

BMT Tax Depreciation

QUANTITY SURVEYORS

Tax Depreciation Estimate

Maximising the cash return from investment properties

100 Station Street
ASPENDALE, VIC 3195

14 October, 2014

Corona Enterprises Pty Ltd
11 Churchill Court
BRIGHTON EAST, VIC 3187

100 Station Street, ASPENDALE, VIC 3195 - 336628

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 Corona Enterprises Pty Ltd.

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

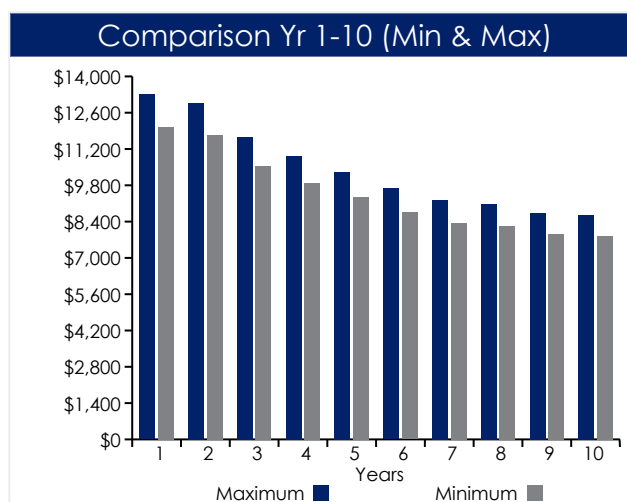
Appendix One

BMT Tax Depreciation Estimate

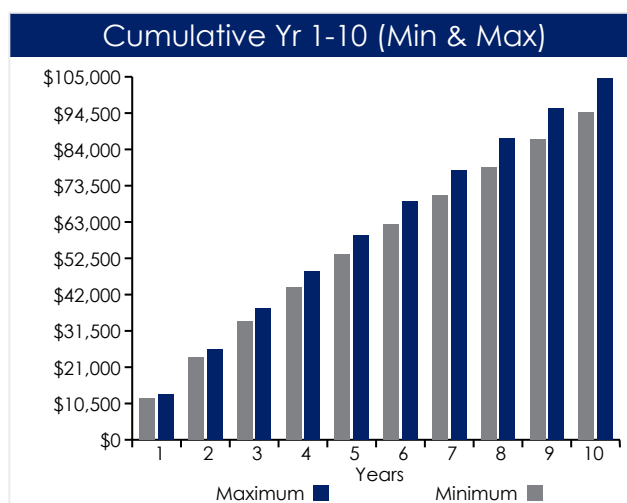
100 Station Street
ASPENDALE, VIC 3195

Estimate of Depreciation Claimable Unit 4 100 Station Street, ASPENDALE, VIC 3195

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,528	7,773	13,301
2	5,196	7,773	12,969
3	3,884	7,773	11,657
4	3,171	7,773	10,944
5	2,550	7,773	10,323
6	1,903	7,773	9,676
7	1,447	7,773	9,220
8	1,317	7,773	9,090
9	974	7,773	8,747
10	895	7,773	8,668
11 +	3,010	233,199	236,209
Total	\$29,875	\$310,929	\$340,804



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,002	7,033	12,035
2	4,702	7,033	11,735
3	3,514	7,033	10,547
4	2,869	7,033	9,902
5	2,308	7,033	9,341
6	1,721	7,033	8,754
7	1,309	7,033	8,342
8	1,191	7,033	8,224
9	882	7,033	7,915
10	809	7,033	7,842
11 +	2,724	210,989	213,713
Total	\$27,031	\$281,319	\$308,350



* assumes settlement on 1 July in any given year.

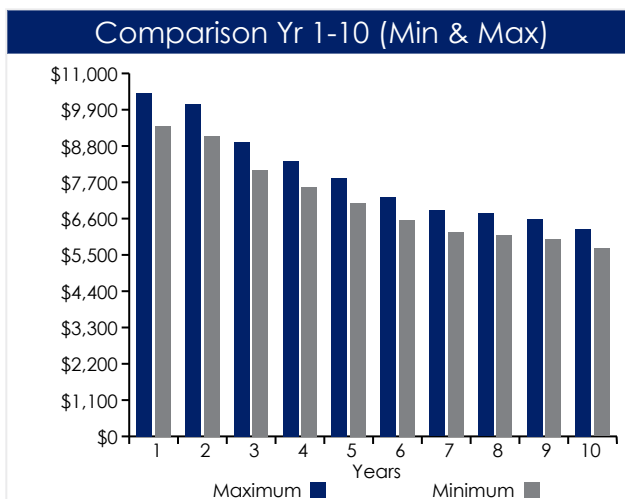
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% or 4% depending on the property type and date of construction. This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

This Estimate Cannot Be Used For Taxation Purposes

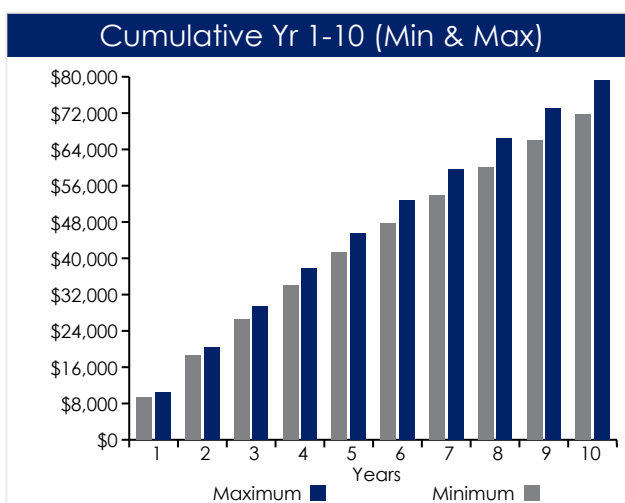
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 03 9654 2233

Estimate of Depreciation Claimable Unit 3 100 Station Street, ASPENDALE, VIC 3195

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,785	5,616	10,401
2	4,449	5,616	10,065
3	3,316	5,616	8,932
4	2,732	5,616	8,348
5	2,206	5,616	7,822
6	1,629	5,616	7,245
7	1,227	5,616	6,843
8	1,138	5,616	6,754
9	982	5,616	6,598
10	679	5,616	6,295
11 +	2,291	168,481	170,772
Total	\$25,434	\$224,641	\$250,075



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,329	5,082	9,411
2	4,025	5,082	9,107
3	3,000	5,082	8,082
4	2,472	5,082	7,554
5	1,996	5,082	7,078
6	1,473	5,082	6,555
7	1,111	5,082	6,193
8	1,030	5,082	6,112
9	888	5,082	5,970
10	615	5,082	5,697
11 +	2,073	152,435	154,508
Total	\$23,012	\$203,255	\$226,267



* assumes settlement on 1 July in any given year.

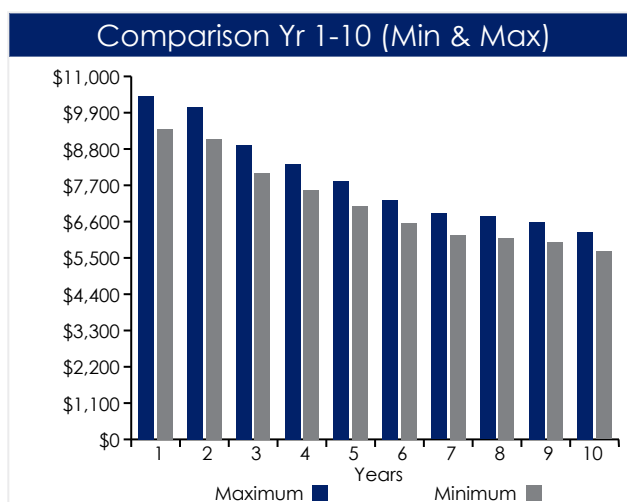
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% or 4% depending on the property type and date of construction. This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

This Estimate Cannot Be Used For Taxation Purposes

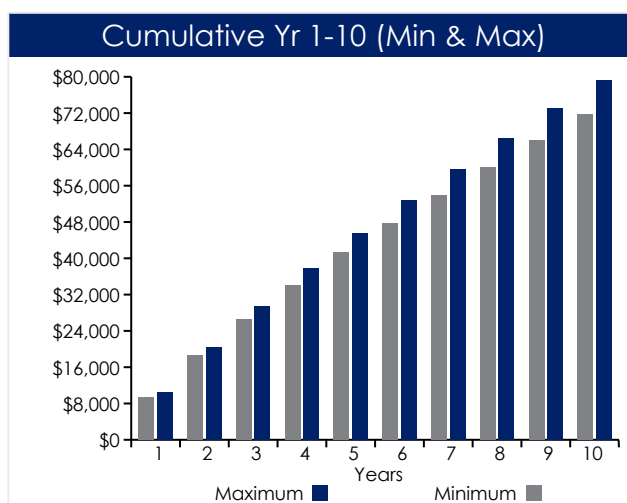
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 03 9654 2233

Estimate of Depreciation Claimable Unit 2 100 Station Street, ASPENDALE, VIC 3195

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,785	5,616	10,401
2	4,449	5,616	10,065
3	3,316	5,616	8,932
4	2,732	5,616	8,348
5	2,206	5,616	7,822
6	1,629	5,616	7,245
7	1,227	5,616	6,843
8	1,138	5,616	6,754
9	982	5,616	6,598
10	679	5,616	6,295
11 +	2,291	168,481	170,772
Total	\$25,434	\$224,641	\$250,075



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,329	5,082	9,411
2	4,025	5,082	9,107
3	3,000	5,082	8,082
4	2,472	5,082	7,554
5	1,996	5,082	7,078
6	1,473	5,082	6,555
7	1,111	5,082	6,193
8	1,030	5,082	6,112
9	888	5,082	5,970
10	615	5,082	5,697
11 +	2,073	152,435	154,508
Total	\$23,012	\$203,255	\$226,267



* assumes settlement on 1 July in any given year.

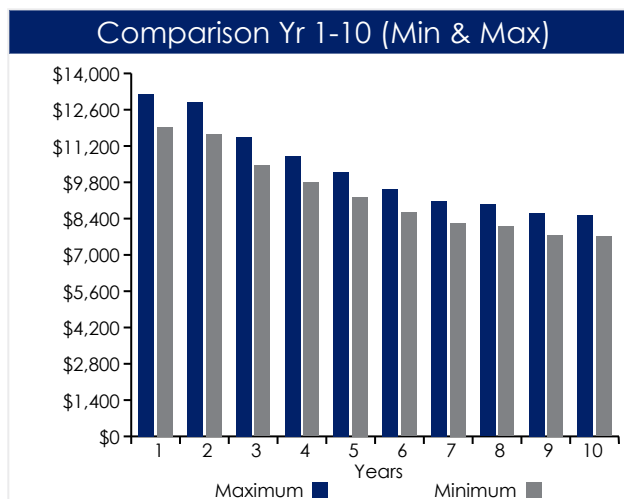
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% or 4% depending on the property type and date of construction. This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

This Estimate Cannot Be Used For Taxation Purposes

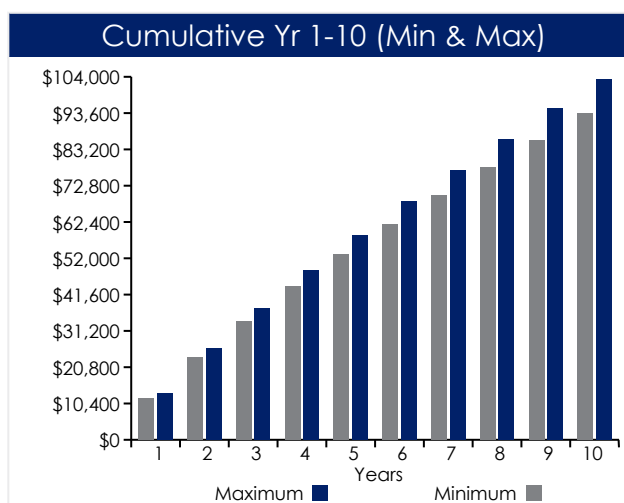
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 03 9654 2233

Estimate of Depreciation Claimable Unit 1 100 Station Street, ASPENDALE, VIC 3195

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,586	7,620	13,206
2	5,265	7,620	12,885
3	3,932	7,620	11,552
4	3,204	7,620	10,824
5	2,576	7,620	10,196
6	1,920	7,620	9,540
7	1,463	7,620	9,083
8	1,327	7,620	8,947
9	983	7,620	8,603
10	904	7,620	8,524
11 +	3,040	228,592	231,632
Total	\$30,200	\$304,792	\$334,992



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,054	6,894	11,948
2	4,763	6,894	11,657
3	3,558	6,894	10,452
4	2,898	6,894	9,792
5	2,330	6,894	9,224
6	1,738	6,894	8,632
7	1,323	6,894	8,217
8	1,201	6,894	8,095
9	889	6,894	7,783
10	818	6,894	7,712
11 +	2,750	206,822	209,572
Total	\$27,322	\$275,762	\$303,084



* 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 03 9654 2233