

BMT Tax Depreciation

QUANTITY SURVEYORS



a perspective on the past



a solution for the present



a vision for the future

BMT Tax Depreciation Estimate

Parkside Terraces

156 Goodfellows Road

MURRUMBA DOWNS, QLD 4503

October 22, 2009

Mr Ben Langfield
Colliers International
Level 20/345 Queen Street
BRISBANE, QLD 4000

Re: Parkside Terraces, 156 Goodfellows Road, MURRUMBA DOWNS, QLD 4503

Dear Ben,

Please find attached the BMT Tax Depreciation Estimates for the above property detailing the depreciation and associated tax allowances that may be available to the owner under the Income Tax Assessment Act 1997 (ITAA97).

This document is intended to provide a guide to the potential depreciation and building allowances available from the purchase of the above residential property, facilitating the estimation of the after tax return on the investment over the first 10 full years of ownership.

1.0 Information

The following information was used in the preparation of the schedules:

- Written and verbal information provided by Colliers International.

2.0 Depreciation Potential – Plant and Capital Allowance

The purchaser of the property, intending to use it for income producing purposes, is entitled to depreciation including:

- Division 40, Depreciation of Plant and Equipment; and
- Division 43, Capital Works allowance (2.5%pa).

The depreciation of plant and equipment items is based on the diminishing value effective life rates as published by the commissioner of taxation (TR2006/C5).

In the scenario where plant and equipment items are not sold at an agreed value these items will be depreciated on the basis of a just attribution of the total expenditure (42-65 ITAA97).

The allowance for capital works will be based on the historical cost of construction less non-depreciable items.

3.0 Capital Work Allowance

The building will be constructed after the 18th July 1985 and therefore qualifies for the capital works allowance of 2.5%pa.

4.0 Estimate Calculation

This report is based on a just attribution of the total expenditure to estimate the allowances for plant. The estimates provided are based on the sale price as indicated, as the final purchase price at this time is not known.

This estimate has been provided for the purpose of informing the investor of the depreciation potential. Different depreciation returns are available and are influenced by the purchase price of the property.

Please note that the first year calculations are based on ownership over a full financial year.

5.0 Disclaimer

This report has been based on very preliminary documentation, and the figures provided should be treated as a guide only.

As documentation improves, BMT Tax Depreciation will be able to provide more accurate estimates of depreciation.

6.0 Conclusion

As can be extracted from the attached tables, the units will obtain maximum depreciation potential within the first 5 years of ownership.

BMT Tax Depreciation would be pleased to provide a complete detailed tax depreciation report on any of the units in the above property upon request.

Our results suggest employing a specialist to maximise the various tax allowances has a significant effect on improving the after tax return.

Should you or the purchaser wish to discuss the contents of this report in more detail, please do not hesitate to contact Bradley Beer of this office.

Yours Sincerely,



BMT Tax Depreciation Pty Ltd
Quantity Surveyors

Appendix One

BMT Tax Depreciation Estimate

Parkside Terraces
156 Goodfellows Road
MURRUMBA DOWNS, QLD 4503

BMT Tax Depreciation Estimates & BMT Tax Depreciation Reports

How the Documents Work

Marketing/Real Estate Agent engages BMT Tax Depreciation to complete a Tax Depreciation Estimate (such as this document) for a specific development, prior to, or during marketing phase



Investor purchases the property



After settlement the purchaser engages BMT Tax Depreciation to complete a Tax Depreciation Report. This document is offered by BMT Tax Depreciation at a discounted rate as BMT have knowledge of the property



BMT Tax Depreciation Report contents are used in the purchaser's tax return preparation

BMT Tax Depreciation Estimates

BMT Tax Depreciation Estimates ensure that investors are easily able to determine their after-tax cash position if they were to purchase a particular property. Presenting a potential investor with a BMT Tax Depreciation estimate assists the buyer, results in a value added service and often helps with early sales. The report will show the minimum and maximum range of depreciation along with the expected depreciable 'plant and equipment articles' within the building and the building write off allowance.

BMT Tax Depreciation Reports

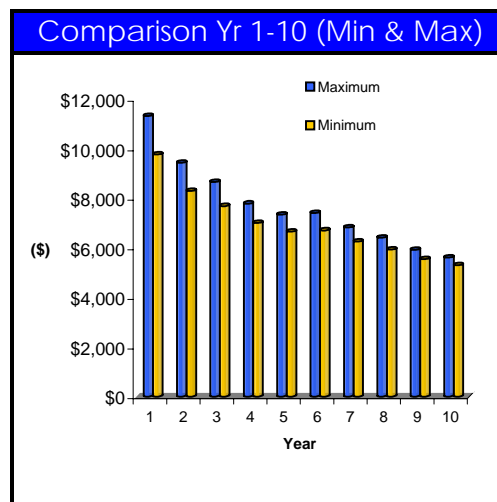
BMT Tax Depreciation Reports are used to claim depreciation deductions when completing your tax return. The report will provide the basis for maximising claims covering both plant and equipment depreciation and building write off. Many investment property owners remain unaware of the benefits that tax depreciation provides. There are usually thousands of dollars to be claimed in depreciation deductions on any investment property. BMT Tax Depreciation specialise in maximising the total depreciation available from a given property under current legislation.

FREE REVIEW:

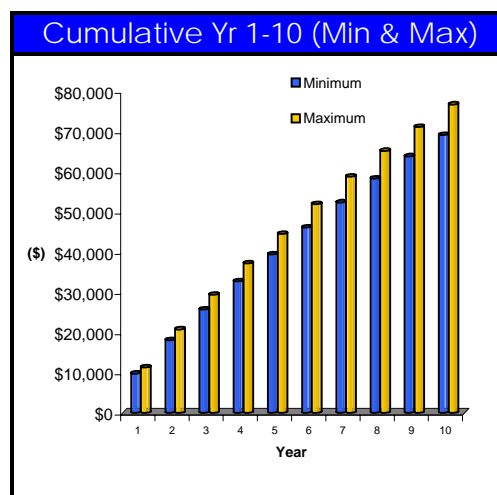
BMT Tax Depreciation can review any existing depreciation report or claim to ensure your depreciation deductions are being maximised on any of your investment properties. This should put more money back into your pocket. Please contact the office for further information.

Estimate of Depreciation Claimable
Typical Apartment, Parkside Terraces
156 Goodfellows Road, MURRUMBA DOWNS, QLD 4503
Purchase Price
\$345,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,220	5,108	11,328
2	4,331	5,108	9,439
3	3,551	5,108	8,659
4	2,681	5,108	7,789
5	2,240	5,108	7,348
6	2,297	5,108	7,405
7	1,720	5,108	6,828
8	1,310	5,108	6,418
9	818	5,108	5,926
10	509	5,108	5,617
11 +	849	153,233	154,082
Total	\$26,526	\$204,310	\$230,836



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,868	4,907	9,775
2	3,389	4,907	8,296
3	2,779	4,907	7,686
4	2,098	4,907	7,005
5	1,753	4,907	6,660
6	1,797	4,907	6,704
7	1,346	4,907	6,253
8	1,025	4,907	5,932
9	640	4,907	5,547
10	399	4,907	5,306
11 +	664	147,223	147,887
Total	\$20,758	\$196,298	\$217,056



* assumes settlement on 1 July in any given year.

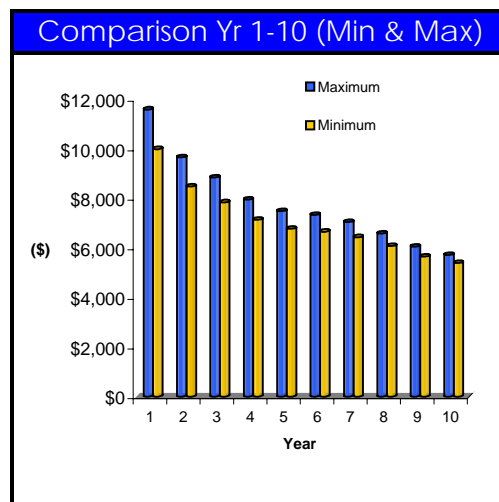
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated via the Prime Cost Method. This estimate is based upon legislation in force at the date of report production.

This Estimate Cannot Be Used For Taxation Purposes

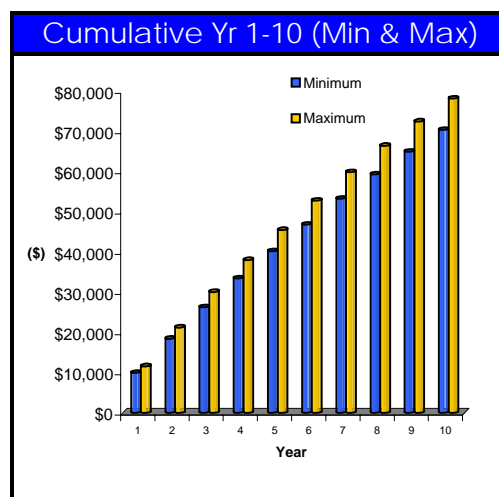
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on (07) 3221 9922

Estimate of Depreciation Claimable
Typical Apartment, Parkside Terraces
156 Goodfellows Road, MURRUMBA DOWNS, QLD 4503
Purchase Price
\$347,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,431	5,155	11,586
2	4,503	5,155	9,658
3	3,690	5,155	8,845
4	2,796	5,155	7,951
5	2,328	5,155	7,483
6	2,172	5,155	7,327
7	1,891	5,155	7,046
8	1,431	5,155	6,586
9	896	5,155	6,051
10	559	5,155	5,714
11 +	929	154,651	155,580
Total	\$27,626	\$206,201	\$233,827



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,033	4,953	9,986
2	3,524	4,953	8,477
3	2,888	4,953	7,841
4	2,188	4,953	7,141
5	1,822	4,953	6,775
6	1,700	4,953	6,653
7	1,480	4,953	6,433
8	1,120	4,953	6,073
9	701	4,953	5,654
10	437	4,953	5,390
11 +	727	148,586	149,313
Total	\$21,620	\$198,115	\$219,735



* assumes settlement on 1 July in any given year.

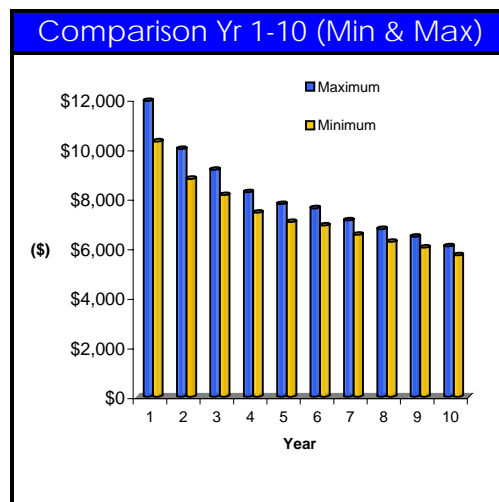
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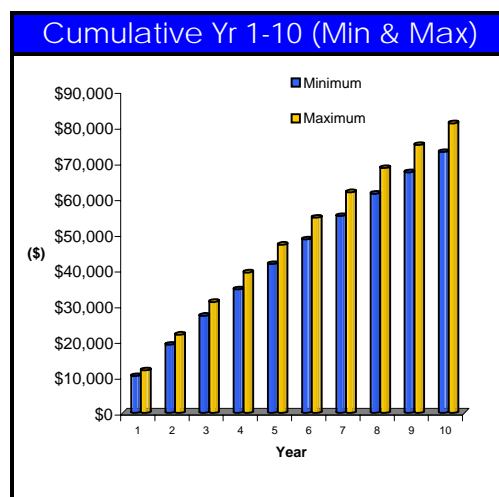
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Estimate of Depreciation Claimable
Typical Apartment, Parkside Terraces
156 Goodfellows Road, MURRUMBA DOWNS, QLD 4503
Purchase Price
\$350,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,522	5,403	11,925
2	4,592	5,403	9,995
3	3,752	5,403	9,155
4	2,849	5,403	8,252
5	2,368	5,403	7,771
6	2,194	5,403	7,597
7	1,711	5,403	7,114
8	1,354	5,403	6,757
9	1,053	5,403	6,456
10	658	5,403	6,061
11 +	1,096	162,081	163,177
Total	\$28,149	\$216,108	\$244,257



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,104	5,191	10,295
2	3,594	5,191	8,785
3	2,937	5,191	8,128
4	2,229	5,191	7,420
5	1,853	5,191	7,044
6	1,717	5,191	6,908
7	1,339	5,191	6,530
8	1,059	5,191	6,250
9	824	5,191	6,015
10	515	5,191	5,706
11 +	858	155,725	156,583
Total	\$22,029	\$207,634	\$229,663



* assumes settlement on 1 July in any given year.

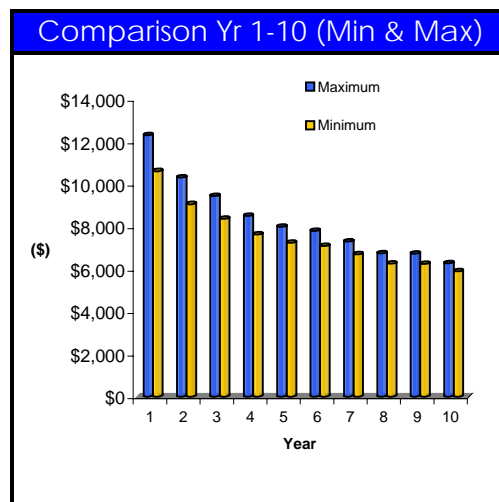
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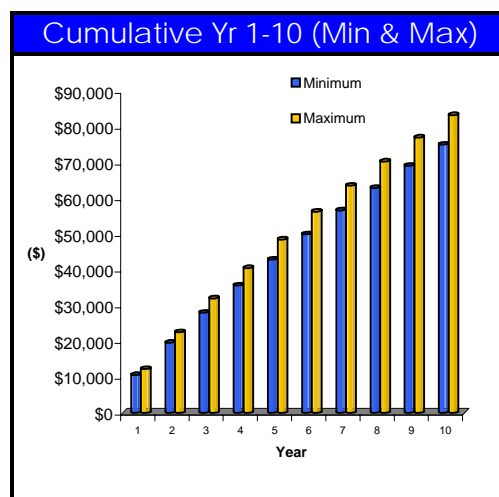
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Estimate of Depreciation Claimable
Typical Apartment, Parkside Terraces
156 Goodfellows Road, MURRUMBA DOWNS, QLD 4503
Purchase Price
\$359,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,775	5,525	12,300
2	4,792	5,525	10,317
3	3,915	5,525	9,440
4	2,977	5,525	8,502
5	2,470	5,525	7,995
6	2,277	5,525	7,802
7	1,776	5,525	7,301
8	1,222	5,525	6,747
9	1,202	5,525	6,727
10	750	5,525	6,275
11 +	1,250	165,747	166,997
Total	\$29,406	\$220,996	\$250,402



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,302	5,308	10,610
2	3,750	5,308	9,058
3	3,064	5,308	8,372
4	2,330	5,308	7,638
5	1,933	5,308	7,241
6	1,782	5,308	7,090
7	1,390	5,308	6,698
8	957	5,308	6,265
9	941	5,308	6,249
10	587	5,308	5,895
11 +	978	159,247	160,225
Total	\$23,014	\$212,330	\$235,344



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