

BMT Tax Depreciation

QUANTITY SURVEYORS

Maximising Property
Depreciation Deductions



BMT Tax Depreciation Estimate

Fryar on the Park

172 Fryar Road

EAGLEBY, QLD 4207

www.bmtqs.com.au



28 June, 2010

Premium Finance Services Pty Ltd
GPO Box 111
BRISBANE, QLD 4000

172 Fryar Road, EAGLEBY, QLD 4207

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 Premium Finance Services Pty Ltd.

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 (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

Fryar on the Park

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EAGLEBY, QLD 4207

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.

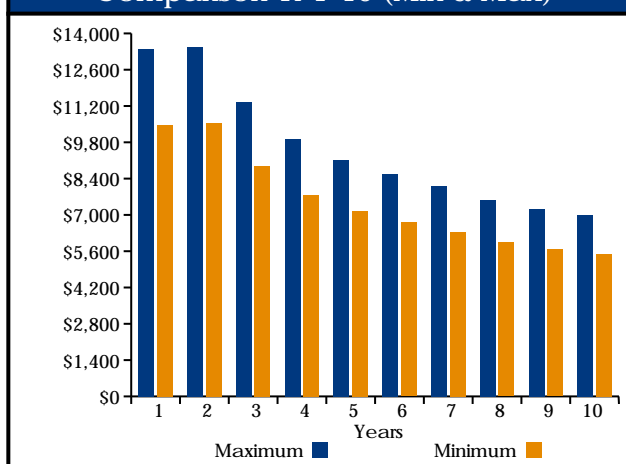


Estimate of Depreciation Claimable Typical 3 Bedroom Apartment, Fryar on the Park 172 Fryar Road, EAGLEBY, QLD 4207

Maximum

Year	Plant & Equipment	Division 43	Total
1	6,906	6,486	13,392
2	6,989	6,486	13,475
3	4,866	6,486	11,352
4	3,436	6,486	9,922
5	2,638	6,486	9,124
6	2,088	6,486	8,574
7	1,623	6,486	8,109
8	1,097	6,486	7,583
9	751	6,486	7,237
10	523	6,486	7,009
11 +	1,420	194,579	195,999
Total	\$32,337	\$259,439	\$291,776

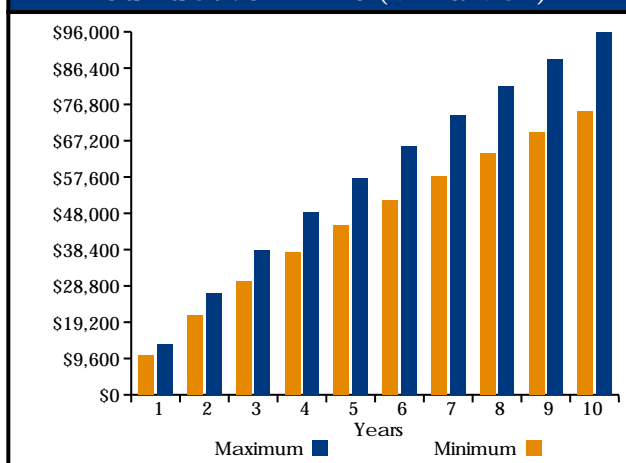
Comparison Yr 1-10 (Min & Max)



Minimum

Year	Plant & Equipment	Division 43	Total
1	5,405	5,076	10,481
2	5,469	5,076	10,545
3	3,808	5,076	8,884
4	2,689	5,076	7,765
5	2,065	5,076	7,141
6	1,634	5,076	6,710
7	1,270	5,076	6,346
8	859	5,076	5,935
9	588	5,076	5,664
10	410	5,076	5,486
11 +	1,112	152,279	153,391
Total	\$25,309	\$203,039	\$228,348

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 Farugia at BMT Tax Depreciation on 07 3221 9922