




Tax Depreciation Estimate

Maximising the cash return from investment properties

Parc Apartments
2 Bowman Street
MACQUARIE, ACT 2614



15 August, 2016

Colliers International Canberra
Ground Floor 21-23 Marcus Clarke Street
CANBERRA, ACT 2600

2 Bowman Street, MACQUARIE, ACT 2614 - 467589

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 Colliers International Canberra.

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,

A handwritten signature in blue ink that reads "BMT Tax Depreciation". The signature is fluid and cursive, with the letters "BMT" being larger and more prominent than the rest of the text.

BMT Tax Depreciation Pty Ltd
Quantity Surveyors

Appendix One

BMT Tax Depreciation Estimate

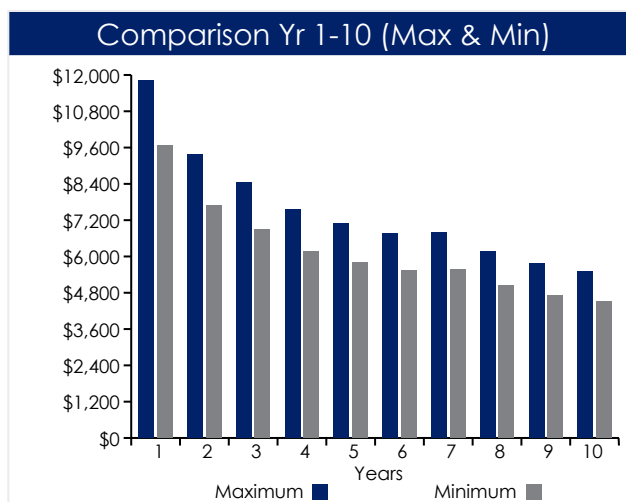
Parc Apartments

2 Bowman Street

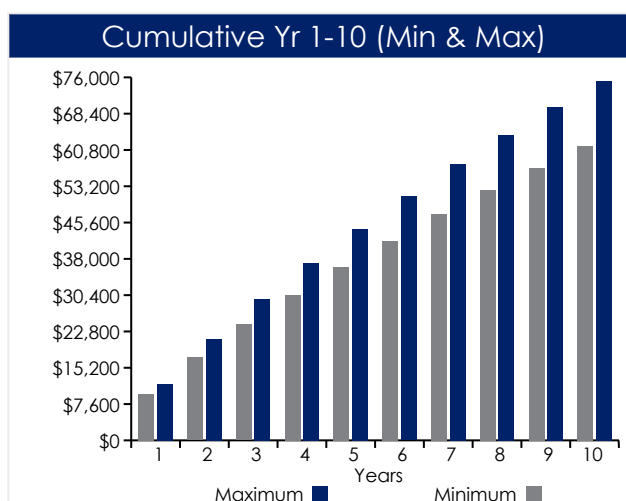
MACQUARIE, ACT 2614

Estimate of Depreciation Claimable Typical 1 Bedroom Apartment, Parc Apartments 2 Bowman Street, MACQUARIE, ACT 2614

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,930	4,899	11,829
2	4,488	4,899	9,387
3	3,534	4,899	8,433
4	2,654	4,899	7,553
5	2,197	4,899	7,096
6	1,852	4,899	6,751
7	1,890	4,899	6,789
8	1,262	4,899	6,161
9	865	4,899	5,764
10	611	4,899	5,510
11 +	3,603	146,996	150,599
Total	\$29,886	\$195,986	\$225,872



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,670	4,009	9,679
2	3,672	4,009	7,681
3	2,892	4,009	6,901
4	2,172	4,009	6,181
5	1,797	4,009	5,806
6	1,516	4,009	5,525
7	1,546	4,009	5,555
8	1,032	4,009	5,041
9	707	4,009	4,716
10	500	4,009	4,509
11 +	2,948	120,270	123,218
Total	\$24,452	\$160,360	\$184,812



* assumes settlement on 1 July in any given year.

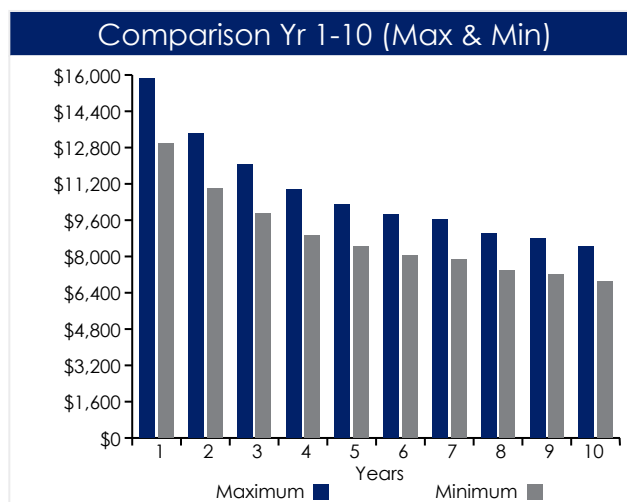
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

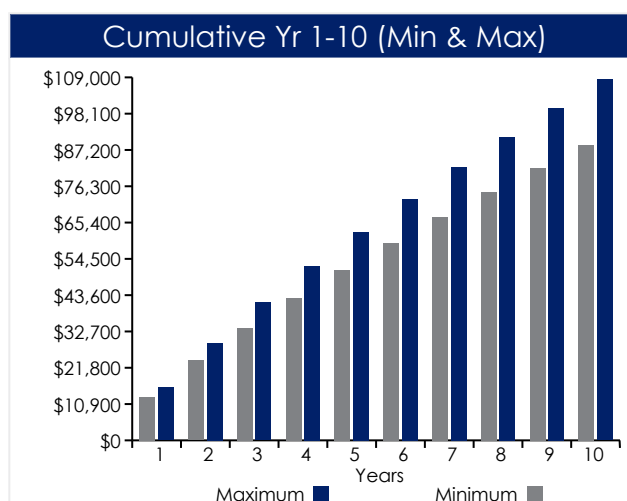
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 02 6257 4800

Estimate of Depreciation Claimable Typical 2 Bedroom Apartment, Parc Apartments 2 Bowman Street, MACQUARIE, ACT 2614

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,272	7,593	15,865
2	5,829	7,593	13,422
3	4,480	7,593	12,073
4	3,341	7,593	10,934
5	2,709	7,593	10,302
6	2,246	7,593	9,839
7	2,035	7,593	9,628
8	1,443	7,593	9,036
9	1,217	7,593	8,810
10	864	7,593	8,457
11 +	5,346	227,779	233,125
Total	\$37,782	\$303,709	\$341,491



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,768	6,213	12,981
2	4,769	6,213	10,982
3	3,666	6,213	9,879
4	2,733	6,213	8,946
5	2,217	6,213	8,430
6	1,838	6,213	8,051
7	1,665	6,213	7,878
8	1,181	6,213	7,394
9	995	6,213	7,208
10	707	6,213	6,920
11 +	4,374	186,365	190,739
Total	\$30,913	\$248,495	\$279,408



* assumes settlement on 1 July in any given year.

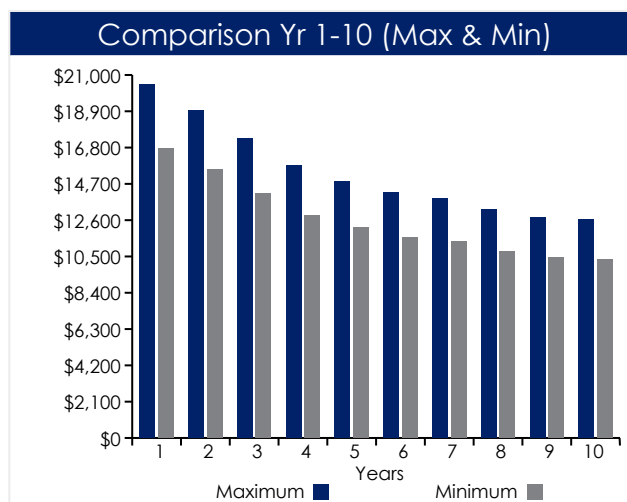
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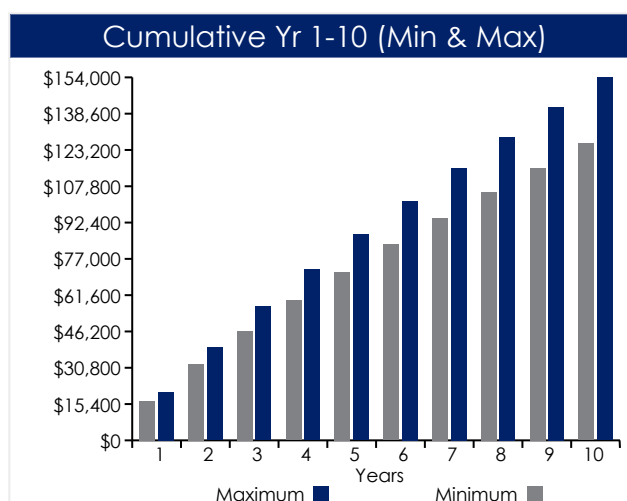
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Estimate of Depreciation Claimable Typical 3 Bedroom Apartment, Parc Apartments 2 Bowman Street, MACQUARIE, ACT 2614

Maximum			
Year	Plant & Equipment	Division 43	Total
1	9,067	11,405	20,472
2	7,557	11,405	18,962
3	5,898	11,405	17,303
4	4,352	11,405	15,757
5	3,446	11,405	14,851
6	2,801	11,405	14,206
7	2,465	11,405	13,870
8	1,788	11,405	13,193
9	1,338	11,405	12,743
10	1,218	11,405	12,623
11 +	7,657	342,140	349,797
Total	\$47,587	\$456,190	\$503,777



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,419	9,331	16,750
2	6,183	9,331	15,514
3	4,826	9,331	14,157
4	3,560	9,331	12,891
5	2,820	9,331	12,151
6	2,291	9,331	11,622
7	2,017	9,331	11,348
8	1,463	9,331	10,794
9	1,094	9,331	10,425
10	996	9,331	10,327
11 +	6,265	279,932	286,197
Total	\$38,934	\$373,242	\$412,176



* 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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