

BMT Tax Depreciation

QUANTITY SURVEYORS

Tax Depreciation Estimate

Maximising the cash return from investment properties

Vantage Apartments
60 Riverdale Road
RIVERVALE, WA 6103

24 October, 2014

Edge Visionary Living

Level 1/5 55 Salvado Rd

SUBIACO, WA 6008

60 Riverdale Road, RIVERVALE, WA 6103 - 338663.1

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 Edge Visionary Living.

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 at the office.

Yours Sincerely,



BMT Tax Depreciation Pty Ltd
Quantity Surveyors

Appendix One

BMT Tax Depreciation Estimate

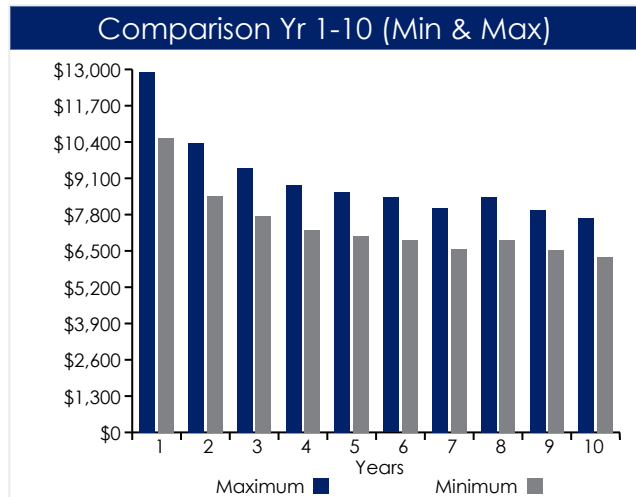
Vantage Apartments

60 Riverdale Road

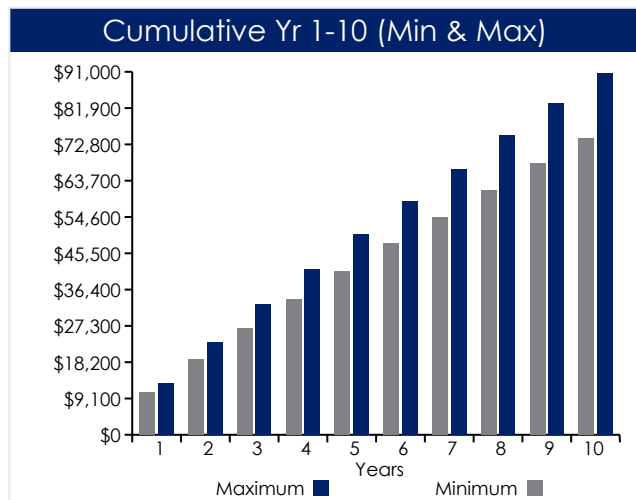
RIVERVALE, WA 6103

Estimate of Depreciation Claimable Typical 1 Bedroom + 1 Bathroom Apartment, Vantage Apartments 60 Riverdale Road, RIVERVALE, WA 6103

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,825	7,074	12,899
2	3,289	7,074	10,363
3	2,391	7,074	9,465
4	1,781	7,074	8,855
5	1,537	7,074	8,611
6	1,340	7,074	8,414
7	959	7,074	8,033
8	1,353	7,074	8,427
9	899	7,074	7,973
10	611	7,074	7,685
11 +	1,850	212,212	214,062
Total	\$21,835	\$282,952	\$304,787



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,766	5,788	10,554
2	2,691	5,788	8,479
3	1,957	5,788	7,745
4	1,457	5,788	7,245
5	1,257	5,788	7,045
6	1,096	5,788	6,884
7	785	5,788	6,573
8	1,107	5,788	6,895
9	735	5,788	6,523
10	500	5,788	6,288
11 +	1,514	173,628	175,142
Total	\$17,865	\$231,508	\$249,373



* assumes settlement on 1 July in any given year.

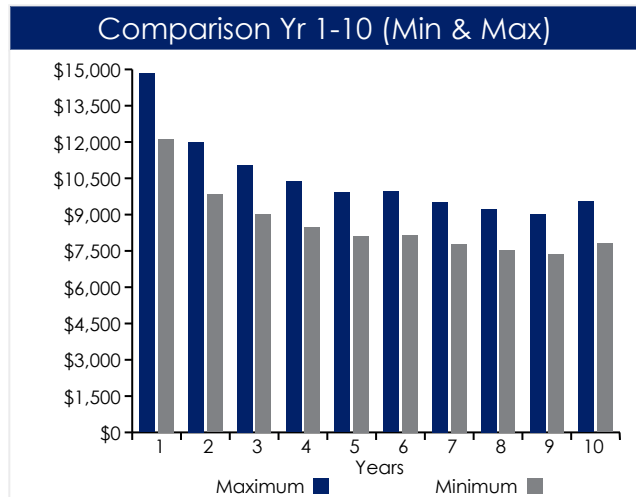
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

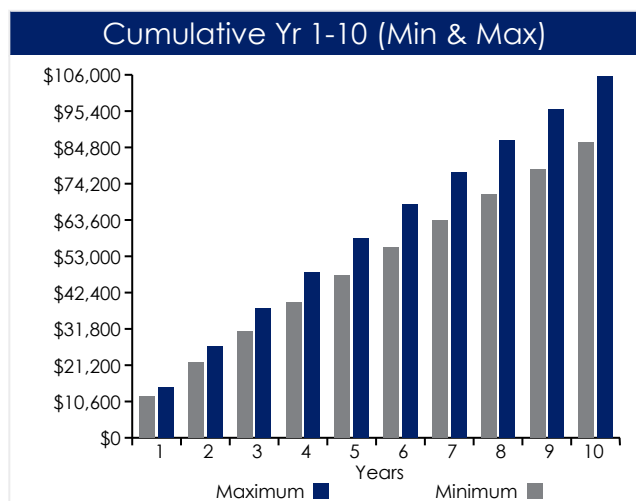
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 08 9485 2111

Estimate of Depreciation Claimable Typical 2 Bedroom + 1 Bathroom Apartment, Vantage Apartments 60 Riverdale Road, RIVERVALE, WA 6103

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,430	8,403	14,833
2	3,611	8,403	12,014
3	2,632	8,403	11,035
4	1,969	8,403	10,372
5	1,509	8,403	9,912
6	1,550	8,403	9,953
7	1,108	8,403	9,511
8	821	8,403	9,224
9	626	8,403	9,029
10	1,135	8,403	9,538
11 +	2,850	252,093	254,943
Total	\$24,241	\$336,123	\$360,364



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,261	6,875	12,136
2	2,955	6,875	9,830
3	2,154	6,875	9,029
4	1,611	6,875	8,486
5	1,235	6,875	8,110
6	1,268	6,875	8,143
7	906	6,875	7,781
8	671	6,875	7,546
9	512	6,875	7,387
10	929	6,875	7,804
11 +	2,332	206,258	208,590
Total	\$19,834	\$275,008	\$294,842



* assumes settlement on 1 July in any given year.

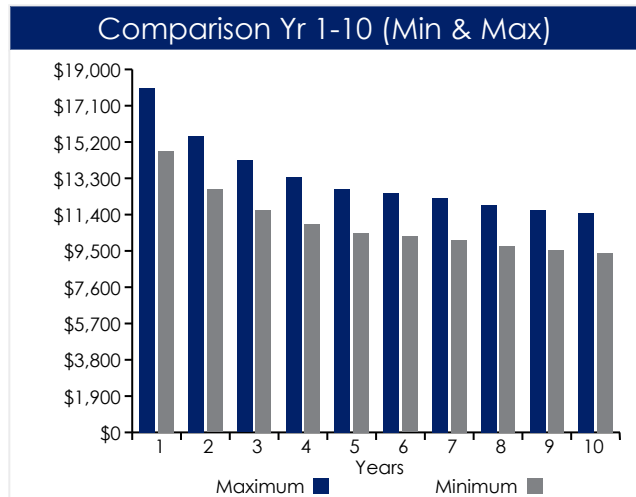
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

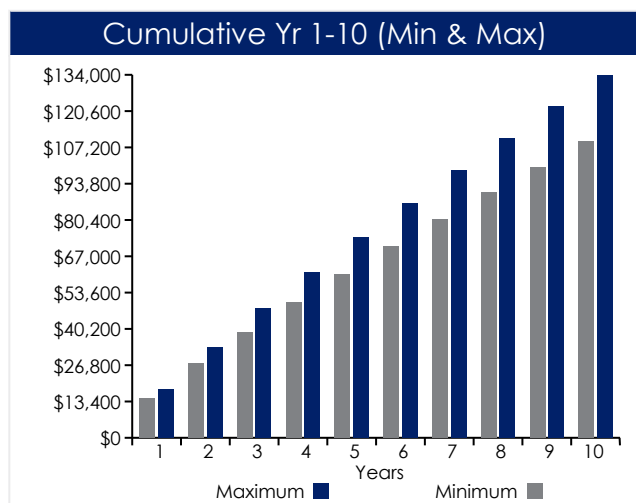
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 08 9485 2111

Estimate of Depreciation Claimable Typical 2 Bedroom + 2 Bathroom Apartment, Vantage Apartments 60 Riverdale Road, RIVERVALE, WA 6103

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,179	10,835	18,014
2	4,700	10,835	15,535
3	3,398	10,835	14,233
4	2,521	10,835	13,356
5	1,922	10,835	12,757
6	1,698	10,835	12,533
7	1,449	10,835	12,284
8	1,071	10,835	11,906
9	813	10,835	11,648
10	641	10,835	11,476
11 +	4,510	325,039	329,549
Total	\$29,902	\$433,389	\$463,291



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,873	8,865	14,738
2	3,846	8,865	12,711
3	2,780	8,865	11,645
4	2,063	8,865	10,928
5	1,572	8,865	10,437
6	1,390	8,865	10,255
7	1,185	8,865	10,050
8	877	8,865	9,742
9	665	8,865	9,530
10	525	8,865	9,390
11 +	3,690	265,941	269,631
Total	\$24,466	\$354,591	\$379,057



* assumes settlement on 1 July in any given year.

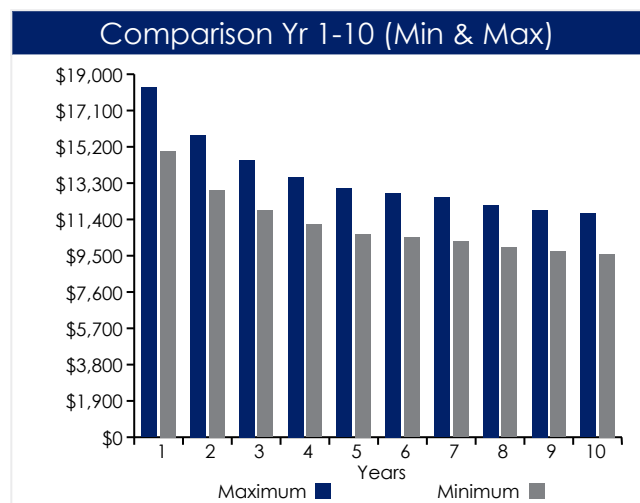
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

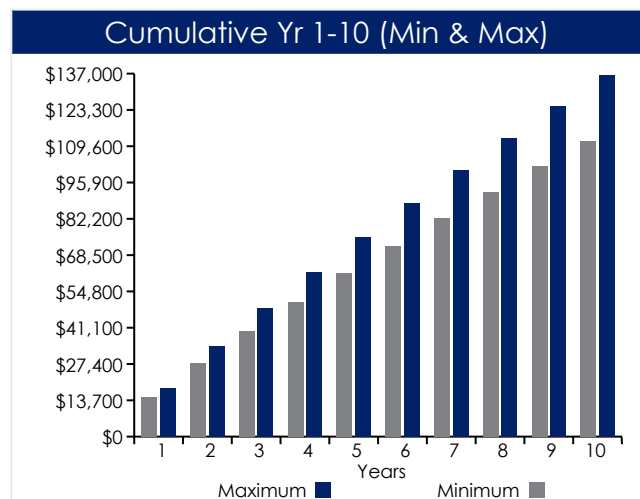
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 08 9485 2111

Estimate of Depreciation Claimable
Typical 2 Bedroom + 2 Bathroom Penthouse Apartment, Vantage
Apartments
60 Riverdale Road, RIVERVALE, WA 6103

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,252	11,068	18,320
2	4,745	11,068	15,813
3	3,434	11,068	14,502
4	2,548	11,068	13,616
5	1,944	11,068	13,012
6	1,717	11,068	12,785
7	1,469	11,068	12,537
8	1,086	11,068	12,154
9	826	11,068	11,894
10	648	11,068	11,716
11 +	4,575	332,075	336,650
Total	\$30,244	\$442,755	\$472,999



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,934	9,056	14,990
2	3,883	9,056	12,939
3	2,810	9,056	11,866
4	2,084	9,056	11,140
5	1,590	9,056	10,646
6	1,405	9,056	10,461
7	1,202	9,056	10,258
8	888	9,056	9,944
9	676	9,056	9,732
10	530	9,056	9,586
11 +	3,743	271,697	275,440
Total	\$24,745	\$362,257	\$387,002



* assumes settlement on 1 July in any given year.

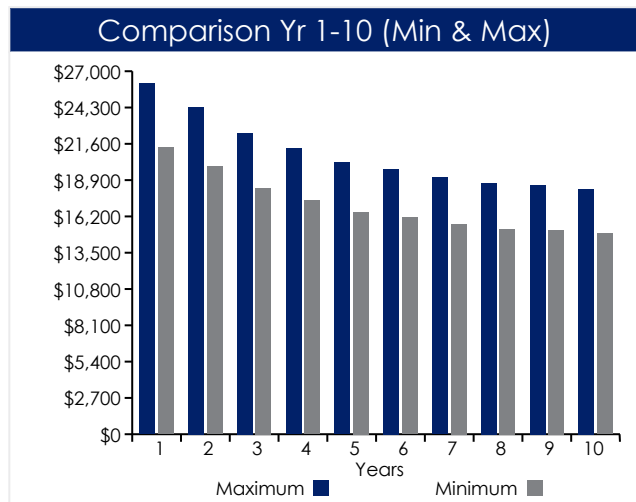
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

This Estimate Cannot Be Used For Taxation Purposes

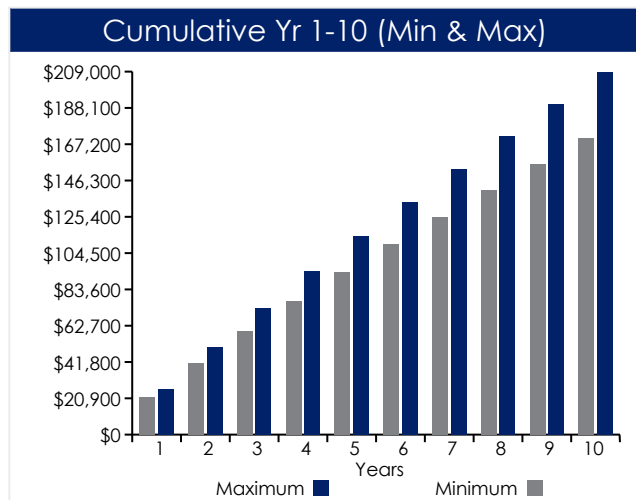
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 08 9485 2111

Estimate of Depreciation Claimable
Typical 3 Bedroom + 2 Bathroom Penthouse Apartment, Vantage
Apartments
60 Riverdale Road, RIVERVALE, WA 6103

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,955	17,116	26,071
2	7,226	17,116	24,342
3	5,277	17,116	22,393
4	4,123	17,116	21,239
5	3,104	17,116	20,220
6	2,603	17,116	19,719
7	1,987	17,116	19,103
8	1,561	17,116	18,677
9	1,430	17,116	18,546
10	1,109	17,116	18,225
11 +	7,431	513,498	520,929
Total	\$44,806	\$684,658	\$729,464



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,327	14,004	21,331
2	5,912	14,004	19,916
3	4,317	14,004	18,321
4	3,373	14,004	17,377
5	2,540	14,004	16,544
6	2,129	14,004	16,133
7	1,625	14,004	15,629
8	1,277	14,004	15,281
9	1,170	14,004	15,174
10	907	14,004	14,911
11 +	6,080	420,134	426,214
Total	\$36,657	\$560,174	\$596,831



* 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 08 9485 2111