

27 September 2021
File Ref 2068081212/B&E NinebyMirvac/Desktop/pbo

Zara Stanley
Mirvac Residential (NSW) Developments Pty Ltd
Level 28, 200 George Street
SYDNEY NSW 2000

Dear Madam

Estimates of Capital Allowances and Associated Tax Deductions Buildings B & E, Nine by Mirvac, Willoughby NSW

Further to your recent instructions we set out below our report detailing the depreciation and associated tax deductions that could be available to purchasers of residential strata apartments at the above development under the Income Tax Assessment Act 1997 (ITAA 1997).

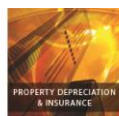
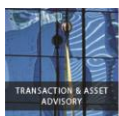
The purpose of this report is to provide a broad indication of capital allowances and capital works deductions available from a purchase at the above development. The figures should be used for preliminary tax planning purposes only. In the absence of information as to the tax status of purchasers at the property for depreciation purposes, we have assumed that the allowances will be available and be of benefit to purchasers. The estimated figures supplied cannot be used in a tax return.

This stage of the residential development consists of Buildings B & E being 6 and 9 storey buildings comprising 39 and 69 residential strata apartments all above security basement car parking. Typical residential services include air-conditioning, carpets, electrical light and power, fire services, high quality appliances, general fixtures and fittings and lifts.

1. Allowances Available and Valuation Methodology

Generally, a tax paying purchaser at the development will be entitled to allowances in respect of:

1. Capital allowances for depreciating assets (Division 40 of ITAA 1997)
2. Capital works deductions on structure and infrastructure (Division 43 ITAA 1997)



Sydney
Melbourne
Brisbane

Adelaide
Perth
Singapore



Assuming that there are no restrictive clauses in the Contract of Sale the depreciating assets will be able to be depreciated on the basis of a reasonable attribution of the purchase price (Section 40-195 ITAA 1997). Depending on the date the building commenced construction, a capital works deduction will be available based on the historical cost of construction having deducted non-qualifying expenditure, and notionally depreciating the qualifying expenditure to the date of settlement.

In the case of the depreciating assets, depreciation rates used are in accordance with legislation in force at the time of purchase.

This report has been amended to accord with the effective lives for depreciating assets in TR2021/3 effective 1 July 2021.

1.1 Basis of Estimate

As discussed above, the estimate of allowances for depreciating assets has been based on a reasonable attribution of the purchase price and for capital works deductions, historical cost has been used. We have been supplied with the following information, which has been accepted in good faith.

- Plans (A3 DA Plans)
- Construction cost information (Mirvac Estimates)
- Construction dates (Anticipated)
- Land value (Mirvac Assessment)
- Purchase details (Anticipated)
- Verbal advice

We have not undertaken a site inspection of the property as construction is yet to complete. The results are based on our experience of this type of development.

The purchase prices analysed and land components deducted as advised, are as indicated on the estimates. It is worth noting that should the purchase price or land value change, then the value of the capital allowances will also change.

With regards to the Division 43 Capital works deductions on the qualifying component of the structure and infrastructure we have used the following input data.

- Construction commenced March 2021 qualifying for a 2.5% annual deduction.

For the purpose of calculating the first year claim, an anticipated settlement date of 31 July 2023 has been adopted.

Please find attached our estimates of allowances.



2. Disclaimer

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

3. Summary

If effectively structured at the time of purchase, capital allowances and capital works deductions can significantly enhance the bottom line of a property investment. This is clearly demonstrated in the attached estimate.

If you have any queries in respect of the contents of this report, please do not hesitate to contact Peter Osborn of this office.

Yours faithfully

A handwritten signature in black ink that reads "Napier & Blakeley Pty Ltd". The signature is written in a cursive, flowing style.

Napier & Blakeley Pty Ltd



Estimates of Capital Allowances and Associated Tax Deductions

Residential Strata Apartments

Buildings B & E Nine by Mirvac, Willoughby NSW

Prepared for
Mircac Residential (NSW) Developments Pty
Ltd
Level 28, 200 George Street
SYDNEY NSW 2000

Prepared by
Napier & Blakeley Pty Ltd
ACN 006 386 278 ATF
Napier & Blakeley Unit Trust
ABN 87 601 474 307
Level 8
20 Hunter Street
SYDNEY NSW 2000
Tel 02 9299 1899 Fax 02 9299 9525

September 2021

**File Ref 2068081212/B&E
NinebyMircac/Desktop/pbo**



**TYPICAL ONE BEDROOM (NO CAR SPACE) APARTMENT
BUILDINGS B & E, NINE BY MIRVAC, WILLOUGHBY NSW
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$875,000 which includes a land value assessment of \$96,320.

M I N I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	6,100	6,600	12,700
2	5,900	7,200	13,100
3	4,900	7,200	12,100
4	4,100	7,200	11,300
5	3,500	7,200	10,700
6	3,000	7,200	10,200
7	2,600	7,200	9,800
8	2,300	7,200	9,500
9	2,000	7,200	9,200
10	1,800	7,200	9,000
11 +	15,600	215,300	230,900
TOTALS	51,800	286,700	338,500

M A X I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	6,700	6,500	13,200
2	6,500	7,000	13,500
3	5,400	7,000	12,400
4	4,600	7,000	11,600
5	3,900	7,000	10,900
6	3,400	7,000	10,400
7	2,900	7,000	9,900
8	2,500	7,000	9,500
9	2,200	7,000	9,200
10	2,000	7,000	9,000
11 +	17,100	211,800	228,900
TOTALS	57,200	281,300	338,500

* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING (02) 9299-1899

PBO Bldgs B&E.DT1

NOT ACCEPTABLE FOR TAX RETURNS



**TYPICAL ONE BEDROOM + STUDY (ONE CAR SPACE) APARTMENT
BUILDINGS B & E, NINE BY MIRVAC, WILLOUGHBY NSW
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$1,195,000 which includes a land value assessment of \$126,968.

M I N I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	8,400	8,700	17,100
2	8,100	9,500	17,600
3	6,700	9,500	16,200
4	5,700	9,500	15,200
5	4,800	9,500	14,300
6	4,200	9,500	13,700
7	3,600	9,500	13,100
8	3,100	9,500	12,600
9	2,800	9,500	12,300
10	2,400	9,500	11,900
11 +	21,200	283,900	305,100
TOTALS	71,000	378,100	449,100

M A X I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	9,200	8,500	17,700
2	8,900	9,300	18,200
3	7,400	9,300	16,700
4	6,300	9,300	15,600
5	5,300	9,300	14,600
6	4,600	9,300	13,900
7	4,000	9,300	13,300
8	3,500	9,300	12,800
9	3,100	9,300	12,400
10	2,700	9,300	12,000
11 +	23,500	278,400	301,900
TOTALS	78,500	370,600	449,100

* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING (02) 9299-1899

PBO Bldgs B&E.DT2

NOT ACCEPTABLE FOR TAX RETURNS



**TYPICAL TWO BEDROOM (ONE CAR SPACE) APARTMENT
BUILDINGS B & E, NINE BY MIRVAC, WILLOUGHBY NSW
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$1,460,000 which includes a land value assessment of \$159,804.

M I N I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	10,200	10,900	21,100
2	9,800	11,900	21,700
3	8,200	11,900	20,100
4	6,900	11,900	18,800
5	5,900	11,900	17,800
6	5,100	11,900	17,000
7	4,400	11,900	16,300
8	3,800	11,900	15,700
9	3,400	11,900	15,300
10	3,000	11,900	14,900
11 +	25,800	357,700	383,500
TOTALS	86,500	475,700	562,200

M A X I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	11,200	10,700	21,900
2	10,900	11,700	22,600
3	9,000	11,700	20,700
4	7,600	11,700	19,300
5	6,500	11,700	18,200
6	5,600	11,700	17,300
7	4,900	11,700	16,600
8	4,200	11,700	15,900
9	3,700	11,700	15,400
10	3,300	11,700	15,000
11 +	28,700	350,600	379,300
TOTALS	95,600	466,600	562,200

* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING (02) 9299-1899

PBO Bldgs B&E.DT3

NOT ACCEPTABLE FOR TAX RETURNS



**TYPICAL TWO BEDROOM + MEDIA (ONE CAR SPACE) APARTMENT
BUILDINGS B & E, NINE BY MIRVAC, WILLOUGHBY NSW
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$1,845,000 which includes a land value assessment of \$201,397.

MINIMUM			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	12,400	13,800	26,200
2	12,000	15,100	27,100
3	10,000	15,100	25,100
4	8,500	15,100	23,600
5	7,200	15,100	22,300
6	6,200	15,100	21,300
7	5,400	15,100	20,500
8	4,700	15,100	19,800
9	4,100	15,100	19,200
10	3,600	15,100	18,700
11 +	31,800	453,200	485,000
TOTALS	105,900	602,900	708,800

MAXIMUM			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	13,800	13,600	27,400
2	13,300	14,800	28,100
3	11,100	14,800	25,900
4	9,400	14,800	24,200
5	8,000	14,800	22,800
6	6,900	14,800	21,700
7	6,000	14,800	20,800
8	5,200	14,800	20,000
9	4,600	14,800	19,400
10	4,000	14,800	18,800
11 +	35,100	444,600	479,700
TOTALS	117,400	591,400	708,800

* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING (02) 9299-1899

PBO Bldgs B&E.DT4

NOT ACCEPTABLE FOR TAX RETURNS



**TYPICAL THREE BEDROOM (ONE CAR SPACE) APARTMENT
BUILDINGS B & E, NINE BY MIRVAC, WILLOUGHBY NSW
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$2,275,000 which includes a land value assessment of \$247,368.

M I N I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	14,700	17,100	31,800
2	14,200	18,700	32,900
3	11,800	18,700	30,500
4	10,000	18,700	28,700
5	8,500	18,700	27,200
6	7,300	18,700	26,000
7	6,400	18,700	25,100
8	5,500	18,700	24,200
9	4,900	18,700	23,600
10	4,300	18,700	23,000
11 +	37,300	560,900	598,200
TOTALS	124,900	746,300	871,200

M A X I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	16,900	16,700	33,600
2	16,300	18,200	34,500
3	13,600	18,200	31,800
4	11,500	18,200	29,700
5	9,800	18,200	28,000
6	8,400	18,200	26,600
7	7,300	18,200	25,500
8	6,400	18,200	24,600
9	5,600	18,200	23,800
10	4,900	18,200	23,100
11 +	42,700	547,300	590,000
TOTALS	143,400	727,800	871,200

* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING (02) 9299-1899

PBO Bldgs B&E.DT5

NOT ACCEPTABLE FOR TAX RETURNS



**TYPICAL THREE BEDROOM + MEDIA (TWO CAR SPACE) APARTMENT
BUILDINGS B & E, NINE BY MIRVAC, WILLOUGHBY NSW
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$2,795,000 which includes a land value assessment of \$304,285.

M I N I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	16,600	21,300	37,900
2	16,000	23,200	39,200
3	13,400	23,200	36,600
4	11,300	23,200	34,500
5	9,600	23,200	32,800
6	8,300	23,200	31,500
7	7,200	23,200	30,400
8	6,300	23,200	29,500
9	5,500	23,200	28,700
10	4,800	23,200	28,000
11 +	42,200	696,300	738,500
TOTALS	141,200	926,400	1,067,600

M A X I M U M			
Year	Division 40 Allowances	Division 43 Deductions	Totals
	\$	\$	\$
1 - (335 days only)*	19,800	20,700	40,500
2	19,100	22,500	41,600
3	15,900	22,500	38,400
4	13,400	22,500	35,900
5	11,500	22,500	34,000
6	9,900	22,500	32,400
7	8,500	22,500	31,000
8	7,500	22,500	30,000
9	6,500	22,500	29,000
10	5,800	22,500	28,300
11 +	50,200	676,300	726,500
TOTALS	168,100	899,500	1,067,600

* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING (02) 9299-1899

PBO Bldgs B&E.DT6

NOT ACCEPTABLE FOR TAX RETURNS



Disclaimer

1. This report is the opinion of Napier & Blakeley Pty Ltd ACN 006 386 278 ATF Napier & Blakeley Unit Trust ABN 87 601 474 307 (**Napier & Blakeley**) and is to be read together with and is subject to the term and conditions of our engagement. Our opinions in this report are based on the information referred to in this report that has been made available to us by or on behalf of the addressee (**Information**).
2. Napier & Blakeley has not obtained independent verification of the Information. As such, our opinion may be different if the Information is incorrect or inaccurate in any way. This report was prepared solely for the addressee and its use is limited to the purpose for which it was provided. No third party may rely on this report without first obtaining the prior written consent of Napier & Blakeley.
3. Napier & Blakeley does not warrant the accuracy or completeness of the Information, and to the maximum extent permitted by law, does not accept any responsibility or liability for any loss suffered by any person or entity as a result of or in connection with error, inaccuracy, misrepresentation, incompleteness or similar defect in the Information and/or this report or any default, negligence or lack of care in relation to the preparation or provision of the Information and/or this report.

© Copyright Napier & Blakeley Pty Ltd ACN 006 386 278 ATF Napier & Blakeley Unit Trust ABN 87 601 474 307. All rights reserved. Reproduction, distribution or transmission of this report is prohibited.