

BMT Tax Depreciation

QUANTITY SURVEYORS

Maximising Property
Depreciation Deductions



BMT Tax Depreciation Estimate

541 Rode Street
CHERMSIDE, QLD 4032

www.bmtqs.com.au



30 May, 2011

Prime Science of Selling

PO Box 319

EUMUNDI, QLD 4562

541 Rode Street, CHERMSIDE, QLD 4032 - 159623r1

Dear Sir/Madam,

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 Prime Science of Selling.

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 (4 % pa).

The depreciation of plant and equipment items is based on the diminishing value effective life rates as published by the commissioner of taxation (TR2009/4).

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).

3.0 Capital Work Allowance

The special building write off allowance is based on the industry specific eligible dates. If the property qualifies for the special building write off, the applicable depreciation rate will be used. Where properties do not qualify for the special building write off allowance, no capital works allowance will be used.

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

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 Brendan Farrugia of this office.

Yours Sincerely,



BMT Tax Depreciation Pty Ltd
Quantity Surveyors

Appendix One

BMT Tax Depreciation Estimate

541 Rode Street
CHERMSIDE, QLD 4032

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 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.

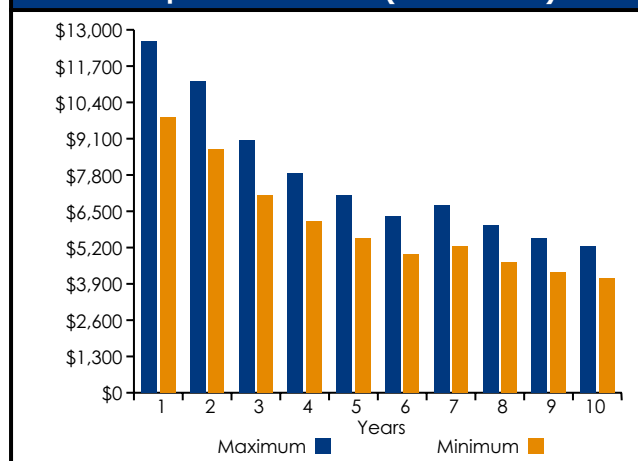


Estimate of Depreciation Claimable Typical Studio Apartment 541 Rode Street, CHERMSIDE, QLD 4032

Maximum

Year	Plant & Equipment	Division 43	Total
1	7,818	4,779	12,597
2	6,362	4,779	11,141
3	4,280	4,779	9,059
4	3,089	4,779	7,868
5	2,300	4,779	7,079
6	1,548	4,779	6,327
7	1,925	4,779	6,704
8	1,203	4,779	5,982
9	752	4,779	5,531
10	470	4,779	5,249
11 +	780	71,697	72,477
Total	\$30,527	\$119,487	\$150,014

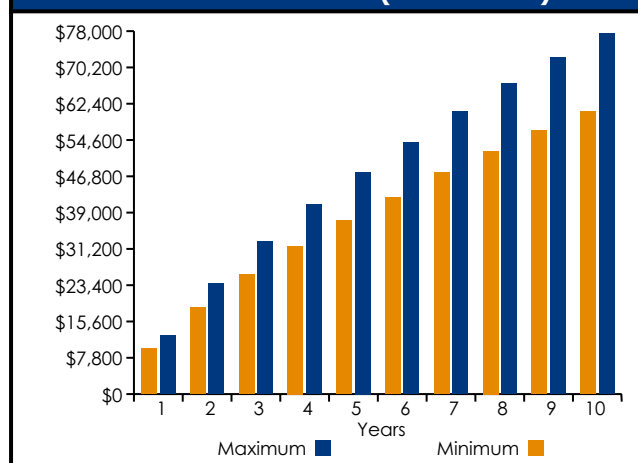
Comparison Yr 1-10 (Min & Max)



Minimum

Year	Plant & Equipment	Division 43	Total
1	6,118	3,740	9,858
2	4,979	3,740	8,719
3	3,350	3,740	7,090
4	2,417	3,740	6,157
5	1,800	3,740	5,540
6	1,211	3,740	4,951
7	1,507	3,740	5,247
8	941	3,740	4,681
9	589	3,740	4,329
10	368	3,740	4,108
11 +	610	56,111	56,721
Total	\$23,890	\$93,511	\$117,401

Cumulative Yr 1-10 (Min & Max)



* 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 using 2.5% or 4% depending on the property type and date of construction. 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 Brendan Farrugia at BMT Tax Depreciation on 07 3221 9922

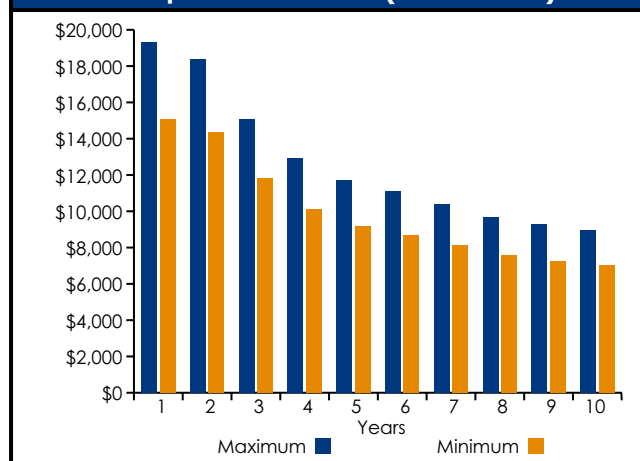


Estimate of Depreciation Claimable Typical 1 Bedroom Apartment 541 Rode Street, CHERMSIDE, QLD 4032

Maximum

Year	Plant & Equipment	Division 43	Total
1	10,950	8,338	19,288
2	10,023	8,338	18,361
3	6,731	8,338	15,069
4	4,595	8,338	12,933
5	3,394	8,338	11,732
6	2,770	8,338	11,108
7	2,049	8,338	10,387
8	1,358	8,338	9,696
9	921	8,338	9,259
10	643	8,338	8,981
11 +	3,589	125,068	128,657
Total	\$47,023	\$208,448	\$255,471

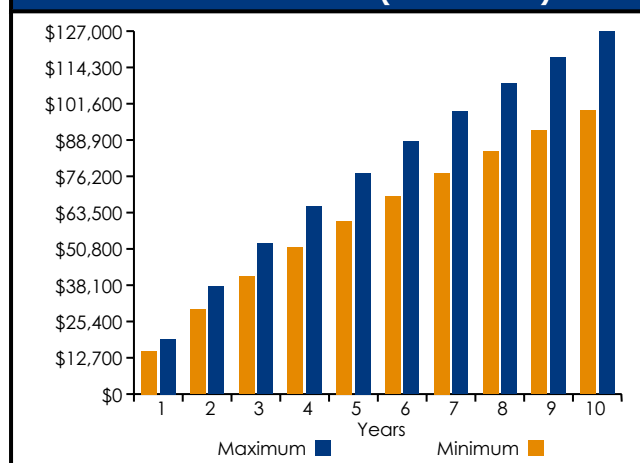
Comparison Yr 1-10 (Min & Max)



Minimum

Year	Plant & Equipment	Division 43	Total
1	8,570	6,525	15,095
2	7,844	6,525	14,369
3	5,268	6,525	11,793
4	3,596	6,525	10,121
5	2,656	6,525	9,181
6	2,168	6,525	8,693
7	1,604	6,525	8,129
8	1,063	6,525	7,588
9	721	6,525	7,246
10	503	6,525	7,028
11 +	2,809	97,880	100,689
Total	\$36,802	\$163,130	\$199,932

Cumulative Yr 1-10 (Min & Max)



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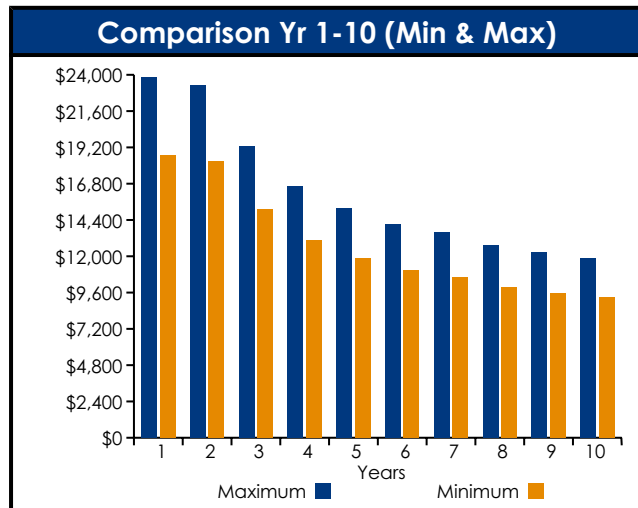
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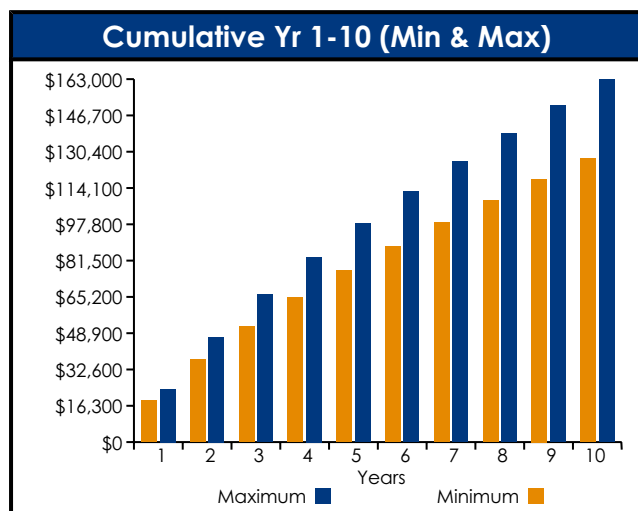


**Estimate of Depreciation Claimable
Typical 2 Bedroom Apartment
541 Rode Street, CHERMSIDE, QLD 4032**

Maximum			
Year	Plant & Equipment	Division 43	Total
1	12,767	11,094	23,861
2	12,233	11,094	23,327
3	8,183	11,094	19,277
4	5,561	11,094	16,655
5	4,049	11,094	15,143
6	3,050	11,094	14,144
7	2,493	11,094	13,587
8	1,664	11,094	12,758
9	1,140	11,094	12,234
10	803	11,094	11,897
11 +	4,764	166,413	171,177
Total	\$56,707	\$277,353	\$334,060



Minimum			
Year	Plant & Equipment	Division 43	Total
1	9,992	8,682	18,674
2	9,573	8,682	18,255
3	6,404	8,682	15,086
4	4,352	8,682	13,034
5	3,169	8,682	11,851
6	2,387	8,682	11,069
7	1,951	8,682	10,633
8	1,302	8,682	9,984
9	892	8,682	9,574
10	628	8,682	9,310
11 +	3,729	130,236	133,965
Total	\$44,379	\$217,056	\$261,435



* assumes settlement on 1 July in any given year.

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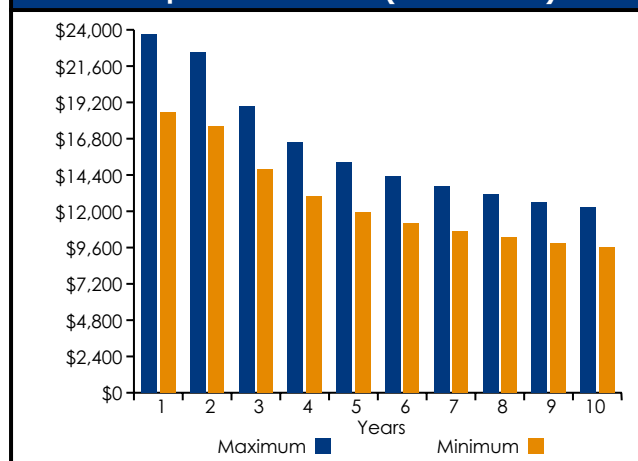


Estimate of Depreciation Claimable Typical Dual Key Apartment 541 Rode Street, CHERMSIDE, QLD 4032

Maximum

Year	Plant & Equipment	Division 43	Total
1	12,268	11,436	23,704
2	11,081	11,436	22,517
3	7,484	11,436	18,920
4	5,143	11,436	16,579
5	3,804	11,436	15,240
6	2,910	11,436	14,346
7	2,225	11,436	13,661
8	1,709	11,436	13,145
9	1,176	11,436	12,612
10	833	11,436	12,269
11 +	5,068	171,532	176,600
Total	\$53,701	\$285,892	\$339,593

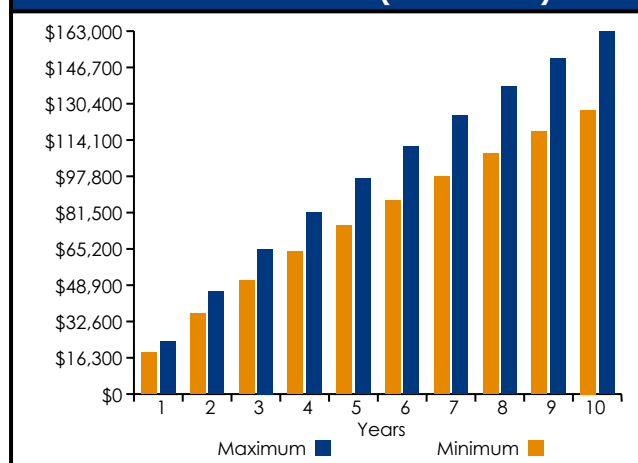
Comparison Yr 1-10 (Min & Max)



Minimum

Year	Plant & Equipment	Division 43	Total
1	9,601	8,950	18,551
2	8,672	8,950	17,622
3	5,857	8,950	14,807
4	4,025	8,950	12,975
5	2,977	8,950	11,927
6	2,277	8,950	11,227
7	1,742	8,950	10,692
8	1,337	8,950	10,287
9	921	8,950	9,871
10	652	8,950	9,602
11 +	3,966	134,242	138,208
Total	\$42,027	\$223,742	\$265,769

Cumulative Yr 1-10 (Min & Max)



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