

Tax Depreciation Estimate

Maximising the cash return from investment properties

Cotton Tree by Mosaic
17 The Esplanade
COTTON TREE QLD 4558

22 November, 2022

Mosaic Property Group
PO Box 2075
FORTITUDE VALLEY QLD 4006

17 The Esplanade, COTTON TREE QLD 4558 - 818463

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 Mosaic Property Group.

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.

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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

Appendix One

BMT Tax Depreciation Estimate

Cotton Tree by Mosaic

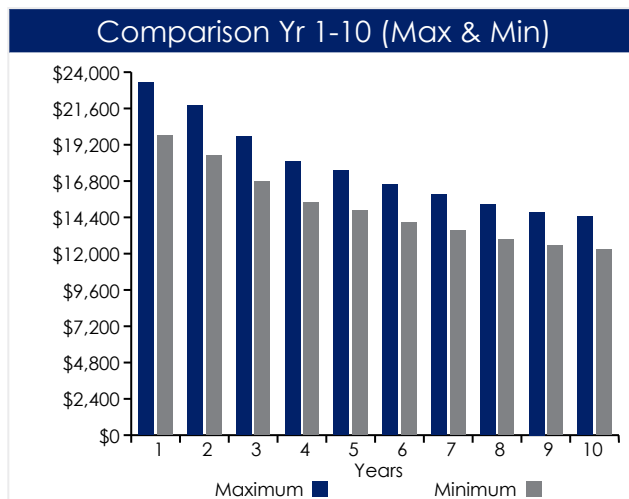
17 The Esplanade

COTTON TREE QLD 4558

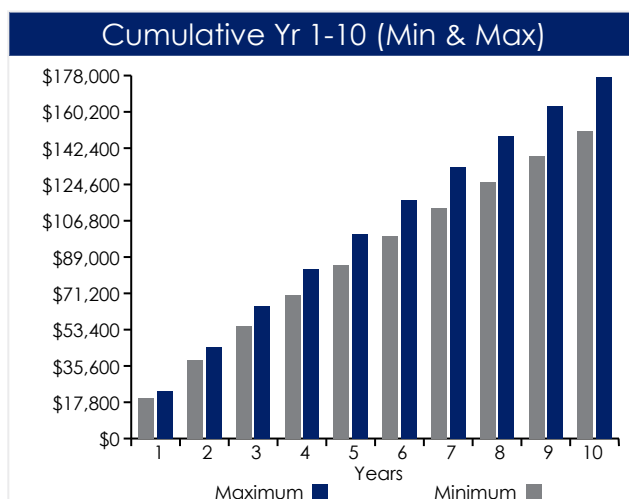
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Estimate of Depreciation Claimable Typical 2 Bedroom 2 Bathroom Apartment, Cotton Tree by Mosaic 17 The Esplanade, COTTON TREE QLD 4558

Maximum			
Year	Plant & Equipment	Division 43	Total
1	10,227	13,090	23,317
2	8,692	13,090	21,782
3	6,657	13,090	19,747
4	5,020	13,090	18,110
5	4,416	13,090	17,506
6	3,484	13,090	16,574
7	2,842	13,090	15,932
8	2,148	13,090	15,238
9	1,673	13,090	14,763
10	1,347	13,090	14,437
11 +	10,691	392,697	403,388
Total	\$57,197	\$523,597	\$580,794



Minimum			
Year	Plant & Equipment	Division 43	Total
1	8,683	11,114	19,797
2	7,380	11,114	18,494
3	5,652	11,114	16,766
4	4,262	11,114	15,376
5	3,749	11,114	14,863
6	2,958	11,114	14,072
7	2,413	11,114	13,527
8	1,823	11,114	12,937
9	1,420	11,114	12,534
10	1,144	11,114	12,258
11 +	9,077	333,422	342,499
Total	\$48,561	\$444,562	\$493,123



* 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

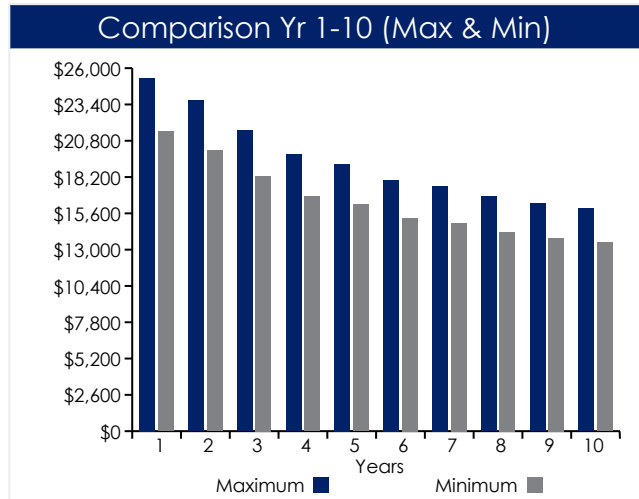
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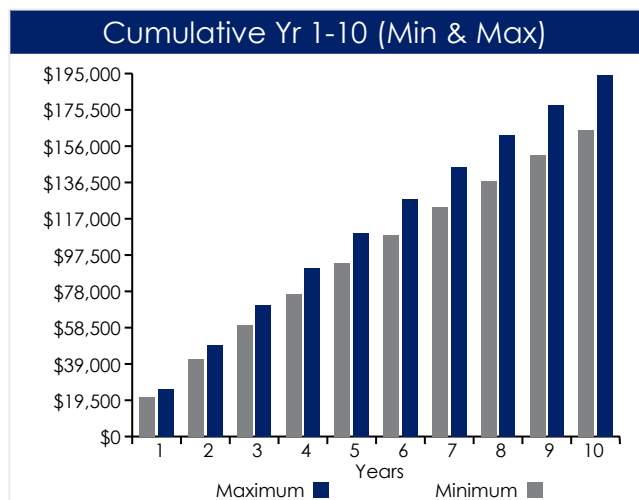
Estimate of Depreciation Claimable

Typical 2 Bedroom 2 Bathroom + MPR Apartment, Cotton Tree by Mosaic 17 The Esplanade, COTTON TREE QLD 4558

Maximum			
Year	Plant & Equipment	Division 43	Total
1	10,829	14,476	25,305
2	9,228	14,476	23,704
3	7,056	14,476	21,532
4	5,329	14,476	19,805
5	4,658	14,476	19,134
6	3,505	14,476	17,981
7	3,079	14,476	17,555
8	2,328	14,476	16,804
9	1,815	14,476	16,291
10	1,465	14,476	15,941
11 +	11,628	434,296	445,924
Total	\$60,920	\$579,056	\$639,976



Minimum			
Year	Plant & Equipment	Division 43	Total
1	9,194	12,291	21,485
2	7,835	12,291	20,126
3	5,991	12,291	18,282
4	4,524	12,291	16,815
5	3,955	12,291	16,246
6	2,976	12,291	15,267
7	2,615	12,291	14,906
8	1,976	12,291	14,267
9	1,541	12,291	13,832
10	1,244	12,291	13,535
11 +	9,873	368,742	378,615
Total	\$51,724	\$491,652	\$543,376



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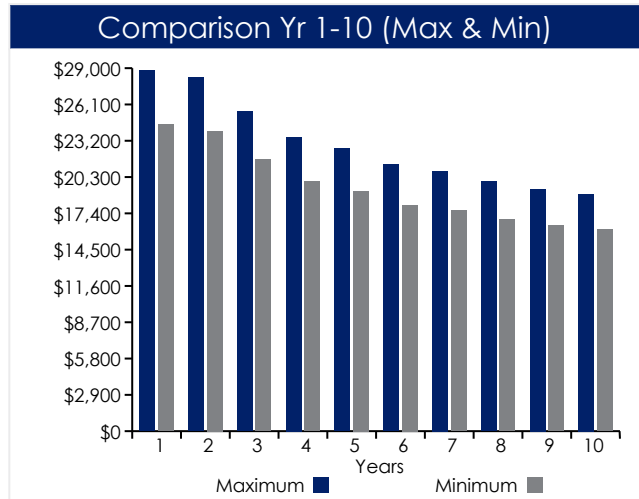
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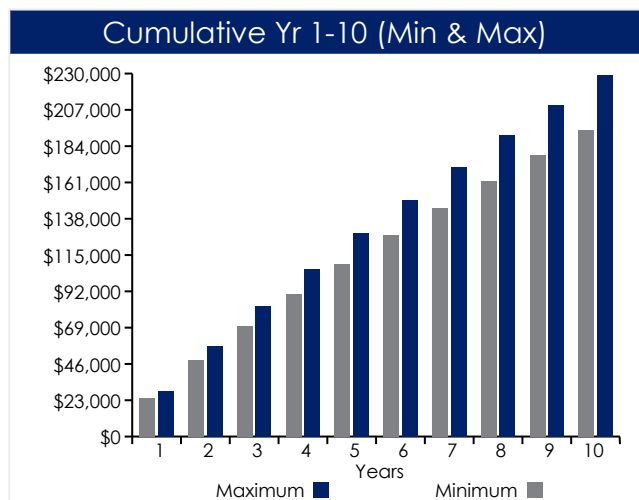
Estimate of Depreciation Claimable

Typical 3 Bedroom 2 Bathroom + MPR Apartment, Cotton Tree by Mosaic 17 The Esplanade, COTTON TREE QLD 4558

Maximum			
Year	Plant & Equipment	Division 43	Total
1	11,601	17,237	28,838
2	11,009	17,237	28,246
3	8,324	17,237	25,561
4	6,257	17,237	23,494
5	5,363	17,237	22,600
6	4,051	17,237	21,288
7	3,553	17,237	20,790
8	2,704	17,237	19,941
9	2,120	17,237	19,357
10	1,714	17,237	18,951
11 +	13,853	517,126	530,979
Total	\$70,549	\$689,496	\$760,045



Minimum			
Year	Plant & Equipment	Division 43	Total
1	9,850	14,635	24,485
2	9,347	14,635	23,982
3	7,068	14,635	21,703
4	5,313	14,635	19,948
5	4,553	14,635	19,188
6	3,440	14,635	18,075
7	3,017	14,635	17,652
8	2,296	14,635	16,931
9	1,800	14,635	16,435
10	1,455	14,635	16,090
11 +	11,762	439,070	450,832
Total	\$59,901	\$585,420	\$645,321



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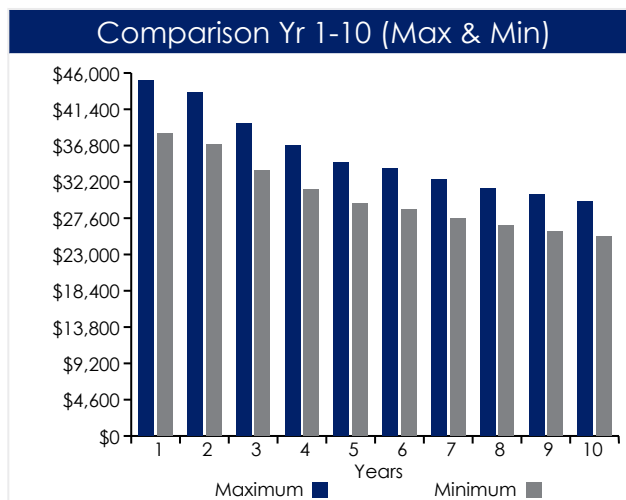
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Estimate of Depreciation Claimable

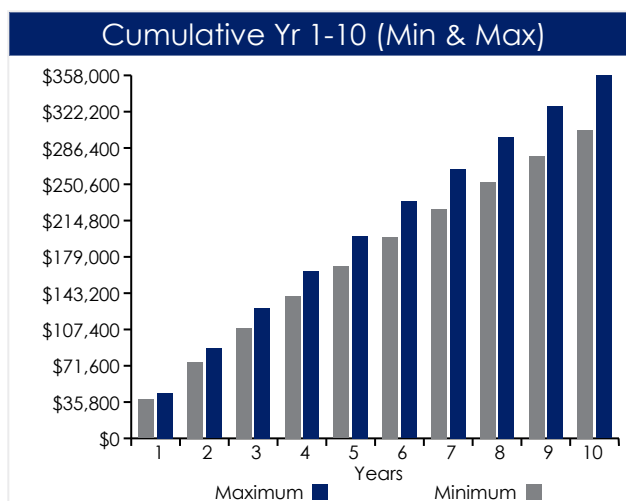
Typical 3 Bedroom 2 Bathroom + Powder + Study Apartment, Cotton Tree by Mosaic

17 The Esplanade, COTTON TREE QLD 4558

Maximum			
Year	Plant & Equipment	Division 43	Total
1	18,477	26,635	45,112
2	16,922	26,635	43,557
3	12,956	26,635	39,591
4	10,127	26,635	36,762
5	8,060	26,635	34,695
6	7,237	26,635	33,872
7	5,811	26,635	32,446
8	4,752	26,635	31,387
9	3,956	26,635	30,591
10	3,143	26,635	29,778
11 +	20,899	799,038	819,937
Total	\$112,340	\$1,065,388	\$1,177,728



Minimum			
Year	Plant & Equipment	Division 43	Total
1	15,688	22,614	38,302
2	14,368	22,614	36,982
3	11,001	22,614	33,615
4	8,599	22,614	31,213
5	6,844	22,614	29,458
6	6,144	22,614	28,758
7	4,934	22,614	27,548
8	4,035	22,614	26,649
9	3,359	22,614	25,973
10	2,669	22,614	25,283
11 +	17,744	678,428	696,172
Total	\$95,385	\$904,568	\$999,953



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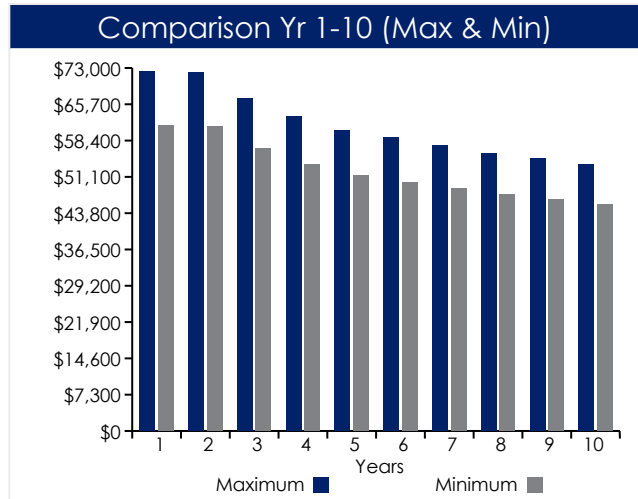
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Estimate of Depreciation Claimable

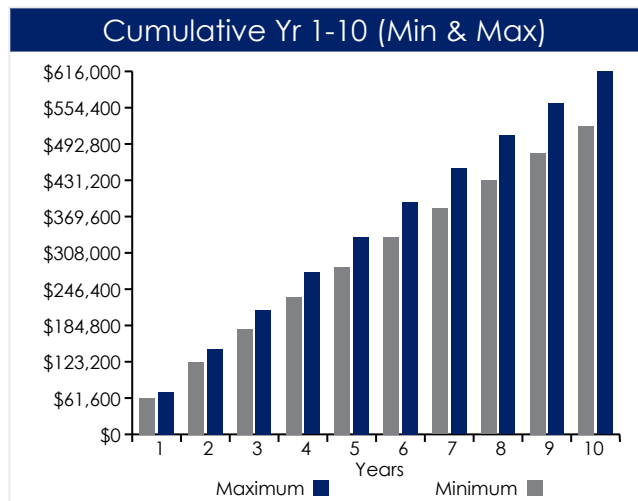
Typical 3 Bedroom 3 Bathroom + Powder + MPR Apartment, Cotton Tree by Mosaic

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Maximum			
Year	Plant & Equipment	Division 43	Total
1	22,858	49,518	72,376
2	22,519	49,518	72,037
3	17,416	49,518	66,934
4	13,699	49,518	63,217
5	10,947	49,518	60,465
6	9,429	49,518	58,947
7	7,808	49,518	57,326
8	6,389	49,518	55,907
9	5,221	49,518	54,739
10	4,152	49,518	53,670
11 +	26,894	1,485,554	1,512,448
Total	\$147,332	\$1,980,734	\$2,128,066



Minimum			
Year	Plant & Equipment	Division 43	Total
1	19,408	42,044	61,452
2	19,120	42,044	61,164
3	14,787	42,044	56,831
4	11,632	42,044	53,676
5	9,294	42,044	51,338
6	8,006	42,044	50,050
7	6,629	42,044	48,673
8	5,424	42,044	47,468
9	4,433	42,044	46,477
10	3,525	42,044	45,569
11 +	22,835	1,261,319	1,284,154
Total	\$125,093	\$1,681,759	\$1,806,852



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