

BMT & ASSOC

QUANTITY SURVEYORS



a perspective on the past



a solution for the present



a vision for the future

Phase A - Tax Depreciation Estimate

35-39 Higginbotham Road
GLADESVILLE, NSW 2111

May 2, 2007

Mr Jason Glass

Glass Meares Property Consultants

Suite 5, 1 Chaplin Drive

LANE COVE, NSW 2066

Re: 35-39 Higginbotham Road, GLADESVILLE, NSW 2111

Dear Jason,

Please find attached our 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 a unit in the above 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 CB Richard Ellis 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 (TR2000/18).

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 20th July 1982 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 & ASSOC 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 & ASSOC 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 Mark Wilkins at this office.

Yours Sincerely,



BMT & ASSOC Pty Ltd

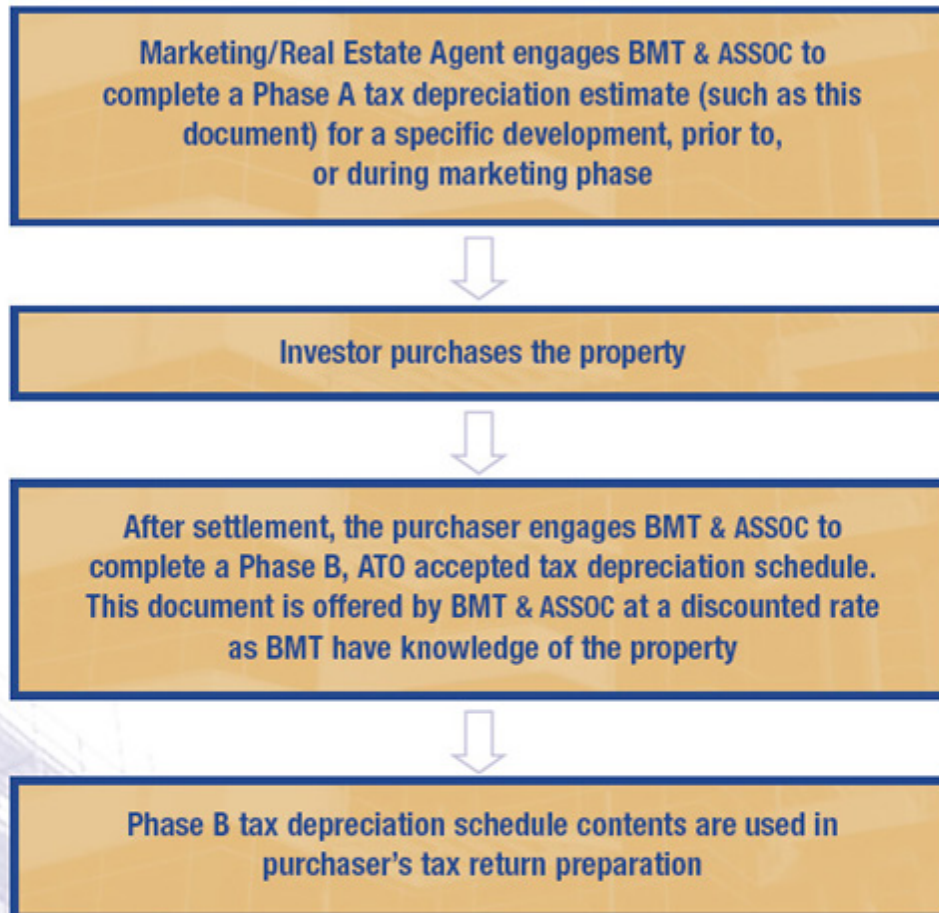
Appendix One

Phase A – Tax Depreciation Estimate

35-39 Higginbotham Road
GLADESVILLE, NSW 2111

Phase A Tax Depreciation Estimates & Phase B Full Tax Depreciation Schedules

How the Documents Work



Phase A – Tax Depreciation Estimates

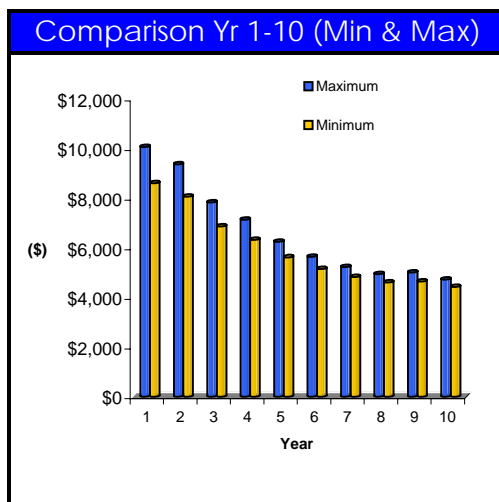
BMT & ASSOC produce tax depreciation estimates (such as this document) for new or renovated developments used as a marketing tool by the real estate marketing agent. BMT & ASSOC produce estimates for marketing purposes showing a maximum and minimum range of expected depreciation allowances available to potential investor purchasers. The Phase A tax depreciation estimate provides potential investors with depreciation forecasts facilitating feasibility calculations of the property scenario.

Phase B – Full Tax Depreciation Schedules

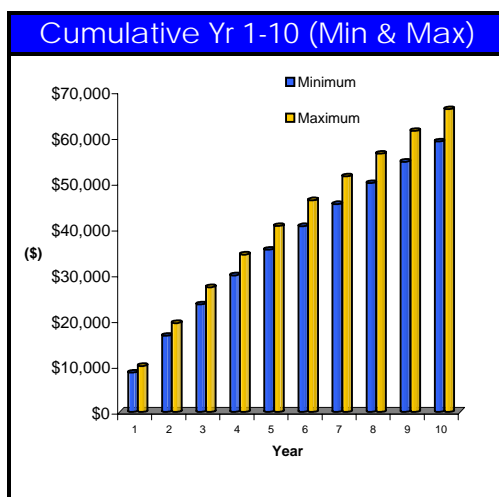
As specialists in depreciation, BMT & ASSOC produce a fully ATO accepted depreciation report ensuring maximum depreciable items are identified. This includes the two methods of depreciation and calculates the Division 43 write off allowance available. A pooling schedule of low value items is also provided, maximising the purchaser's deductions.

Estimate of Depreciation Claimable Typical Office/Warehouse, 35-39 Higginbotham Road, GLADESVILLE, NSW 2111 Purchase Price \$465,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,950	4,114	10,064
2	5,260	4,114	9,374
3	3,719	4,114	7,833
4	3,027	4,114	7,141
5	2,130	4,114	6,244
6	1,525	4,114	5,639
7	1,117	4,114	5,231
8	831	4,114	4,945
9	889	4,114	5,003
10	607	4,114	4,721
11 +	1,626	123,406	125,032
Total	\$26,681	\$164,541	\$191,222



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,657	3,952	8,609
2	4,117	3,952	8,069
3	2,911	3,952	6,863
4	2,369	3,952	6,321
5	1,667	3,952	5,619
6	1,193	3,952	5,145
7	874	3,952	4,826
8	651	3,952	4,603
9	696	3,952	4,648
10	475	3,952	4,427
11 +	1,273	118,567	119,840
Total	\$20,883	\$158,089	\$178,972



* assumes settlement on 1 July in any given year.

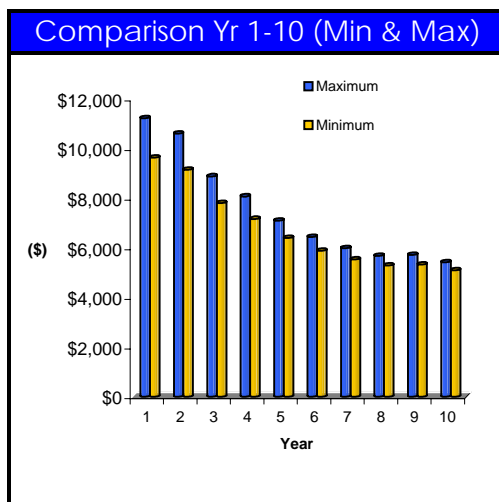
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated via the Prime Cost Method. This estimate is based upon legislation in force at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

This Estimate Cannot Be Used For Taxation Purposes

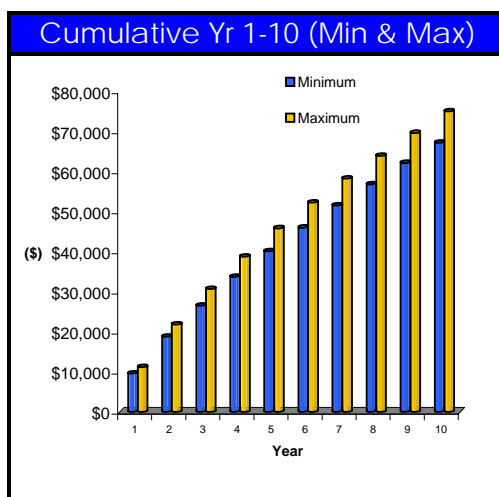
To discuss the contents of this report please contact Mark Wilkins at BMT & Assoc on 9241 6477

Estimate of Depreciation Claimable Typical Office/Warehouse, 35-39 Higginbotham Road, GLADESVILLE, NSW 2111 Purchase Price \$525,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,458	4,770	11,228
2	5,833	4,770	10,603
3	4,114	4,770	8,884
4	3,302	4,770	8,072
5	2,324	4,770	7,094
6	1,666	4,770	6,436
7	1,218	4,770	5,988
8	909	4,770	5,679
9	948	4,770	5,718
10	650	4,770	5,420
11 +	1,796	143,112	144,908
Total	\$29,218	\$190,817	\$220,035



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,054	4,583	9,637
2	4,565	4,583	9,148
3	3,219	4,583	7,802
4	2,584	4,583	7,167
5	1,819	4,583	6,402
6	1,304	4,583	5,887
7	953	4,583	5,536
8	711	4,583	5,294
9	742	4,583	5,325
10	509	4,583	5,092
11 +	1,406	137,500	138,906
Total	\$22,866	\$183,334	\$206,200



* assumes settlement on 1 July in any given year.

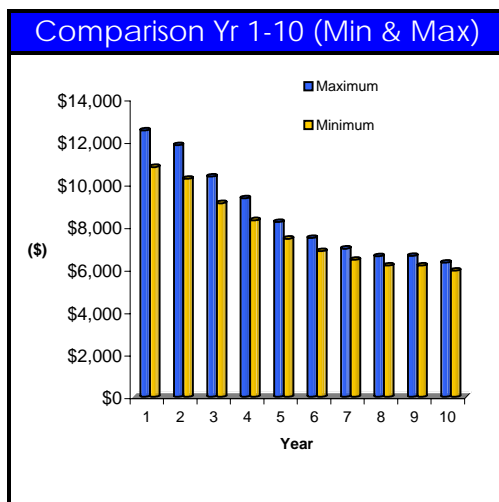
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated via the Prime Cost Method. This estimate is based upon legislation in force at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

This Estimate Cannot Be Used For Taxation Purposes

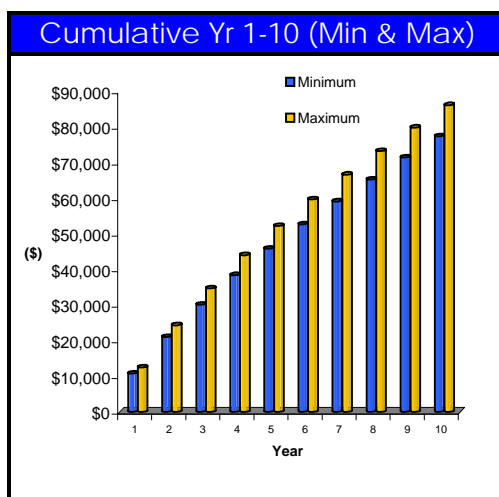
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Estimate of Depreciation Claimable Typical Office/Warehouse, 35-39 Higginbotham Road, GLADESVILLE, NSW 2111 Purchase Price \$595,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,938	5,592	12,530
2	6,243	5,592	11,835
3	4,766	5,592	10,358
4	3,744	5,592	9,336
5	2,628	5,592	8,220
6	1,881	5,592	7,473
7	1,371	5,592	6,963
8	1,020	5,592	6,612
9	1,028	5,592	6,620
10	713	5,592	6,305
11 +	2,016	167,748	169,764
Total	\$32,348	\$223,664	\$256,012



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,430	5,372	10,802
2	4,886	5,372	10,258
3	3,730	5,372	9,102
4	2,930	5,372	8,302
5	2,057	5,372	7,429
6	1,472	5,372	6,844
7	1,073	5,372	6,445
8	798	5,372	6,170
9	805	5,372	6,177
10	558	5,372	5,930
11 +	1,578	161,169	162,747
Total	\$25,317	\$214,892	\$240,209



* assumes settlement on 1 July in any given year.

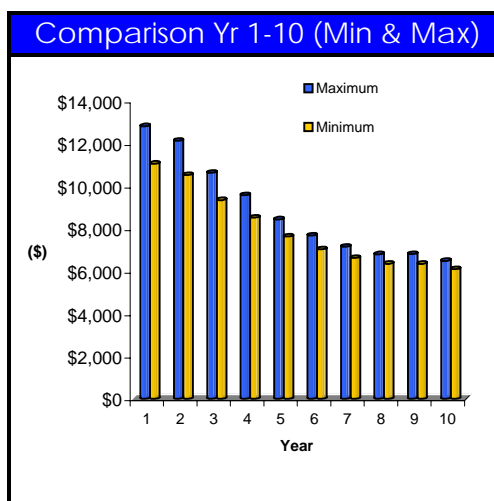
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated via the Prime Cost Method. This estimate is based upon legislation in force at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

This Estimate Cannot Be Used For Taxation Purposes

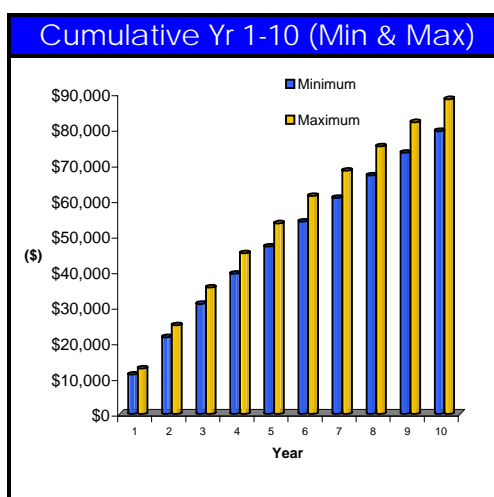
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Estimate of Depreciation Claimable Typical Office/Warehouse, 35-39 Higginbotham Road, GLADESVILLE, NSW 2111 Purchase Price \$615,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,063	5,756	12,819
2	6,383	5,756	12,139
3	4,870	5,756	10,626
4	3,816	5,756	9,572
5	2,681	5,756	8,437
6	1,917	5,756	7,673
7	1,397	5,756	7,153
8	1,041	5,756	6,797
9	1,043	5,756	6,799
10	726	5,756	6,482
11 +	2,057	172,673	174,730
Total	\$32,994	\$230,230	\$263,224



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,528	5,530	11,058
2	4,995	5,530	10,525
3	3,812	5,530	9,342
4	2,986	5,530	8,516
5	2,098	5,530	7,628
6	1,500	5,530	7,030
7	1,094	5,530	6,624
8	815	5,530	6,345
9	816	5,530	6,346
10	568	5,530	6,098
11 +	1,610	165,901	167,511
Total	\$25,822	\$221,202	\$247,024



* assumes settlement on 1 July in any given year.

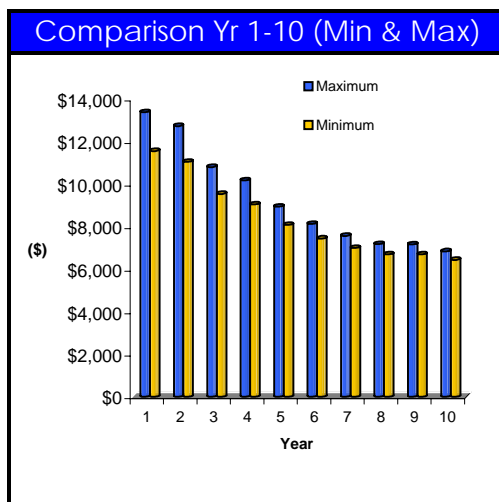
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated via the Prime Cost Method. This estimate is based upon legislation in force at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

This Estimate Cannot Be Used For Taxation Purposes

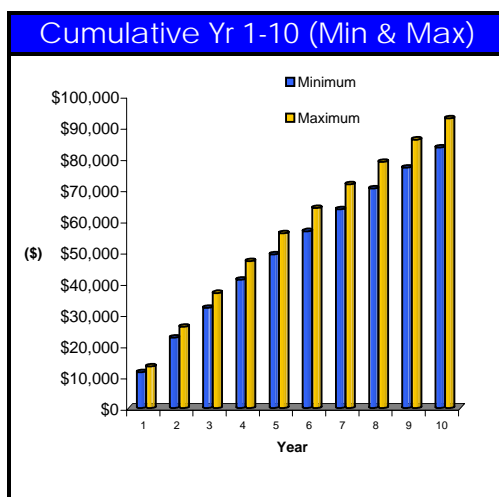
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Estimate of Depreciation Claimable Typical Office/Warehouse, 35-39 Higginbotham Road, GLADESVILLE, NSW 2111 Purchase Price \$640,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,298	6,084	13,382
2	6,646	6,084	12,730
3	4,718	6,084	10,802
4	4,088	6,084	10,172
5	2,861	6,084	8,945
6	2,040	6,084	8,124
7	1,482	6,084	7,566
8	1,097	6,084	7,181
9	1,086	6,084	7,170
10	756	6,084	6,840
11 +	2,156	182,527	184,683
Total	\$34,228	\$243,370	\$277,598



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,711	5,846	11,557
2	5,201	5,846	11,047
3	3,693	5,846	9,539
4	3,200	5,846	9,046
5	2,239	5,846	8,085
6	1,597	5,846	7,443
7	1,160	5,846	7,006
8	859	5,846	6,705
9	850	5,846	6,696
10	591	5,846	6,437
11 +	1,688	175,370	177,058
Total	\$26,789	\$233,826	\$260,615



* assumes settlement on 1 July in any given year.

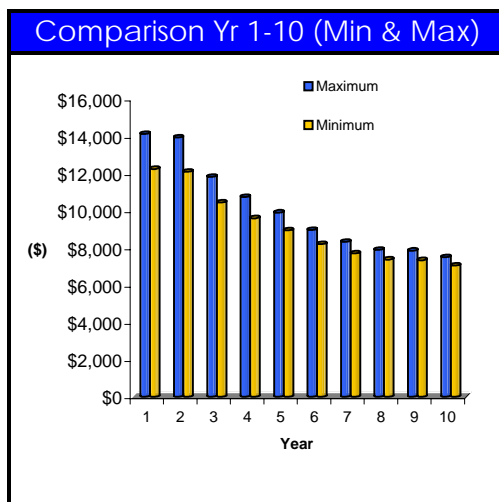
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated via the Prime Cost Method. This estimate is based upon legislation in force at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

This Estimate Cannot Be Used For Taxation Purposes

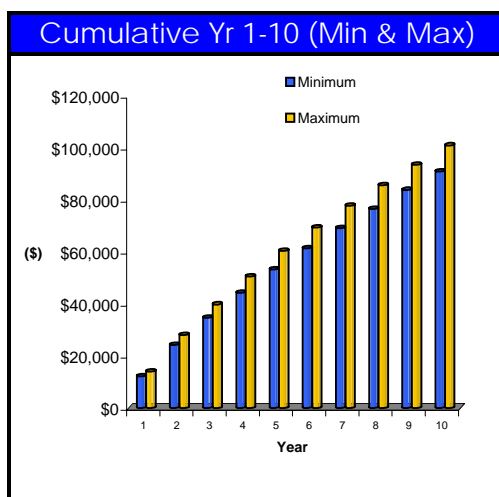
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Estimate of Depreciation Claimable Typical Office/Warehouse, 35-39 Higginbotham Road, GLADESVILLE, NSW 2111 Purchase Price \$700,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,436	6,686	14,122
2	7,251	6,686	13,937
3	5,132	6,686	11,818
4	4,049	6,686	10,735
5	3,214	6,686	9,900
6	2,277	6,686	8,963
7	1,647	6,686	8,333
8	1,211	6,686	7,897
9	1,167	6,686	7,853
10	812	6,686	7,498
11 +	2,338	200,594	202,932
Total	\$36,534	\$267,459	\$303,993



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,819	6,424	12,243
2	5,675	6,424	12,099
3	4,017	6,424	10,441
4	3,169	6,424	9,593
5	2,516	6,424	8,940
6	1,782	6,424	8,206
7	1,289	6,424	7,713
8	948	6,424	7,372
9	914	6,424	7,338
10	635	6,424	7,059
11 +	1,830	192,728	194,558
Total	\$28,594	\$256,971	\$285,565



* 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.

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