

Tax Depreciation Estimate

Maximising the cash return from investment properties

165-167 Marine Parade
SOUTHPORT BC QLD 4215

2 October, 2018

360 Residential Project Marketing

PO Box 1545

MILTON QLD 4064

165-167 Marine Parade, SOUTHPORT BC QLD 4215 - 615816

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 360 Residential 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

165-167 Marine Parade
SOUTHPORT BC QLD 4215

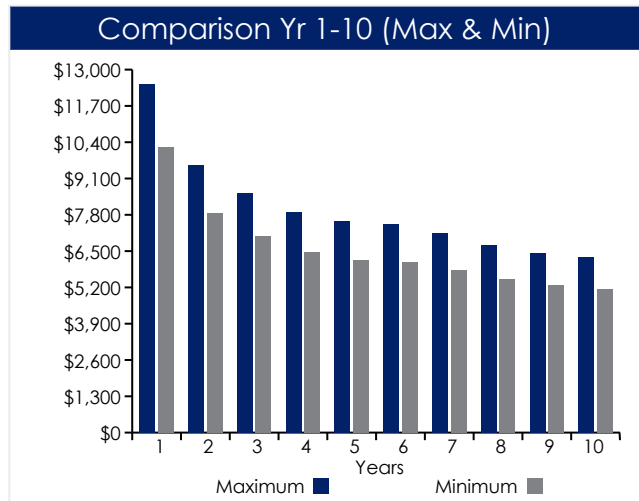
Estimate of Depreciation Claimable

Typical 1 Bedroom Apartment

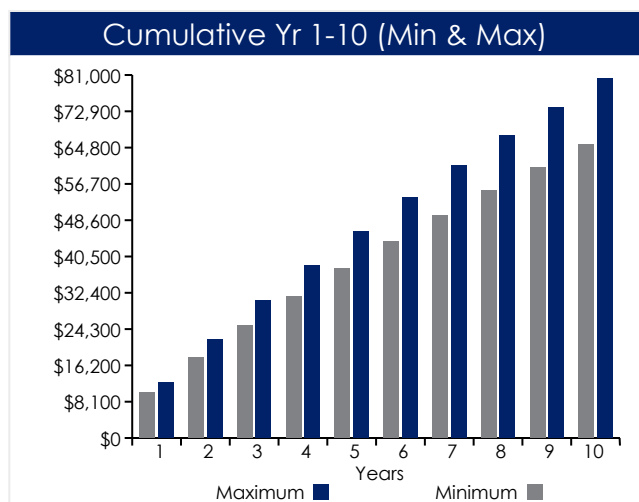
165-167 Marine Parade, SOUTHPORT BC QLD 4215

Purchase Price
\$349,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,652	5,833	12,485
2	3,758	5,833	9,591
3	2,748	5,833	8,581
4	2,054	5,833	7,887
5	1,730	5,833	7,563
6	1,638	5,833	7,471
7	1,298	5,833	7,131
8	876	5,833	6,709
9	608	5,833	6,441
10	437	5,833	6,270
11 +	2,849	174,990	177,839
Total	\$24,648	\$233,320	\$257,968



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,442	4,773	10,215
2	3,074	4,773	7,847
3	2,248	4,773	7,021
4	1,680	4,773	6,453
5	1,416	4,773	6,189
6	1,340	4,773	6,113
7	1,062	4,773	5,835
8	716	4,773	5,489
9	498	4,773	5,271
10	357	4,773	5,130
11 +	2,331	143,174	145,505
Total	\$20,164	\$190,904	\$211,068



* assumes settlement on 1 July in any given year.

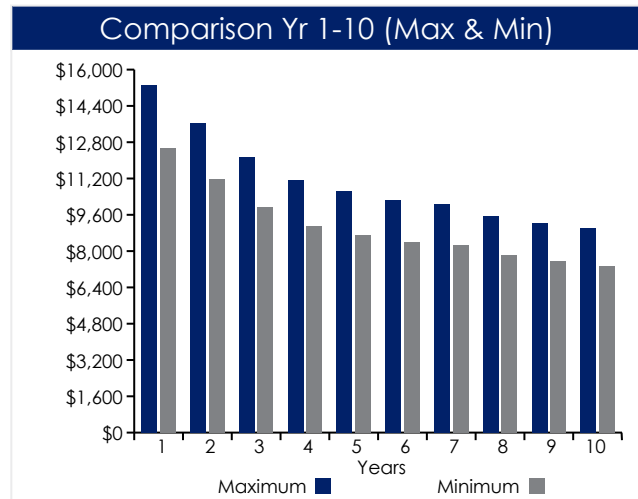
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate is based upon legislation in force at the date of report production.

This Estimate Cannot Be Used For Taxation Purposes

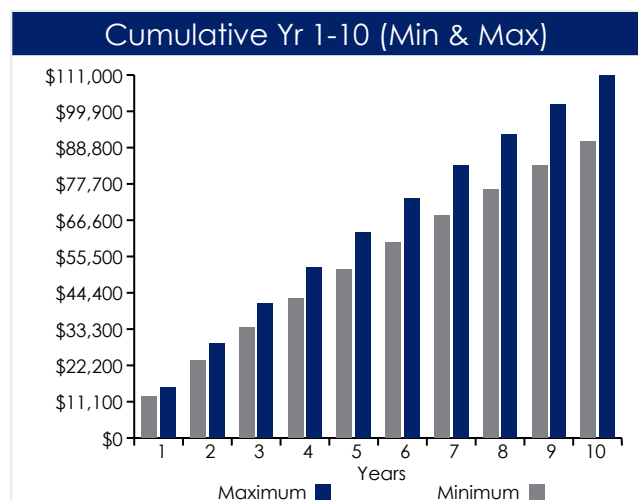
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

Estimate of Depreciation Claimable
Typical 2 Bedroom Apartment
165-167 Marine Parade, SOUTHPORT BC QLD 4215
Purchase Price
\$470,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,916	8,415	15,331
2	5,226	8,415	13,641
3	3,737	8,415	12,152
4	2,734	8,415	11,149
5	2,212	8,415	10,627
6	1,836	8,415	10,251
7	1,670	8,415	10,085
8	1,135	8,415	9,550
9	799	8,415	9,214
10	581	8,415	8,996
11 +	4,026	252,464	256,490
Total	\$30,872	\$336,614	\$367,486



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,658	6,885	12,543
2	4,276	6,885	11,161
3	3,057	6,885	9,942
4	2,237	6,885	9,122
5	1,810	6,885	8,695
6	1,502	6,885	8,387
7	1,366	6,885	8,251
8	929	6,885	7,814
9	653	6,885	7,538
10	475	6,885	7,360
11 +	3,294	206,562	209,856
Total	\$25,257	\$275,412	\$300,669



* 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

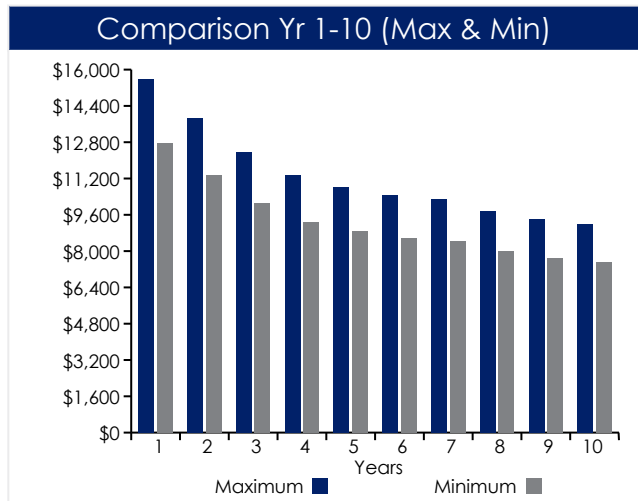
Estimate of Depreciation Claimable

Typical 2 Bedroom Apartment

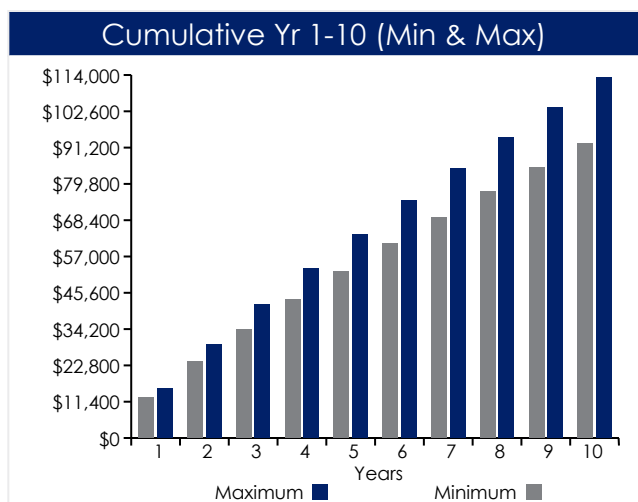
165-167 Marine Parade, SOUTHPORT BC QLD 4215

Purchase Price
\$490,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,964	8,611	15,575
2	5,260	8,611	13,871
3	3,763	8,611	12,374
4	2,756	8,611	11,367
5	2,226	8,611	10,837
6	1,847	8,611	10,458
7	1,681	8,611	10,292
8	1,145	8,611	9,756
9	805	8,611	9,416
10	586	8,611	9,197
11 +	4,076	258,341	262,417
Total	\$31,109	\$344,451	\$375,560



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,698	7,045	12,743
2	4,304	7,045	11,349
3	3,079	7,045	10,124
4	2,255	7,045	9,300
5	1,822	7,045	8,867
6	1,511	7,045	8,556
7	1,375	7,045	8,420
8	937	7,045	7,982
9	659	7,045	7,704
10	480	7,045	7,525
11 +	3,335	211,370	214,705
Total	\$25,455	\$281,820	\$307,275



* 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

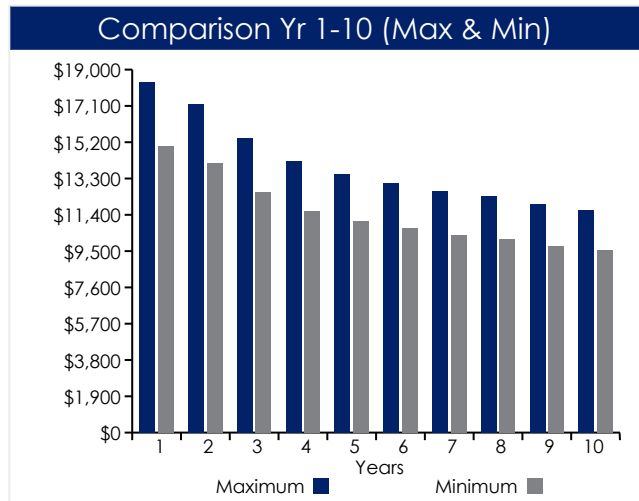
Estimate of Depreciation Claimable

Typical 2 Bedroom Apartment

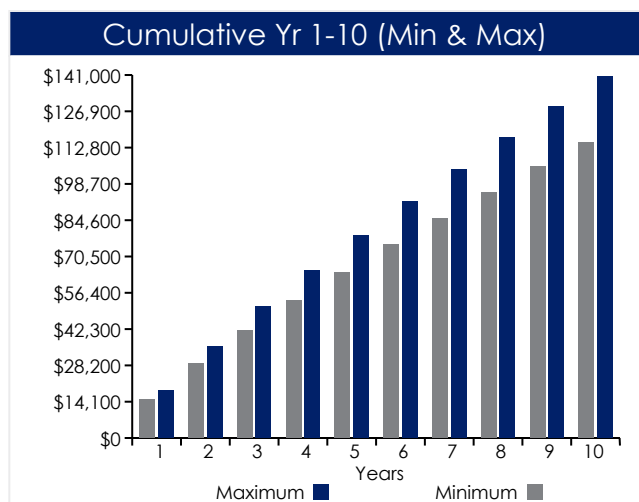
165-167 Marine Parade, SOUTHPORT BC QLD 4215

Purchase Price
\$669,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,422	10,937	18,359
2	6,283	10,937	17,220
3	4,469	10,937	15,406
4	3,253	10,937	14,190
5	2,587	10,937	13,524
6	2,120	10,937	13,057
7	1,716	10,937	12,653
8	1,419	10,937	12,356
9	1,003	10,937	11,940
10	732	10,937	11,669
11 +	5,162	328,140	333,302
Total	\$36,166	\$437,510	\$473,676



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,072	8,949	15,021
2	5,141	8,949	14,090
3	3,657	8,949	12,606
4	2,661	8,949	11,610
5	2,117	8,949	11,066
6	1,734	8,949	10,683
7	1,404	8,949	10,353
8	1,161	8,949	10,110
9	821	8,949	9,770
10	599	8,949	9,548
11 +	4,224	268,478	272,702
Total	\$29,591	\$357,968	\$387,559



* assumes settlement on 1 July in any given year.

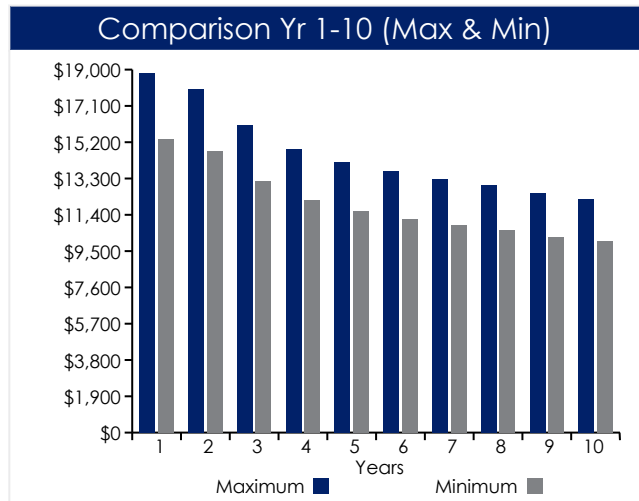
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate is based upon legislation in force at the date of report production.

This Estimate Cannot Be Used For Taxation Purposes

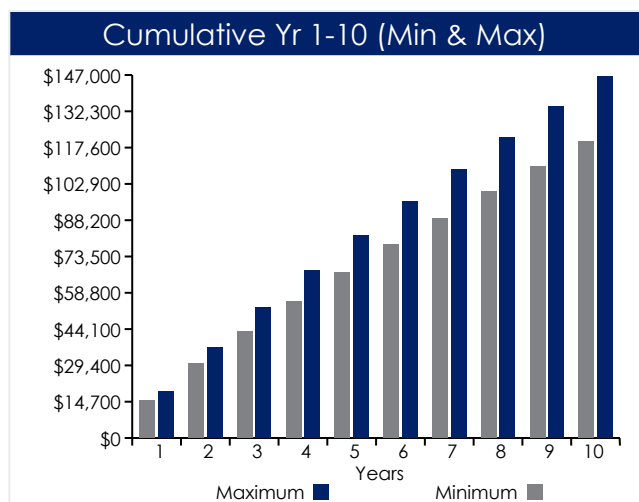
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

Estimate of Depreciation Claimable
Typical 2 Bedroom Apartment
165-167 Marine Parade, SOUTHPORT BC QLD 4215
Purchase Price
\$779,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,313	11,485	18,798
2	6,521	11,485	18,006
3	4,631	11,485	16,116
4	3,364	11,485	14,849
5	2,670	11,485	14,155
6	2,179	11,485	13,664
7	1,760	11,485	13,245
8	1,462	11,485	12,947
9	1,034	11,485	12,519
10	758	11,485	12,243
11 +	5,374	344,554	349,928
Total	\$37,066	\$459,404	\$496,470



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,983	9,397	15,380
2	5,335	9,397	14,732
3	3,789	9,397	13,186
4	2,752	9,397	12,149
5	2,184	9,397	11,581
6	1,783	9,397	11,180
7	1,440	9,397	10,837
8	1,196	9,397	10,593
9	846	9,397	10,243
10	620	9,397	10,017
11 +	4,397	281,908	286,305
Total	\$30,325	\$375,878	\$406,203



* assumes settlement on 1 July in any given year.

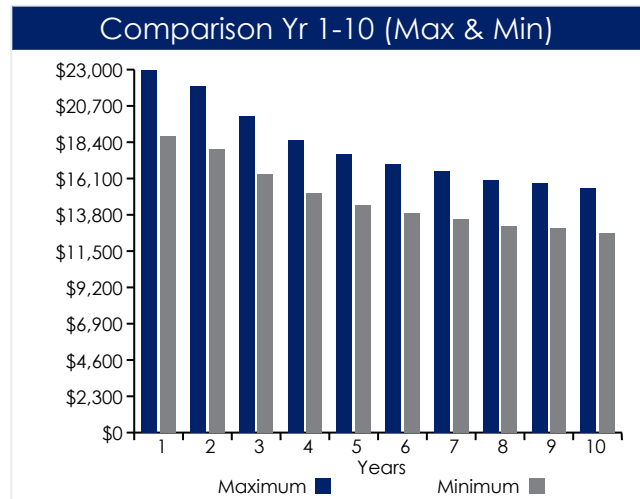
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate is based upon legislation in force at the date of report production.

This Estimate Cannot Be Used For Taxation Purposes

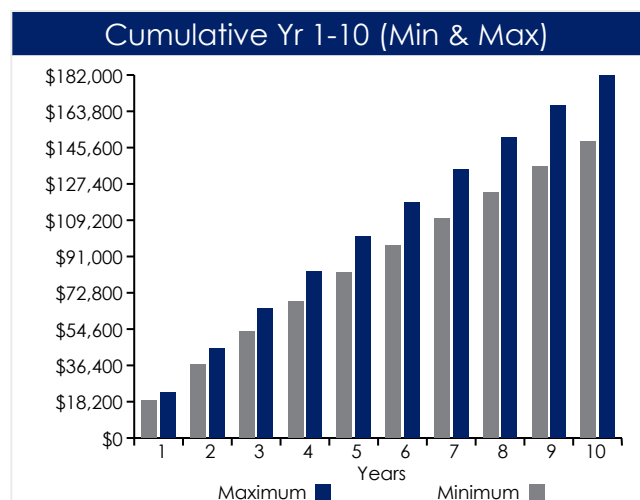
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

Estimate of Depreciation Claimable
Typical 3 Bedroom Apartment
165-167 Marine Parade, SOUTHPORT BC QLD 4215
Purchase Price
\$1,290,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,435	14,519	22,954
2	7,449	14,519	21,968
3	5,524	14,519	20,043
4	3,996	14,519	18,515
5	3,123	14,519	17,642
6	2,518	14,519	17,037
7	2,019	14,519	16,538
8	1,477	14,519	15,996
9	1,308	14,519	15,827
10	957	14,519	15,476
11 +	6,746	435,603	442,349
Total	\$43,552	\$580,793	\$624,345



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,901	11,879	18,780
2	6,095	11,879	17,974
3	4,520	11,879	16,399
4	3,270	11,879	15,149
5	2,555	11,879	14,434
6	2,060	11,879	13,939
7	1,652	11,879	13,531
8	1,209	11,879	13,088
9	1,070	11,879	12,949
10	783	11,879	12,662
11 +	5,520	356,403	361,923
Total	\$35,635	\$475,193	\$510,828



* 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