

Tax Depreciation Estimate

Maximising the cash return from investment properties

62A Dover Road
ROSE BAY NSW 2029

26 April, 2018

Luxcon Group

Level 18 25 Bligh Street

SYDNEY NSW 2000

62A Dover Road, ROSE BAY NSW 2029 - 579722.1

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 Luxcon 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 (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

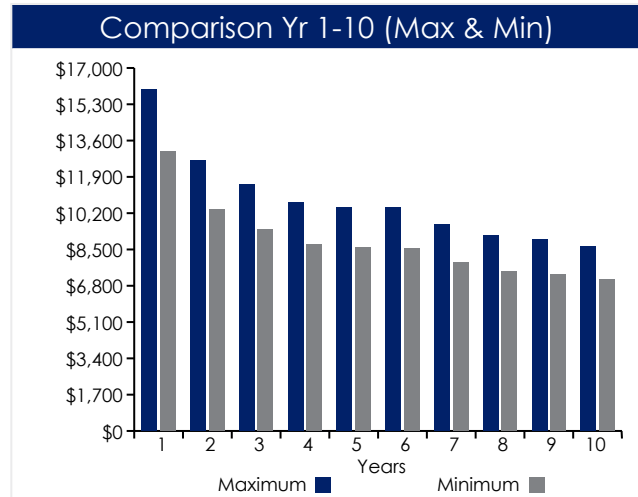
Appendix One

BMT Tax Depreciation Estimate

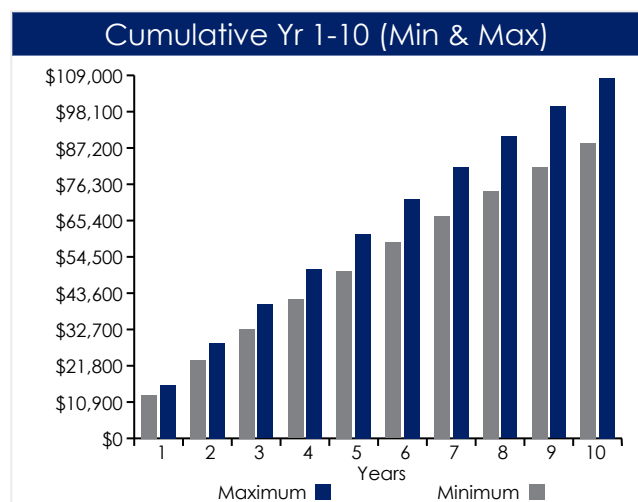
62A Dover Road
ROSE BAY NSW 2029

Estimate of Depreciation Claimable Typical 1 Bedroom + Study Apartment 62A Dover Road, ROSE BAY NSW 2029

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,146	7,868	16,014
2	4,807	7,868	12,675
3	3,658	7,868	11,526
4	2,835	7,868	10,703
5	2,609	7,868	10,477
6	2,606	7,868	10,474
7	1,797	7,868	9,665
8	1,272	7,868	9,140
9	1,115	7,868	8,983
10	778	7,868	8,646
11 +	3,293	236,036	239,329
Total	\$32,916	\$314,716	\$347,632



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,665	6,438	13,103
2	3,933	6,438	10,371
3	2,993	6,438	9,431
4	2,319	6,438	8,757
5	2,135	6,438	8,573
6	2,132	6,438	8,570
7	1,471	6,438	7,909
8	1,040	6,438	7,478
9	913	6,438	7,351
10	636	6,438	7,074
11 +	2,695	193,120	195,815
Total	\$26,932	\$257,500	\$284,432



* assumes settlement on 1 July in any given year.

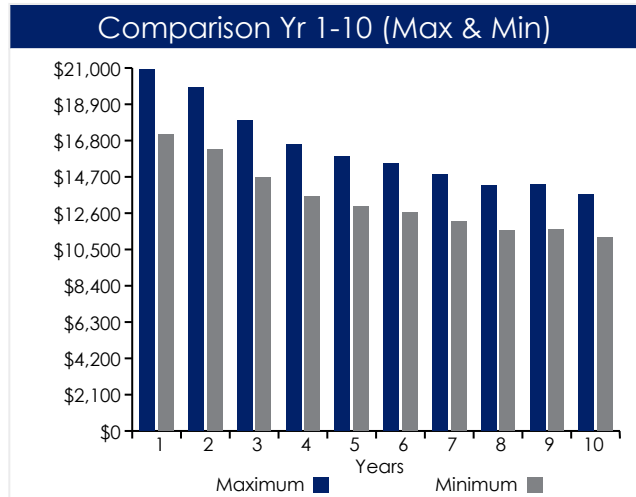
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

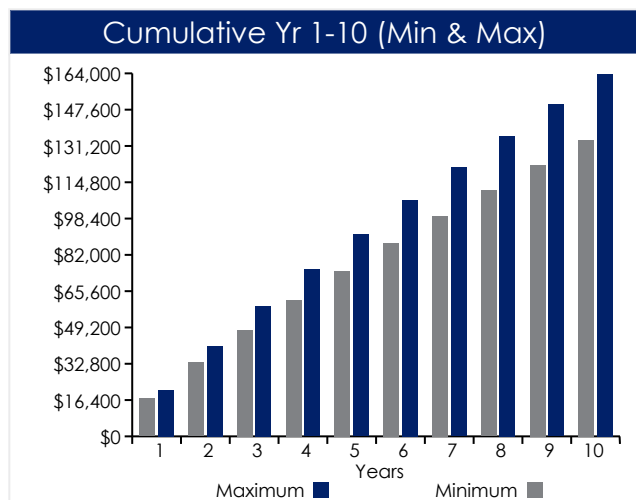
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 02 9241 6477

Estimate of Depreciation Claimable Typical 2 Bedroom Apartment 62A Dover Road, ROSE BAY NSW 2029

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,459	12,474	20,933
2	7,400	12,474	19,874
3	5,465	12,474	17,939
4	4,121	12,474	16,595
5	3,381	12,474	15,855
6	2,990	12,474	15,464
7	2,375	12,474	14,849
8	1,736	12,474	14,210
9	1,764	12,474	14,238
10	1,230	12,474	13,704
11 +	5,227	374,211	379,438
Total	\$44,148	\$498,951	\$543,099



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,921	10,206	17,127
2	6,054	10,206	16,260
3	4,471	10,206	14,677
4	3,371	10,206	13,577
5	2,767	10,206	12,973
6	2,446	10,206	12,652
7	1,943	10,206	12,149
8	1,420	10,206	11,626
9	1,444	10,206	11,650
10	1,006	10,206	11,212
11 +	4,277	306,173	310,450
Total	\$36,120	\$408,233	\$444,353



* assumes settlement on 1 July in any given year.

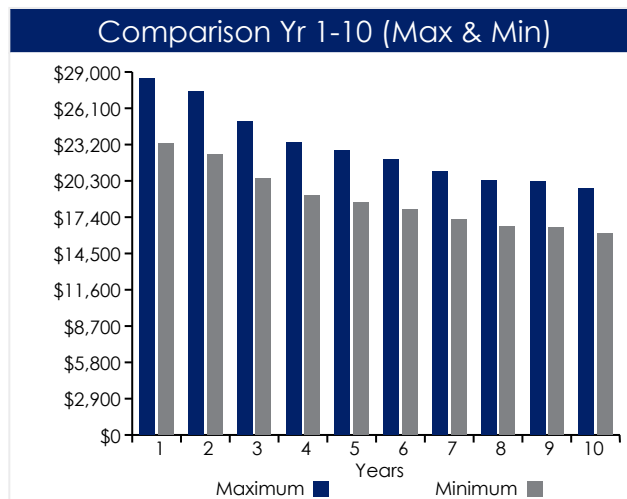
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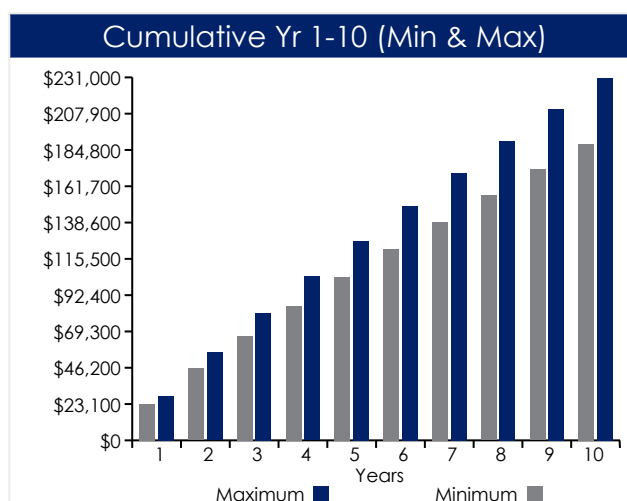
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Estimate of Depreciation Claimable Typical 3 Bedroom Apartment 62A Dover Road, ROSE BAY NSW 2029

Maximum			
Year	Plant & Equipment	Division 43	Total
1	10,269	18,184	28,453
2	9,230	18,184	27,414
3	6,861	18,184	25,045
4	5,211	18,184	23,395
5	4,539	18,184	22,723
6	3,850	18,184	22,034
7	2,862	18,184	21,046
8	2,179	18,184	20,363
9	2,056	18,184	20,240
10	1,518	18,184	19,702
11 +	7,921	545,524	553,445
Total	\$56,496	\$727,364	\$783,860



Minimum			
Year	Plant & Equipment	Division 43	Total
1	8,402	14,878	23,280
2	7,552	14,878	22,430
3	5,613	14,878	20,491
4	4,263	14,878	19,141
5	3,713	14,878	18,591
6	3,150	14,878	18,028
7	2,342	14,878	17,220
8	1,783	14,878	16,661
9	1,682	14,878	16,560
10	1,242	14,878	16,120
11 +	6,481	446,338	452,819
Total	\$46,223	\$595,118	\$641,341



* 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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