

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn	Tot income
0	1000	-	-	1000	-	-1000	1000	-	1240
1	0	0	100	1100	100	0	1000	0	
2	0	0	110	1210	110	0	1000	0	
3	0	0	121	1331	121	0	1000	0	
4	0	0	133	1464	133	0	1000	0	
5	0	220	-73	1391	146	220	950	-50	
6	0	209	-70	1321	139	209	903	-48	
7	0	198	-66	1255	132	198	857	-45	
8	0	188	-63	1193	126	188	815	-43	
9	0	179	-60	1133	119	179	774	-41	
10	-1076	170	-57	1076	113	1246	735	-39	

Tax value declining at 5% (reducing balance depreciation) from year of first net receipts

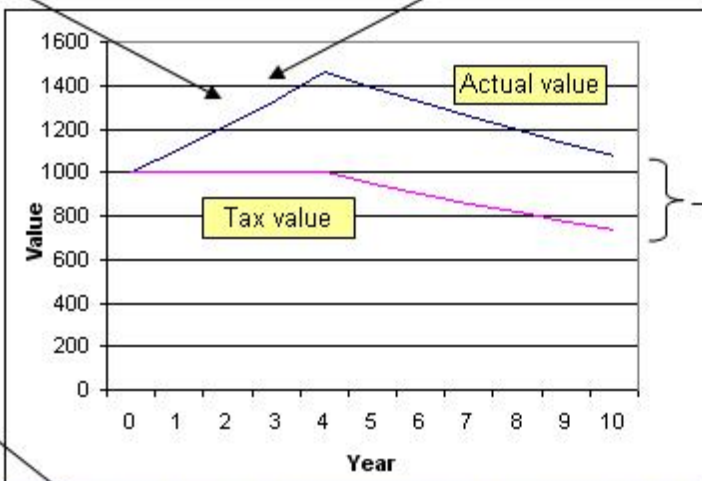
Value increases as the delay before accessing first net receipts in Year 5 decreases

Pre-tax Actual value declining from Year 4 at 5% pa 10.00% Pre-tax return

Benchmark Tax Treatment

Year	Tax	Cash Flow	Tax	Cash Flow
0	0	-1000	-	-1000
1	47	-47	0	0
2	52	-52	0	0
3	57	-57	0	0
4	63	-63	0	0
5	69	151	80	140
6	65	143	76	133
7	62	136	72	126
8	59	129	68	120
9	56	123	65	114
10	53	1193	222	1024

Early increase in value not taxed



Depreciation balancing adjustment on sale

Post-tax 583 5.30% 583 5.96%

Benchmark: Tax at 47% on net receipts plus annual change in value reduces 10% pre-tax return by 47% to 5.3%

typical tax treatment: Tax at 47% on net receipts plus 5% depreciation (plus balancing adjustment on sale) produces after-tax return of 6.0% (higher than 5.3% benchmark return because early capital gains not taxed).