

Tax Depreciation Estimate

Maximising the cash return from investment properties

Smart Space Penrith
1-13 Leland Street
PENRITH NSW 2750

1-13 Leland Street, PENRITH NSW 2750 - 673228

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 Soho Project Marketing.

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

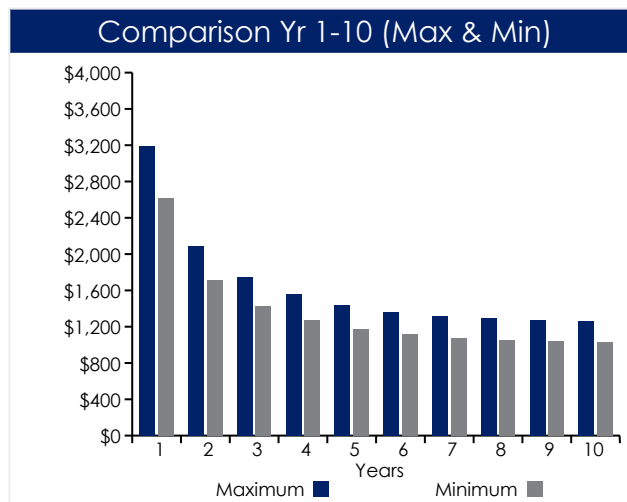
Smart Space Penrith

1-13 Leland Street

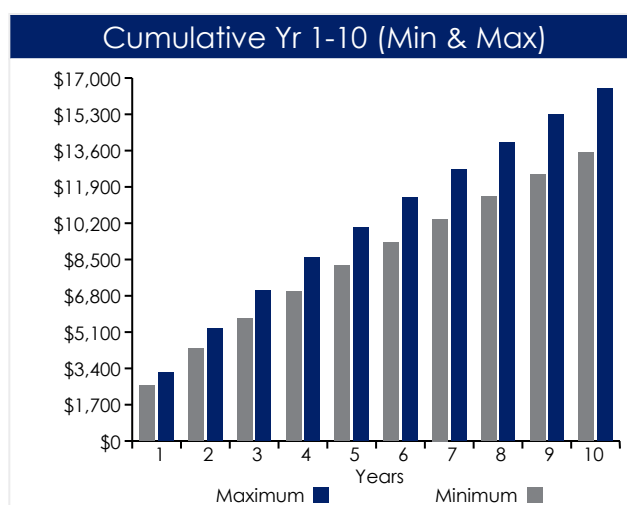
PENRITH NSW 2750

Estimate of Depreciation Claimable
Typical Commercial Property, Smart Space Penrith
1-13 Leland Street, PENRITH NSW 2750
Purchase Price
\$150,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	1,950	1,243	3,193
2	847	1,243	2,090
3	501	1,243	1,744
4	312	1,243	1,555
5	196	1,243	1,439
6	123	1,243	1,366
7	76	1,243	1,319
8	48	1,243	1,291
9	29	1,243	1,272
10	19	1,243	1,262
11 +	32	37,269	37,301
Total	\$4,133	\$49,699	\$53,832



Minimum			
Year	Plant & Equipment	Division 43	Total
1	1,596	1,017	2,613
2	693	1,017	1,710
3	410	1,017	1,427
4	256	1,017	1,273
5	160	1,017	1,177
6	101	1,017	1,118
7	62	1,017	1,079
8	40	1,017	1,057
9	23	1,017	1,040
10	15	1,017	1,032
11 +	26	30,493	30,519
Total	\$3,382	\$40,663	\$44,045



* assumes settlement on 1 July in any given year.

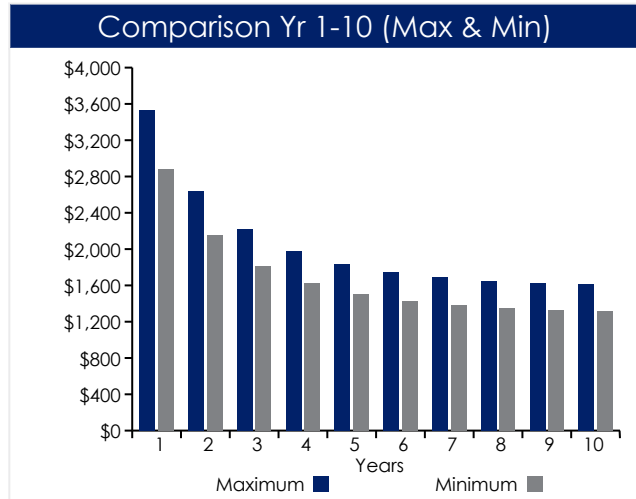
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

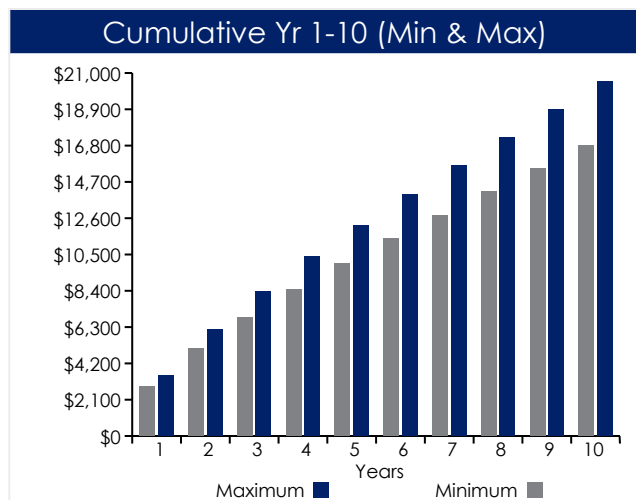
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 02 8265 5500

Estimate of Depreciation Claimable
Typical Commercial Property, Smart Space Penrith
1-13 Leland Street, PENRITH NSW 2750
Purchase Price
\$185,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	1,937	1,591	3,528
2	1,048	1,591	2,639
3	626	1,591	2,217
4	392	1,591	1,983
5	244	1,591	1,835
6	153	1,591	1,744
7	96	1,591	1,687
8	59	1,591	1,650
9	37	1,591	1,628
10	23	1,591	1,614
11 +	40	47,737	47,777
Total	\$4,655	\$63,647	\$68,302



Minimum			
Year	Plant & Equipment	Division 43	Total
1	1,585	1,301	2,886
2	858	1,301	2,159
3	512	1,301	1,813
4	320	1,301	1,621
5	200	1,301	1,501
6	125	1,301	1,426
7	78	1,301	1,379
8	49	1,301	1,350
9	31	1,301	1,332
10	19	1,301	1,320
11 +	32	39,057	39,089
Total	\$3,809	\$52,067	\$55,876



* assumes settlement on 1 July in any given year.

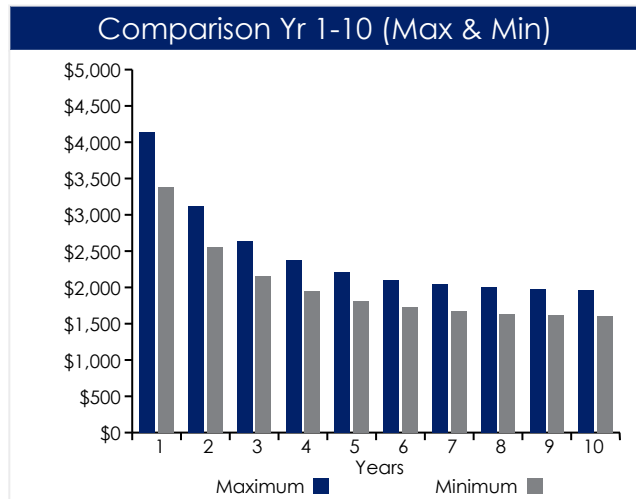
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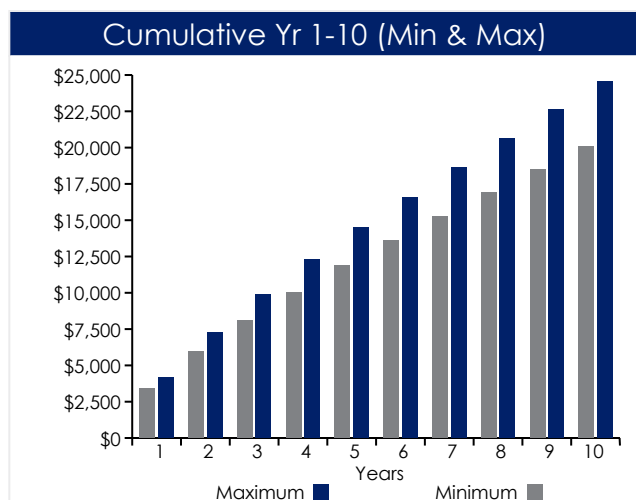
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Estimate of Depreciation Claimable
Typical Commercial Property, Smart Space Penrith
1-13 Leland Street, PENRITH NSW 2750
Purchase Price
\$220,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	2,203	1,933	4,136
2	1,183	1,933	3,116
3	711	1,933	2,644
4	444	1,933	2,377
5	277	1,933	2,210
6	174	1,933	2,107
7	108	1,933	2,041
8	67	1,933	2,000
9	43	1,933	1,976
10	26	1,933	1,959
11 +	44	57,972	58,016
Total	\$5,280	\$77,302	\$82,582



Minimum			
Year	Plant & Equipment	Division 43	Total
1	1,803	1,581	3,384
2	968	1,581	2,549
3	581	1,581	2,162
4	364	1,581	1,945
5	227	1,581	1,808
6	142	1,581	1,723
7	88	1,581	1,669
8	55	1,581	1,636
9	35	1,581	1,616
10	22	1,581	1,603
11 +	36	47,432	47,468
Total	\$4,321	\$63,242	\$67,563



* assumes settlement on 1 July in any given year.

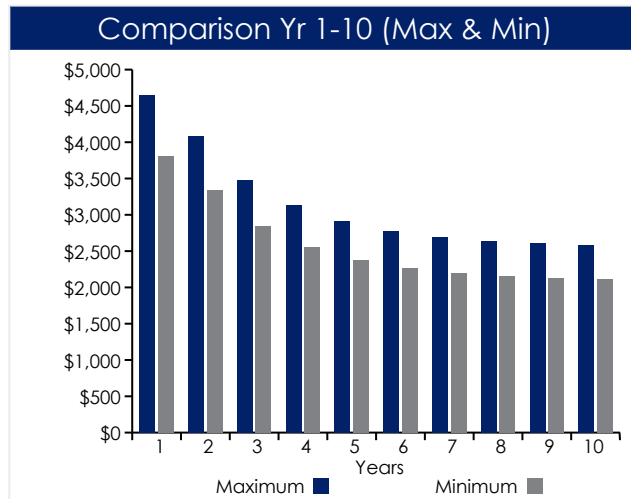
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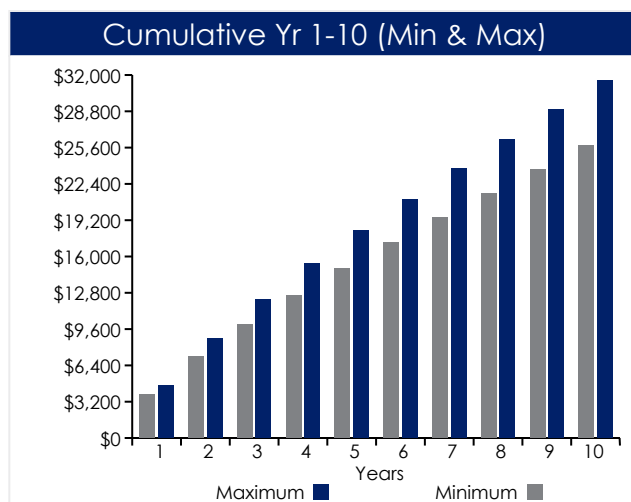
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Estimate of Depreciation Claimable
Typical Commercial Property, Smart Space Penrith
1-13 Leland Street, PENRITH NSW 2750
Purchase Price
\$225,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	2,104	2,548	4,652
2	1,535	2,548	4,083
3	930	2,548	3,478
4	580	2,548	3,128
5	363	2,548	2,911
6	228	2,548	2,776
7	141	2,548	2,689
8	88	2,548	2,636
9	56	2,548	2,604
10	35	2,548	2,583
11 +	57	76,443	76,500
Total	\$6,117	\$101,923	\$108,040



Minimum			
Year	Plant & Equipment	Division 43	Total
1	1,722	2,084	3,806
2	1,256	2,084	3,340
3	761	2,084	2,845
4	474	2,084	2,558
5	297	2,084	2,381
6	186	2,084	2,270
7	115	2,084	2,199
8	72	2,084	2,156
9	46	2,084	2,130
10	29	2,084	2,113
11 +	47	62,545	62,592
Total	\$5,005	\$83,385	\$88,390



* assumes settlement on 1 July in any given year.

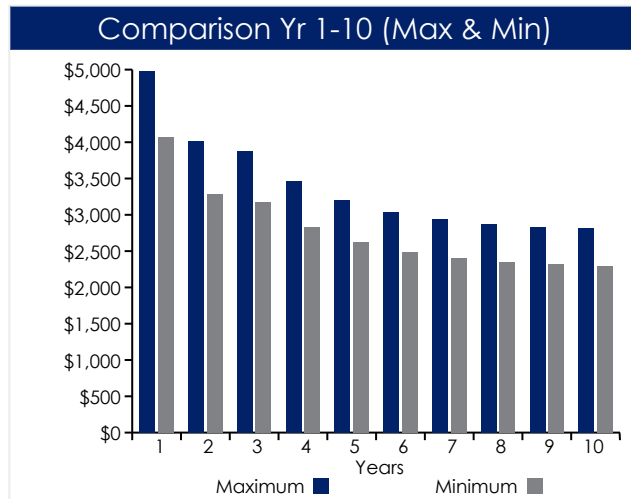
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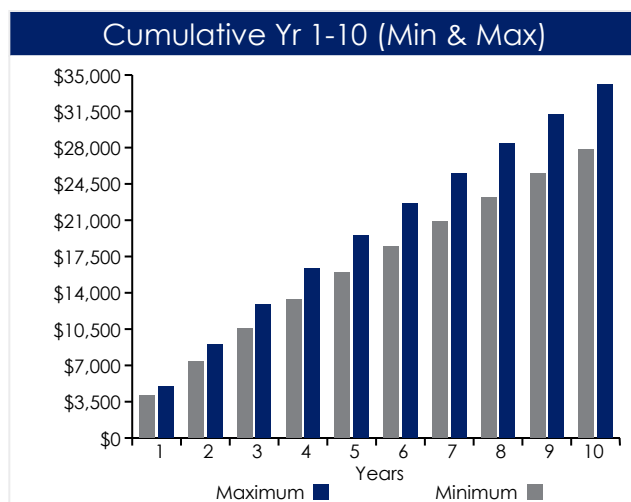
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Estimate of Depreciation Claimable Typical Commercial Property, Smart Space Penrith 1-13 Leland Street, PENRITH NSW 2750 Purchase Price \$235,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	2,206	2,768	4,974
2	1,253	2,768	4,021
3	1,113	2,768	3,881
4	696	2,768	3,464
5	436	2,768	3,204
6	273	2,768	3,041
7	171	2,768	2,939
8	106	2,768	2,874
9	66	2,768	2,834
10	42	2,768	2,810
11 +	68	82,997	83,065
Total	\$6,430	\$110,677	\$117,107



Minimum			
Year	Plant & Equipment	Division 43	Total
1	1,805	2,264	4,069
2	1,025	2,264	3,289
3	911	2,264	3,175
4	570	2,264	2,834
5	356	2,264	2,620
6	223	2,264	2,487
7	140	2,264	2,404
8	86	2,264	2,350
9	54	2,264	2,318
10	34	2,264	2,298
11 +	56	67,907	67,963
Total	\$5,260	\$90,547	\$95,807



* assumes settlement on 1 July in any given year.

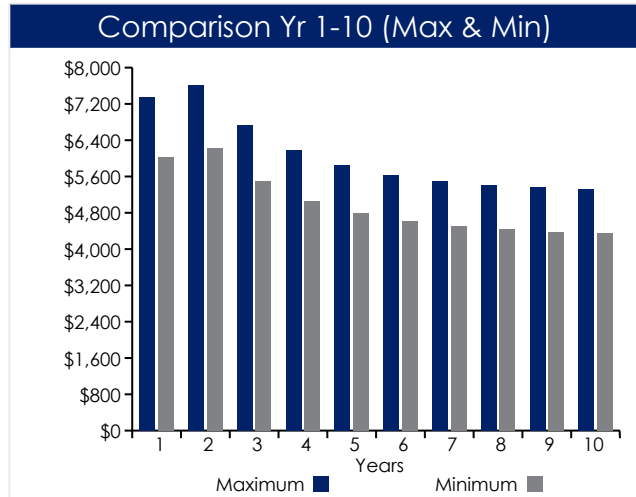
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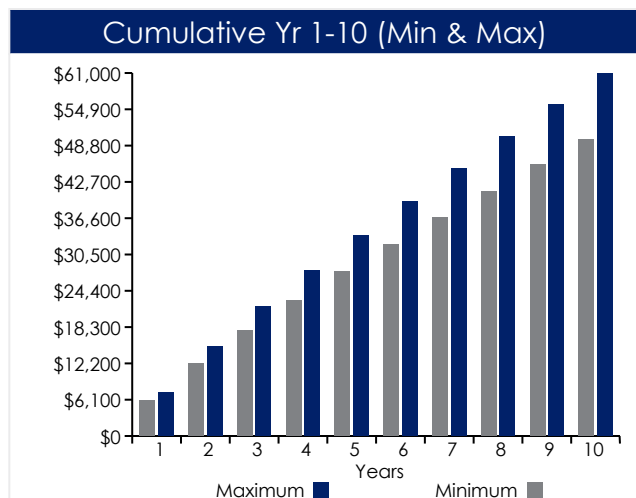
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Estimate of Depreciation Claimable
Typical Commercial Property, Smart Space Penrith
1-13 Leland Street, PENRITH NSW 2750
Purchase Price
\$395,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	2,168	5,185	7,353
2	2,437	5,185	7,622
3	1,540	5,185	6,725
4	1,003	5,185	6,188
5	666	5,185	5,851
6	454	5,185	5,639
7	317	5,185	5,502
8	231	5,185	5,416
9	174	5,185	5,359
10	136	5,185	5,321
11 +	1,269	155,561	156,830
Total	\$10,395	\$207,411	\$217,806



Minimum			
Year	Plant & Equipment	Division 43	Total
1	1,774	4,243	6,017
2	1,994	4,243	6,237
3	1,260	4,243	5,503
4	821	4,243	5,064
5	545	4,243	4,788
6	372	4,243	4,615
7	259	4,243	4,502
8	189	4,243	4,432
9	142	4,243	4,385
10	112	4,243	4,355
11 +	1,039	127,277	128,316
Total	\$8,507	\$169,707	\$178,214



* assumes settlement on 1 July in any given year.

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