

## Tax Depreciation Estimate

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Maximising the cash return from investment properties

The Cambridge Residences  
42 Laver Drive  
ROBINA, QLD 4226

20 October, 2014

**Colliers International Gold Coast**

**Level 2 Circle on Cavil, 3184 Surfers Paradise Boulevard**

**SURFERS PARADISE, QLD 4217**

**42 Laver Drive, ROBINA, QLD 4226 - 337115**

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 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 (TR2009/4).

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 of this office.

Yours Sincerely,



BMT Tax Depreciation Pty Ltd  
Quantity Surveyors

## Appendix One

# BMT Tax Depreciation Estimate

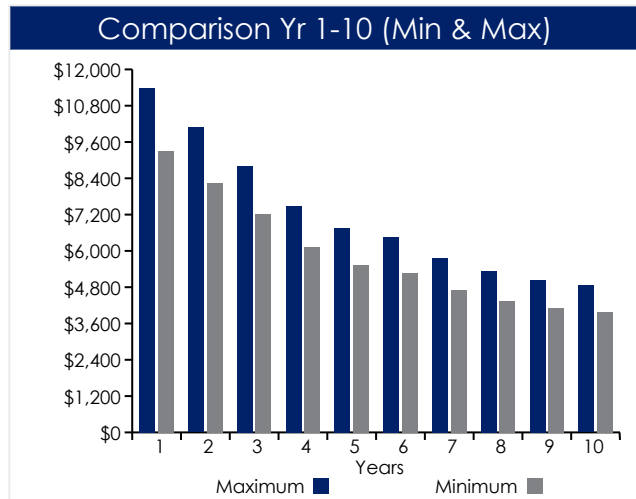
The Cambridge Residences

42 Laver Drive

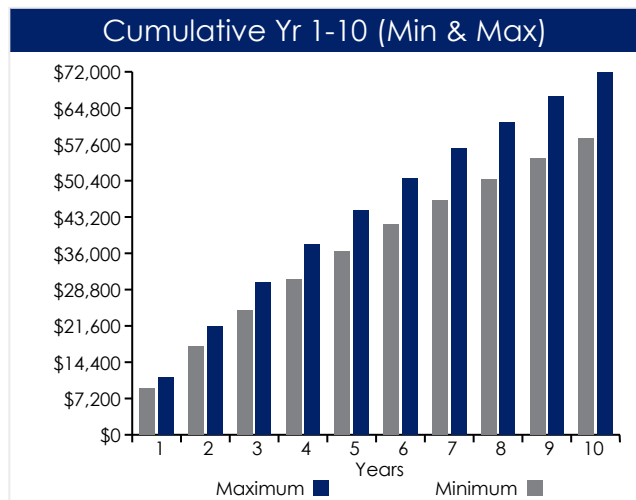
ROBINA, QLD 4226

## Estimate of Depreciation Claimable Typical 1 Bedroom Apartment, The Cambridge Residences 42 Laver Drive, ROBINA, QLD 4226

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,021	4,362	11,383
2	5,720	4,362	10,082
3	4,457	4,362	8,819
4	3,121	4,362	7,483
5	2,387	4,362	6,749
6	2,085	4,362	6,447
7	1,406	4,362	5,768
8	964	4,362	5,326
9	680	4,362	5,042
10	494	4,362	4,856
11 +	1,961	130,862	132,823
Total	\$30,296	\$174,482	\$204,778



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,745	3,569	9,314
2	4,680	3,569	8,249
3	3,647	3,569	7,216
4	2,553	3,569	6,122
5	1,953	3,569	5,522
6	1,706	3,569	5,275
7	1,150	3,569	4,719
8	788	3,569	4,357
9	556	3,569	4,125
10	404	3,569	3,973
11 +	1,605	107,069	108,674
Total	\$24,787	\$142,759	\$167,546



\* assumes settlement on 1 July in any given year.

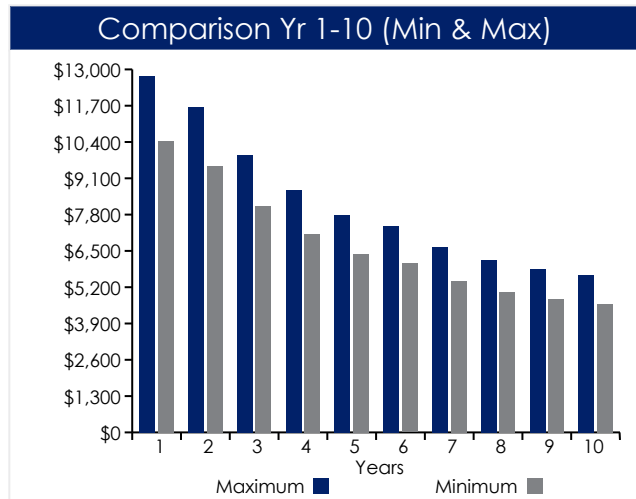
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% or 4% depending on the property type and date of construction. This estimate is based upon legislation in force at the date of report production.

### This Estimate Cannot Be Used For Taxation Purposes

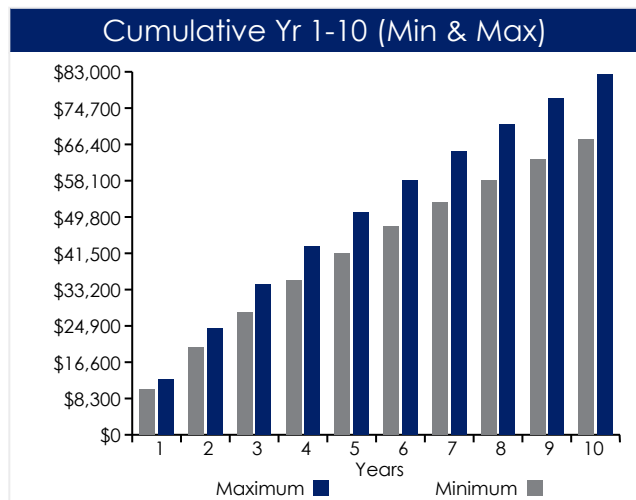
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

## Estimate of Depreciation Claimable Typical 1 Bedroom + Study Apartment, The Cambridge Residences 42 Laver Drive, ROBINA, QLD 4226

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,688	5,080	12,768
2	6,579	5,080	11,659
3	4,846	5,080	9,926
4	3,610	5,080	8,690
5	2,716	5,080	7,796
6	2,311	5,080	7,391
7	1,564	5,080	6,644
8	1,080	5,080	6,160
9	767	5,080	5,847
10	558	5,080	5,638
11 +	2,276	152,403	154,679
<b>Total</b>	<b>\$33,995</b>	<b>\$203,203</b>	<b>\$237,198</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,290	4,156	10,446
2	5,383	4,156	9,539
3	3,965	4,156	8,121
4	2,954	4,156	7,110
5	2,222	4,156	6,378
6	1,891	4,156	6,047
7	1,280	4,156	5,436
8	884	4,156	5,040
9	627	4,156	4,783
10	456	4,156	4,612
11 +	1,862	124,693	126,555
<b>Total</b>	<b>\$27,814</b>	<b>\$166,253</b>	<b>\$194,067</b>



\* assumes settlement on 1 July in any given year.

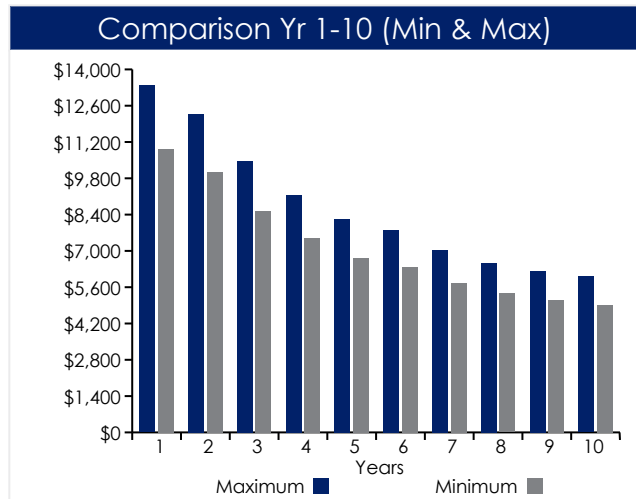
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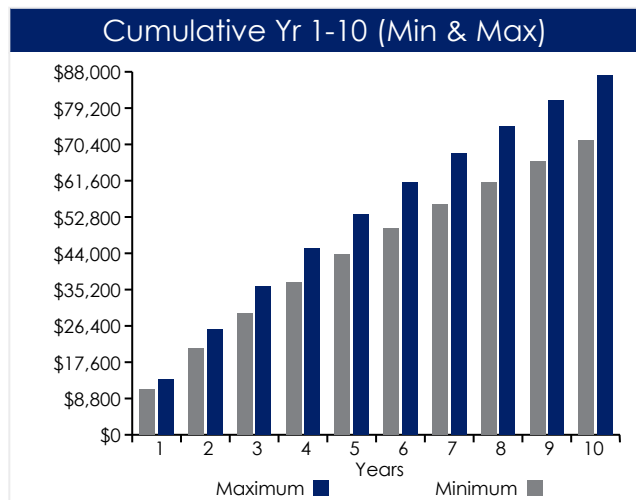
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## Estimate of Depreciation Claimable Typical 2 Bedroom Apartment, The Cambridge Residences 42 Laver Drive, ROBINA, QLD 4226

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,942	5,434	13,376
2	6,831	5,434	12,265
3	5,020	5,434	10,454
4	3,737	5,434	9,171
5	2,804	5,434	8,238
6	2,375	5,434	7,809
7	1,612	5,434	7,046
8	1,113	5,434	6,547
9	793	5,434	6,227
10	580	5,434	6,014
11 +	2,387	163,028	165,415
Total	\$35,194	\$217,368	\$252,562



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,498	4,446	10,944
2	5,589	4,446	10,035
3	4,108	4,446	8,554
4	3,057	4,446	7,503
5	2,294	4,446	6,740
6	1,943	4,446	6,389
7	1,319	4,446	5,765
8	911	4,446	5,357
9	649	4,446	5,095
10	474	4,446	4,920
11 +	1,953	133,386	135,339
Total	\$28,795	\$177,846	\$206,641



\* assumes settlement on 1 July in any given year.

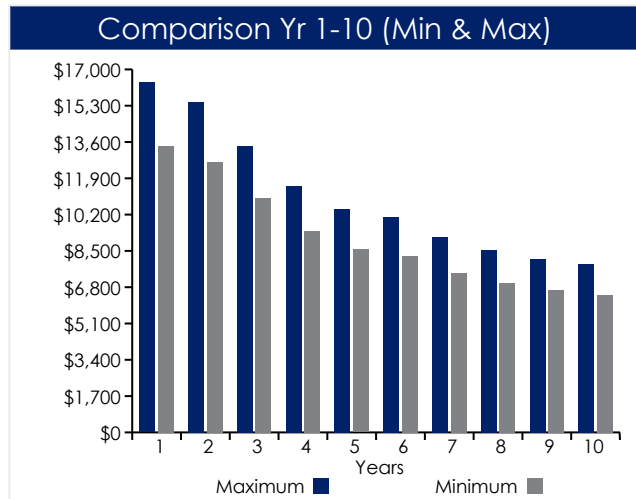
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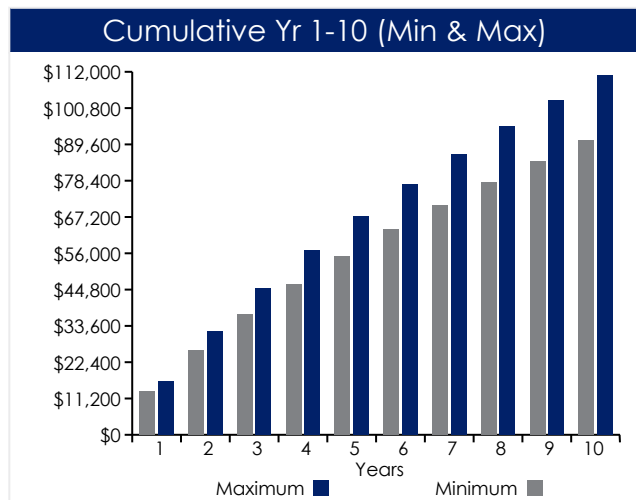
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## Estimate of Depreciation Claimable Typical 3 Bedroom Apartment, The Cambridge Residences 42 Laver Drive, ROBINA, QLD 4226

Maximum			
Year	Plant & Equipment	Division 43	Total
1	9,261	7,125	16,386
2	8,366	7,125	15,491
3	6,277	7,125	13,402
4	4,425	7,125	11,550
5	3,341	7,125	10,466
6	2,955	7,125	10,080
7	2,015	7,125	9,140
8	1,406	7,125	8,531
9	1,005	7,125	8,130
10	743	7,125	7,868
11 +	3,139	213,734	216,873
Total	\$42,933	\$284,984	\$327,917



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,577	5,829	13,406
2	6,845	5,829	12,674
3	5,135	5,829	10,964
4	3,621	5,829	9,450
5	2,733	5,829	8,562
6	2,417	5,829	8,246
7	1,649	5,829	7,478
8	1,150	5,829	6,979
9	823	5,829	6,652
10	608	5,829	6,437
11 +	2,569	174,874	177,443
Total	\$35,127	\$233,164	\$268,291



\* 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% or 4% depending on the property type and date of construction. This estimate is based upon legislation in force at the date of report production.

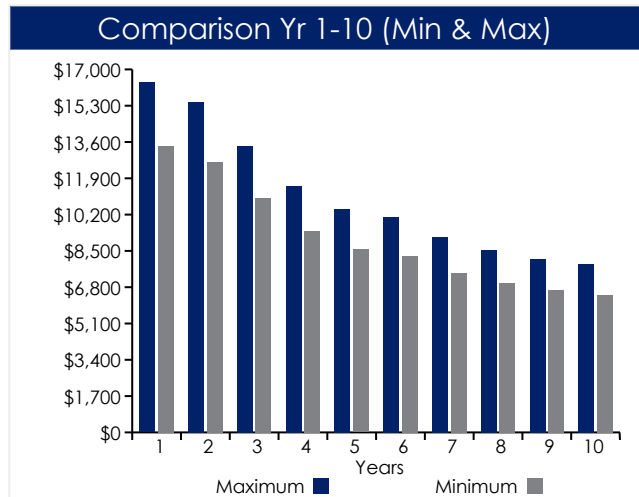
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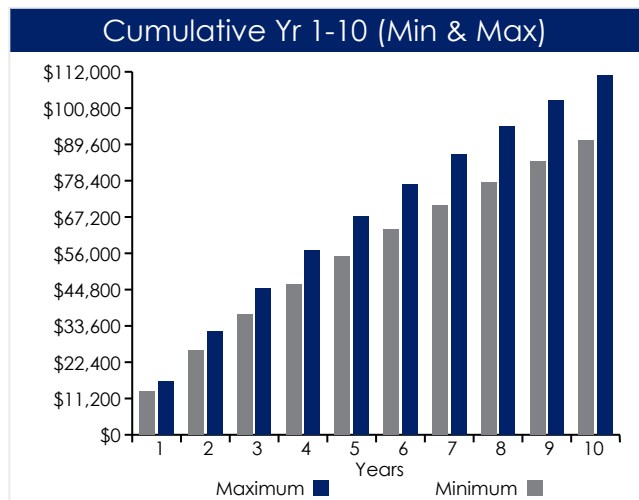


## Estimate of Depreciation Claimable Typical 2 Bedroom + Study Apartment, The Cambridge Residences 42 Laver Drive, ROBINA, QLD 4226

Maximum			
Year	Plant & Equipment	Division 43	Total
1	9,261	7,125	16,386
2	8,366	7,125	15,491
3	6,277	7,125	13,402
4	4,425	7,125	11,550
5	3,341	7,125	10,466
6	2,955	7,125	10,080
7	2,015	7,125	9,140
8	1,406	7,125	8,531
9	1,005	7,125	8,130
10	743	7,125	7,868
11 +	3,139	213,734	216,873
Total	\$42,933	\$284,984	\$327,917



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,577	5,829	13,406
2	6,845	5,829	12,674
3	5,135	5,829	10,964
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5	2,733	5,829	8,562
6	2,417	5,829	8,246
7	1,649	5,829	7,478
8	1,150	5,829	6,979
9	823	5,829	6,652
10	608	5,829	6,437
11 +	2,569	174,874	177,443
Total	\$35,127	\$233,164	\$268,291



\* assumes settlement on 1 July in any given year.

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