to be confirmed with recently provided lease document
4. the sole purpose of acquiring the property and granting a lease must be to create retirement and death benefits for the fund members. Written confirmation of this should be provided by the lawyer/accountant advising the customer.

Prior to settlement the following must occur:-

- The transfer in Form 1 must record the Security Trust as the trustee of the Security Trust as the transferee;
- Hold the original stamped Trust Deed, variations and appointments
- confirm the balance of the purchase price is provided by the Superfund.

Look forward to your confirmation of the above.

We are in the process of completing documentation, which will need to also be amended by Sonia from our Legal Department. Once this is all completed I will contact both yourself and Wayne to organise a time to meet with David and Bernadette.

A quick reminder that the Guarantee and Indemnity will need to be explained and witnessed by a solicitor.

Kind regards..Fiona



Fiona Carlson | Partner | National Australia Bank Ltd | 2078 Logan Road, Upper Mt Gravatt Qld 4122
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Business Banking Call Centre - 13 10 12; NAB Internet Banking - 1300 651 656

Client Referrals are very important to our business. If you know of any friends, work colleagues or family members who can benefit from our comprehensive range of banking services, please do not hesitate to contact me. I would appreciate the opportunity to assist.



Please consider the environment before printing this e-mail notice.

Mari Ashted <maria@mtaccountants.com.au>

To "Fiona.J.Carlson@nab.com.au" <Fiona.J.Carlson@nab.com.au>

cc

07/11/2008 04:41 PM

Subject Draft Commercial Lease - Walker

Hi Fiona

Please find attached a copy of a draft commercial lease agreement between Walker Technical Consultants Pty Ltd (as trustee) and the Super Fund. I understand that it is not intended that this lease be finalized before settlement as legally they do not own the property yet and cannot put the lease formally in place until then.

If this is not sufficient please let me know as soon as possible.

Kind regards

Mari

Mari Ashted
Manager - Superannuation Division

 **marshtincknell**

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