

11 July 2014
File Ref 2333064632.J21129.001

Stephen Lovison
Burgess Rawson
Level 17
6-10 O'Connell Street
SYDNEY NSW 2333

Dear Sir,

Indicative Property Tax Allowance Schedules

52 Bridge Street, Muswellbrook NSW

Further to our recent discussions we have pleasure in enclosing our preliminary report on tax depreciation allowances for the purchase of the above property.

We have based our calculations on the following information based on discussions between Stephen Lovison of Burgess Rawson and Peter Guerra of Napier & Blakeley Pty Ltd.

Anticipated purchase price	\$1,400,000
Land value	\$172,000
First built	1960
Refurbished	2012
Net rent p.a.	\$137,800

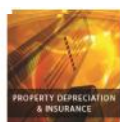
Please note that the enclosed indicative figures have been produced in accordance with the Income Tax Assessment Act 1997 and Tax Ruling 2014/4. TR 2014/4 is an unofficial consolidated table of effective lives for depreciating assets effective 1 July 2014.

The figures should be used for preliminary tax planning purposes only. In the absence of information as to the status of the owner of the property for depreciation purposes, we have assumed that the allowances will be available and be of benefit to the owner. The estimated figures supplied cannot be used in a tax return.

Should you require any further information please do not hesitate to contact Peter Guerra of this office.

Yours faithfully

Napier & Blakeley Pty Ltd



Sydney
Melbourne
Brisbane
Adelaide
Perth
Singapore



1. Indicative Property Tax Allowances Report

This report is dated 11 July 2014 and has been prepared to highlight the potential capital allowances available to the purchasers of:

52 Bridge Street, Muswellbrook NSW

As Quantity Surveyors specialising in the field of property tax allowances, Napier & Blakeley Pty Ltd have prepared the following tables to highlight the approximate level of allowances available to the purchasers of the above property.

We have assumed that the owner will be entitled to claim available Division 40 Capital allowances & Division 43 Capital works deductions.

The figures contained in these reports reflect the allowances available under the legislation in force as at the date of preparation of the reports. Division 40 Capital allowances are calculated on the diminishing value method.

Assuming that there are no restrictive clauses in the Contract of Sale the depreciating assets will be able to be depreciated on the basis of a reasonable attribution of the purchase price (Section 40-195 ITAA 1997). Depending on the date the building commenced construction, a capital works deduction will be available based on the historical cost of construction having deducted non-qualifying expenditure, and notionally depreciating the qualifying expenditure to the date of settlement.

It is worth noting that should the advised purchase price or land value change, then the value of the capital allowances will also change.

For further information or clarification of this report please contact Peter Guerra of this office.

This report is intended only to give a guide to the likely level of allowances claimable. It has been based on a preliminary appraisal of information provided. Final schedules will be necessarily based on the actual sale price.

52 Bridge Street

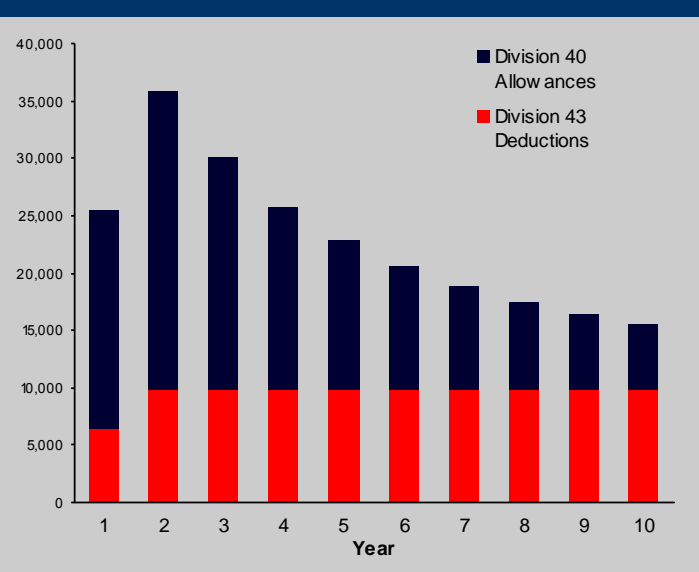
Indication of capital allowances deductions

Prepared for: Burgess Rawson

Estimated Allowances

Year	Division 40 Allowances	Division 43 Deductions	Annual Totals
	\$	\$	\$
1 (242 days)	19,000	6,500	25,500
2	26,000	9,800	35,800
3	20,200	9,800	30,000
4	16,000	9,800	25,800
5	13,000	9,800	22,800
6	10,700	9,800	20,500
7	9,000	9,800	18,800
8	7,700	9,800	17,500
9	6,600	9,800	16,400
10	5,700	9,800	15,500
11+	50,300	259,800	310,100
TOTAL	184,200	354,500	538,700

Estimated Allowances



Basis of estimated allowances

- The purpose of this report is to provide a broad independent indication of capital allowances and capital works deductions available to a purchaser of the above property. The figures should be used for preliminary tax planning purposes only.
- In the absence of information as to the tax status of the property owner, we have assumed that the allowances will be available and be of benefit to the owner.
- The Allowances provided above are based on our interpretations of the Income Tax Assessment Act 1997 (ITAA 1997), tax cases and tax rulings, all as current at the date of this report and on our understanding of the Commissioner of Taxation's current
- The estimated depreciating assets allowances (Division 40) has been based on a reasonable attribution of the purchase price and for capital works deductions (Division 43), historical cost has been assessed. We have been supplied with an Anticipated Purchase Price, which has been accepted in good faith. Apportionment for Land has been based on an estimated Improved Land Value. The estimated Allowances above are subject to change if these values differ to that provided.
- The above estimate is based on the assumption that there are no specific apportioned values prescribed in the Contract of Sale and the depreciation assets will be able to be depreciated on the basis of a reasonable attribution of the purchase price (Section 40-195 ITAA 1997).
- These figures are of a general nature and should not be applied or acted upon unless supported by specific advice, they **CANNOT be used for tax return** purposes. Depreciation of Depreciating Assets has been based on the DIMINISHING VALUE METHOD and the Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING PETER GUERRA on 02 9299 1899.

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Melbourne
03 9915 6300

Brisbane
07 3221 8255

Gold Coast
07 5570 6432

Sunshine Coast
07 5479 3566

Adelaide
08 8274 3760

NOT ACCEPTABLE FOR TAX RETURNS



2. Disclaimer

The information contained in this report has been based in part on material supplied by others. We believe that material to be correct and every effort has been made to ensure our report is a fair representation of the depreciation and building allowances that will be available to a taxpaying owner.

Napier & Blakeley Pty Ltd do 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.