SCOPE PROPERTY GROUP

COMMERCIAL PROPERTY NEWS

Q2 NEWSLETTER | Partnering YOU in wealth creation through commercial property

FEDERAL BUDGET 2026
What Investors Should Know

Recent Federal tax proposals have generated significant discussion around capital gains tax, negative gearing, and trust structures.

Importantly, these measures have not yet passed Parliament and remain subject to further legislation and consultation.

What Has Been Proposed?

The proposed key reforms include:

- Changes to the current 50% capital gains tax discount from 1 July 2027.
- Restrictions on negative gearing for established residential property acquired after the commencement date.
- A proposed 30% minimum tax rate for discretionary trusts from 1 July 2028.

What Does This Mean for Commercial Property?

Current proposals are largely directed toward residential property and discretionary trust structures. Importantly, commercial property remains eligible for negative gearing arrangements under the proposed changes.

It is also important to note that Scope Property Group syndicates operate through unit trust structures, which are unaffected by the proposed changes.

What Should Investors Do?

At this stage, there is no need to make immediate investment decisions based solely on proposed legislation.

However, investors may benefit from ensuring their financial records are current and that they have a clear understanding of their overall financial position, including assets, liabilities, ownership structures, and investment holdings.

Understanding your net worth and maintaining up-to-date financial information can place investors in a stronger position for future discussions with financial planners, accountants, and advisers as legislation continues to develop.

As many tax advisers have noted, investors should wait for final legislation before making structural changes or significant investment decisions.

Summary

While tax reform proposals continue to evolve, quality commercial property fundamentals remain unchanged. Strong assets, reliable income streams, and long-term economic drivers continue to underpin investment decisions.

Investors should seek independent tax, legal and financial planning advice regarding how the changes will affect their personal circumstances.

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Asset Improvement Update

Solar Installation Delivers Strong Returns - 20-22 Southport Street, West Leederville

The 30-kilowatt solar system installed at the property has now been operating for just over 12 months and continues to deliver strong results.

The system is currently generating approximately $10,700 per annum in electricity income, representing an annual return of 32.52% on the original installation cost of $32,900.

Importantly, the recent independent valuation also recognised the additional income generated by the system. Applying a capitalisation rate of 10% to the electricity income resulted in a valuation uplift contribution of approximately $107,000.

This represents a return of approximately 325% on the original installation cost. While relatively modest in scale, projects such as these demonstrate the value of *active* asset management. Identifying opportunities to improve income, reduce operating costs, and enhance property value remains an important part of Scope Property Group's investment approach.

HENDERSON BUSINESS HUB

RUNNING WITH THIEVES
NOW UP AND RUNNING

The month of May saw the highly anticipated opening of Running With Thieves at Henderson Business Hub, attracting more than 500 visitors on opening day and approximately 1,200 people across the opening weekend.

The arrival of this destination venue marks an important milestone for Henderson Business Hub and the continued evolution of the precinct within the Australian Marine Complex.

Featuring a restaurant and bar, outdoor beer gardens, playground, function spaces, drive-through coffee and bottle shop, Running With Thieves delivers the type of hospitality offering long sought after in the area, supporting both the local workforce and surrounding communities.

The strong response highlights growing demand for quality lifestyle and hospitality amenities as business activity and employment continue to expand across Henderson.

For investors and occupiers at Henderson Business Hub, the opening represents more than a new tenant. It demonstrates the vision for the precinct coming to life and further strengthens its position as a thriving commercial, hospitality and community destination within one of Western Australia's most important industrial corridors.

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