

Tax Depreciation Estimate

Maximising the cash return from investment properties

110-112 Frank Street
LABRADOR QLD 4215

25 September, 2018

South Coast Project Marketing

Suite 2/64 Frank Street

LABRADOR QLD 4215

110-112 Frank Street, LABRADOR QLD 4215 - 615249

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 South Coast Project Marketing.

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 (2015/2).

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 (division 40 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 Bradley Beer at the office.

Yours Sincerely,



BMT Tax Depreciation Pty Ltd
Quantity Surveyors

Appendix One

BMT Tax Depreciation Estimate

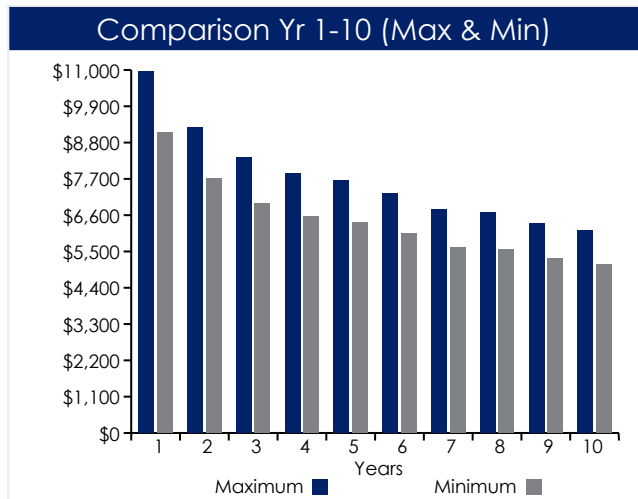
110-112 Frank Street
LABRADOR QLD 4215

Estimate of Depreciation Claimable

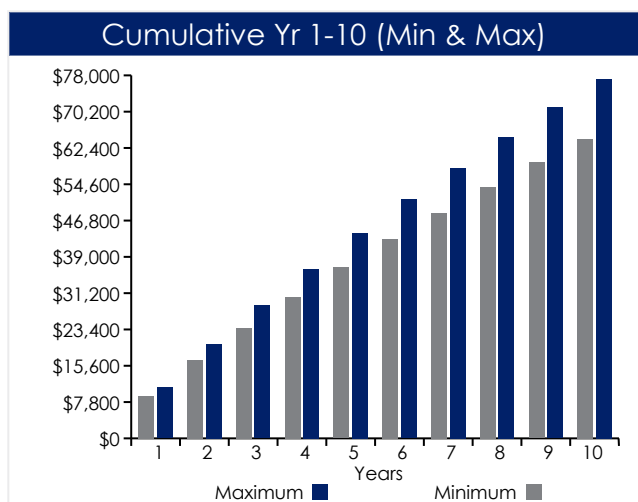
Typical 1 Bedroom Apartment

110-112 Frank Street, LABRADOR QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,293	5,648	10,941
2	3,620	5,648	9,268
3	2,687	5,648	8,335
4	2,210	5,648	7,858
5	2,015	5,648	7,663
6	1,610	5,648	7,258
7	1,111	5,648	6,759
8	1,040	5,648	6,688
9	704	5,648	6,352
10	487	5,648	6,135
11 +	2,628	169,480	172,108
Total	\$23,405	\$225,960	\$249,365



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,411	4,707	9,118
2	3,017	4,707	7,724
3	2,239	4,707	6,946
4	1,841	4,707	6,548
5	1,679	4,707	6,386
6	1,342	4,707	6,049
7	926	4,707	5,633
8	867	4,707	5,574
9	587	4,707	5,294
10	406	4,707	5,113
11 +	2,190	141,233	143,423
Total	\$19,505	\$188,303	\$207,808



* 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% 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

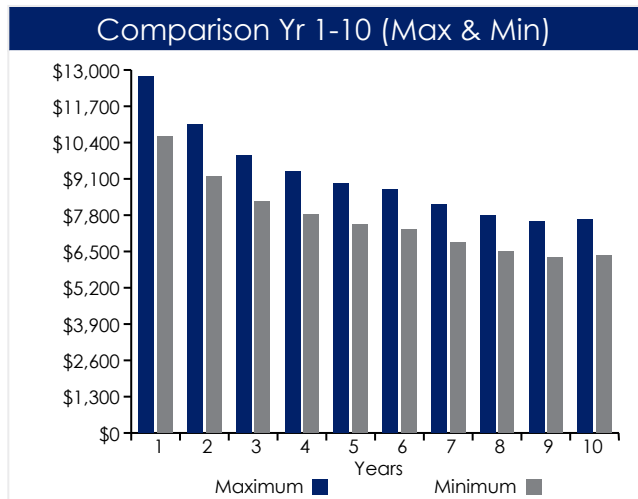
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

Estimate of Depreciation Claimable

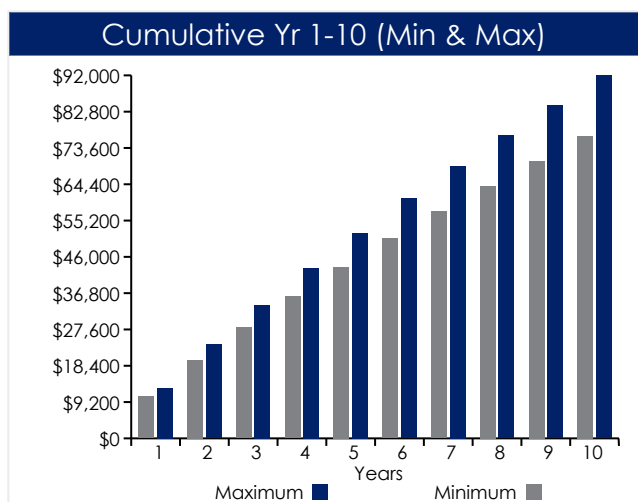
Typical 2 Bedroom Apartment

110-112 Frank Street, LABRADOR QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,873	6,886	12,759
2	4,152	6,886	11,038
3	3,064	6,886	9,950
4	2,484	6,886	9,370
5	2,056	6,886	8,942
6	1,852	6,886	8,738
7	1,283	6,886	8,169
8	917	6,886	7,803
9	678	6,886	7,564
10	743	6,886	7,629
11 +	3,432	206,604	210,036
Total	\$26,534	\$275,464	\$301,998



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,894	5,738	10,632
2	3,460	5,738	9,198
3	2,553	5,738	8,291
4	2,070	5,738	7,808
5	1,714	5,738	7,452
6	1,544	5,738	7,282
7	1,069	5,738	6,807
8	764	5,738	6,502
9	565	5,738	6,303
10	619	5,738	6,357
11 +	2,860	172,170	175,030
Total	\$22,112	\$229,550	\$251,662



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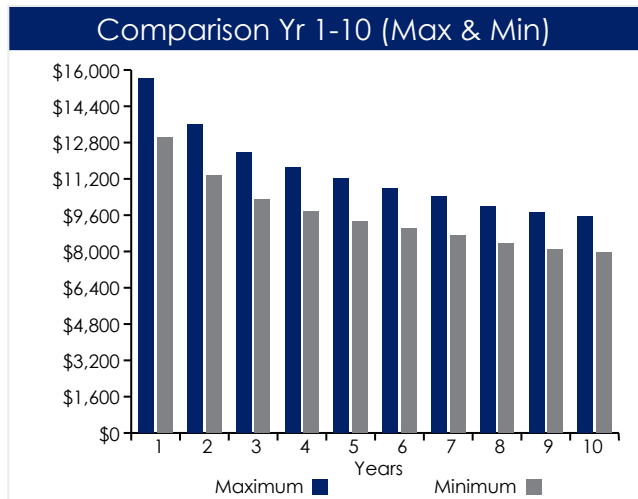
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Estimate of Depreciation Claimable

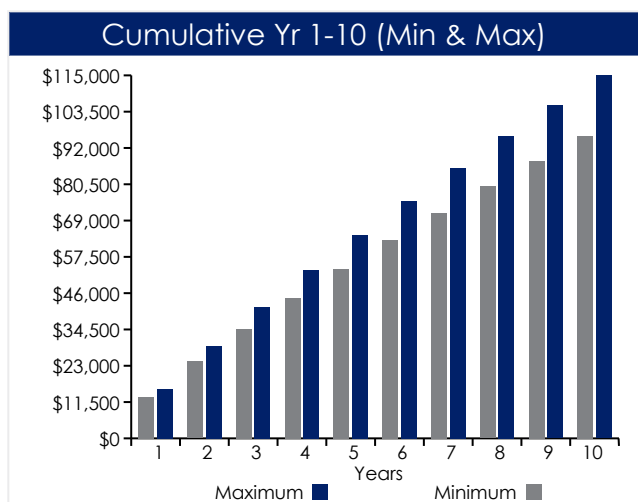
Typical 3 Bedroom Apartment

110-112 Frank Street, LABRADOR QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,715	8,904	15,619
2	4,697	8,904	13,601
3	3,472	8,904	12,376
4	2,794	8,904	11,698
5	2,303	8,904	11,207
6	1,895	8,904	10,799
7	1,530	8,904	10,434
8	1,101	8,904	10,005
9	816	8,904	9,720
10	626	8,904	9,530
11 +	4,507	267,106	271,613
Total	\$30,456	\$356,146	\$386,602



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,596	7,420	13,016
2	3,914	7,420	11,334
3	2,894	7,420	10,314
4	2,328	7,420	9,748
5	1,919	7,420	9,339
6	1,580	7,420	9,000
7	1,275	7,420	8,695
8	917	7,420	8,337
9	680	7,420	8,100
10	522	7,420	7,942
11 +	3,756	222,588	226,344
Total	\$25,381	\$296,788	\$322,169



* assumes settlement on 1 July in any given year.

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