

Tax Depreciation Estimate

Maximising the cash return from investment properties

Teneo Alexandria
11-15 Ralph Street
ALEXANDRIA NSW 2015

30 March, 2021

Modern Construction & Development Pty Ltd

Suite 5/171 Kingsgrove Road

KINGSGROVE NSW 2208

11-15 Ralph Street, ALEXANDRIA NSW 2015 - 739698

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 Modern Construction & Development 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 (2020/3).

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.

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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

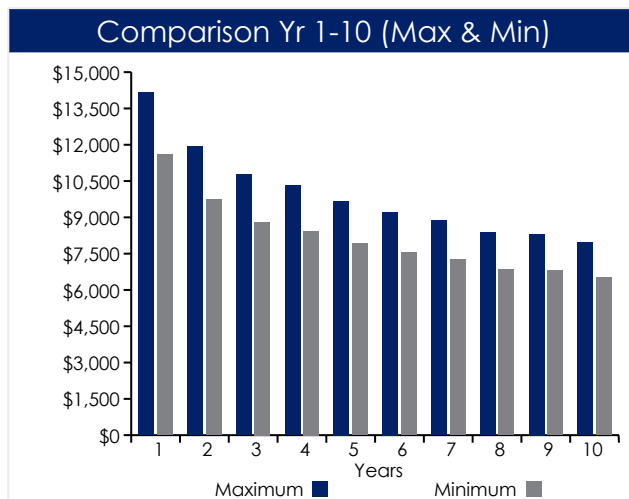
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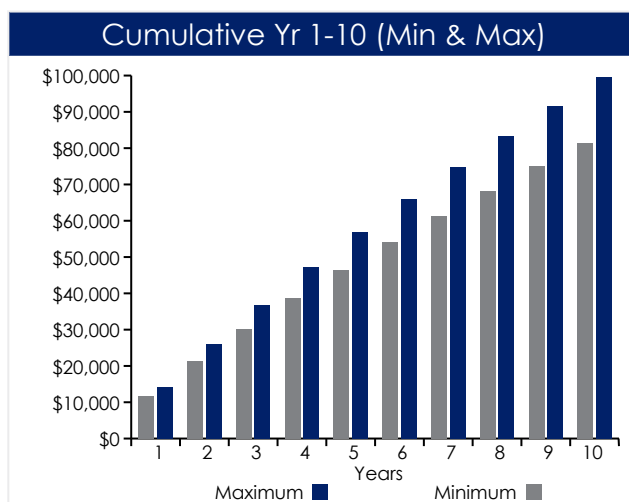
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Estimate of Depreciation Claimable Typical 1 Bedroom + Study (Loft), Teneo Alexandria 11-15 Ralph Street, ALEXANDRIA NSW 2015

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,138	7,030	14,168
2	4,885	7,030	11,915
3	3,728	7,030	10,758
4	3,278	7,030	10,308
5	2,649	7,030	9,679
6	2,188	7,030	9,218
7	1,841	7,030	8,871
8	1,349	7,030	8,379
9	1,286	7,030	8,316
10	930	7,030	7,960
11 +	5,339	210,870	216,209
Total	\$34,611	\$281,170	\$315,781



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,840	5,752	11,592
2	3,997	5,752	9,749
3	3,050	5,752	8,802
4	2,682	5,752	8,434
5	2,167	5,752	7,919
6	1,790	5,752	7,542
7	1,507	5,752	7,259
8	1,103	5,752	6,855
9	1,052	5,752	6,804
10	761	5,752	6,513
11 +	4,369	172,530	176,899
Total	\$28,318	\$230,050	\$258,368



* assumes settlement on 1 July in any given year.

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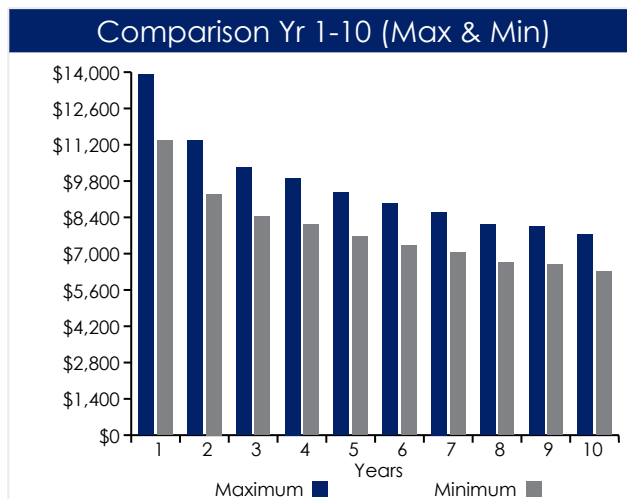
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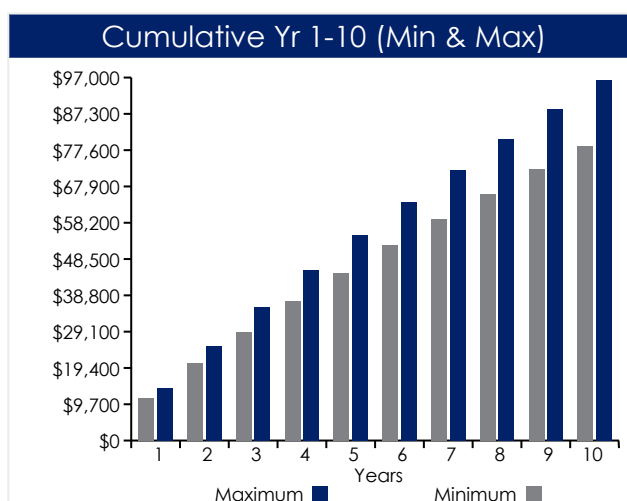
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Estimate of Depreciation Claimable Typical 1 Bedroom Apartment, Teneo Alexandria 11-15 Ralph Street, ALEXANDRIA NSW 2015

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,039	6,866	13,905
2	4,500	6,866	11,366
3	3,450	6,866	10,316
4	3,054	6,866	9,920
5	2,486	6,866	9,352
6	2,067	6,866	8,933
7	1,740	6,866	8,606
8	1,269	6,866	8,135
9	1,191	6,866	8,057
10	860	6,866	7,726
11 +	4,896	205,999	210,895
Total	\$32,552	\$274,659	\$307,211



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,759	5,618	11,377
2	3,682	5,618	9,300
3	2,822	5,618	8,440
4	2,498	5,618	8,116
5	2,034	5,618	7,652
6	1,691	5,618	7,309
7	1,424	5,618	7,042
8	1,039	5,618	6,657
9	975	5,618	6,593
10	704	5,618	6,322
11 +	4,006	168,545	172,551
Total	\$26,634	\$224,725	\$251,359



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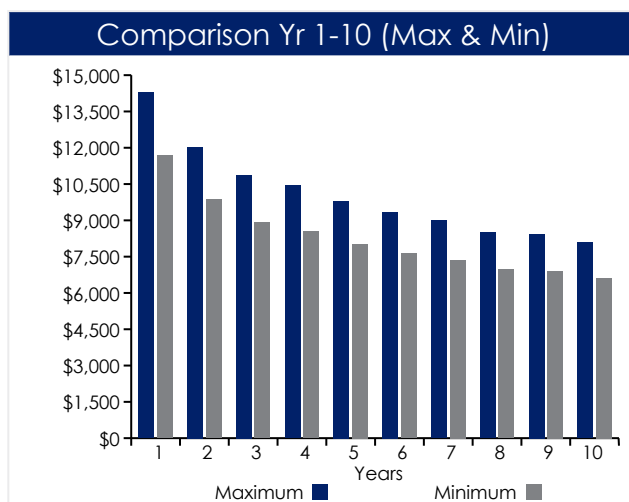
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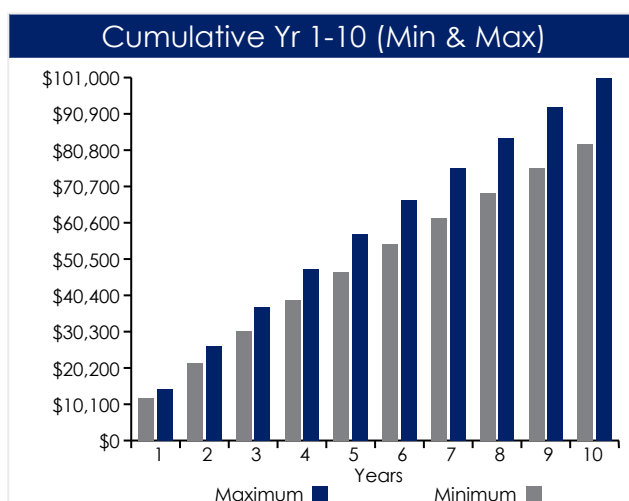
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Estimate of Depreciation Claimable Typical 1 Bedroom + Study Apartment, Teneo Alexandria 11-15 Ralph Street, ALEXANDRIA NSW 2015

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,138	7,153	14,291
2	4,885	7,153	12,038
3	3,728	7,153	10,881
4	3,278	7,153	10,431
5	2,649	7,153	9,802
6	2,188	7,153	9,341
7	1,841	7,153	8,994
8	1,349	7,153	8,502
9	1,286	7,153	8,439
10	930	7,153	8,083
11 +	5,339	214,588	219,927
Total	\$34,611	\$286,118	\$320,729



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,840	5,853	11,693
2	3,997	5,853	9,850
3	3,050	5,853	8,903
4	2,682	5,853	8,535
5	2,167	5,853	8,020
6	1,790	5,853	7,643
7	1,507	5,853	7,360
8	1,103	5,853	6,956
9	1,052	5,853	6,905
10	761	5,853	6,614
11 +	4,369	175,572	179,941
Total	\$28,318	\$234,102	\$262,420



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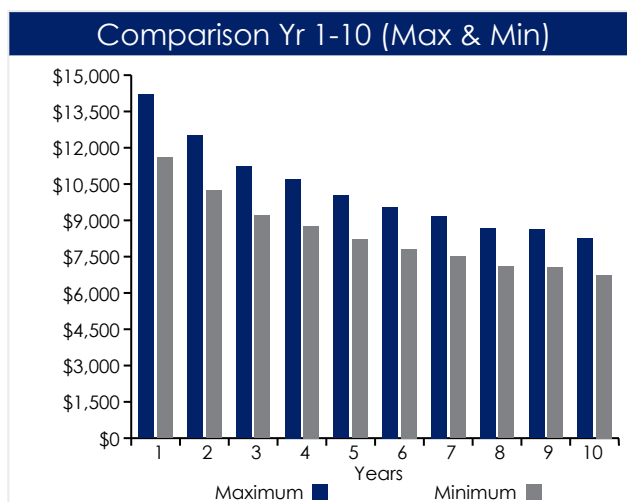
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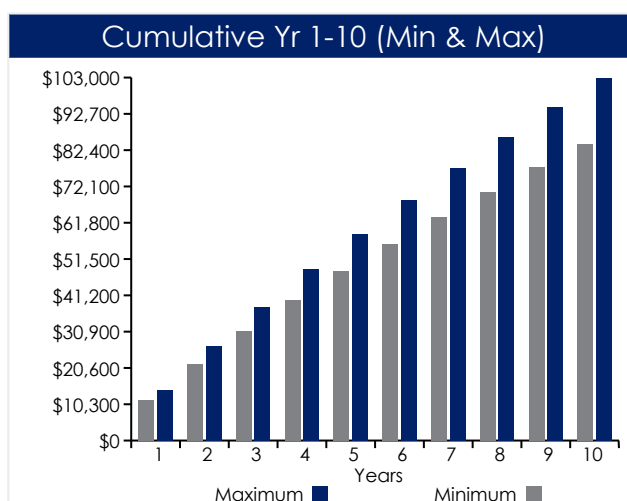
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Estimate of Depreciation Claimable Typical 2 Bedroom Apartment, Teneo Alexandria 11-15 Ralph Street, ALEXANDRIA NSW 2015

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,884	7,304	14,188
2	5,199	7,304	12,503
3	3,926	7,304	11,230
4	3,405	7,304	10,709
5	2,737	7,304	10,041
6	2,246	7,304	9,550
7	1,880	7,304	9,184
8	1,375	7,304	8,679
9	1,305	7,304	8,609
10	944	7,304	8,248
11 +	5,434	219,143	224,577
Total	\$35,335	\$292,183	\$327,518



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,632	5,976	11,608
2	4,253	5,976	10,229
3	3,212	5,976	9,188
4	2,786	5,976	8,762
5	2,239	5,976	8,215
6	1,838	5,976	7,814
7	1,538	5,976	7,514
8	1,125	5,976	7,101
9	1,067	5,976	7,043
10	772	5,976	6,748
11 +	4,446	179,299	183,745
Total	\$28,908	\$239,059	\$267,967



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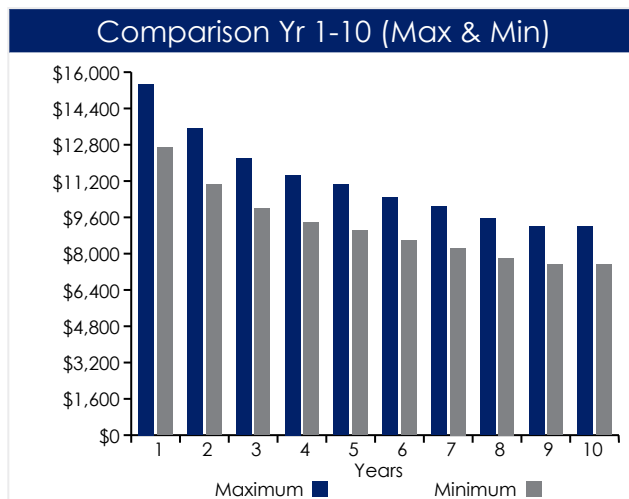
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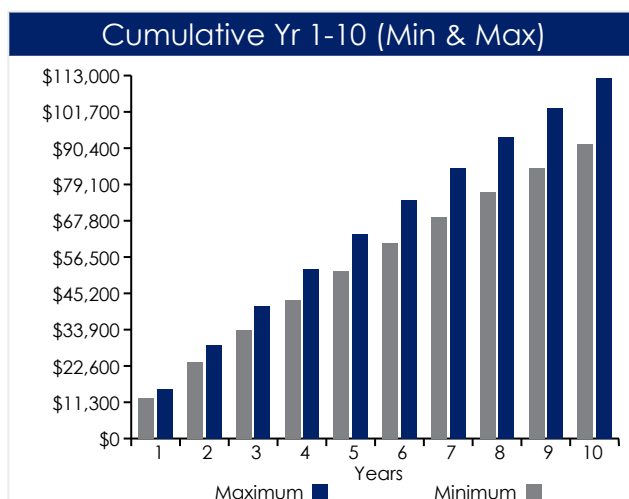
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Estimate of Depreciation Claimable Typical 1 Bedroom + MPR, Teneo Alexandria 11-15 Ralph Street, ALEXANDRIA NSW 2015

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,429	8,055	15,484
2	5,462	8,055	13,517
3	4,146	8,055	12,201
4	3,414	8,055	11,469
5	2,979	8,055	11,034
6	2,432	8,055	10,487
7	2,019	8,055	10,074
8	1,492	8,055	9,547
9	1,135	8,055	9,190
10	1,154	8,055	9,209
11 +	6,248	241,696	247,944
Total	\$37,910	\$322,246	\$360,156



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,079	6,591	12,670
2	4,469	6,591	11,060
3	3,392	6,591	9,983
4	2,794	6,591	9,385
5	2,437	6,591	9,028
6	1,990	6,591	8,581
7	1,652	6,591	8,243
8	1,220	6,591	7,811
9	929	6,591	7,520
10	944	6,591	7,535
11 +	5,112	197,752	202,864
Total	\$31,018	\$263,662	\$294,680



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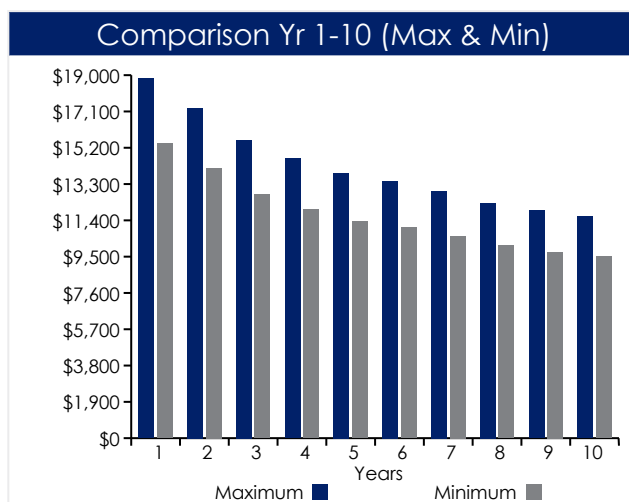
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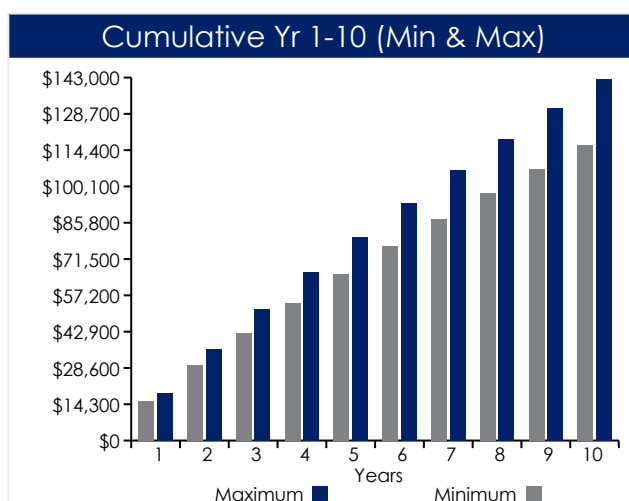
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Estimate of Depreciation Claimable Typical 2 Bedroom + Study Apartment, Teneo Alexandria 11-15 Ralph Street, ALEXANDRIA NSW 2015

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,330	10,507	18,837
2	6,769	10,507	17,276
3	5,096	10,507	15,603
4	4,126	10,507	14,633
5	3,365	10,507	13,872
6	2,956	10,507	13,463
7	2,423	10,507	12,930
8	1,807	10,507	12,314
9	1,396	10,507	11,903
10	1,111	10,507	11,618
11 +	8,308	315,209	323,517
Total	\$45,687	\$420,279	\$465,966



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,816	8,597	15,413
2	5,539	8,597	14,136
3	4,170	8,597	12,767
4	3,376	8,597	11,973
5	2,753	8,597	11,350
6	2,418	8,597	11,015
7	1,983	8,597	10,580
8	1,479	8,597	10,076
9	1,142	8,597	9,739
10	909	8,597	9,506
11 +	6,798	257,899	264,697
Total	\$37,383	\$343,869	\$381,252



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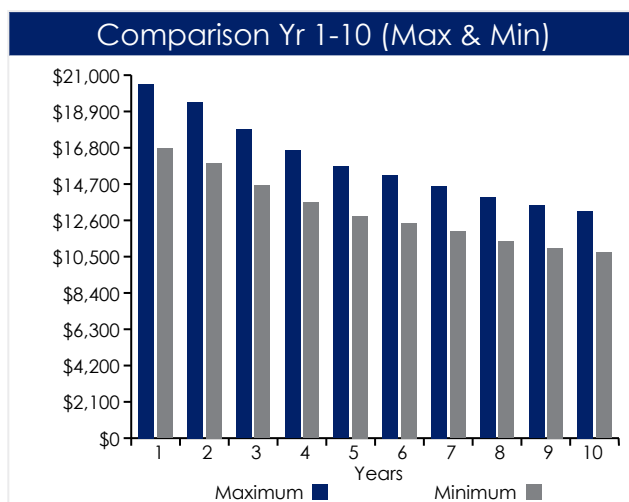
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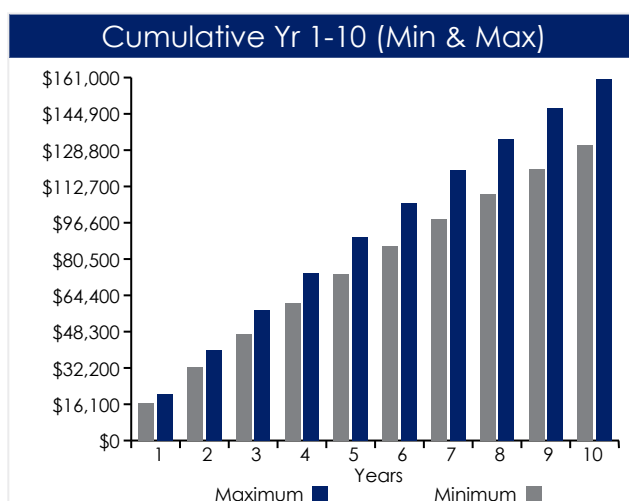
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Estimate of Depreciation Claimable Typical 3 Bedroom + Study (Loft), Teneo Alexandria 11-15 Ralph Street, ALEXANDRIA NSW 2015

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,611	11,870	20,481
2	7,576	11,870	19,446
3	6,001	11,870	17,871
4	4,772	11,870	16,642
5	3,843	11,870	15,713
6	3,350	11,870	15,220
7	2,719	11,870	14,589
8	2,037	11,870	13,907
9	1,581	11,870	13,451
10	1,265	11,870	13,135
11 +	9,579	356,089	365,668
Total	\$51,334	\$474,789	\$526,123



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,045	9,712	16,757
2	6,198	9,712	15,910
3	4,910	9,712	14,622
4	3,904	9,712	13,616
5	3,145	9,712	12,857
6	2,741	9,712	12,453
7	2,225	9,712	11,937
8	1,667	9,712	11,379
9	1,293	9,712	11,005
10	1,035	9,712	10,747
11 +	7,837	291,345	299,182
Total	\$42,000	\$388,465	\$430,465



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