



2 October 2007
File No. 44307 (10167E)

Mr Paul Amabile
Property Applications
PO Box 277
ALBION QLD 4010

Dear Sir,

**ESTIMATED DEPRECIATION SCHEDULES FOR THE PURCHASE
OF
TYPICAL UNITS - CHURCHLANDS ESTATE, 252 CHURCH ROAD,
TAIGUM, QUEENSLAND**

We enclose a copy of our indicative estimate of depreciation and capital allowances for the above project as requested.

The following estimate is based on our assessment of the plans, specifications, construction costs and/or sale price as advised. It is not suitable for submission with tax returns and will need to be amended to reflect final sales data and/or construction costs.

It should be noted that for purchases we have used the current land value as advised in our apportionment of the purchase price. Any revision of land value may impact on our estimates.

Our estimate is based on our interpretation of the Income Tax Assessment Act 1936 as amended, the Income Tax Assessment Act 1997, tax cases and tax rulings, all current at the date of this proposal. There is also no clear definition of Plant and Articles, these only are defined by way of precedents and tax cases (in Australia and overseas) as well as tax rulings which indicate the Commissioner's stance. We at Culling Smit and Associates Pty Ltd continue to research and monitor the Australian Tax Cases and Income Tax Rulings. The allowances estimated are based on the 1997 Tax Act which allows a greater deduction to the purchaser than that which the vendor would have been entitled to, in accordance with Section 42-65 of the Act.

1.



1.

Scope Of Service For Detailed Depreciation Schedules

Our process of preparing the final Depreciation Schedules on completion and sale of the property includes,

- ◆ physical inspection and survey of the entire property.
- ◆ photographing of all relevant items, for verification of claims.
- ◆ examining the purchase contract and associated documentation.
- ◆ dissection of construction cost information
- ◆ preparing a comprehensive consolidated Division 42 Plant Depreciation Schedule, Division 43 Capital Allowances Schedules in accordance with the Income Tax Assessment Act 1997, maximising the Purchaser's legitimate entitlements.
- ◆ providing the purchaser with a copy of the Depreciation Schedule, which includes the analysis based on the Diminishing Value Method (not Prime Cost as low value pool option is used), Capital Allowances Schedules (Building & Structural Improvement Allowances). The schedule correctly apportions the entitlements over the period of ownership in the first year.
- ◆ Providing a forecast of entitlements, for the first ten years.

(Note: The ITAA 1997 is in effect from 1/7/97. There have been and will continue to be constant re-writes of the Act over the next years. We will continue to monitor and incorporate these changes as necessary.)

Estimated summaries on Depreciation and Capital Allowances for the following alternatives have been included in this report;

PROPERTY	PURCHASE COST (\$)	LAND VALUE (\$) (estimated UCV)
Type A three bed townhouse	390,000	32,000
Type B two bed townhouse	360,000	32,000
Type C three bed unit	415,000	32,000
Type D three bed unit	395,000	32,000

Should you have any queries or wish to discuss this further, phone Chris Smit on 3341 4114.

Yours faithfully

CULLING SMIT & ASSOCIATES PTY LTD



DISCLAIMER

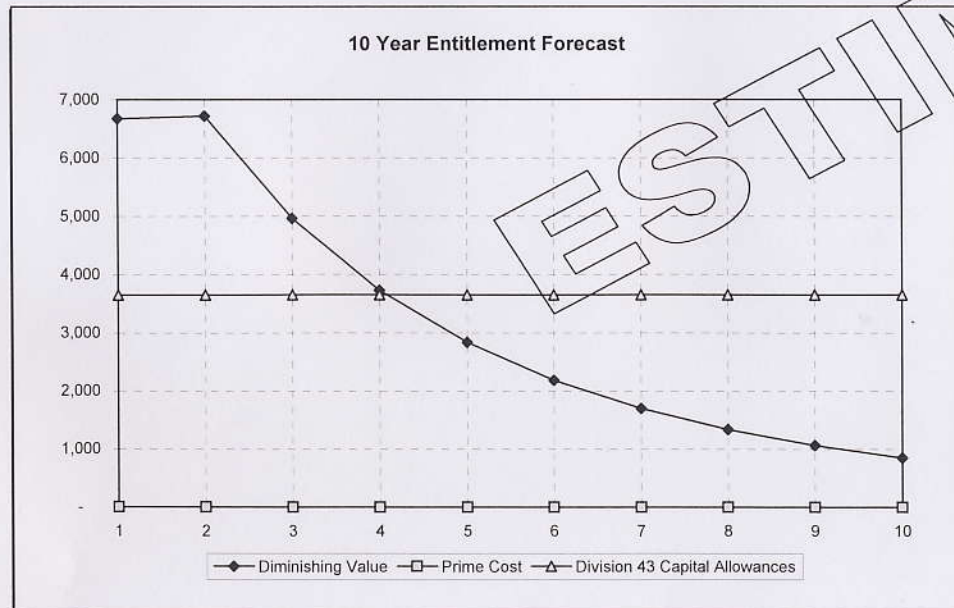
The information contained in this report has been based on material supplied by others. We believe the material to be correct and our report is a fair representation of the Depreciation and Capital Allowances that will be available to a taxpaying owner. However, a purchaser should not act in reliance upon this preliminary information but should seek its own specialised advice to determine the actual level of allowance available.

Culling Smit & Associates Pty Ltd does not give any warranty, nor accept any contractual, tortious or any other form of liability for any consequences, loss or damage which may occur as a result of a purchaser acting upon or using the **preliminary** information contained in this report.



ESTIMATE OF ENTITLEMENTS - DEPRECIATION SCHEDULE FOR THE
PURCHASE OF
3 BED UNIT TYPE A, 252 CHURCH ROAD, TAIGUM, QUEENSLAND

METHOD	Year 1 366 Days	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	Balance	Total
(a) Diminishing Value	6,675	6,721	4,966	3,726	2,836	2,186	1,704	1,341	1,064	850	3,793	35,864
(b) Prime Cost	-	-	-	-	-	-	-	-	-	-	-	-
(c) Division 43 Capital Allowances	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	109,501	146,001
TOTAL DVM (a+c)	10,325	10,371	8,616	7,376	6,486	5,836	5,354	4,991	4,714	4,500	113,294	181,865
TOTAL PCM (b+c)	-	-	-	-	-	-	-	-	-	-	-	-



IMPORTANT NOTES

These figures are **estimated**, based on information on hand at the time of preparation. Prepared on 31/07/08, changes following the Ralph Report are incorporated. They are **indicative** and as such **are not** suitable for submission with tax returns. Specific advice and actual figures should be sought before being used. The accompanying report forms an essential part of this estimate and should be read in conjunction with this page.

a Purchase Price of \$ 390,000 & a Land Value of \$ 32,000 has been used
- EQUAL entitlement applies -
This estimate excludes any furniture package.

Depreciation and Building Allowances are only claimable on investment properties, or
or when the property starts to earn assessable income.

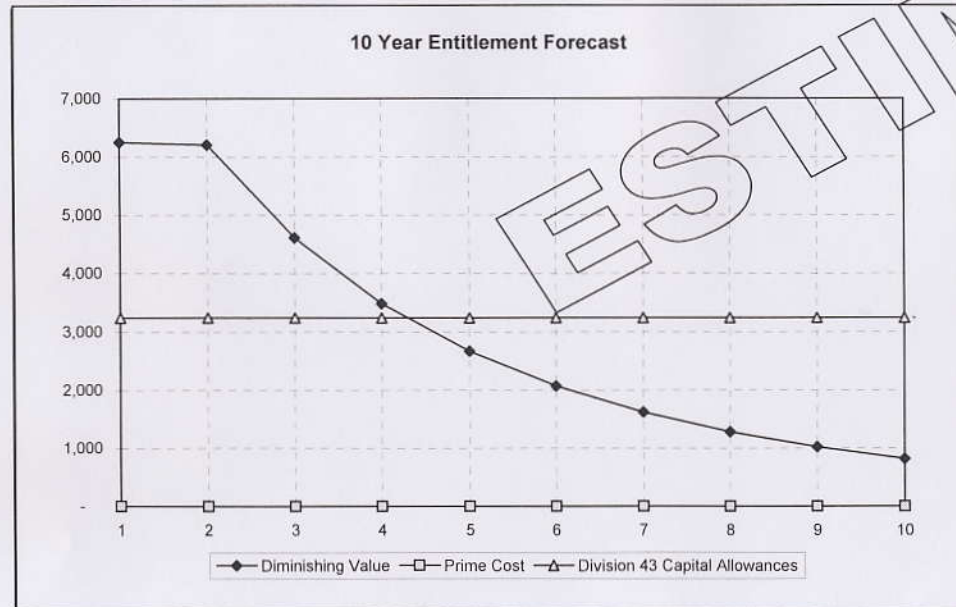
The Depreciation on Plant, has been estimated, in accordance with Division 42-65
of the Income Tax Assessment Act 1997.

Capital Allowances are calculated using the Prime Cost Method only



**ESTIMATE OF ENTITLEMENTS - DEPRECIATION SCHEDULE FOR THE
PURCHASE OF
2 BED UNIT TYPE B, 252 CHURCH ROAD, TAIGUM, QUEENSLAND**

METHOD	Year 1 366 Days	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	Balance	Total
(a) Diminishing Value	6,253	6,211	4,619	3,488	2,671	2,070	1,621	1,282	1,021	818	3,705	33,760
(b) Prime Cost	-	-	-	-	-	-	-	-	-	-	-	-
(c) Division 43 Capital Allowances	3,241	3,241	3,241	3,241	3,241	3,241	3,241	3,241	3,241	3,241	97,235	129,645
TOTAL DVM (a+c)	9,494	9,452	7,860	6,729	5,912	5,311	4,862	4,523	4,262	4,059	100,940	163,405
TOTAL PCM (b+c)	-	-	-	-	-	-	-	-	-	-	-	-



IMPORTANT NOTES

These figures are **estimated**, based on information on hand at the time of preparation. Prepared on 31/07/08, changes following the Ralph Report are incorporated. They are **indicative** and as such **are not** suitable for submission with tax returns. Specific advice and actual figures should be sought before being used. The accompanying report forms an essential part of this estimate and should be read in conjunction with this page.

a Purchase Price of \$ 360,000 & a Land Value of \$ 32,000 has been used
- EQUAL entitlement applies -
This estimate excludes any furniture package.

Depreciation and Building Allowances are only claimable on investment properties, or or when the property starts to earn assessable income.

The Depreciation on Plant, has been estimated, in accordance with Division 42-65 of the Income Tax Assessment Act 1997.

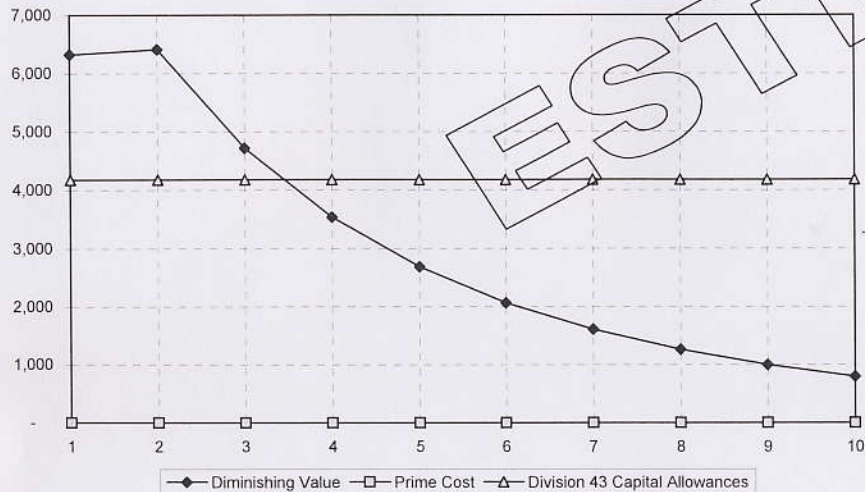
Capital Allowances are calculated using the Prime Cost Method only



ESTIMATE OF ENTITLEMENTS - DEPRECIATION SCHEDULE FOR THE
PURCHASE OF
3 BED UNIT TYPE C, 252 CHURCH ROAD, TAIGUM, QUEENSLAND

METHOD	Year 1 366 Days	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	Balance	Total
(a) Diminishing Value	6,323	6,413	4,724	3,535	2,684	2,065	1,606	1,262	1,000	798	3,552	33,964
(b) Prime Cost	-	-	-	-	-	-	-	-	-	-	-	-
(c) Division 43 Capital Allowances	4,180	4,180	4,180	4,180	4,180	4,180	4,180	4,180	4,180	4,180	125,401	167,201
TOTAL DVM (a+c)	10,503	10,593	8,904	7,715	6,864	6,245	5,786	5,442	5,180	4,978	128,953	201,165
TOTAL PCM (b+c)	-	-	-	-	-	-	-	-	-	-	-	-

10 Year Entitlement Forecast



IMPORTANT NOTES

These figures are **estimated**, based on information on hand at the time of preparation. Prepared on 31/07/08, changes following the Ralph Report are incorporated. They are **indicative** and as such **are not** suitable for submission with tax returns. Specific advice and actual figures should be sought before being used. The accompanying report forms an essential part of this estimate and should be read in conjunction with this page.

a Purchase Price of \$ 415,000 & a Land Value of \$ 32,000 has been used
- EQUAL entitlement applies -
This estimate excludes any furniture package.

Depreciation and Building Allowances are only claimable on investment properties, or
or when the property starts to earn assessable income.

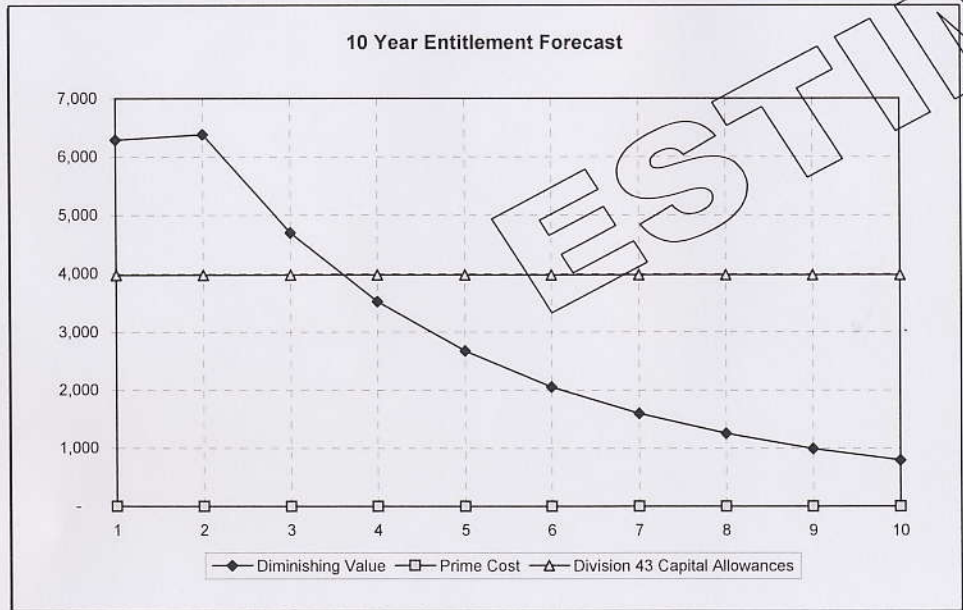
The Depreciation on Plant, has been estimated, in accordance with Division 42-65
of the Income Tax Assessment Act 1997.

Capital Allowances are calculated using the Prime Cost Method only



**ESTIMATE OF ENTITLEMENTS - DEPRECIATION SCHEDULE FOR THE
PURCHASE OF
3 BED UNIT TYPE D, 252 CHURCH ROAD, TAIGUM, QUEENSLAND**

METHOD	Year 1 366 Days	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	Balance	Total
(a) Diminishing Value	6,294	6,384	4,702	3,519	2,672	2,055	1,599	1,257	996	795	3,538	33,809
(b) Prime Cost	-	-	-	-	-	-	-	-	-	-	-	-
(c) Division 43 Capital Allowances	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	3,977	119,311	159,081
TOTAL DVM (a+c)	10,271	10,361	8,679	7,496	6,649	6,032	5,576	5,234	4,973	4,772	122,849	192,890
TOTAL PCM (b+c)	-	-	-	-	-	-	-	-	-	-	-	-



IMPORTANT NOTES

These figures are **estimated**, based on information on hand at the time of preparation. Prepared on 31/07/08, changes following the Ralph Report are incorporated. They are **indicative** and as such **are not** suitable for submission with tax returns. Specific advice and actual figures should be sought before being used. The accompanying report forms an essential part of this estimate and should be read in conjunction with this page.

**a Purchase Price of \$ 395,000 & a Land Value of \$ 32,000 has been used
- EQUAL entitlement applies -
This estimate excludes any furniture package.**

Depreciation and Building Allowances are only claimable on investment properties, or when the property starts to earn assessable income.

The Depreciation on Plant, has been estimated, in accordance with Division 42-65 of the Income Tax Assessment Act 1997.

Capital Allowances are calculated using the Prime Cost Method only