

Tax Depreciation Estimate

Maximising the cash return from investment properties

Oak

First National Neilson Partners Narre Warren
9 Gloucester Avenue
BERWICK VIC 3806

10 November 2022

First National Neilson Partners Narre Warren

9 Gloucester Avenue, BERWICK VIC 3806 - 816859

Dear Sir/Madam,

Please find the attached 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 commercial 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 First National Neilson Partners Narre Warren.

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 (2022/1).

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 and any qualifying additional works.

4.0 Estimate Calculation

This report is based on a just attribution of the total expenditure. The estimates provided are based on the sale price as indicated. This estimate has been provided for the purpose of informing the investor of the depreciation potential. This estimate will include applicable accelerate rates,

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general business pools and current instant asset write-off available to businesses for qualifying plants and equipment, that the owning entity can utilise.

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.

Where plant inclusions have not been specified by the vendor or builder typical inclusions have been used for calculations and results may vary.

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

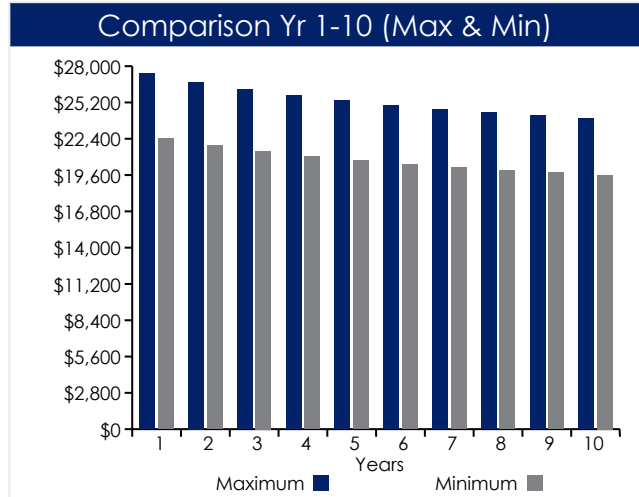
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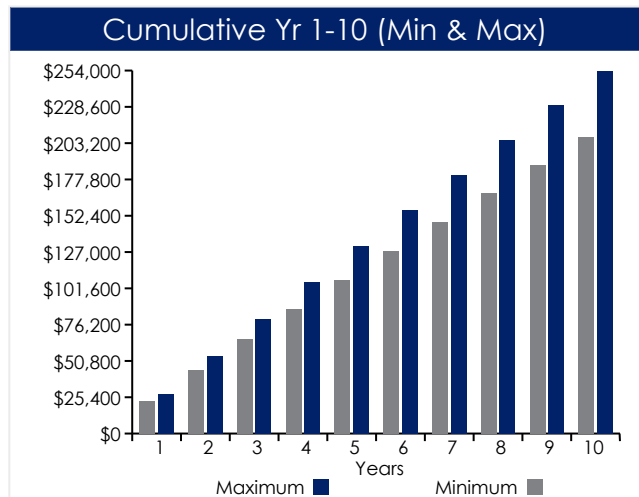
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Estimate of Depreciation Claimable Office Space 9 Gloucester Avenue, BERWICK VIC 3806

Maximum			
Year	Plant & Equipment	Division 43	Total
1	5,166	22,267	27,433
2	4,503	22,267	26,771
3	3,944	22,267	26,211
4	3,467	22,267	25,735
5	3,059	22,267	25,326
6	2,707	22,267	24,974
7	2,400	22,267	24,668
8	2,135	22,267	24,402
9	1,902	22,267	24,169
10	1,698	22,267	23,966
11 +	15,464	668,011	683,475
Total	\$46,445	\$890,684	\$937,130



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,226	18,219	22,445
2	3,685	18,219	21,903
3	3,227	18,219	21,445
4	2,837	18,219	21,056
5	2,503	18,219	20,722
6	2,215	18,219	20,434
7	1,964	18,219	20,183
8	1,747	18,219	19,966
9	1,556	18,219	19,775
10	1,390	18,219	19,608
11 +	12,652	546,555	559,207
Total	\$38,001	\$728,742	\$766,742



* 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 03 9296 6200

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