

Tax Depreciation Estimate

Maximising the cash return from investment properties

36-44 Stanhill Drive
SURFERS PARADISE QLD 4217

22 December, 2017

Bensons Property Group Pty Ltd
Level 3 367 Collins Street
MELBOURNE VIC 3000

36-44 Stanhill Drive, SURFERS PARADISE QLD 4217 - 567505

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 Bensons Property Group Pty Ltd.

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 (42-65 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

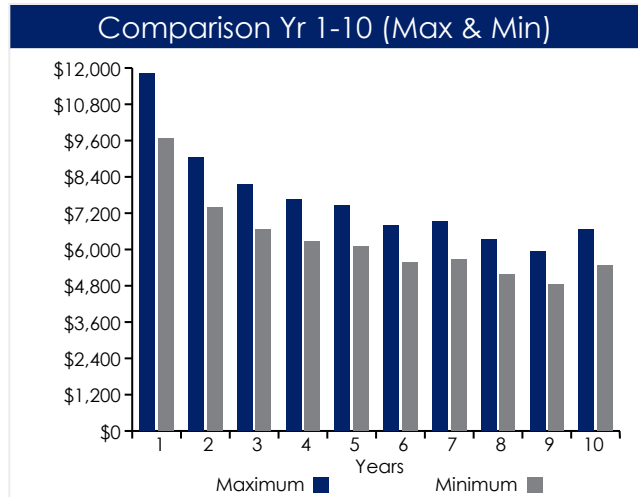
Appendix One

BMT Tax Depreciation Estimate

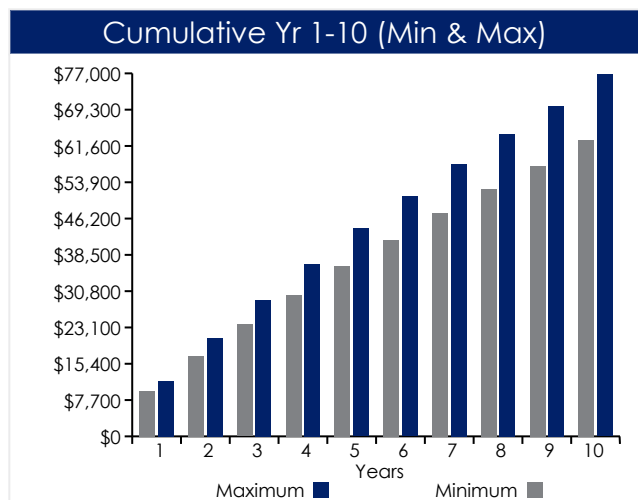
36-44 Stanhill Drive
SURFERS PARADISE QLD 4217

Estimate of Depreciation Claimable Typical 1 Bedroom Apartment 36-44 Stanhill Drive, SURFERS PARADISE QLD 4217

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,729	5,077	11,806
2	3,964	5,077	9,041
3	3,056	5,077	8,133
4	2,581	5,077	7,658
5	2,388	5,077	7,465
6	1,730	5,077	6,807
7	1,854	5,077	6,931
8	1,240	5,077	6,317
9	850	5,077	5,927
10	1,591	5,077	6,668
11 +	2,649	152,314	154,963
Total	\$28,632	\$203,084	\$231,716



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,505	4,154	9,659
2	3,244	4,154	7,398
3	2,500	4,154	6,654
4	2,111	4,154	6,265
5	1,954	4,154	6,108
6	1,416	4,154	5,570
7	1,517	4,154	5,671
8	1,014	4,154	5,168
9	696	4,154	4,850
10	1,301	4,154	5,455
11 +	2,167	124,620	126,787
Total	\$23,425	\$166,160	\$189,585



* assumes settlement on 1 July in any given year.

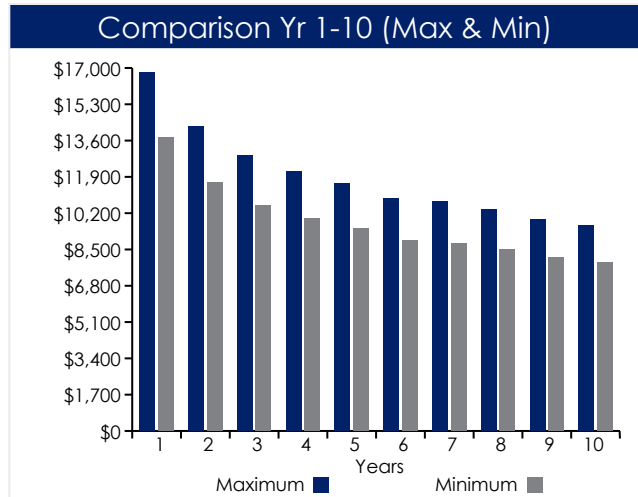
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

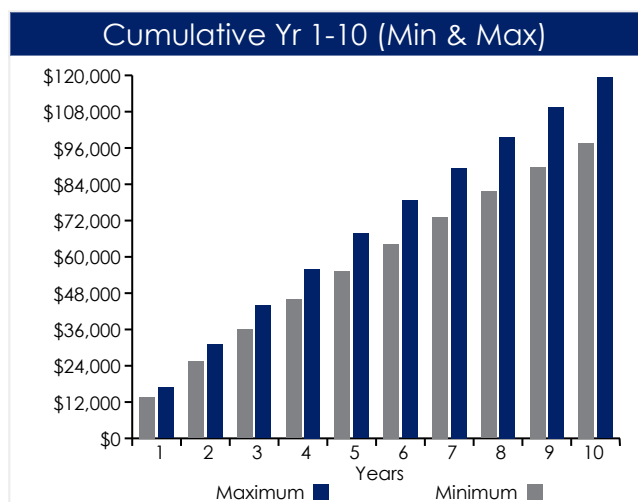
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

Estimate of Depreciation Claimable Typical 2 Bedroom Apartment 36-44 Stanhill Drive, SURFERS PARADISE QLD 4217

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,069	8,703	16,772
2	5,545	8,703	14,248
3	4,217	8,703	12,920
4	3,464	8,703	12,167
5	2,889	8,703	11,592
6	2,201	8,703	10,904
7	2,046	8,703	10,749
8	1,670	8,703	10,373
9	1,219	8,703	9,922
10	923	8,703	9,626
11 +	6,699	261,093	267,792
Total	\$38,942	\$348,123	\$387,065



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,602	7,121	13,723
2	4,537	7,121	11,658
3	3,451	7,121	10,572
4	2,834	7,121	9,955
5	2,363	7,121	9,484
6	1,801	7,121	8,922
7	1,674	7,121	8,795
8	1,366	7,121	8,487
9	997	7,121	8,118
10	755	7,121	7,876
11 +	5,481	213,621	219,102
Total	\$31,861	\$284,831	\$316,692



* assumes settlement on 1 July in any given year.

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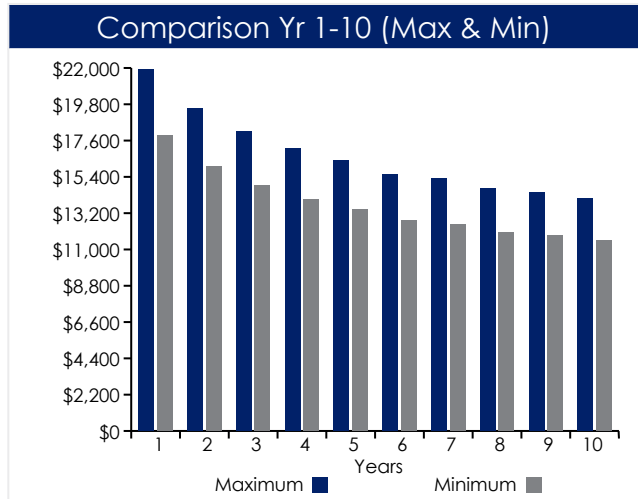
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Estimate of Depreciation Claimable

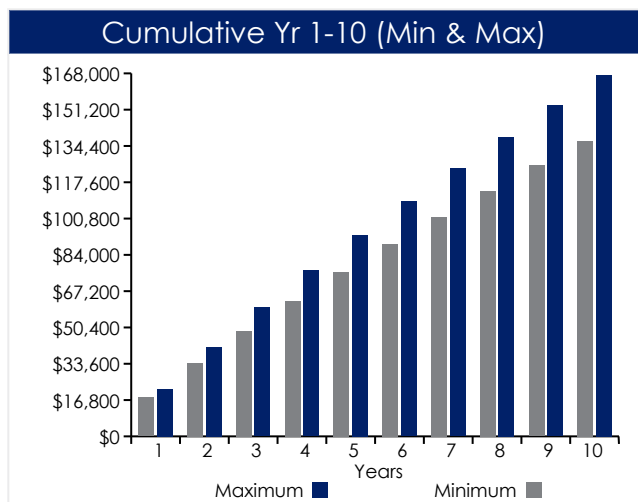
Typical 3 Bedroom Apartment

36-44 Stanhill Drive, SURFERS PARADISE QLD 4217

Maximum			
Year	Plant & Equipment	Division 43	Total
1	9,060	12,857	21,917
2	6,706	12,857	19,563
3	5,300	12,857	18,157
4	4,276	12,857	17,133
5	3,519	12,857	16,376
6	2,702	12,857	15,559
7	2,451	12,857	15,308
8	1,851	12,857	14,708
9	1,614	12,857	14,471
10	1,229	12,857	14,086
11 +	9,109	385,717	394,826
Total	\$47,817	\$514,287	\$562,104



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,412	10,519	17,931
2	5,486	10,519	16,005
3	4,336	10,519	14,855
4	3,498	10,519	14,017
5	2,879	10,519	13,398
6	2,210	10,519	12,729
7	2,005	10,519	12,524
8	1,515	10,519	12,034
9	1,320	10,519	11,839
10	1,005	10,519	11,524
11 +	7,453	315,587	323,040
Total	\$39,119	\$420,777	\$459,896



* assumes settlement on 1 July in any given year.

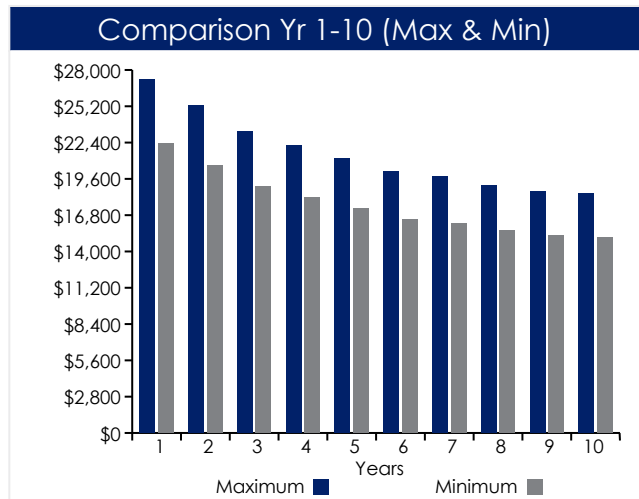
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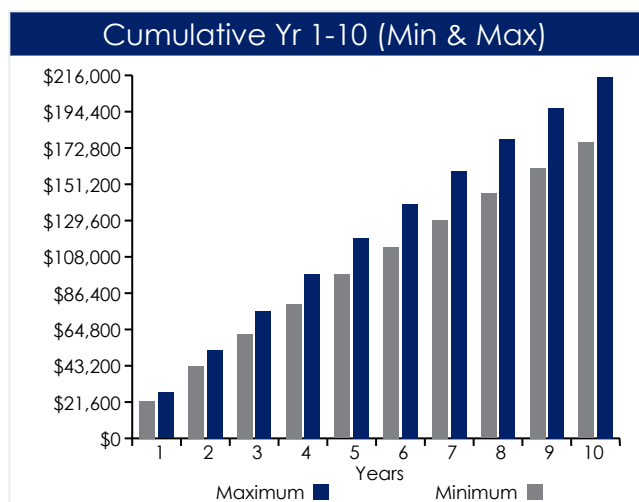
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Estimate of Depreciation Claimable Typical 4 Bedroom Apartment 36-44 Stanhill Drive, SURFERS PARADISE QLD 4217

Maximum			
Year	Plant & Equipment	Division 43	Total
1	10,484	16,800	27,284
2	8,446	16,800	25,246
3	6,441	16,800	23,241
4	5,376	16,800	22,176
5	4,362	16,800	21,162
6	3,363	16,800	20,163
7	2,983	16,800	19,783
8	2,291	16,800	19,091
9	1,811	16,800	18,611
10	1,660	16,800	18,460
11 +	12,229	504,000	516,229
Total	\$59,446	\$672,000	\$731,446



Minimum			
Year	Plant & Equipment	Division 43	Total
1	8,578	13,746	22,324
2	6,910	13,746	20,656
3	5,270	13,746	19,016
4	4,398	13,746	18,144
5	3,569	13,746	17,315
6	2,751	13,746	16,497
7	2,441	13,746	16,187
8	1,875	13,746	15,621
9	1,481	13,746	15,227
10	1,358	13,746	15,104
11 +	10,005	412,364	422,369
Total	\$48,636	\$549,824	\$598,460



* 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

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