

TAX DEPRECIATION ESTIMATE

PREPARED FOR:

Waterpoint Residences

Harbourside Court, Biggera Waters, Qld

30 August 2016

Waterpoint Residences, Harbourside Court, Biggera Waters, Qld

Dear Investor

Following is our report detailing the depreciation and associated tax deductions that could be available to a purchaser of the above property under the Income Tax Assessment Act 1997 (ITAA 1997).

This report is provided to outline indicative capital allowances and capital works deductions available to a purchaser of the above property. The deductions calculated can be used for initial tax planning purposes only. The estimated figures supplied can not be used in a tax return and a certified tax depreciation schedule would be required for this.

1. Information

The following information was used in the preparations of these depreciation estimates:

- Body corporate information and selling prices provided by the sales office.
- Floors plans and inclusions list provided by sales office.

2. Available Allowances and Valuation Methodology

A tax paying purchaser is generally entitled to allowances in respect of:

- Capital allowances for expenditure on plant (Division 40 of ITAA 1997)
- Capital works deductions on structure and infrastructure (Division 43 of ITAA 1997)

According to legislation plant can be depreciated on the basis of a reasonable attribution of the purchase price. Depending on the date the building commenced construction, capital works deductions will be available based on the historical construction cost after subtracting non qualifying expenditure, and notionally depreciating the qualifying expenditure to the date of settlement.

3. Estimate Calculations

The estimates are based on sale prices indicated in the following schedules. Should the purchase price change this will affect the depreciation returns and the purpose of these estimates is to provide the investor with potential depreciation deductions available.

4. Disclaimer

Prospective purchasers should seek their own specialist advice having regard to their own specific taxation position. This report is for general advice only.

5. Summary

Property tax allowances can significantly enhance the bottom line of a property investment as clearly demonstrated in the attached estimate.

KC Partnership tax depreciation specialists would be pleased to provide detailed tax depreciation reports for this property upon request.

If you have any queries regarding property tax allowances please do not hesitate to contact Sean Connolly in our office on 1300 726 098.

Yours faithfully

KC Partnership

KC Partnership

Estimated Depreciable Claims

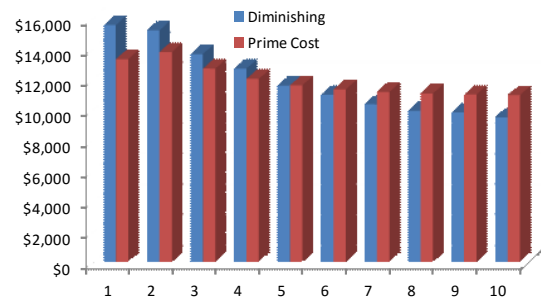
Typical Type G Unit

Waterpoint Residences, Harbourside Court, Biggera Waters, Qld

Diminishing Value Method

Year	Plant & Equipment	Division 43	Total
1	\$6,901	\$8,626	\$15,527
2	\$6,550	\$8,626	\$15,176
3	\$4,990	\$8,626	\$13,616
4	\$4,037	\$8,626	\$12,663
5	\$2,920	\$8,626	\$11,546
6	\$2,326	\$8,626	\$10,952
7	\$1,697	\$8,626	\$10,323
8	\$1,266	\$8,626	\$9,892
9	\$1,164	\$8,626	\$9,790
10	\$847	\$8,626	\$9,473
11 +	\$4,091	\$253,727	\$257,818
Total	\$36,789	\$339,987	\$376,776

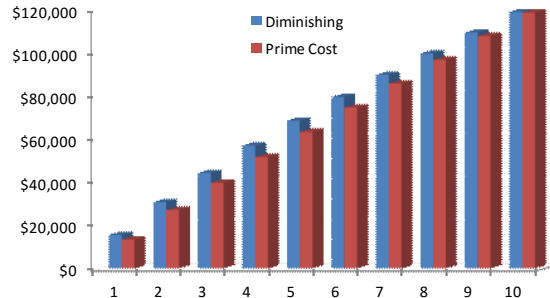
Comparison Yr 1-10



Prime Cost Method

Year	Plant & Equipment	Division 43	Total
1	\$4,660	\$8,626	\$13,286
2	\$5,125	\$8,626	\$13,751
3	\$4,044	\$8,626	\$12,670
4	\$3,368	\$8,626	\$11,994
5	\$2,945	\$8,626	\$11,571
6	\$2,681	\$8,626	\$11,307
7	\$2,516	\$8,626	\$11,142
8	\$2,413	\$8,626	\$11,039
9	\$2,348	\$8,626	\$10,974
10	\$2,302	\$8,626	\$10,928
11 +	\$4,387	\$253,727	\$258,114
Total	\$36,789	\$339,987	\$376,776

Cumulative Yr 1-10



These figures are of a general nature and are estimates only and should not be applied or acted upon unless supported by our specific advice. Depreciation of plant is calculated using Diminishing Value method and Prime Cost Method also applying Low-Value Pooling. Division 43 allowances are calculated using Prime Cost Method at a rate of 2.5% or 4% depending on type of property and date of construction. The estimate has been calculated using the legislation that is current at date of production.

This Estimate Is Not To Be Used For Taxation Purposes

For specific advice about this report, please contact Sean Connolly from KC Partnership on 1300 726 098

Estimated Depreciable Claims

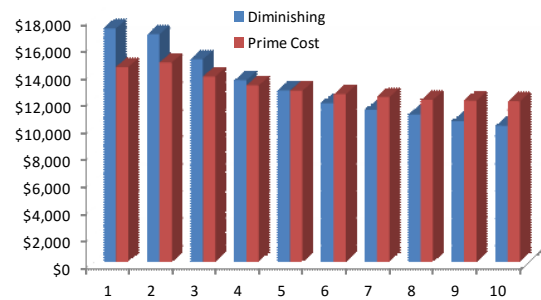
Typical Type I Unit

Waterpoint Residences, Harbourside Court, Biggera Waters, Qld

Diminishing Value Method

Year	Plant & Equipment	Division 43	Total
1	\$8,114	\$9,096	\$17,210
2	\$7,686	\$9,096	\$16,782
3	\$5,840	\$9,096	\$14,936
4	\$4,300	\$9,096	\$13,396
5	\$3,555	\$9,096	\$12,651
6	\$2,607	\$9,096	\$11,703
7	\$2,104	\$9,096	\$11,200
8	\$1,771	\$9,096	\$10,867
9	\$1,276	\$9,096	\$10,372
10	\$941	\$9,096	\$10,037
11 +	\$4,684	\$267,568	\$272,252
Total	\$42,878	\$358,528	\$401,406

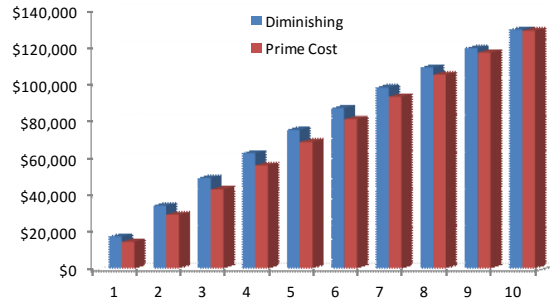
Comparison Yr 1-10



Prime Cost Method

Year	Plant & Equipment	Division 43	Total
1	\$5,265	\$9,096	\$14,361
2	\$5,599	\$9,096	\$14,695
3	\$4,568	\$9,096	\$13,664
4	\$3,924	\$9,096	\$13,020
5	\$3,521	\$9,096	\$12,617
6	\$3,269	\$9,096	\$12,365
7	\$3,060	\$9,096	\$12,156
8	\$2,856	\$9,096	\$11,952
9	\$2,794	\$9,096	\$11,890
10	\$2,749	\$9,096	\$11,845
11 +	\$5,273	\$267,568	\$272,841
Total	\$42,878	\$358,528	\$401,406

Cumulative Yr 1-10



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