

BMT Tax Depreciation

QUANTITY SURVEYORS

Tax Depreciation Estimate

Maximising the cash return from investment properties

Christine Avenue
VARSITY LAKES, QLD 4227

18 April, 2016

Emandar Group

PO Box 10766

SOUTHPORT BC, QLD 4215

Christine Avenue, VARSITY LAKES, QLD 4227 - 436234

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 Emandar Group.

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

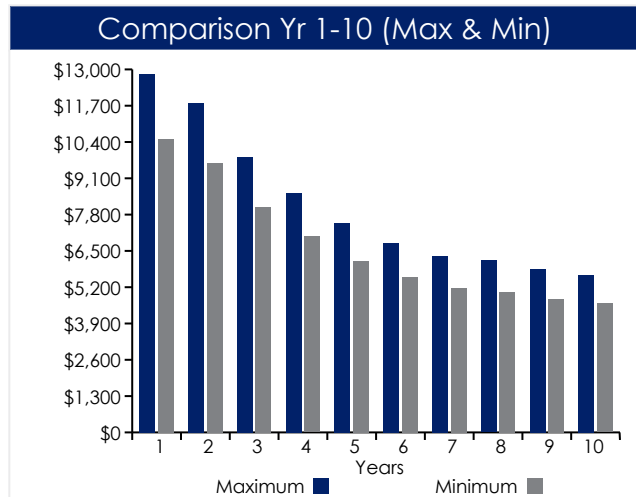
Appendix One

BMT Tax Depreciation Estimate

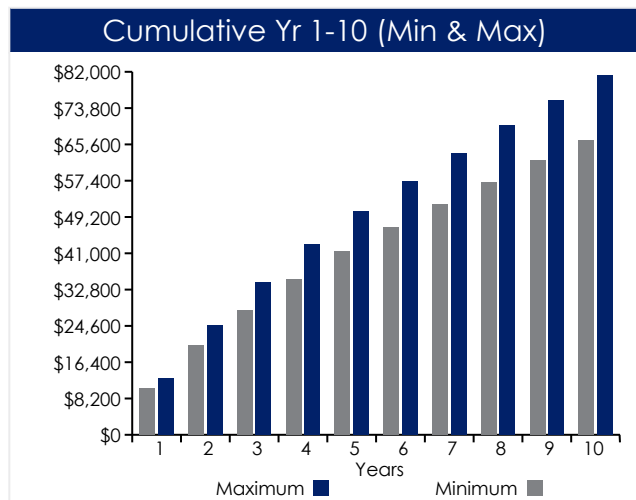
Christine Avenue
VARSITY LAKES, QLD 4227

Estimate of Depreciation Claimable Typical 2 Bedroom Apartment (Small) Christine Avenue, VARSITY LAKES, QLD 4227

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,762	5,080	12,842
2	6,710	5,080	11,790
3	4,782	5,080	9,862
4	3,496	5,080	8,576
5	2,418	5,080	7,498
6	1,707	5,080	6,787
7	1,239	5,080	6,319
8	1,075	5,080	6,155
9	768	5,080	5,848
10	564	5,080	5,644
11 +	2,930	152,402	155,332
Total	\$33,451	\$203,202	\$236,653



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,350	4,156	10,506
2	5,490	4,156	9,646
3	3,912	4,156	8,068
4	2,860	4,156	7,016
5	1,978	4,156	6,134
6	1,397	4,156	5,553
7	1,013	4,156	5,169
8	879	4,156	5,035
9	628	4,156	4,784
10	462	4,156	4,618
11 +	2,398	124,692	127,090
Total	\$27,367	\$166,252	\$193,619



* assumes settlement on 1 July in any given year.

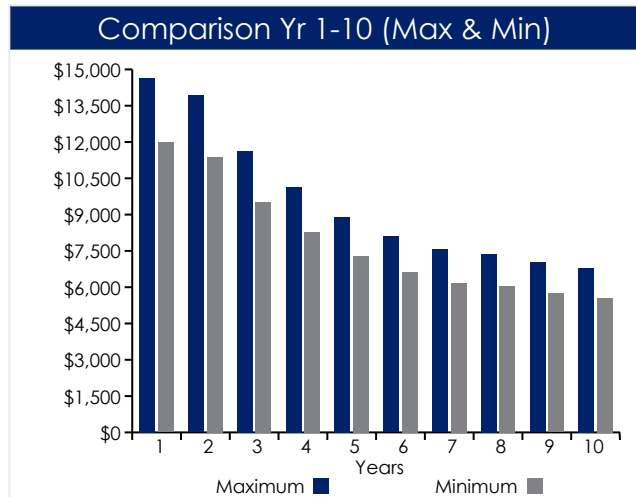
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

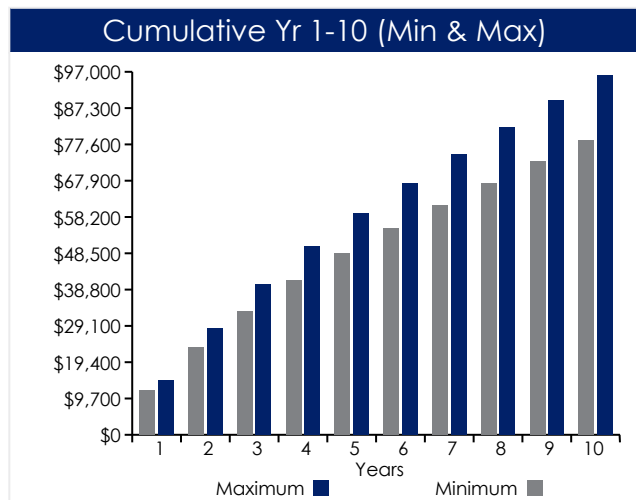
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 5526 3520

Estimate of Depreciation Claimable Typical 2 Bedroom Apartment (Large) Christine Avenue, VARSITY LAKES, QLD 4227

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,514	6,130	14,644
2	7,792	6,130	13,922
3	5,513	6,130	11,643
4	3,999	6,130	10,129
5	2,770	6,130	8,900
6	1,965	6,130	8,095
7	1,427	6,130	7,557
8	1,244	6,130	7,374
9	889	6,130	7,019
10	655	6,130	6,785
11 +	3,428	183,942	187,370
Total	\$38,196	\$245,242	\$283,438



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,966	5,016	11,982
2	6,376	5,016	11,392
3	4,511	5,016	9,527
4	3,272	5,016	8,288
5	2,266	5,016	7,282
6	1,607	5,016	6,623
7	1,167	5,016	6,183
8	1,018	5,016	6,034
9	727	5,016	5,743
10	536	5,016	5,552
11 +	2,804	150,498	153,302
Total	\$31,250	\$200,658	\$231,908



* assumes settlement on 1 July in any given year.

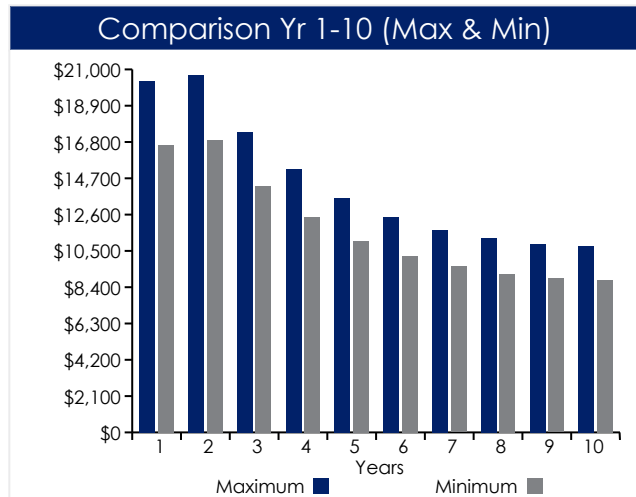
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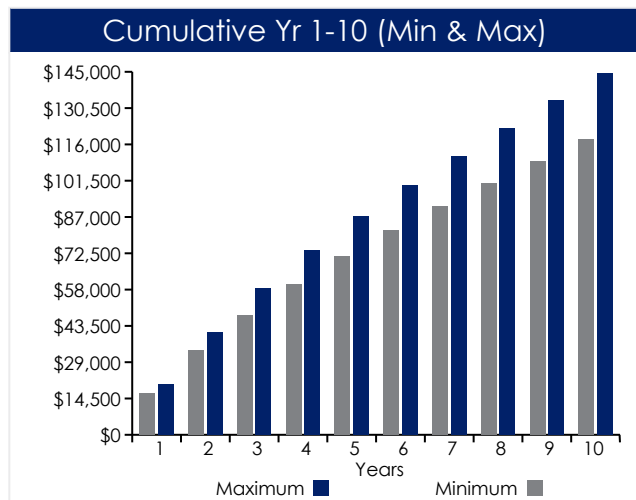
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Estimate of Depreciation Claimable Typical 3 Bedroom + Study Apartment Christine Avenue, VARSITY LAKES, QLD 4227

Maximum			
Year	Plant & Equipment	Division 43	Total
1	10,583	9,733	20,316
2	10,965	9,733	20,698
3	7,664	9,733	17,397
4	5,487	9,733	15,220
5	3,824	9,733	13,557
6	2,725	9,733	12,458
7	1,993	9,733	11,726
8	1,493	9,733	11,226
9	1,147	9,733	10,880
10	1,070	9,733	10,803
11 +	5,168	292,017	297,185
Total	\$52,119	\$389,347	\$441,466



Minimum			
Year	Plant & Equipment	Division 43	Total
1	8,659	7,963	16,622
2	8,971	7,963	16,934
3	6,270	7,963	14,233
4	4,489	7,963	12,452
5	3,128	7,963	11,091
6	2,229	7,963	10,192
7	1,631	7,963	9,594
8	1,221	7,963	9,184
9	939	7,963	8,902
10	876	7,963	8,839
11 +	4,228	238,923	243,151
Total	\$42,641	\$318,553	\$361,194



* 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.

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