

Tax Depreciation Estimate

Maximising the cash return from investment properties

23 Minnie Street
SOUTHPORT QLD 4215

19 September, 2019

LJ Hooker Projects Gold Coast

Shop 1 & 2 3131 Surfers Paradise Boulevard

SURFERS PARADISE QLD 4217

23 Minnie Street, SOUTHPORT QLD 4215 - 670434

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 LJ Hooker Projects Gold Coast.

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

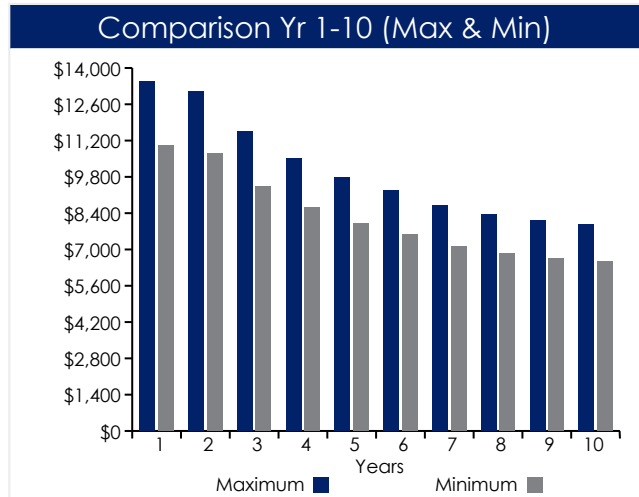
23 Minnie Street
SOUTHPORT QLD 4215

Estimate of Depreciation Claimable

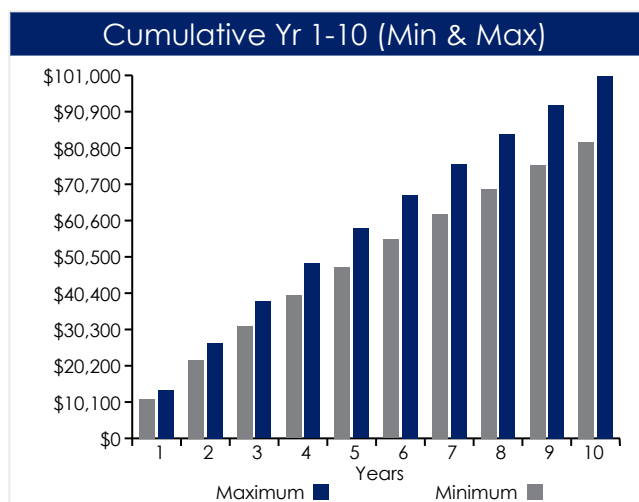
Typical 2 Bedroom Apartment - Type A

23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,917	7,561	13,478
2	5,518	7,561	13,079
3	3,983	7,561	11,544
4	2,959	7,561	10,520
5	2,213	7,561	9,774
6	1,696	7,561	9,257
7	1,143	7,561	8,704
8	791	7,561	8,352
9	569	7,561	8,130
10	422	7,561	7,983
11 +	3,231	226,813	230,044
Total	\$28,442	\$302,423	\$330,865



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,841	6,187	11,028
2	4,514	6,187	10,701
3	3,259	6,187	9,446
4	2,421	6,187	8,608
5	1,811	6,187	7,998
6	1,388	6,187	7,575
7	935	6,187	7,122
8	647	6,187	6,834
9	465	6,187	6,652
10	346	6,187	6,533
11 +	2,643	185,575	188,218
Total	\$23,270	\$247,445	\$270,715



* assumes settlement on 1 July in any given year.

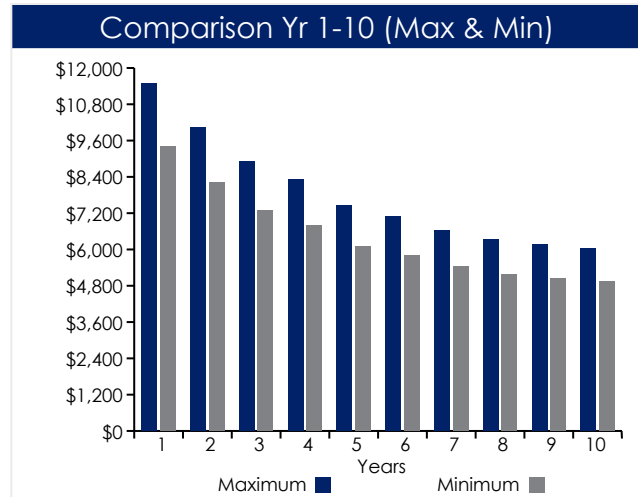
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

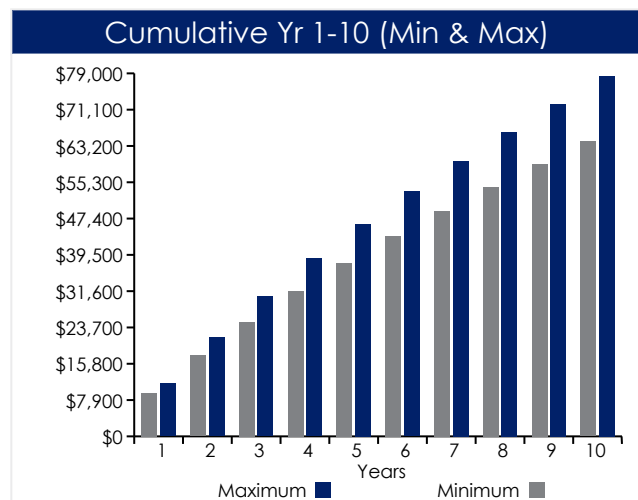
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

Estimate of Depreciation Claimable Typical 1 Bedroom Apartment - Type B 23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,807	5,691	11,498
2	4,332	5,691	10,023
3	3,207	5,691	8,898
4	2,609	5,691	8,300
5	1,762	5,691	7,453
6	1,399	5,691	7,090
7	939	5,691	6,630
8	648	5,691	6,339
9	463	5,691	6,154
10	343	5,691	6,034
11 +	2,559	170,713	173,272
Total	\$24,068	\$227,623	\$251,691



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,751	4,657	9,408
2	3,544	4,657	8,201
3	2,624	4,657	7,281
4	2,135	4,657	6,792
5	1,442	4,657	6,099
6	1,145	4,657	5,802
7	769	4,657	5,426
8	530	4,657	5,187
9	379	4,657	5,036
10	281	4,657	4,938
11 +	2,093	139,675	141,768
Total	\$19,693	\$186,245	\$205,938



* assumes settlement on 1 July in any given year.

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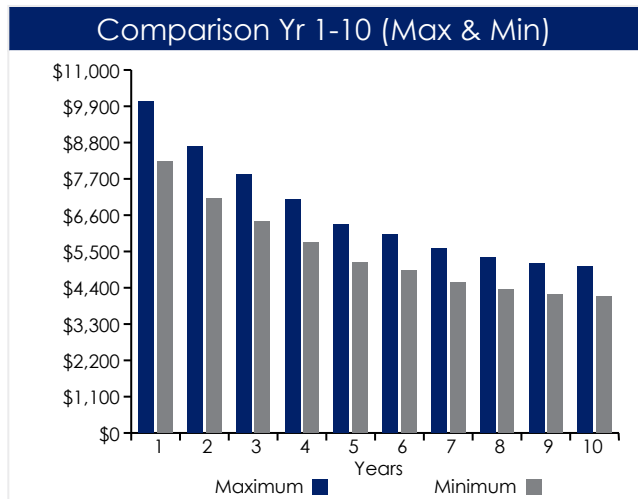
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Estimate of Depreciation Claimable

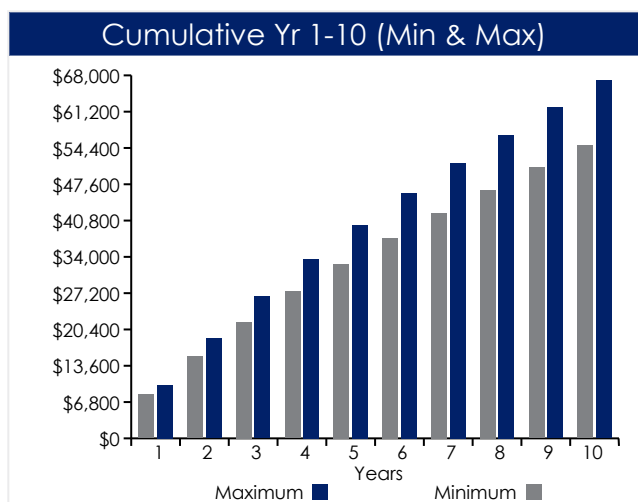
Typical 1 Bedroom Apartment - Type C

23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,316	4,733	10,049
2	3,938	4,733	8,671
3	3,114	4,733	7,847
4	2,332	4,733	7,065
5	1,575	4,733	6,308
6	1,269	4,733	6,002
7	849	4,733	5,582
8	584	4,733	5,317
9	415	4,733	5,148
10	306	4,733	5,039
11 +	2,208	142,005	144,213
Total	\$21,906	\$189,335	\$211,241



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,350	3,873	8,223
2	3,222	3,873	7,095
3	2,548	3,873	6,421
4	1,908	3,873	5,781
5	1,289	3,873	5,162
6	1,039	3,873	4,912
7	695	3,873	4,568
8	478	3,873	4,351
9	339	3,873	4,212
10	250	3,873	4,123
11 +	1,806	116,186	117,992
Total	\$17,924	\$154,916	\$172,840



* assumes settlement on 1 July in any given year.

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This Estimate Cannot Be Used For Taxation Purposes

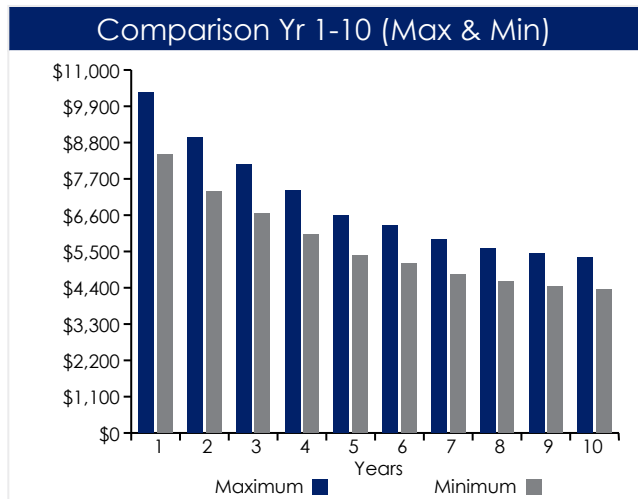
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Estimate of Depreciation Claimable

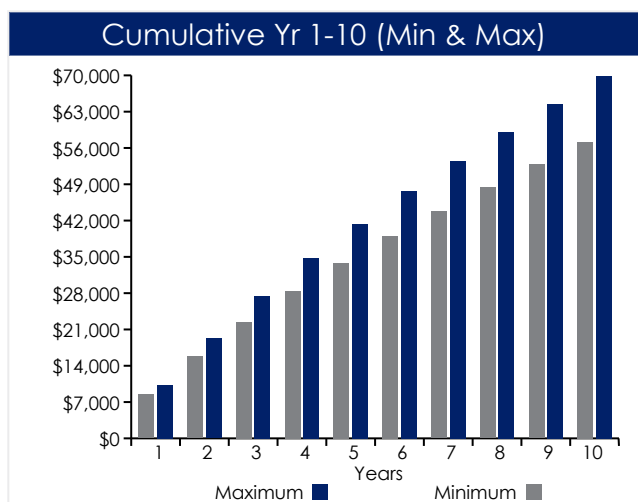
Typical 1 Bedroom Apartment - Type D

23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,316	5,015	10,331
2	3,938	5,015	8,953
3	3,114	5,015	8,129
4	2,332	5,015	7,347
5	1,575	5,015	6,590
6	1,269	5,015	6,284
7	849	5,015	5,864
8	584	5,015	5,599
9	415	5,015	5,430
10	306	5,015	5,321
11 +	2,208	150,443	152,651
Total	\$21,906	\$200,593	\$222,499



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,350	4,103	8,453
2	3,222	4,103	7,325
3	2,548	4,103	6,651
4	1,908	4,103	6,011
5	1,289	4,103	5,392
6	1,039	4,103	5,142
7	695	4,103	4,798
8	478	4,103	4,581
9	339	4,103	4,442
10	250	4,103	4,353
11 +	1,806	123,089	124,895
Total	\$17,924	\$164,119	\$182,043



* assumes settlement on 1 July in any given year.

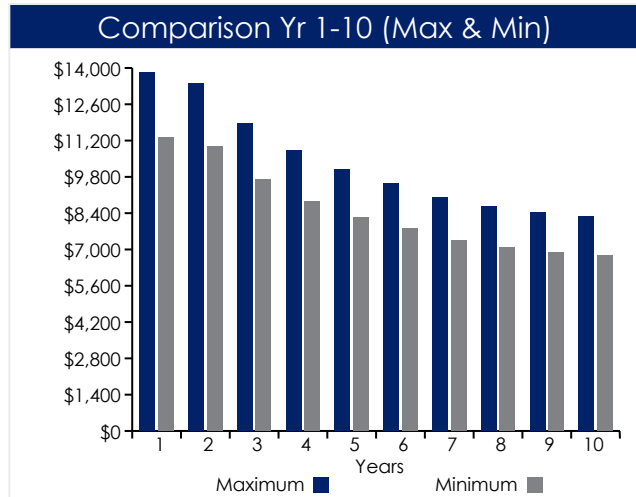
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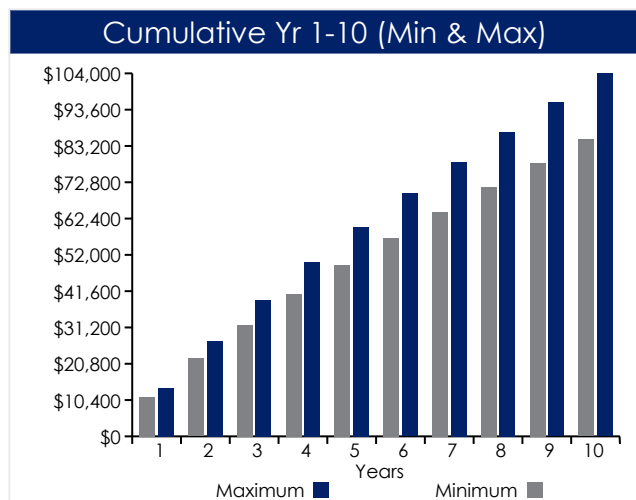
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Estimate of Depreciation Claimable
Typical 2 Bedroom Apartment - Type E
23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,973	7,849	13,822
2	5,565	7,849	13,414
3	4,018	7,849	11,867
4	2,984	7,849	10,833
5	2,235	7,849	10,084
6	1,715	7,849	9,564
7	1,154	7,849	9,003
8	800	7,849	8,649
9	575	7,849	8,424
10	428	7,849	8,277
11 +	3,275	235,440	238,715
Total	\$28,722	\$313,930	\$342,652



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,887	6,422	11,309
2	4,553	6,422	10,975
3	3,288	6,422	9,710
4	2,442	6,422	8,864
5	1,829	6,422	8,251
6	1,403	6,422	7,825
7	944	6,422	7,366
8	654	6,422	7,076
9	471	6,422	6,893
10	350	6,422	6,772
11 +	2,679	192,632	195,311
Total	\$23,500	\$256,852	\$280,352



* assumes settlement on 1 July in any given year.

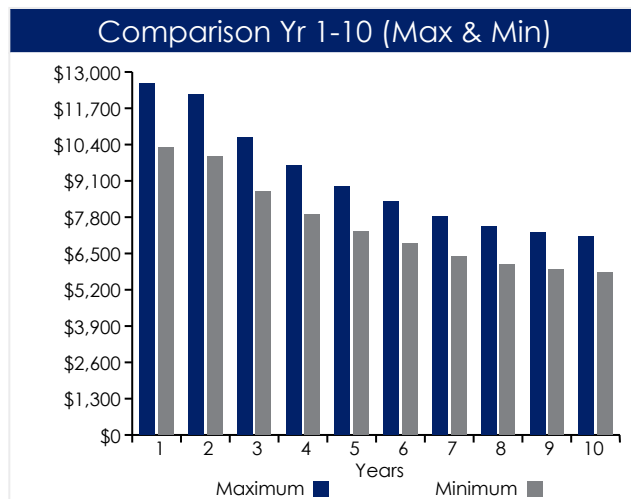
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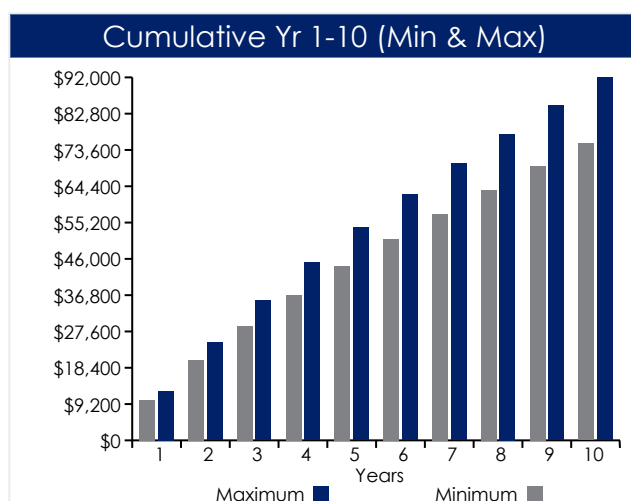
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Estimate of Depreciation Claimable Typical 2 Bedroom Apartment - Type F 23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,917	6,677	12,594
2	5,518	6,677	12,195
3	3,983	6,677	10,660
4	2,959	6,677	9,636
5	2,213	6,677	8,890
6	1,696	6,677	8,373
7	1,143	6,677	7,820
8	791	6,677	7,468
9	569	6,677	7,246
10	422	6,677	7,099
11 +	3,231	200,285	203,516
Total	\$28,442	\$267,055	\$295,497



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,841	5,463	10,304
2	4,514	5,463	9,977
3	3,259	5,463	8,722
4	2,421	5,463	7,884
5	1,811	5,463	7,274
6	1,388	5,463	6,851
7	935	5,463	6,398
8	647	5,463	6,110
9	465	5,463	5,928
10	346	5,463	5,809
11 +	2,643	163,869	166,512
Total	\$23,270	\$218,499	\$241,769



* assumes settlement on 1 July in any given year.

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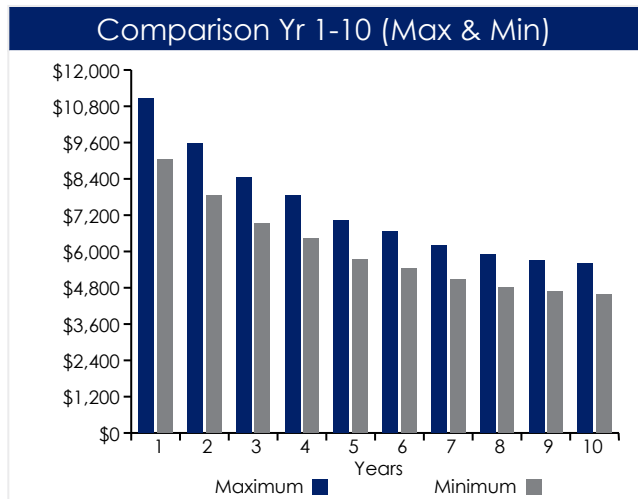
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Estimate of Depreciation Claimable

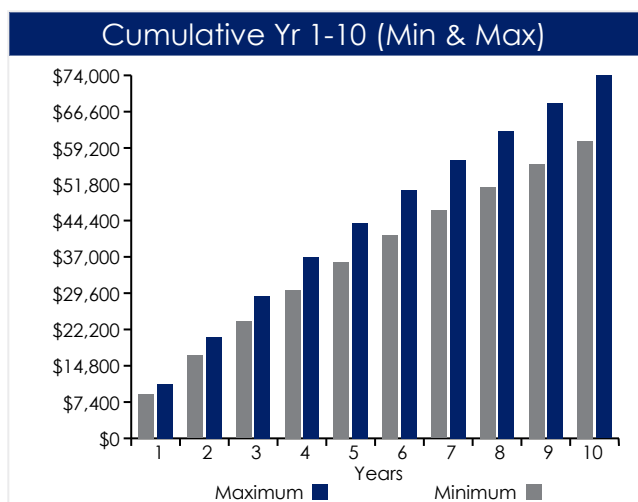
Typical 1 Bedroom Apartment - Type G

23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,807	5,249	11,056
2	4,332	5,249	9,581
3	3,207	5,249	8,456
4	2,609	5,249	7,858
5	1,762	5,249	7,011
6	1,399	5,249	6,648
7	939	5,249	6,188
8	648	5,249	5,897
9	463	5,249	5,712
10	343	5,249	5,592
11 +	2,559	157,450	160,009
Total	\$24,068	\$209,940	\$234,008



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,751	4,295	9,046
2	3,544	4,295	7,839
3	2,624	4,295	6,919
4	2,135	4,295	6,430
5	1,442	4,295	5,737
6	1,145	4,295	5,440
7	769	4,295	5,064
8	530	4,295	4,825
9	379	4,295	4,674
10	281	4,295	4,576
11 +	2,093	128,822	130,915
Total	\$19,693	\$171,772	\$191,465



* assumes settlement on 1 July in any given year.

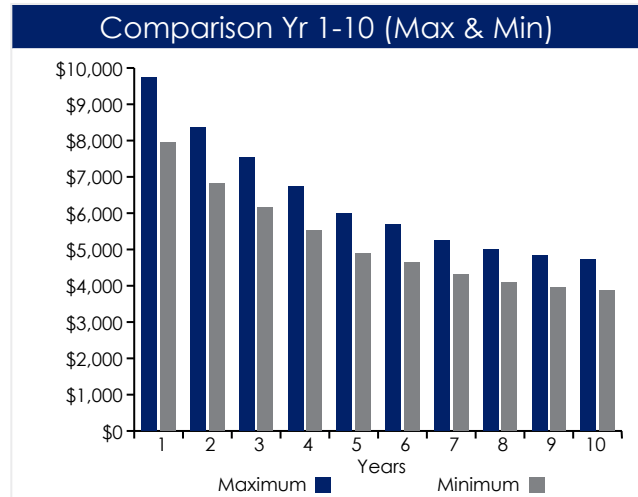
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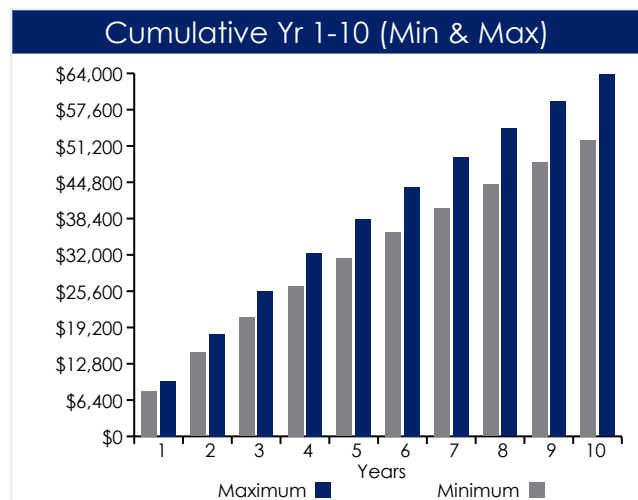
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Estimate of Depreciation Claimable Typical 1 Bedroom Apartment - Type H 23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,316	4,412	9,728
2	3,938	4,412	8,350
3	3,114	4,412	7,526
4	2,332	4,412	6,744
5	1,575	4,412	5,987
6	1,269	4,412	5,681
7	849	4,412	5,261
8	584	4,412	4,996
9	415	4,412	4,827
10	306	4,412	4,718
11 +	2,208	132,353	134,561
Total	\$21,906	\$176,473	\$198,379



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,350	3,610	7,960
2	3,222	3,610	6,832
3	2,548	3,610	6,158
4	1,908	3,610	5,518
5	1,289	3,610	4,899
6	1,039	3,610	4,649
7	695	3,610	4,305
8	478	3,610	4,088
9	339	3,610	3,949
10	250	3,610	3,860
11 +	1,806	108,289	110,095
Total	\$17,924	\$144,389	\$162,313



* assumes settlement on 1 July in any given year.

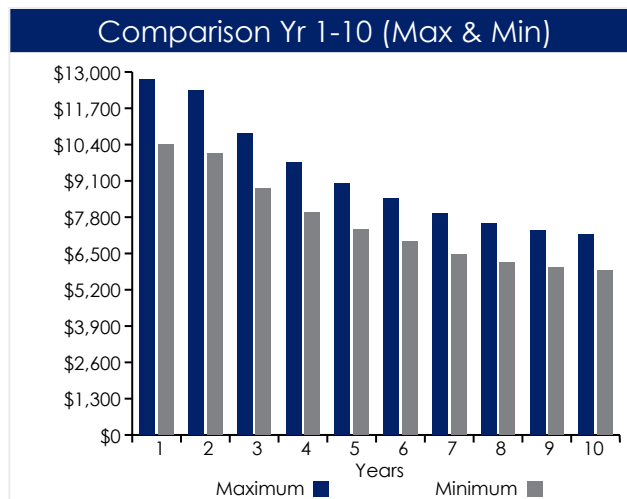
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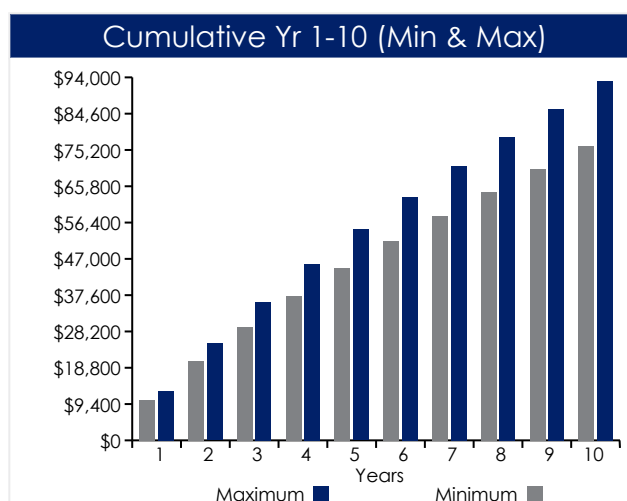
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Estimate of Depreciation Claimable Typical 2 Bedroom Apartment - Type 1 23 Minnie Street, SOUTHPORT QLD 4215

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,973	6,763	12,736
2	5,565	6,763	12,328
3	4,018	6,763	10,781
4	2,984	6,763	9,747
5	2,235	6,763	8,998
6	1,715	6,763	8,478
7	1,154	6,763	7,917
8	800	6,763	7,563
9	575	6,763	7,338
10	428	6,763	7,191
11 +	3,275	202,885	206,160
Total	\$28,722	\$270,515	\$299,237



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,887	5,533	10,420
2	4,553	5,533	10,086
3	3,288	5,533	8,821
4	2,442	5,533	7,975
5	1,829	5,533	7,362
6	1,403	5,533	6,936
7	944	5,533	6,477
8	654	5,533	6,187
9	471	5,533	6,004
10	350	5,533	5,883
11 +	2,679	165,997	168,676
Total	\$23,500	\$221,327	\$244,827



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