

Tax Depreciation Estimate

Maximising the cash return from investment properties

One City Hall at The Barracks
Vernon Circle, Edinburgh Ave, Knowles Place
CANBERRA ACT 2600

26 November, 2018

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

Vernon Circle, Edinburgh Ave, Knowles Place, CANBERRA ACT 2600 - 623705

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 (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

One City Hall at The Barracks

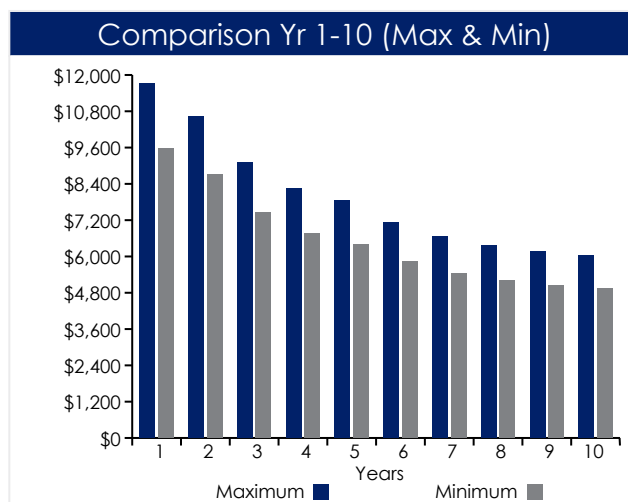
Vernon Circle, Edinburgh Ave, Knowles Place

CANBERRA ACT 2600

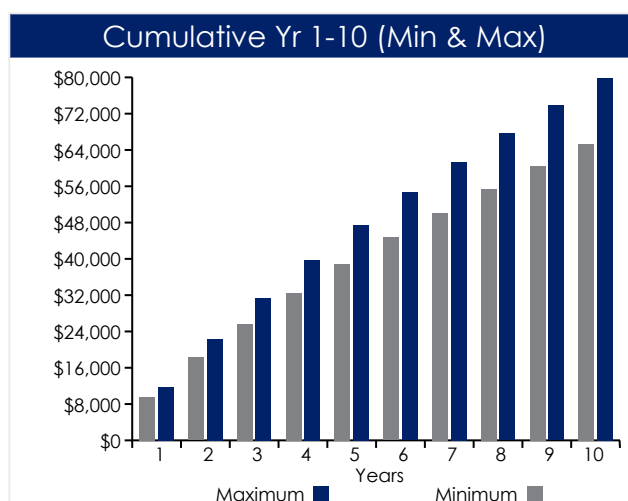
Estimate of Depreciation Claimable

Typical 1 Bedroom Apartment, One City Hall at The Barracks Vernon Circle, Edinburgh Ave, Knowles Place, CANBERRA ACT 2600

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,037	5,668	11,705
2	4,963	5,668	10,631
3	3,425	5,668	9,093
4	2,578	5,668	8,246
5	2,167	5,668	7,835
6	1,452	5,668	7,120
7	996	5,668	6,664
8	696	5,668	6,364
9	498	5,668	6,166
10	367	5,668	6,035
11 +	1,588	170,009	171,597
Total	\$24,767	\$226,689	\$251,456



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,939	4,638	9,577
2	4,061	4,638	8,699
3	2,803	4,638	7,441
4	2,110	4,638	6,748
5	1,773	4,638	6,411
6	1,188	4,638	5,826
7	815	4,638	5,453
8	570	4,638	5,208
9	408	4,638	5,046
10	301	4,638	4,939
11 +	1,300	139,099	140,399
Total	\$20,268	\$185,479	\$205,747



* 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.

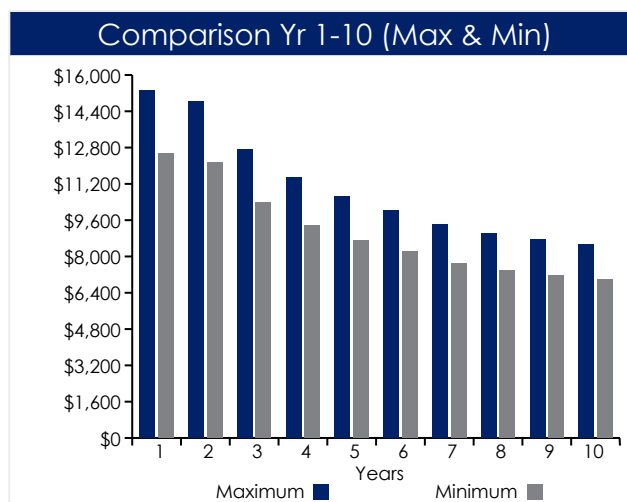
This Estimate Cannot Be Used For Taxation Purposes

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

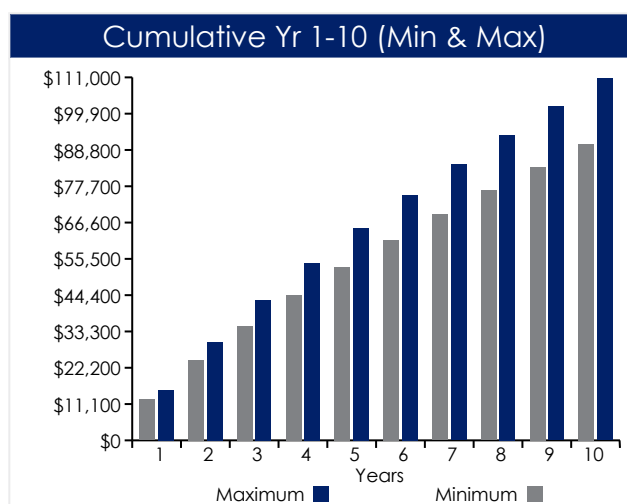
Estimate of Depreciation Claimable

Typical 2 Bedroom Apartment, One City Hall at The Barracks Vernon Circle, Edinburgh Ave, Knowles Place, CANBERRA ACT 2600

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,281	8,032	15,313
2	6,789	8,032	14,821
3	4,664	8,032	12,696
4	3,430	8,032	11,462
5	2,604	8,032	10,636
6	2,003	8,032	10,035
7	1,375	8,032	9,407
8	967	8,032	8,999
9	696	8,032	8,728
10	516	8,032	8,548
11 +	2,250	240,990	243,240
Total	\$32,575	\$321,310	\$353,885



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,957	6,572	12,529
2	5,555	6,572	12,127
3	3,816	6,572	10,388
4	2,806	6,572	9,378
5	2,130	6,572	8,702
6	1,639	6,572	8,211
7	1,125	6,572	7,697
8	791	6,572	7,363
9	570	6,572	7,142
10	422	6,572	6,994
11 +	1,841	197,174	199,015
Total	\$26,652	\$262,894	\$289,546



* 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.

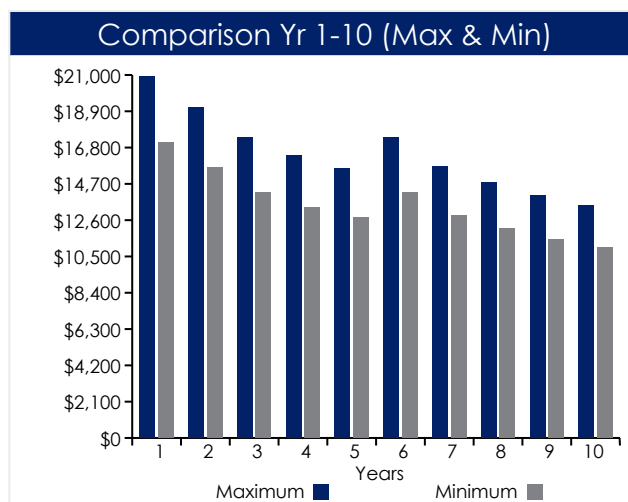
This Estimate Cannot Be Used For Taxation Purposes

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

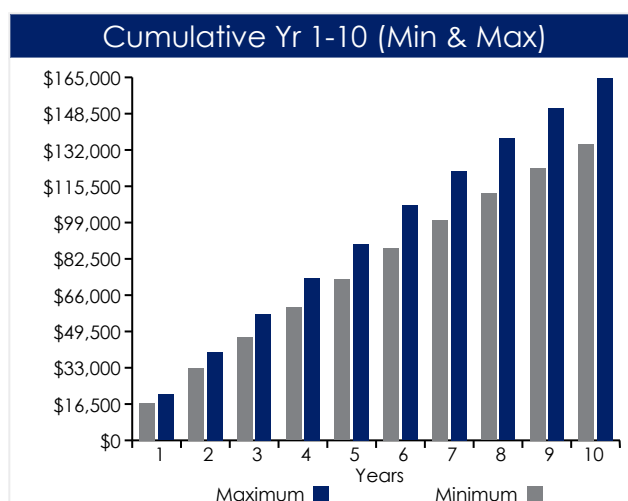
Estimate of Depreciation Claimable

Typical 3 Bedroom Apartment, One City Hall at The Barracks Vernon Circle, Edinburgh Ave, Knowles Place, CANBERRA ACT 2600

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,627	12,271	20,898
2	6,877	12,271	19,148
3	5,106	12,271	17,377
4	4,057	12,271	16,328
5	3,306	12,271	15,577
6	5,101	12,271	17,372
7	3,435	12,271	15,706
8	2,538	12,271	14,809
9	1,730	12,271	14,001
10	1,201	12,271	13,472
11 +	4,128	368,128	372,256
Total	\$46,106	\$490,838	\$536,944



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,059	10,040	17,099
2	5,627	10,040	15,667
3	4,178	10,040	14,218
4	3,319	10,040	13,359
5	2,705	10,040	12,745
6	4,173	10,040	14,213
7	2,811	10,040	12,851
8	2,076	10,040	12,116
9	1,416	10,040	11,456
10	983	10,040	11,023
11 +	3,378	301,196	304,574
Total	\$37,725	\$401,596	\$439,321



* 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.

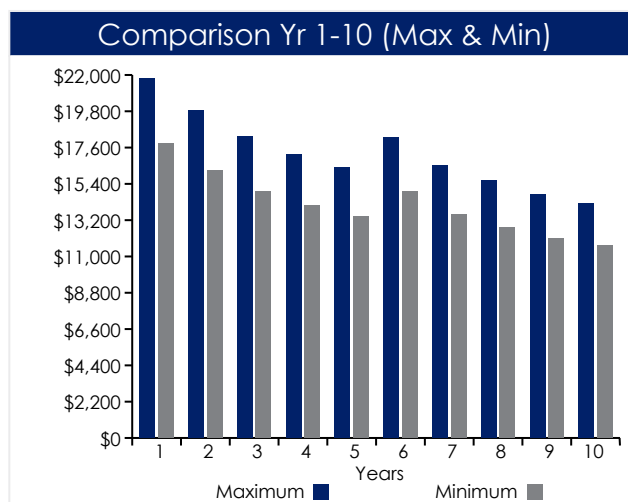
This Estimate Cannot Be Used For Taxation Purposes

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

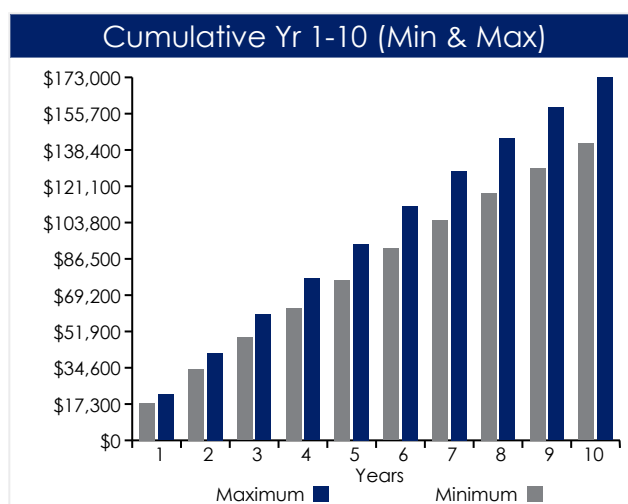
Estimate of Depreciation Claimable

Typical 4 Bedroom Apartment, One City Hall at The Barracks Vernon Circle, Edinburgh Ave, Knowles Place, CANBERRA ACT 2600

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,796	13,004	21,800
2	6,835	13,004	19,839
3	5,290	13,004	18,294
4	4,184	13,004	17,188
5	3,399	13,004	16,403
6	5,237	13,004	18,241
7	3,522	13,004	16,526
8	2,605	13,004	15,609
9	1,770	13,004	14,774
10	1,232	13,004	14,236
11 +	4,230	390,095	394,325
Total	\$47,100	\$520,135	\$567,235



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,196	10,640	17,836
2	5,593	10,640	16,233
3	4,328	10,640	14,968
4	3,424	10,640	14,064
5	2,781	10,640	13,421
6	4,285	10,640	14,925
7	2,882	10,640	13,522
8	2,131	10,640	12,771
9	1,448	10,640	12,088
10	1,008	10,640	11,648
11 +	3,461	319,169	322,630
Total	\$38,537	\$425,569	\$464,106



* 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