

Tax Depreciation Estimate

Maximising the cash return from investment properties

31-33 Helen Street
MOUNT HUTTON, NSW 2290

2 October, 2015

Dotcom Property Sales

Unit 1/826 Hunter Street

NEWCASTLE WEST, NSW 2302

31-33 Helen Street, MOUNT HUTTON, NSW 2290 - 403888

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 Dotcom Property Sales.

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 (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

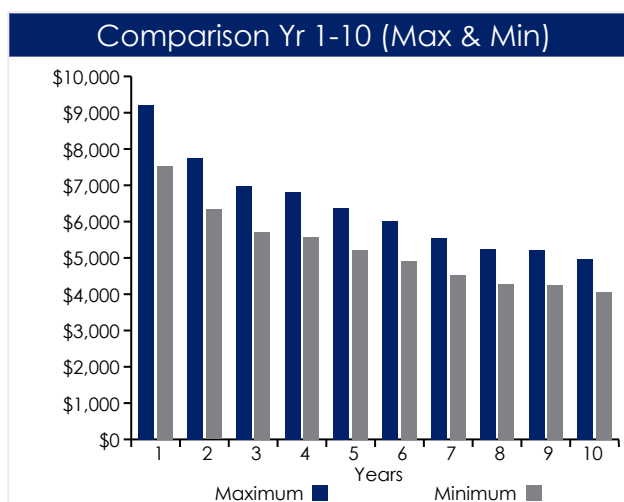
Appendix One

BMT Tax Depreciation Estimate

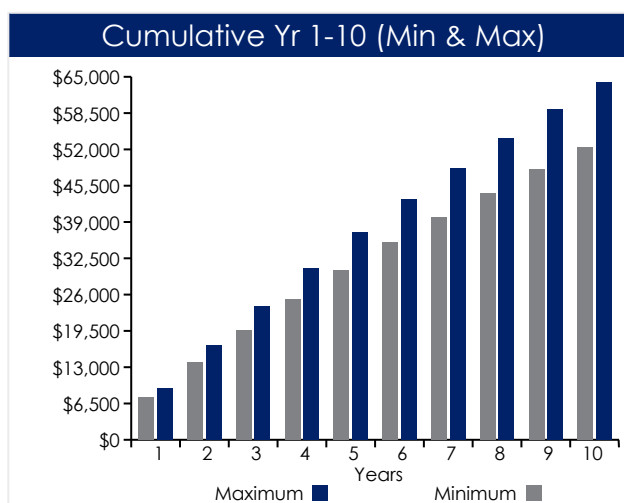
31-33 Helen Street
MOUNT HUTTON, NSW 2290

Estimate of Depreciation Claimable Townhouse 7 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,635	4,578	9,213
2	3,166	4,578	7,744
3	2,400	4,578	6,978
4	2,232	4,578	6,810
5	1,795	4,578	6,373
6	1,440	4,578	6,018
7	968	4,578	5,546
8	660	4,578	5,238
9	633	4,578	5,211
10	394	4,578	4,972
11 +	658	137,346	138,004
Total	\$18,981	\$183,126	\$202,107



Minimum			
Year	Plant & Equipment	Division 43	Total
1	3,793	3,746	7,539
2	2,590	3,746	6,336
3	1,964	3,746	5,710
4	1,826	3,746	5,572
5	1,469	3,746	5,215
6	1,178	3,746	4,924
7	792	3,746	4,538
8	540	3,746	4,286
9	518	3,746	4,264
10	322	3,746	4,068
11 +	538	112,374	112,912
Total	\$15,530	\$149,834	\$165,364



* assumes settlement on 1 July in any given year.

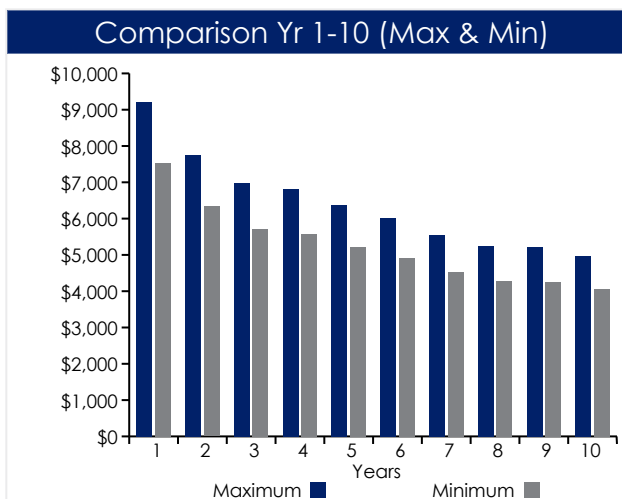
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This Estimate Cannot Be Used For Taxation Purposes

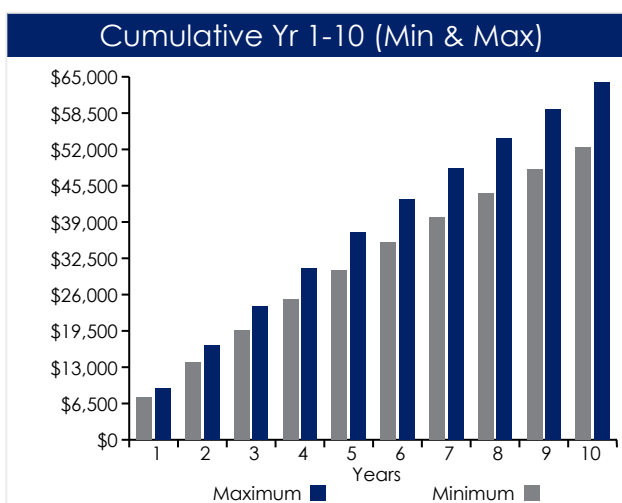
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 02 4978 6477

Estimate of Depreciation Claimable Townhouse 3 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,635	4,578	9,213
2	3,166	4,578	7,744
3	2,400	4,578	6,978
4	2,232	4,578	6,810
5	1,795	4,578	6,373
6	1,440	4,578	6,018
7	968	4,578	5,546
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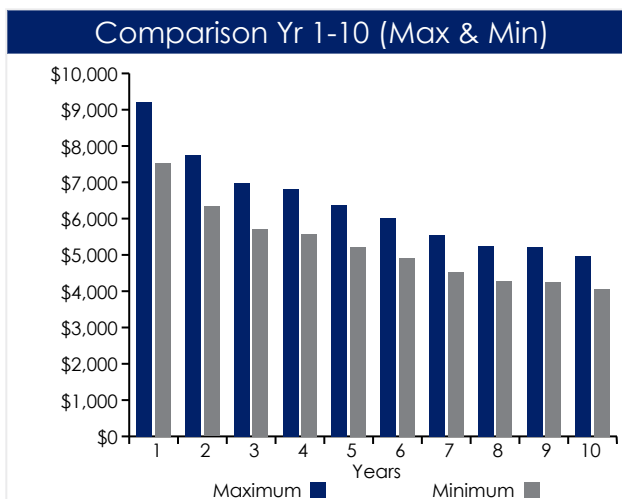
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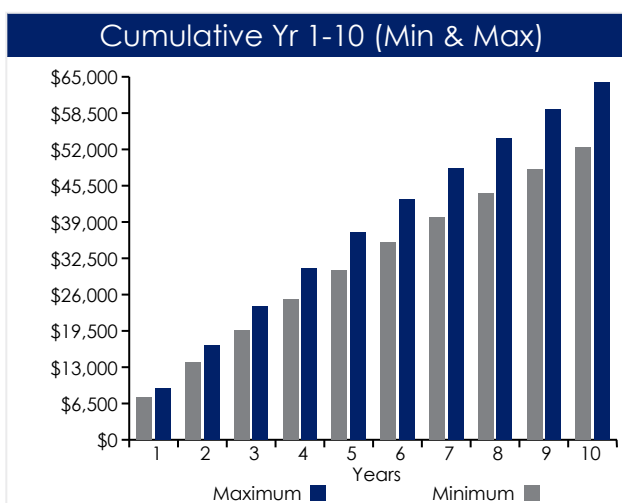
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Estimate of Depreciation Claimable Townhouse 6 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,635	4,578	9,213
2	3,166	4,578	7,744
3	2,400	4,578	6,978
4	2,232	4,578	6,810
5	1,795	4,578	6,373
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Total	\$18,981	\$183,126	\$202,107



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1	3,793	3,746	7,539
2	2,590	3,746	6,336
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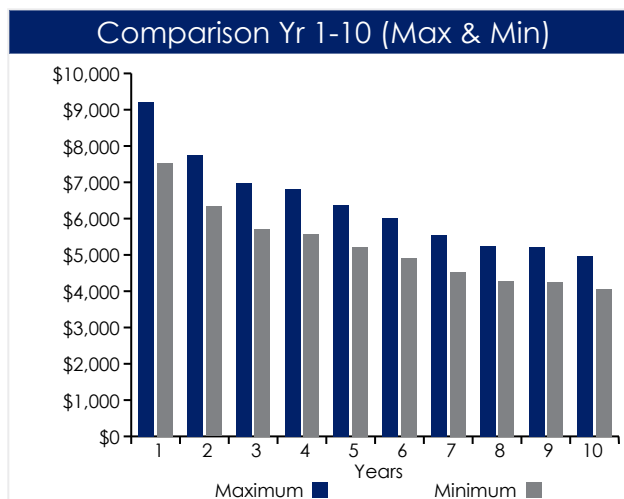
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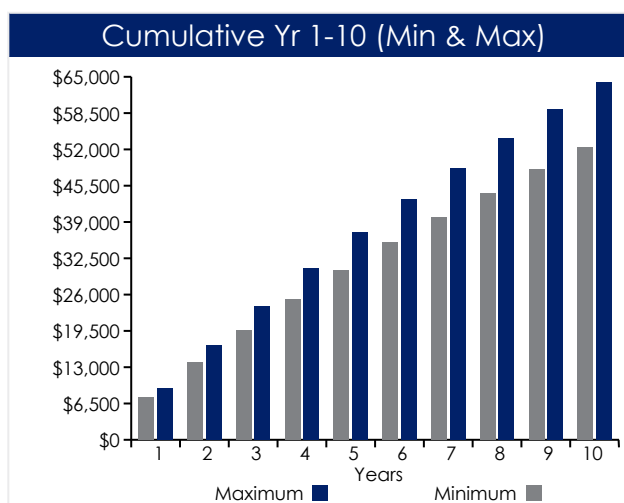
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Estimate of Depreciation Claimable Townhouse 2 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,635	4,578	9,213
2	3,166	4,578	7,744
3	2,400	4,578	6,978
4	2,232	4,578	6,810
5	1,795	4,578	6,373
6	1,440	4,578	6,018
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9	633	4,578	5,211
10	394	4,578	4,972
11 +	658	137,346	138,004
Total	\$18,981	\$183,126	\$202,107



Minimum			
Year	Plant & Equipment	Division 43	Total
1	3,793	3,746	7,539
2	2,590	3,746	6,336
3	1,964	3,746	5,710
4	1,826	3,746	5,572
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11 +	538	112,374	112,912
Total	\$15,530	\$149,834	\$165,364



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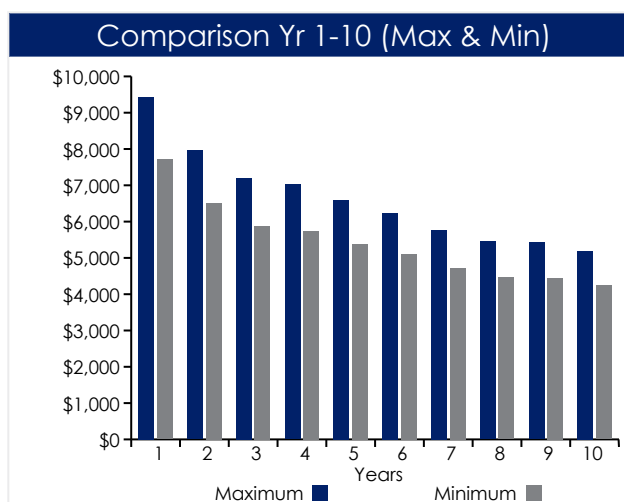
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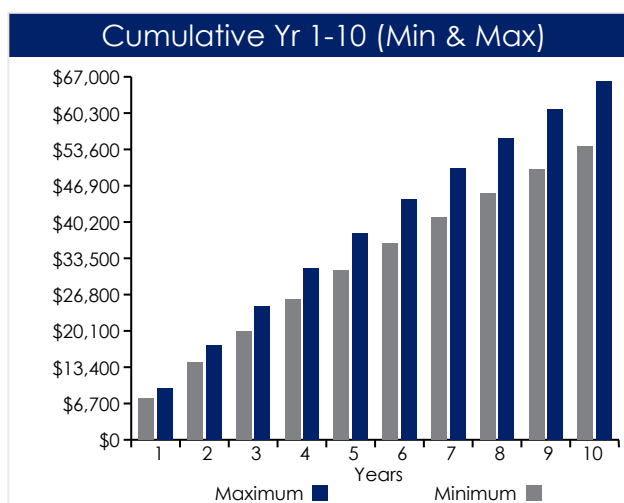
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Estimate of Depreciation Claimable Townhouse 8 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,635	4,791	9,426
2	3,166	4,791	7,957
3	2,400	4,791	7,191
4	2,232	4,791	7,023
5	1,795	4,791	6,586
6	1,440	4,791	6,231
7	968	4,791	5,759
8	660	4,791	5,451
9	633	4,791	5,424
10	394	4,791	5,185
11 +	658	143,693	144,351
Total	\$18,981	\$191,603	\$210,584



Minimum			
Year	Plant & Equipment	Division 43	Total
1	3,793	3,920	7,713
2	2,590	3,920	6,510
3	1,964	3,920	5,884
4	1,826	3,920	5,746
5	1,469	3,920	5,389
6	1,178	3,920	5,098
7	792	3,920	4,712
8	540	3,920	4,460
9	518	3,920	4,438
10	322	3,920	4,242
11 +	538	117,567	118,105
Total	\$15,530	\$156,767	\$172,297



* assumes settlement on 1 July in any given year.

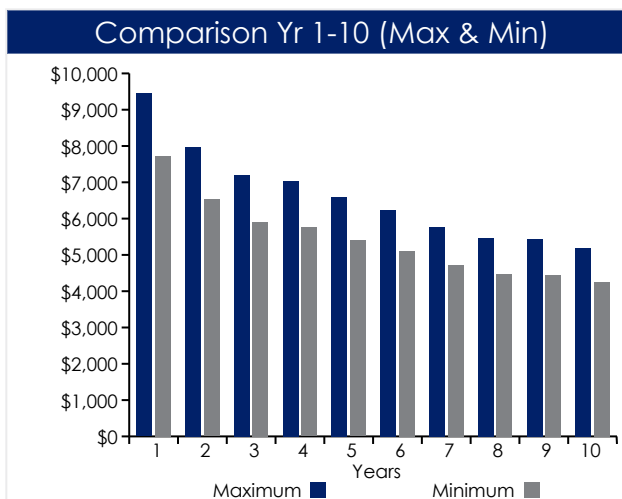
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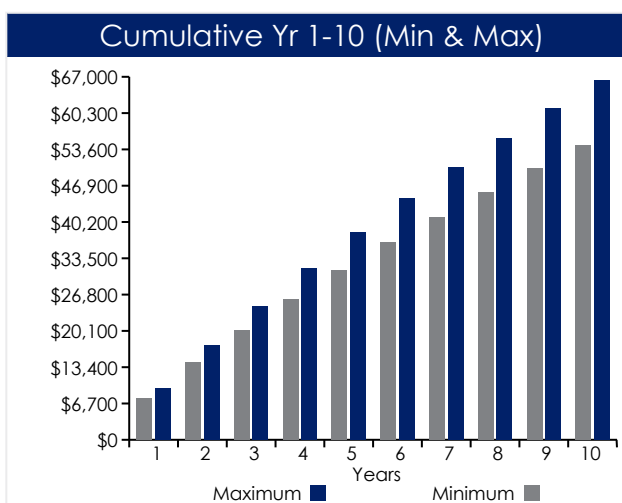
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Estimate of Depreciation Claimable Townhouse 5 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,655	4,794	9,449
2	3,183	4,794	7,977
3	2,413	4,794	7,207
4	2,241	4,794	7,035
5	1,804	4,794	6,598
6	1,447	4,794	6,241
7	974	4,794	5,768
8	663	4,794	5,457
9	639	4,794	5,433
10	398	4,794	5,192
11 +	663	143,829	144,492
Total	\$19,080	\$191,769	\$210,849



Minimum			
Year	Plant & Equipment	Division 43	Total
1	3,809	3,922	7,731
2	2,605	3,922	6,527
3	1,975	3,922	5,897
4	1,833	3,922	5,755
5	1,476	3,922	5,398
6	1,184	3,922	5,106
7	797	3,922	4,719
8	543	3,922	4,465
9	523	3,922	4,445
10	326	3,922	4,248
11 +	543	117,679	118,222
Total	\$15,614	\$156,899	\$172,513



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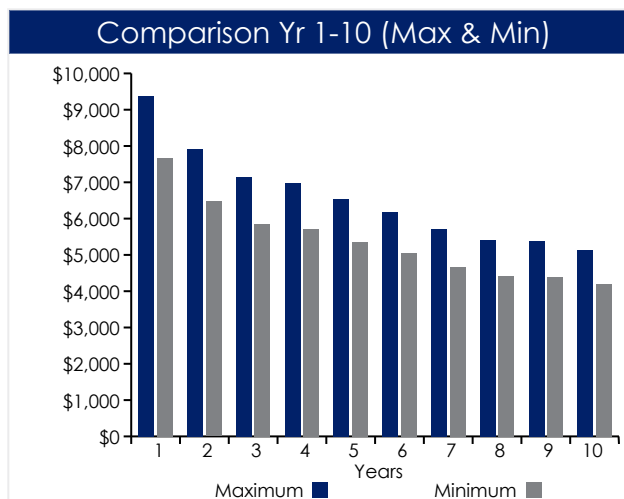
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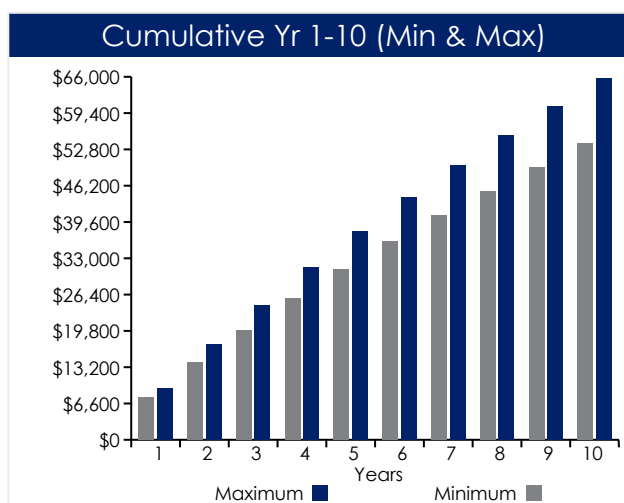
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Estimate of Depreciation Claimable Townhouse 4 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,635	4,748	9,383
2	3,166	4,748	7,914
3	2,400	4,748	7,148
4	2,232	4,748	6,980
5	1,795	4,748	6,543
6	1,440	4,748	6,188
7	968	4,748	5,716
8	660	4,748	5,408
9	633	4,748	5,381
10	394	4,748	5,142
11 +	658	142,428	143,086
Total	\$18,981	\$189,908	\$208,889



Minimum			
Year	Plant & Equipment	Division 43	Total
1	3,793	3,884	7,677
2	2,590	3,884	6,474
3	1,964	3,884	5,848
4	1,826	3,884	5,710
5	1,469	3,884	5,353
6	1,178	3,884	5,062
7	792	3,884	4,676
8	540	3,884	4,424
9	518	3,884	4,402
10	322	3,884	4,206
11 +	538	116,532	117,070
Total	\$15,530	\$155,372	\$170,902



* assumes settlement on 1 July in any given year.

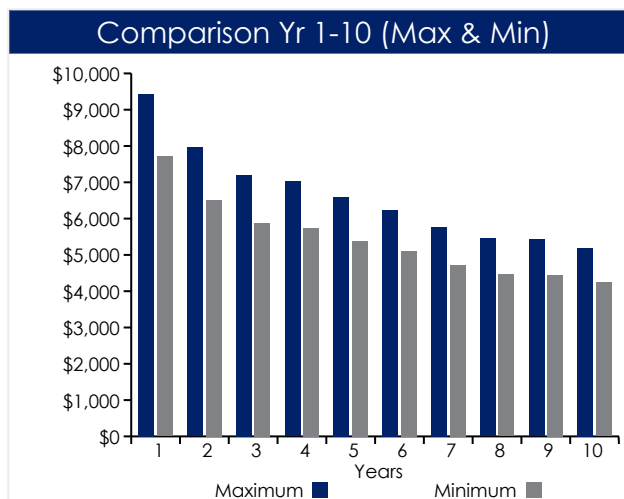
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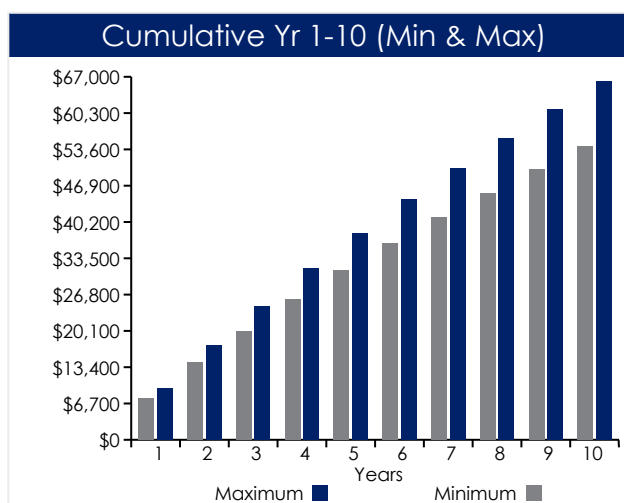
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Estimate of Depreciation Claimable Townhouse 1 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,635	4,791	9,426
2	3,166	4,791	7,957
3	2,400	4,791	7,191
4	2,232	4,791	7,023
5	1,795	4,791	6,586
6	1,440	4,791	6,231
7	968	4,791	5,759
8	660	4,791	5,451
9	633	4,791	5,424
10	394	4,791	5,185
11 +	658	143,693	144,351
Total	\$18,981	\$191,603	\$210,584



Minimum			
Year	Plant & Equipment	Division 43	Total
1	3,793	3,920	7,713
2	2,590	3,920	6,510
3	1,964	3,920	5,884
4	1,826	3,920	5,746
5	1,469	3,920	5,389
6	1,178	3,920	5,098
7	792	3,920	4,712
8	540	3,920	4,460
9	518	3,920	4,438
10	322	3,920	4,242
11 +	538	117,567	118,105
Total	\$15,530	\$156,767	\$172,297



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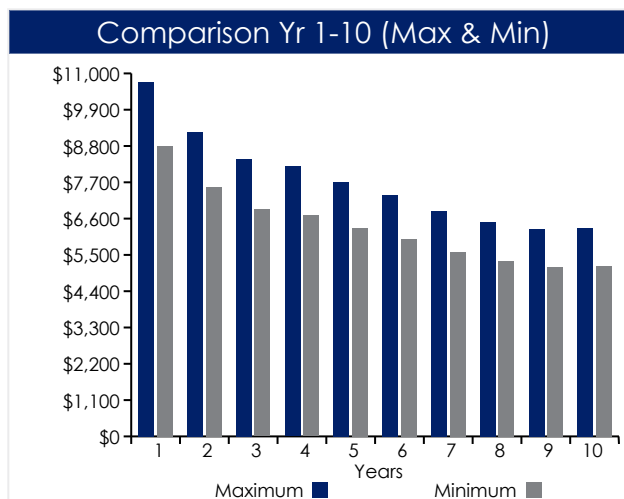
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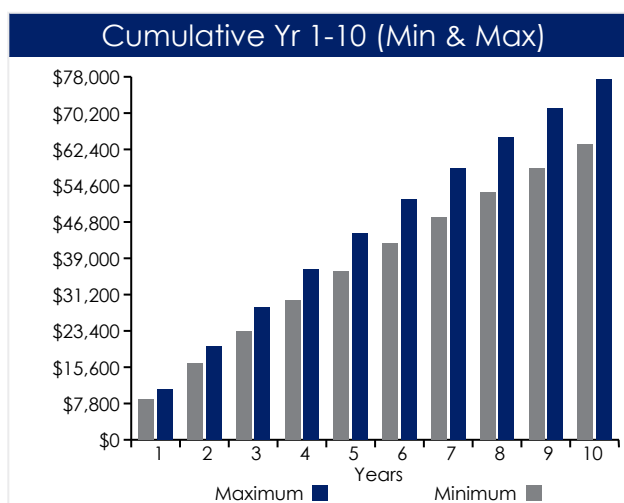
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Estimate of Depreciation Claimable Townhouse 10, 11 or 12 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,979	5,770	10,749
2	3,466	5,770	9,236
3	2,632	5,770	8,402
4	2,410	5,770	8,180
5	1,936	5,770	7,706
6	1,551	5,770	7,321
7	1,055	5,770	6,825
8	729	5,770	6,499
9	512	5,770	6,282
10	542	5,770	6,312
11 +	901	173,096	173,997
Total	\$20,713	\$230,796	\$251,509



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,073	4,721	8,794
2	2,836	4,721	7,557
3	2,154	4,721	6,875
4	1,972	4,721	6,693
5	1,584	4,721	6,305
6	1,269	4,721	5,990
7	863	4,721	5,584
8	597	4,721	5,318
9	419	4,721	5,140
10	444	4,721	5,165
11 +	737	141,624	142,361
Total	\$16,948	\$188,834	\$205,782



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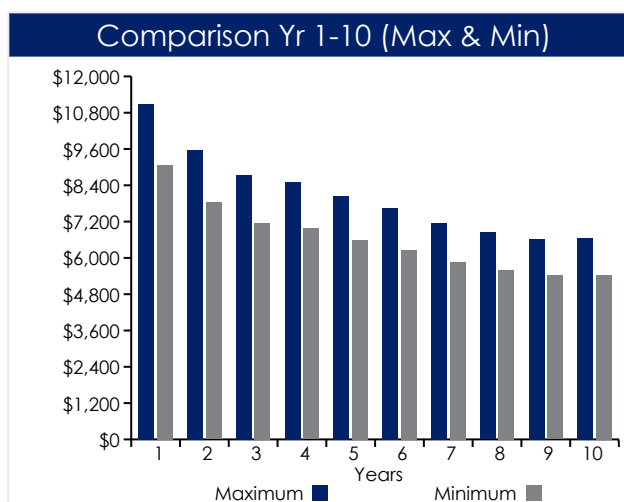
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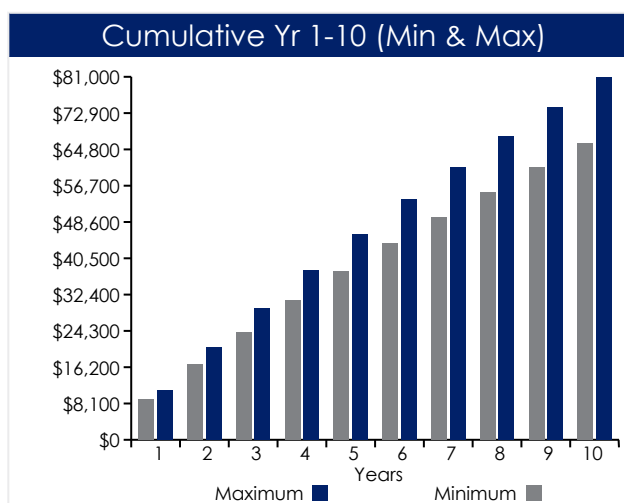
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Estimate of Depreciation Claimable Townhouse 9 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,979	6,108	11,087
2	3,466	6,108	9,574
3	2,632	6,108	8,740
4	2,410	6,108	8,518
5	1,936	6,108	8,044
6	1,551	6,108	7,659
7	1,055	6,108	7,163
8	729	6,108	6,837
9	512	6,108	6,620
10	542	6,108	6,650
11 +	901	183,260	184,161
Total	\$20,713	\$244,340	\$265,053



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,073	4,998	9,071
2	2,836	4,998	7,834
3	2,154	4,998	7,152
4	1,972	4,998	6,970
5	1,584	4,998	6,582
6	1,269	4,998	6,267
7	863	4,998	5,861
8	597	4,998	5,595
9	419	4,998	5,417
10	444	4,998	5,442
11 +	737	149,940	150,677
Total	\$16,948	\$199,920	\$216,868



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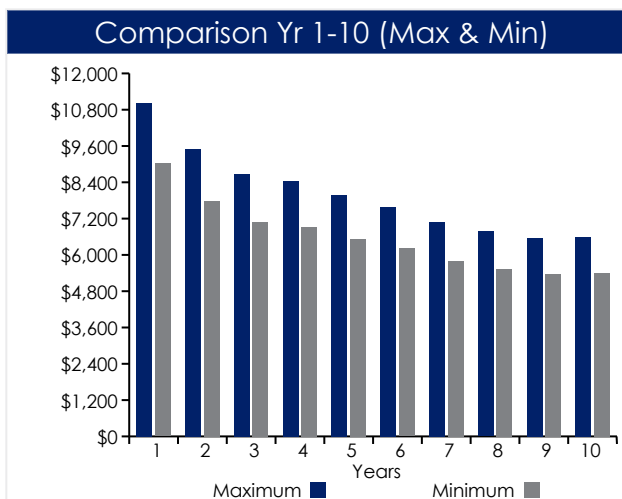
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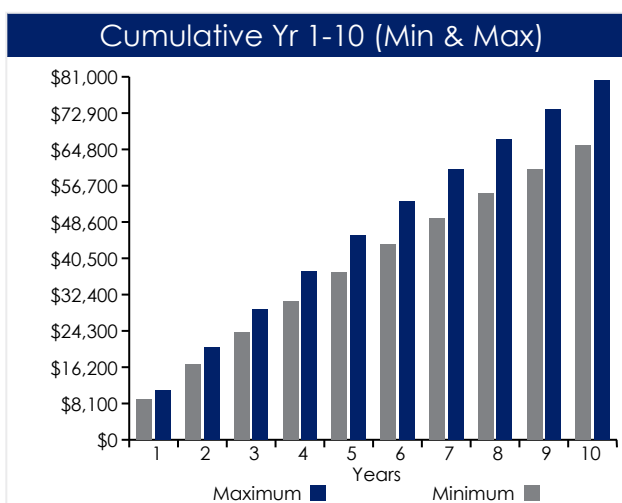
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Estimate of Depreciation Claimable Townhouse 13 31-33 Helen Street, MOUNT HUTTON, NSW 2290

Maximum			
Year	Plant & Equipment	Division 43	Total
1	4,979	6,046	11,025
2	3,466	6,046	9,512
3	2,632	6,046	8,678
4	2,410	6,046	8,456
5	1,936	6,046	7,982
6	1,551	6,046	7,597
7	1,055	6,046	7,101
8	729	6,046	6,775
9	512	6,046	6,558
10	542	6,046	6,588
11 +	901	181,346	182,247
Total	\$20,713	\$241,806	\$262,519



Minimum			
Year	Plant & Equipment	Division 43	Total
1	4,073	4,946	9,019
2	2,836	4,946	7,782
3	2,154	4,946	7,100
4	1,972	4,946	6,918
5	1,584	4,946	6,530
6	1,269	4,946	6,215
7	863	4,946	5,809
8	597	4,946	5,543
9	419	4,946	5,365
10	444	4,946	5,390
11 +	737	148,374	149,111
Total	\$16,948	\$197,834	\$214,782



* 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

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