



## Tax Depreciation Report

The Bailey Hotel,  
Cairns City, QLD 4870

GAG Lake Street No 2  
2/10-14 Waterloo Street  
SURREY HILLS, NSW 2010

Issue Schedule	
Issue Date:	Issued by:
24 February 2020	Mark Kilroy Bsc (Hons) MRICS

GAG Lake Street No 2  
2/10-14 Waterloo Street  
SURREY HILLS, NSW 2010

February 2020  
Job No: COM4870003

### **Tax Depreciation Report – The Bailey Hotel, Cairns City, QLD 4870**

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

*Koste Pty Ltd*

Koste Pty Ltd  
Tax Depreciation Quantity Surveyors



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## 1. Property Information

### Date of Report

24 February 2020

### Purchaser

GAG Lake Street No 2

### Property Address

The Bailey Hotel, Cairns City, QLD 4870

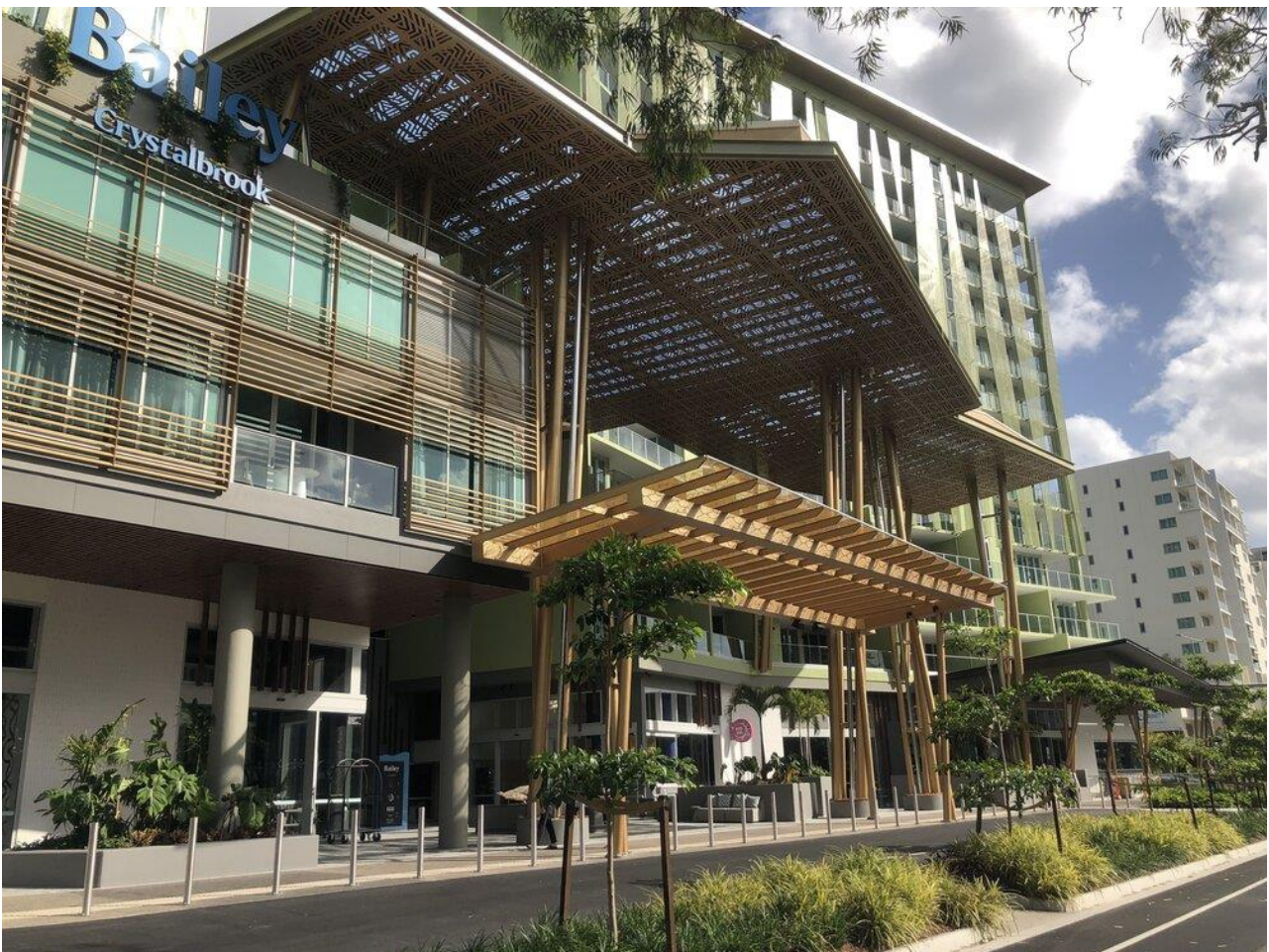
### Property Type

Residential Apartment

### Date of Construction

1 November 2019

### Property Photo



## 2. Report Details

### 2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

#### **Division 40 (Capital Allowances)**

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

#### **Division 40 (Capital Allowances) - Low Value Pool**

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

#### **Division 43 (Capital Works)**

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

### **3. Capital Allowances**

#### **3.1 Entitlement**

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

#### **3.2 Qualifying Expenditure Calculation**

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

#### **3.3 Effective Life**

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

#### **3.4 Immediate Write-Off Assets**

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

#### **3.5 Low Value Pool**

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

### 3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method	Prime Cost Method								
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.	Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.								
Benefits	Benefits								
<ul style="list-style-type: none"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>	<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>								
Calculation Example	Calculation Example								
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p><b>200 / 10 Years = 20% (Adjusted Value)</b></p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>	<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p><b>100 / 10 Years = 10% (Straight Line)</b></p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>								
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

## **4. Capital Works**

### **4.1 Entitlement**

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

### **4.2 Method of Depreciation**

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

### **4.3 Method of Depreciation**

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	1 November 19 to 30 June 20	1,147,852	199,734	1,347,586	1,142,721	2,490,307
2	1 July 20 to 30 June 21	1,432,569	324,568	1,757,137	1,728,247	3,485,384
3	1 July 21 to 30 June 22	1,073,222	202,855	1,276,077	1,728,247	3,004,324
4	1 July 22 to 30 June 23	828,108	126,784	954,893	1,728,247	2,683,140
5	1 July 23 to 30 June 24	656,169	79,240	735,409	1,728,247	2,463,656
6	1 July 24 to 30 June 25	531,793	49,831	581,624	1,728,247	2,309,871
7	1 July 25 to 30 June 26	439,417	31,145	470,562	1,728,247	2,198,809
8	1 July 26 to 30 June 27	368,438	19,761	388,199	1,728,247	2,116,446
9	1 July 27 to 30 June 28	313,130	12,351	325,481	1,728,247	2,053,728
10	1 July 28 to 30 June 29	268,756	7,719	276,475	1,728,247	2,004,722
11	1 July 29 to 30 June 30	232,496	4,825	237,320	1,728,247	1,965,567
12	1 July 30 to 30 June 31	202,107	3,306	205,413	1,728,247	1,933,660
13	1 July 31 to 30 June 32	176,973	2,066	179,039	1,728,247	1,907,286
14	1 July 32 to 30 June 33	155,202	1,915	157,116	1,728,247	1,885,363
15	1 July 33 to 30 June 34	136,909	1,502	138,410	1,728,247	1,866,657
16	1 July 34 to 30 June 35	120,998	1,221	122,220	1,728,247	1,850,467
17	1 July 35 to 30 June 36	107,341	1,071	108,412	1,728,247	1,836,659
18	1 July 36 to 30 June 37	95,709	669	96,379	1,728,247	1,824,626
19	1 July 37 to 30 June 38	85,516	418	85,934	1,728,247	1,814,181
20	1 July 38 to 30 June 39	76,413	629	77,042	1,728,247	1,805,289
21	1 July 39 to 30 June 40	68,213	1,081	69,294	1,728,247	1,797,541
22	1 July 40 to 30 June 41	61,188	1,005	62,193	1,728,247	1,790,440
23	1 July 41 to 30 June 42	55,123	628	55,751	1,728,247	1,783,998
24	1 July 42 to 30 June 43	49,387	1,055	50,442	1,728,247	1,778,689
25	1 July 43 to 30 June 44	44,036	2,056	46,092	1,728,247	1,774,339
26	1 July 44 to 30 June 45	39,771	1,596	41,366	1,728,247	1,769,613
27	1 July 45 to 30 June 46	36,131	997	37,128	1,728,247	1,765,375
28	1 July 46 to 30 June 47	32,512	1,341	33,853	1,728,247	1,762,100
29	1 July 47 to 30 June 48	29,483	1,181	30,664	1,728,247	1,758,911
30	1 July 48 to 30 June 49	26,912	738	27,650	1,728,247	1,755,897
31	1 July 49 to 30 June 50	24,323	1,122	25,445	1,728,247	1,753,692
32	1 July 50 to 30 June 51	22,166	1,040	23,206	1,728,247	1,751,453
33	1 July 51 to 30 June 52	20,299	650	20,949	1,728,247	1,749,196
34	1 July 52 to 30 June 53	18,474	769	19,243	1,728,247	1,747,490
35	1 July 53 to 30 June 54	16,949	481	17,429	1,728,247	1,745,676
36	1 July 54 to 30 June 55	15,559	300	15,860	1,728,247	1,744,107
37	1 July 55 to 30 June 56	14,203	526	14,728	1,728,247	1,742,975
38	1 July 56 to 30 June 57	12,962	681	13,643	1,728,247	1,741,890
39	1 July 57 to 30 June 58	11,925	425	12,350	1,728,247	1,740,597
40	2058+	146,244	709	146,953	2,313,784	2,460,737
<b>Totals</b>		<b>9,194,977</b>	<b>1,089,991</b>	<b>10,284,967</b>	<b>69,129,891</b>	<b>79,414,858</b>

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

### Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

## 6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	1 November 19 to 30 June 20	573,926	199,734	773,660	1,142,721	1,916,381
2	1 July 20 to 30 June 21	868,005	324,568	1,192,573	1,728,247	2,920,820
3	1 July 21 to 30 June 22	868,005	202,855	1,070,860	1,728,247	2,799,107
4	1 July 22 to 30 June 23	868,005	126,784	994,789	1,728,247	2,723,036
5	1 July 23 to 30 June 24	868,005	79,240	947,245	1,728,247	2,675,492
6	1 July 24 to 30 June 25	610,311	49,525	659,836	1,728,247	2,388,083
7	1 July 25 to 30 June 26	478,263	30,953	509,216	1,728,247	2,237,463
8	1 July 26 to 30 June 27	446,088	19,346	465,434	1,728,247	2,193,681
9	1 July 27 to 30 June 28	445,913	12,091	458,004	1,728,247	2,186,251
10	1 July 28 to 30 June 29	445,913	7,557	453,470	1,728,247	2,181,717
11	1 July 29 to 30 June 30	373,025	4,723	377,748	1,728,247	2,105,995
12	1 July 30 to 30 June 31	335,683	2,952	338,635	1,728,247	2,066,882
13	1 July 31 to 30 June 32	299,033	1,845	300,878	1,728,247	2,029,125
14	1 July 32 to 30 June 33	242,518	1,153	243,672	1,728,247	1,971,919
15	1 July 33 to 30 June 34	166,251	721	166,972	1,728,247	1,895,219
16	1 July 34 to 30 June 35	158,849	450	159,299	1,728,247	1,887,546
17	1 July 35 to 30 June 36	155,064	282	155,346	1,728,247	1,883,593
18	1 July 36 to 30 June 37	139,943	176	140,119	1,728,247	1,868,366
19	1 July 37 to 30 June 38	139,853	110	139,963	1,728,247	1,868,210
20	1 July 38 to 30 June 39	139,853	69	139,922	1,728,247	1,868,169
21	1 July 39 to 30 June 40	83,714	43	83,757	1,728,247	1,812,004
22	1 July 40 to 30 June 41	54,987	27	55,014	1,728,247	1,783,261
23	1 July 41 to 30 June 42	54,987	17	55,004	1,728,247	1,783,251
24	1 July 42 to 30 June 43	54,987	10	54,997	1,728,247	1,783,244
25	1 July 43 to 30 June 44	54,987	7	54,994	1,728,247	1,783,241
26	1 July 44 to 30 June 45	54,987	4	54,991	1,728,247	1,783,238
27	1 July 45 to 30 June 46	54,987	3	54,990	1,728,247	1,783,237
28	1 July 46 to 30 June 47	54,987	2	54,989	1,728,247	1,783,236
29	1 July 47 to 30 June 48	54,987	1	54,988	1,728,247	1,783,235
30	1 July 48 to 30 June 49	54,987	1	54,988	1,728,247	1,783,235
31	1 July 49 to 30 June 50	18,617	0	18,617	1,728,247	1,746,864
32	1 July 50 to 30 June 51	0	0	0	1,728,247	1,728,247
33	1 July 51 to 30 June 52	0	0	0	1,728,247	1,728,247
34	1 July 52 to 30 June 53	0	0	0	1,728,247	1,728,247
35	1 July 53 to 30 June 54	0	0	0	1,728,247	1,728,247
36	1 July 54 to 30 June 55	0	0	0	1,728,247	1,728,247
37	1 July 55 to 30 June 56	0	0	0	1,728,247	1,728,247
38	1 July 56 to 30 June 57	0	0	0	1,728,247	1,728,247
39	1 July 57 to 30 June 58	0	0	0	1,728,247	1,728,247
40	2058+	0	0	0	2,313,784	2,313,784
<b>Totals</b>		<b>9,219,720</b>	<b>1,065,248</b>	<b>10,284,967</b>	<b>69,129,891</b>	<b>79,414,858</b>

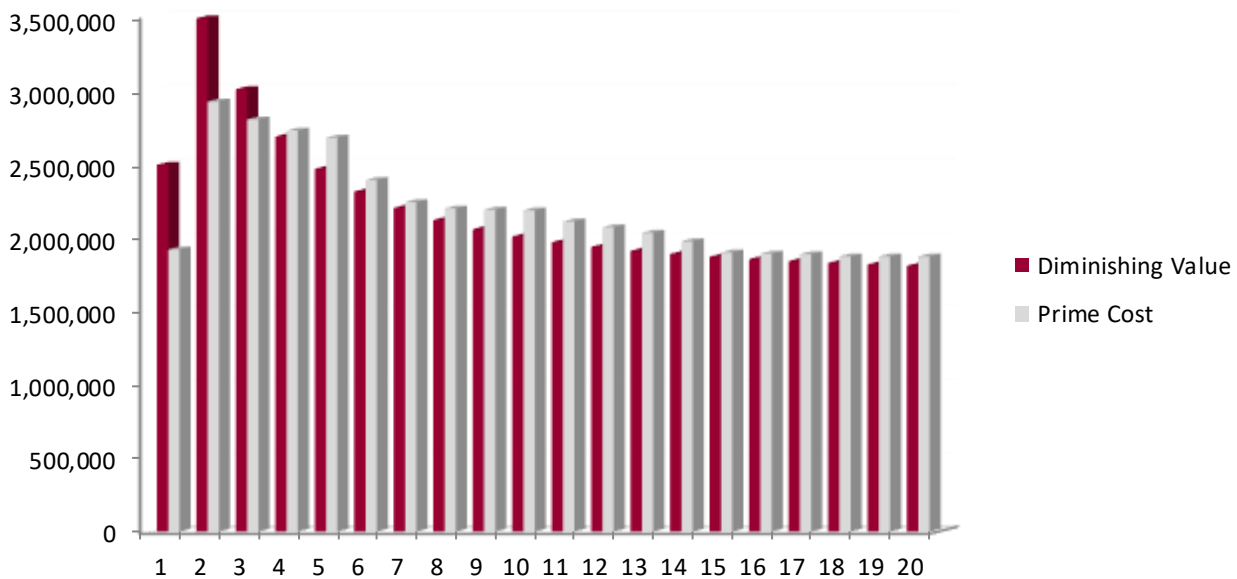
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

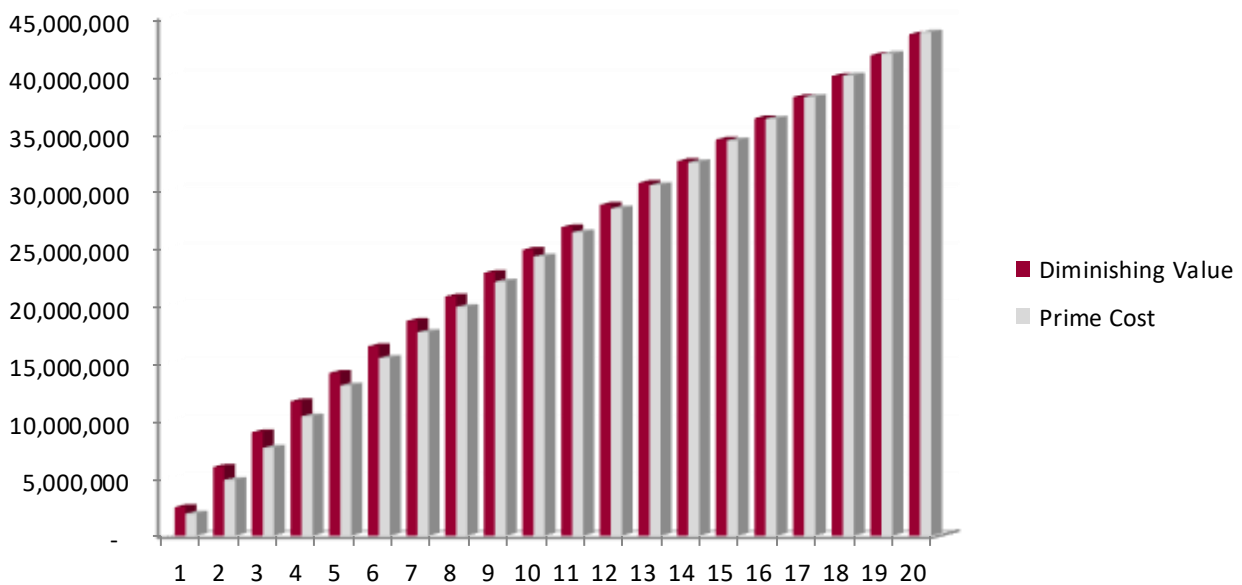
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



Advantages of using diminishing value method over prime cost method, as can be seen in the 20 year comparison graph, diminishing value method has higher deductions in the first few years. Prime cost method has lower deductions over the first few years, but around the 5-6 year mark starts to give higher deductions and in later years. However cumulatively they equal out at about the 10 year mark. It comes down to whether you want the higher deductions in the first few years or the more evenly spread out deductions approach.

## 8. Capital Expenditure Analysed

### Construction Details

Contract Date	30 November 2016
Handover Date	1 November 2019

### Expenditure Analysed

Construction Cost	\$79,814,247
<b>Total Expenditure Analysed</b>	<b>\$79,814,247</b>

### Historical Construction Details

Construction Start Date	30 November 2016
Construction Completion Date	1 November 2019
Historical Construction Cost (Estimated)*	\$79,814,247

## 9. Reconciliation of Capital Expenditure

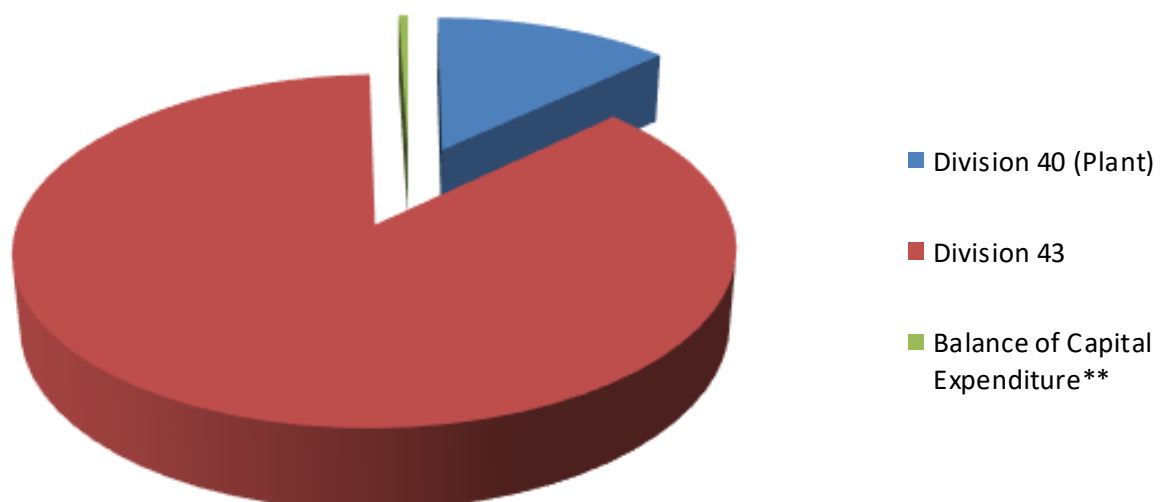
### Apportionment of cost relating to:

Division 40 (Plant)	\$10,284,967
Division 43	\$69,129,891
Balance of Capital Expenditure**	\$399,389
<b>Total Expenditure Analysed</b>	<b>\$79,814,247</b>

### Notes

\* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

\*\* Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



## 10. Diminishing Value Depreciation Schedule

Assets Generally	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>TABLE A</b>													
<b>ACCOMMODATION AND FOOD SERVICES</b>													
<b>Accommodation</b>													
Assets generally:													
Air conditioning assets chillers centrifugal	10.00%	1-Nov-19	638,881	42,243	59,664	53,697	48,328	43,495	39,145	35,231	31,708	28,537	25,683
Air conditioning assets fan coil units	13.33%	1-Nov-19	64,361	5,674	7,825	6,782	5,877	5,094	4,415	3,826	3,316	2,874	2,491
Air conditioning assets pumps	10.00%	1-Nov-19	22,817	1,509	2,131	1,918	1,726	1,553	1,398	1,258	1,132	1,019	917
Door closers	20.00%	1-Nov-19	17,037	2,253	2,957	2,365	1,892	1,514	1,211	969	775	620	496
Distribution boards	12.00%	1-Nov-19	253,524	20,116	28,009	24,648	21,690	19,087	16,797	14,781	13,008	11,447	10,073
Hand dryers, electrical	20.00%	1-Nov-19	2,299	304	399	319	255	204	306	191	120	75	47
Intercom system assets	20.00%	1-Nov-19	126,424	16,718	21,941	17,553	14,042	11,234	8,987	7,190	5,752	4,601	3,681
Lights fittings	18.75%	1-Nov-19	5,138	963	1,566	978	612	382	239	149	93	58	36
Master antenna television assets amplifiers	20.00%	1-Nov-19	74,367	9,834	12,907	10,325	8,260	6,608	5,287	4,229	3,383	2,707	2,165
Solar power generating system assets	10.00%	1-Nov-19	206,876	13,679	19,320	17,388	15,649	14,084	12,676	11,408	10,267	9,241	8,316
Ventilation fans	10.00%	1-Nov-19	44,620	2,950	4,167	3,750	3,375	3,038	2,734	2,461	2,215	1,993	1,794
<b>Residential property operator</b>													
Air-conditioning assets (excl. ducting, pipes & vents)													
Air handling units	10.00%	1-Nov-19	441,335	29,181	41,215	37,094	33,384	30,046	27,041	24,337	21,904	19,713	17,742
Bathroom assets													
Accessories freestanding	40.00%	1-Nov-19	174,222	46,078	51,257	30,754	18,453	11,072	6,643	3,986	2,391	1,435	861
Exhaust fans (including light/heating)	18.75%	1-Nov-19	247,304	46,370	75,351	47,094	29,434	18,396	11,498	7,186	4,491	2,807	1,754
Ceiling Fans	18.75%	1-Nov-19	200,791	37,648	61,179	38,237	23,898	14,936	9,335	5,834	3,647	2,279	1,424
Communication & piped music system	30.00%	1-Nov-19	215,665	42,779	51,866	36,306	25,414	17,790	12,453	8,717	6,102	4,271	2,990
Computer systems													
Building management system	40.00%	1-Nov-19	1,308,185	345,990	384,878	230,927	138,556	83,134	49,880	29,928	17,957	10,774	6,464
Curtains and drapes	18.75%	1-Nov-19	274,482	51,465	83,631	52,270	32,668	20,418	12,761	7,976	4,985	3,116	1,947
Door closers	18.75%	1-Nov-19	52,057	9,761	15,861	9,913	6,196	3,872	2,420	1,513	945	591	369
Electrical Machinery & Equipment													
Switchboards	10.00%	1-Nov-19	169,016	11,175	15,784	14,206	12,785	11,507	10,356	9,320	8,388	7,549	6,795
Fire control assets													
Detection & alarm systems, bells	16.67%	1-Nov-19	67,606	7,450	10,026	8,355	6,963	5,802	4,835	4,029	3,358	2,798	2,332
Detection & alarm systems, detectors	18.75%	1-Nov-19	161,147	30,215	49,099	30,687	19,179	11,987	7,492	4,682	2,927	1,829	1,143
Detection & alarm systems, fire indicator panel	16.67%	1-Nov-19	37,860	4,172	5,615	4,679	3,899	3,249	2,708	2,256	1,880	1,567	1,306
Emergency warning & intercommunication system	16.67%	1-Nov-19	125,674	13,849	18,637	15,531	12,943	10,786	8,988	7,490	6,242	5,201	4,334
Fire extinguishers	18.75%	1-Nov-19	12,778	2,396	3,893	2,433	1,521	950	594	371	232	145	91
Stair pressurisation & extraction fans	10.00%	1-Nov-19	135,213	8,940	12,627	11,365	10,228	9,205	8,285	7,456	6,711	6,040	5,436
Carried forward			5,079,677	803,714	1,041,804	709,574	497,228	359,443	268,483	206,776	163,928	133,287	110,689

## Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Division 40 - Plant and Equipment</b>													
		Brought forward	5,079,677	803,714	1,041,804	709,574	497,228	359,443	268,483	206,776	163,928	133,287	110,689
Floor coverings ( removable without damage)													
	20.00%	1-Nov-19	356,962	47,205	61,951	49,561	39,649	31,719	25,375	20,300	16,240	12,992	10,394
	20.00%	1-Nov-19	202,008	26,714	35,059	28,047	22,438	17,950	14,360	11,488	9,190	7,352	5,882
Furniture													
	15.00%	1-Nov-19	1,448,671	143,716	195,792	166,416	141,447	120,225	102,187	86,855	73,823	62,747	53,333
Garden watering system													
	10.00%	1-Nov-19	38,536	2,548	3,599	3,239	2,915	2,624	2,361	2,125	1,913	1,721	1,549
Garden watering installations													
	40.00%	1-Nov-19	22,986	6,079	6,763	4,058	2,435	1,461	876	526	296	185	116
Hot water systems (excluding piping)													
	16.67%	1-Nov-19	74,367	8,195	11,029	9,191	7,659	6,382	5,319	4,432	3,693	3,078	2,565
Kitchen assets													
	16.67%	1-Nov-19	141,297	15,571	20,954	17,462	14,552	12,126	10,105	8,421	7,018	5,848	4,873
	20.00%	1-Nov-19	149,478	19,767	25,942	20,754	16,603	13,282	10,626	8,501	6,801	5,440	4,352
	16.67%	1-Nov-19	185,918	20,488	27,572	22,976	19,147	15,956	13,296	11,080	9,234	7,695	6,412
	18.75%	1-Nov-19	92,959	17,430	28,323	17,702	11,064	6,915	4,322	2,701	1,688	1,055	659
	16.67%	1-Nov-19	32,451	3,576	4,812	4,010	3,342	2,785	2,321	1,934	1,612	1,343	1,119
Laundry assets													
	20.00%	1-Nov-19	173,722	22,973	30,150	24,120	19,296	15,437	12,349	9,879	7,904	6,323	5,058
Lifts (including hydraulic & tractions lifts)													
	6.67%	1-Nov-19	1,649,597	72,714	105,126	98,117	91,576	85,471	79,773	74,455	69,491	64,858	60,534
Lights													
	40.00%	1-Nov-19	443,322	117,250	130,429	78,257	46,954	28,173	16,904	10,142	6,085	3,651	2,191
Mirrors, freestanding													
	13.33%	1-Nov-19	103,438	9,119	12,576	10,899	9,446	8,186	7,095	6,149	5,329	4,619	4,003
Swimming pools													
	15.00%	1-Nov-19	43,268	4,291	5,847	4,970	4,224	3,590	3,052	2,594	2,205	1,874	1,593
	15.00%	1-Nov-19	20,282	2,012	2,741	2,329	1,980	1,683	1,431	1,216	1,034	879	747
	15.00%	1-Nov-19	7,437	738	1,005	854	726	617	525	446	379	322	274
Signage													
	18.75%	1-Nov-19	18,592	3,486	5,665	3,540	2,213	1,383	864	540	338	211	132
<b>Pooled Plant Total</b>				<b>199,734</b>	<b>324,568</b>	<b>202,855</b>	<b>126,784</b>	<b>79,240</b>	<b>49,831</b>	<b>31,145</b>	<b>19,761</b>	<b>12,351</b>	<b>7,719</b>
<b>Effective Life Plant Total</b>				<b>1,147,852</b>	<b>1,432,569</b>	<b>1,073,222</b>	<b>828,108</b>	<b>656,169</b>	<b>531,793</b>	<b>439,417</b>	<b>368,438</b>	<b>313,130</b>	<b>268,756</b>
<b>Total Division 40</b>			<b>10,284,967</b>	<b>1,347,586</b>	<b>1,757,137</b>	<b>1,276,077</b>	<b>954,893</b>	<b>735,409</b>	<b>581,624</b>	<b>470,562</b>	<b>388,199</b>	<b>325,481</b>	<b>276,475</b>

## Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2019</b>	2.50%	01-Nov-19	69,129,891	1,142,721	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247
<b>Total Division 43</b>			69,129,891	1,142,721	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247
<b>Total Depreciation</b>			79,414,858	2,490,307	3,485,384	3,004,324	2,683,140	2,463,656	2,309,871	2,198,809	2,116,446	2,053,728	2,004,722

## 11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost													
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>TABLE A</b>														
<b>ACCOMMODATION AND FOOD SERVICES</b>														
<b>Accommodation</b>														
Assets generally:														
Air conditioning assets chillers centrifugal	5.00%	01-Nov-19	638,881	21,121	31,944	31,944	31,944	31,944	31,944	31,944	31,944	31,944	31,944	
Air conditioning assets fan coil units	6.67%	01-Nov-19	64,361	2,837	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	
Air conditioning assets pumps	5.00%	01-Nov-19	22,817	754	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141	
Door closers	10.00%	01-Nov-19	17,037	1,126	1,704	1,704	1,704	1,704	1,704	1,704	1,704	1,704	1,704	
Distribution boards	6.00%	01-Nov-19	253,524	10,058	15,211	15,211	15,211	15,211	15,211	15,211	15,211	15,211	15,211	
Hand dryers, electrical	10.00%	01-Nov-19	2,299	152	230	230	230	230	230	230	230	230	230	
Intercom system assets	10.00%	01-Nov-19	126,424	8,359	12,642	12,642	12,642	12,642	12,642	12,642	12,642	12,642	12,642	
Lights fittings	18.75%	01-Nov-19	5,138	963	1,566	978	612	382	239	149	93	58	36	
Master antenna television assets amplifiers	10.00%	01-Nov-19	74,367	4,917	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	
Solar power generating system assets	5.00%	01-Nov-19	206,876	6,839	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	
Ventilation fans	5.00%	01-Nov-19	44,620	1,475	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	
<b>Residential property operator</b>														
Air-conditioning assets (excl. ducting, pipes & vents)														
Air handling units	5.00%	01-Nov-19	441,335	14,591	22,067	22,067	22,067	22,067	22,067	22,067	22,067	22,067	22,067	
Bathroom assets														
Accessories freestanding	20.00%	01-Nov-19	174,222	23,039	34,844	34,844	34,844	34,844	11,807					
Exhaust fans (including light/heating)	18.75%	01-Nov-19	247,304	46,370	75,351	47,094	29,434	18,396	11,498	7,186	4,491	2,807	1,754	
Ceiling Fans	18.75%	01-Nov-19	200,791	37,648	61,179	38,237	23,898	14,936	9,335	5,834	3,647	2,279	1,424	
Communication & piped music system	15.00%	01-Nov-19	215,665	21,390	32,350	32,350	32,350	32,350	32,350	32,350	175			
Computer systems														
Building management system	20.00%	01-Nov-19	1,308,185	172,995	261,637	261,637	261,637	261,637	88,642					
Curtains and drapes	18.75%	01-Nov-19	274,482	51,465	83,631	52,270	32,668	20,418	12,761	7,976	4,985	3,116	1,947	
Door closers	18.75%	01-Nov-19	52,057	9,761	15,861	9,913	6,196	3,872	2,420	1,513	945	591	369	
<b>Electrical Machinery &amp; Equipment</b>														
Switchboards														
Switchboards	5.00%	01-Nov-19	169,016	5,588	8,451	8,451	8,451	8,451	8,451	8,451	8,451	8,451	8,451	
<b>Fire control assets</b>														
Detection & alarm systems, bells	8.33%	01-Nov-19	67,606	3,725	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	5,634	
Detection & alarm systems, detectors	18.75%	01-Nov-19	161,147	30,215	49,099	30,687	19,179	11,987	7,492	4,682	2,927	1,829	1,143	
Detection & alarm systems, fire indicator panel	8.33%	01-Nov-19	37,860	2,086	3,155	3,155	3,155	3,155	3,155	3,155	3,155	3,155	3,155	
Emergency warning & intercommunication system	8.33%	01-Nov-19	125,674	6,925	10,473	10,473	10,473	10,473	10,473	10,473	10,473	10,473	10,473	
Fire extinguishers	18.75%	01-Nov-19	12,778	2,396	3,893	2,433	1,521	950	594	371	232	145	91	
Stair pressurisation & extraction fans	5.00%	01-Nov-19	135,213	4,470	6,761	6,761	6,761	6,761	6,761	6,761	6,761	6,761	6,761	
<b>Carried forward</b>			<b>5,079,677</b>	<b>491,266</b>	<b>763,127</b>	<b>654,159</b>	<b>586,055</b>	<b>543,489</b>	<b>320,853</b>	<b>203,778</b>	<b>161,211</b>	<b>154,541</b>	<b>150,482</b>	



## Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost													
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Brought forward			5,079,677	491,266	763,127	654,159	586,055	543,489	320,853	203,778	161,211	154,541	150,482	
Floor coverings ( removable without damage)														
Carpets	10.00%	01-Nov-19	356,962	23,602	35,696	35,696	35,696	35,696	35,696	35,696	35,696	35,696	35,696	
Linoleum & vinyl	10.00%	01-Nov-19	202,008	13,357	20,201	20,201	20,201	20,201	20,201	20,201	20,201	20,201	20,201	
Furniture	7.50%	01-Nov-19	1,448,671	71,858	108,677	108,677	108,677	108,677	108,677	108,677	108,677	108,677	108,677	
Garden watering system	5.00%	01-Nov-19	38,536	1,274	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	
Garden watering installations														
Control panels, pumps & timing devices	20.00%	01-Nov-19	22,986	3,040	4,597	4,597	4,597	4,597	1,558					
Hot water systems (excluding piping)														
Gas or electric	8.33%	01-Nov-19	74,367	4,098	6,197	6,197	6,197	6,197	6,197	6,197	6,197	6,197	6,197	
Kitchen assets														
Cooktops	8.33%	01-Nov-19	141,297	7,786	11,775	11,775	11,775	11,775	11,775	11,775	11,775	11,775	11,775	
Dishwashers	10.00%	01-Nov-19	149,478	9,884	14,948	14,948	14,948	14,948	14,948	14,948	14,948	14,948	14,948	
Ovens	8.33%	01-Nov-19	185,918	10,244	15,493	15,493	15,493	15,493	15,493	15,493	15,493	15,493	15,493	
Rangehoods	18.75%	01-Nov-19	92,959	17,430	28,323	17,702	11,064	6,915	4,322	2,701	1,688	1,055	659	
Refrigerators	8.33%	01-Nov-19	32,451	1,788	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	
Laundry assets														
Washing machines	10.00%	01-Nov-19	173,722	11,487	17,372	17,372	17,372	17,372	17,372	17,372	17,372	17,372	17,372	
Lifts (including hydraulic & tractions lifts)	3.33%	01-Nov-19	1,649,597	36,357	54,987	54,987	54,987	54,987	54,987	54,987	54,987	54,987	54,987	
Lights														
Fittings (excluding hardwired)	20.00%	01-Nov-19	443,322	58,625	88,664	88,664	88,664	88,664	30,041					
Mirrors, freestanding	6.67%	01-Nov-19	103,438	4,560	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	
Swimming pools														
Filtration equipment	7.50%	01-Nov-19	43,268	2,146	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	3,245	
Heating equipment	7.50%	01-Nov-19	20,282	1,006	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521	
Pool equipment	7.50%	01-Nov-19	7,437	369	558	558	558	558	558	558	558	558	558	
Signage	18.75%	01-Nov-19	18,592	3,486	5,665	3,540	2,213	1,383	864	540	338	211	132	
<b>Pooled Plant Total</b>				<b>199,734</b>	<b>324,568</b>	<b>202,855</b>	<b>126,784</b>	<b>79,240</b>	<b>49,525</b>	<b>30,953</b>	<b>19,346</b>	<b>12,091</b>	<b>7,557</b>	
<b>Effective Life Plant Total</b>				<b>573,926</b>	<b>868,005</b>	<b>868,005</b>	<b>868,005</b>	<b>868,005</b>	<b>610,311</b>	<b>478,263</b>	<b>446,088</b>	<b>445,913</b>	<b>445,913</b>	
<b>Total Division 40</b>			<b>10,284,967</b>	<b>773,660</b>	<b>1,192,573</b>	<b>1,070,860</b>	<b>994,789</b>	<b>947,245</b>	<b>659,836</b>	<b>509,216</b>	<b>465,434</b>	<b>458,004</b>	<b>453,470</b>	

## Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2019	2.50%	01-Nov-19	69,129,891	1,142,721	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247
<b>Total Division 43</b>			69,129,891	1,142,721	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247	1,728,247
<b>Total Depreciation</b>			79,414,858	1,916,381	2,920,820	2,799,107	2,723,036	2,675,492	2,388,083	2,237,463	2,193,681	2,186,251	2,181,717

## 12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

### Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2019	30 Nov 16 to 1 Nov 19	69,129,891	2.50%	1,728,247	69,129,891
<b>Sub-total</b>		<b>69,129,891</b>		<b>1,728,247</b>	<b>69,129,891</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
	30 Nov 16 to 1 Nov 19		2.50%		
<b>Sub-total</b>					
<b>Totals</b>		<b>69,129,891</b>		<b>1,728,247</b>	<b>69,129,891</b>

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

### 13. Definition of Terms

<b>Adjusted Value</b>	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
<b>Balancing Adjustment</b>	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
<b>Decline in Value</b>	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
<b>Depreciating Assets</b>	Assets with limited effective life that are reasonably expected to decline in value.
<b>Diminishing Value Method</b>	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
<b>Effective Life</b>	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
<b>Immediate WriteOff</b>	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
<b>Installed Costs</b>	This is the total cost of installing the asset inclusive of fees and labour etc.
<b>Low Value Pool</b>	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
<b>Low Cost Asset</b>	A depreciable asset with an installed cost of less than \$1000.
<b>Low Value Asset</b>	A depreciable asset that has an adjusted value of less than \$1000.
<b>Non Eligible</b>	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
<b>Prime Cost Method</b>	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

## 14. Contact Details

COMPANY DETAILS	
Company Name	Koste Pty Ltd
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## **15. Disclaimer**

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.