

Michelle Buckmaster

From: Michelle Buckmaster on behalf of Geoffrey Walker
Sent: Monday, 19 December 2005 5:42 PM
To: 'endry@bigpond.com.au'
Cc: 'gds@bwslawyers.com.au'
Subject: Armidale Acquisition - Structure

Geoff Stein.

Dear Darrel

Further to our discussion last week, I have summarised in the attached schedules my recommendations for the structure for your new venture.

This structure considers:

- the asset protection issues whereby the major assets of the venture are held separately to the trading activities
- the possible taxation position, including capital gains tax on eventual disposal.
- the different interests of each party involved in the venture
- stamp duty
- future trading/development
- funding requirements.

Please let me know if you or John Cassidy have any questions.



Armidale Hotel
Acquisition Str...

I have copied this to Geoff Stein for him to consider the stamp duty or any other issues he wishes to raise.

Kind regards

Geoffrey Walker

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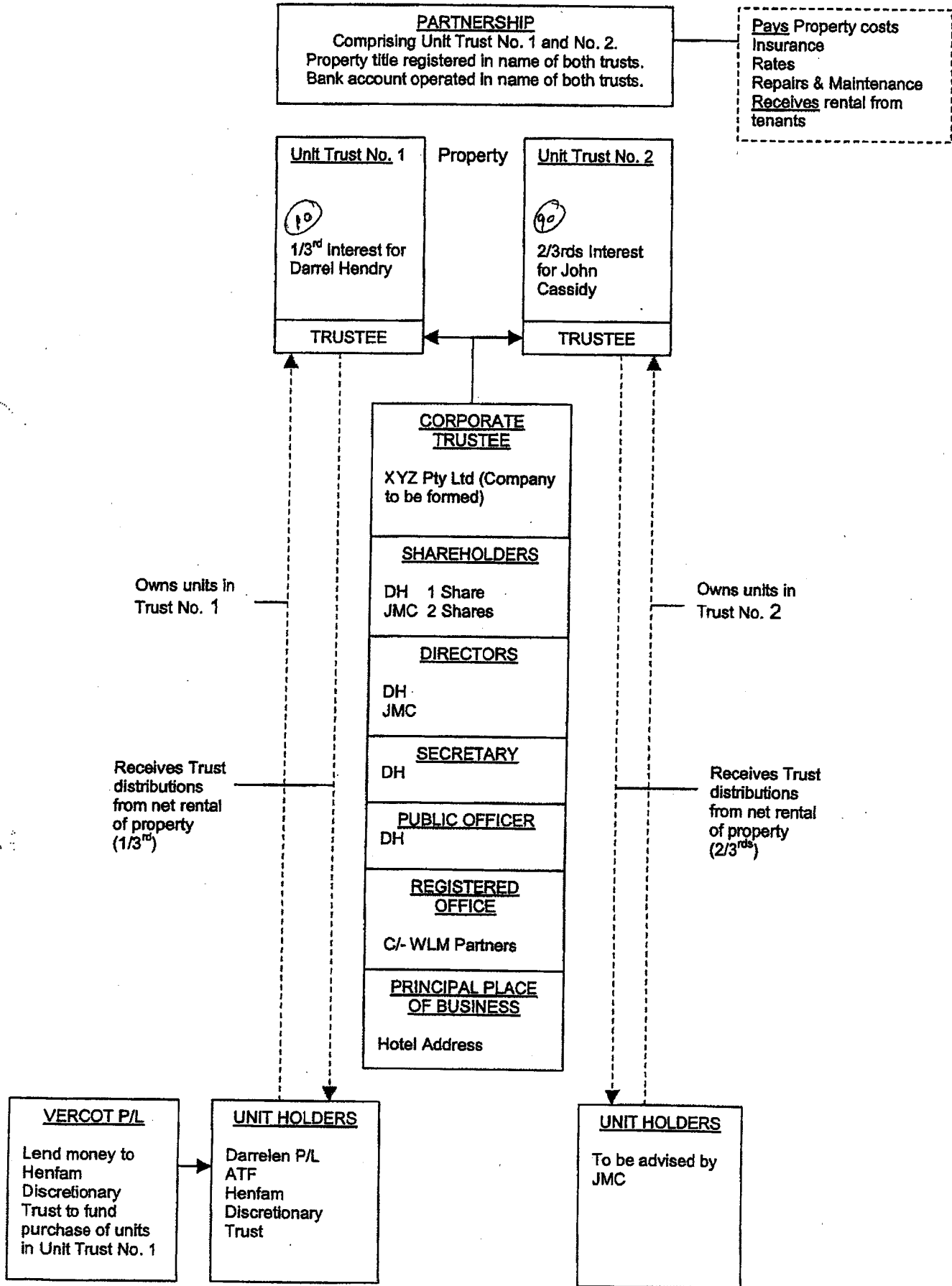
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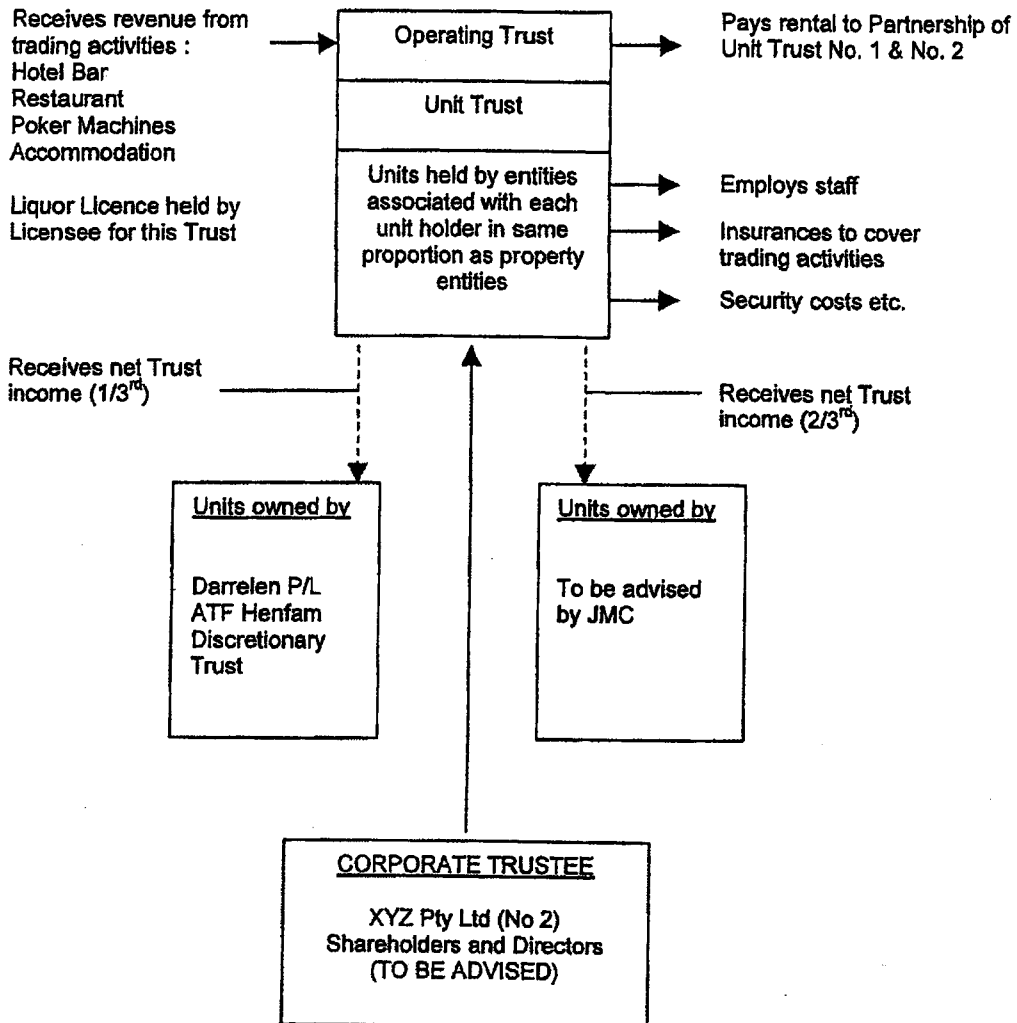
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**ARMIDALE HOTEL ACQUISITION
OPERATIONS**



INFORMATION REQUIRED TO PROCEED WITH STRUCTURES

Geoff Stein

Please confirm that property structure will provide stamp duty concession advised by you to Darrel Hendry.

Darrel Hendry

Name of trustee company for Property Trusts
Name of Property Unit Trust No. 1

Details of shareholders, directors, secretary, public officer for Corporate Trustee for Operating Trust (in conjunction with JMC).

John Cassidy

Name of Property Unit Trust No. 2
Details of unit holders for Property Unit Trust No.2
Operating Unit Trust

ISSUES IN RELATION TO THESE STRUCTURES

Funding

It is assumed that each party will fund their respective interests in the venture from outside resources – i.e. the property or business will not be used to secure borrowings.

Other Investors

If a third investor is introduced to this structure (say JMC sells 1/3rd) then another unit trust could be added to the structure for the third investor to hold their investment.

Note: Stamp duty would be payable on the transfer from JMC to the third investor.

Operations

A bank account would be maintained in the name of the property partnership for the receipt of rentals, payment of property expenses and distribution of net profits to the unit holder.

Another bank account would be maintained for the operating trust.

Each entity would have separate ABN, TFN and GST registrations.

IMPLEMENTATION

Trust Deeds

Provide instructions to Geoff Stein to form these trusts:

- Property Unit Trust No. 1
- Property Unit Trust No. 2
- Operating Unit Trust

Trust companies will have to be formed before trust deeds can be completed.

Corporate Trustees

Provide authority to Geoffrey Walker to establish two companies:

- Property Trustee
- Operating Trustee

Registration

WLM Partners to complete ABN/TFN/GST registration for above entities.

Bank

Bank accounts can be opened once the entities have been registered.

Property – one bank account in the name of trustee of both Property Unit Trust.

Operations – bank account in name of trustees of operating trusts.

Contract for purchase of Property/Business

This will have to be re done to accommodate structures.