

## Cost Segregation Consulting

Client:	Client, LLC	Total Cost:	\$7,885,000
Project Name:	Limited Service Hotel - Suburban		

## Benefit Projection

	Conservative		Optimistic		RESULTS
Year 1 Benefit:	\$591,577	-	\$871,798	-	\$823,043
Years 1-6 Benefit:	\$528,578	-	\$778,957	-	\$735,394
Life of Property Benefit:	\$388,308	-	\$572,244	-	\$540,241

## Proposed Fee

Consulting Fee*:	\$7,500
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\* - Consulting fee can be deducted. The fee net of taxes would be \$4500

\* - Value-to-Fee Ratio is 76:1 to 72:1

## Contact Information

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## Assumptions

Tax Rate (federal + state combined):	40%	Total Cost:	\$7,885,000
Present Value Discount Factor:	7%		
Tax Year:	2018		



## Client, LLC - Limited Service Hotel - Suburban - Conservative

WITH Cost Segregation Study      WITHOUT Cost Segregation Study

Property Class	Percentage Assumed	Depreciable Basis	Percentage Assumed	Depreciable Basis
5 Year Property	10%	788,500	0%	0
7 Year Property	0%	0	0%	0
15 Year Property	9%	709,650	0%	0
39 Year Property	81%	6,386,850	100%	7,885,000
<b>Total</b>		<b>\$7,885,000</b>	<b>Total</b>	<b>\$7,885,000</b>

Tax Basis      \$7,885,000  
 Tax Rate      40%  
 Present Value Factor      7%

Present Value of Changes in Cash Flow		
Year 1	First 6 Years	39 Year Life
<b>\$591,577</b>	<b>\$528,578</b>	<b>\$388,308</b>

Year	5 Year	7 Year	15 Year	39 Year	Total Annual Depreciation Expense WITH Study	Total Annual Depreciation Expense W/O Study	Change in Depreciation Expense	After-Tax Change in Cash Flow	Present Value of Changes in Cash Flow
2018	788,500		709,650	81,879	1,580,029	101,086	1,478,944	591,577	591,577
2019				163,759	163,759	202,171	(38,413)	(15,365)	(14,360)
2020				163,759	163,759	202,171	(38,413)	(15,365)	(13,420)
2021				163,759	163,759	202,171	(38,413)	(15,365)	(12,542)
2022				163,759	163,759	202,171	(38,413)	(15,365)	(11,722)
2023				163,759	163,759	202,171	(38,413)	(15,365)	(10,955)
2024				163,759	163,759	202,171	(38,413)	(15,365)	(10,238)
2025				163,759	163,759	202,171	(38,413)	(15,365)	(9,569)
2026				163,759	163,759	202,171	(38,413)	(15,365)	(8,943)
2027				163,759	163,759	202,171	(38,413)	(15,365)	(8,358)
2028				163,759	163,759	202,171	(38,413)	(15,365)	(7,811)
2029				163,759	163,759	202,171	(38,413)	(15,365)	(7,300)
2030				163,759	163,759	202,171	(38,413)	(15,365)	(6,822)
2031				163,759	163,759	202,171	(38,413)	(15,365)	(6,376)
2032				163,759	163,759	202,171	(38,413)	(15,365)	(5,959)
2033				163,759	163,759	202,171	(38,413)	(15,365)	(5,569)
2034				163,759	163,759	202,171	(38,413)	(15,365)	(5,205)
2035				163,759	163,759	202,171	(38,413)	(15,365)	(4,864)
2036				163,759	163,759	202,171	(38,413)	(15,365)	(4,546)
2037				163,759	163,759	202,171	(38,413)	(15,365)	(4,249)
2038				163,759	163,759	202,171	(38,413)	(15,365)	(3,971)
2039				163,759	163,759	202,171	(38,413)	(15,365)	(3,711)
2040				163,759	163,759	202,171	(38,413)	(15,365)	(3,468)
2041				163,759	163,759	202,171	(38,413)	(15,365)	(3,241)
2042				163,759	163,759	202,171	(38,413)	(15,365)	(3,029)
2043				163,759	163,759	202,171	(38,413)	(15,365)	(2,831)
2044				163,759	163,759	202,171	(38,413)	(15,365)	(2,646)
2045				163,759	163,759	202,171	(38,413)	(15,365)	(2,473)
2046				163,759	163,759	202,171	(38,413)	(15,365)	(2,311)
2047				163,759	163,759	202,171	(38,413)	(15,365)	(2,160)
2048				163,759	163,759	202,171	(38,413)	(15,365)	(2,018)
2049				163,759	163,759	202,171	(38,413)	(15,365)	(1,886)
2050				163,823	163,823	202,250	(38,428)	(15,371)	(1,764)
2051				163,759	163,759	202,171	(38,413)	(15,365)	(1,648)
2052				163,823	163,823	202,250	(38,428)	(15,371)	(1,540)
2053				163,759	163,759	202,171	(38,413)	(15,365)	(1,439)
2054				163,823	163,823	202,250	(38,428)	(15,371)	(1,346)
2055				163,759	163,759	202,171	(38,413)	(15,365)	(1,257)
2056				163,823	163,823	202,250	(38,428)	(15,371)	(1,175)
2057				81,879	81,879	101,086	(19,206)	(7,683)	(549)
<b>Total</b>	<b>788,500</b>	<b>0</b>	<b>709,650</b>	<b>6,386,850</b>	<b>7,885,000</b>	<b>7,885,000</b>	<b>(0)</b>	<b>0</b>	<b>388,308</b>



Potential Change in Cash Flow Resulting From a Cost Segregation Study for

## Client, LLC - Limited Service Hotel - Suburban - Optimistic

WITH Cost Segregation Study      WITHOUT Cost Segregation Study

Property Class	Percentage Assumed	Depreciable Basis	Percentage Assumed	Depreciable Basis
5 Year Property	15%	1,182,750	0%	0
7 Year Property	0%	0	0%	0
15 Year Property	13%	1,025,050	0%	0
39 Year Property	72%	5,677,200	100%	7,885,000
<b>Total</b>		<b>\$7,885,000</b>	<b>Total</b>	<b>\$7,885,000</b>

Tax Basis      \$7,885,000  
 Tax Rate      40%  
 Present Value Factor      7%

Present Value of Changes in Cash Flow		
Year 1	First 6 Years	39 Year Life
<b>\$871,798</b>	<b>\$778,957</b>	<b>\$572,244</b>

Year	5 Year	7 Year	15 Year	39 Year	Total Annual Depreciation Expense WITH Study	Total Annual Depreciation Expense W/O Study	Change in Depreciation Expense	After-Tax Change in Cash Flow	Present Value of Changes in Cash Flow
2018	1,182,750		1,025,050	72,782	2,280,582	101,086	2,179,496	871,798	871,798
2019				145,563	145,563	202,171	(56,608)	(22,643)	(21,162)
2020				145,563	145,563	202,171	(56,608)	(22,643)	(19,777)
2021				145,563	145,563	202,171	(56,608)	(22,643)	(18,484)
2022				145,563	145,563	202,171	(56,608)	(22,643)	(17,274)
2023				145,563	145,563	202,171	(56,608)	(22,643)	(16,144)
2024				145,563	145,563	202,171	(56,608)	(22,643)	(15,088)
2025				145,563	145,563	202,171	(56,608)	(22,643)	(14,101)
2026				145,563	145,563	202,171	(56,608)	(22,643)	(13,179)
2027				145,563	145,563	202,171	(56,608)	(22,643)	(12,316)
2028				145,563	145,563	202,171	(56,608)	(22,643)	(11,511)
2029				145,563	145,563	202,171	(56,608)	(22,643)	(10,758)
2030				145,563	145,563	202,171	(56,608)	(22,643)	(10,054)
2031				145,563	145,563	202,171	(56,608)	(22,643)	(9,396)
2032				145,563	145,563	202,171	(56,608)	(22,643)	(8,781)
2033				145,563	145,563	202,171	(56,608)	(22,643)	(8,207)
2034				145,563	145,563	202,171	(56,608)	(22,643)	(7,670)
2035				145,563	145,563	202,171	(56,608)	(22,643)	(7,168)
2036				145,563	145,563	202,171	(56,608)	(22,643)	(6,699)
2037				145,563	145,563	202,171	(56,608)	(22,643)	(6,261)
2038				145,563	145,563	202,171	(56,608)	(22,643)	(5,851)
2039				145,563	145,563	202,171	(56,608)	(22,643)	(5,469)
2040				145,563	145,563	202,171	(56,608)	(22,643)	(5,111)
2041				145,563	145,563	202,171	(56,608)	(22,643)	(4,777)
2042				145,563	145,563	202,171	(56,608)	(22,643)	(4,464)
2043				145,563	145,563	202,171	(56,608)	(22,643)	(4,172)
2044				145,563	145,563	202,171	(56,608)	(22,643)	(3,899)
2045				145,563	145,563	202,171	(56,608)	(22,643)	(3,644)
2046				145,563	145,563	202,171	(56,608)	(22,643)	(3,406)
2047				145,563	145,563	202,171	(56,608)	(22,643)	(3,183)
2048				145,563	145,563	202,171	(56,608)	(22,643)	(2,975)
2049				145,563	145,563	202,171	(56,608)	(22,643)	(2,780)
2050				145,620	145,620	202,250	(56,630)	(22,652)	(2,599)
2051				145,563	145,563	202,171	(56,608)	(22,643)	(2,428)
2052				145,620	145,620	202,250	(56,630)	(22,652)	(2,270)
2053				145,563	145,563	202,171	(56,608)	(22,643)	(2,121)
2054				145,620	145,620	202,250	(56,630)	(22,652)	(1,983)
2055				145,563	145,563	202,171	(56,608)	(22,643)	(1,852)
2056				145,620	145,620	202,250	(56,630)	(22,652)	(1,732)
2057				72,782	72,782	101,086	(28,304)	(11,322)	(809)
<b>Total</b>	<b>1,182,750</b>	<b>0</b>	<b>1,025,050</b>	<b>5,677,200</b>	<b>7,885,000</b>	<b>7,885,000</b>	<b>(0)</b>	<b>(0)</b>	<b>572,244</b>



Potential Change in Cash Flow Resulting From a Cost Segregation Study for

## Client, LLC - Limited Service Hotel - Suburban - RESULTS

WITH Cost Segregation Study      WITHOUT Cost Segregation Study

Property Class	Percentage Assumed	Depreciable Basis	Percentage Assumed	Depreciable Basis
5 Year Property	14%	1,094,585	0%	0
7 Year Property	0%		0%	0
15 Year Property	13%	989,744	0%	0
39 Year Property	74%	5,800,671	100%	7,885,000
<b>Total</b>		<b>\$7,885,000</b>	<b>Total</b>	<b>\$7,885,000</b>

Tax Basis      \$7,885,000  
 Tax Rate      40%  
 Present Value Factor      7%

Present Value of Changes in Cash Flow		
Year 1	First 6 Years	39 Year Life
<b>\$823,043</b>	<b>\$735,394</b>	<b>\$540,241</b>

Year	5 Year	7 Year	15 Year	39 Year	Total Annual Depreciation Expense WITH Study	Total Annual Depreciation Expense W/O Study	Change in Depreciation Expense	After-Tax Change in Cash Flow	Present Value of Changes in Cash Flow
2018	1,094,585		989,744	74,365	2,158,694	101,086	2,057,608	823,043	823,043
2019				148,729	148,729	202,171	(53,442)	(21,377)	(19,978)
2020				148,729	148,729	202,171	(53,442)	(21,377)	(18,671)
2021				148,729	148,729	202,171	(53,442)	(21,377)	(17,450)
2022				148,729	148,729	202,171	(53,442)	(21,377)	(16,308)
2023				148,729	148,729	202,171	(53,442)	(21,377)	(15,241)
2024				148,729	148,729	202,171	(53,442)	(21,377)	(14,244)
2025				148,729	148,729	202,171	(53,442)	(21,377)	(13,312)
2026				148,729	148,729	202,171	(53,442)	(21,377)	(12,442)
2027				148,729	148,729	202,171	(53,442)	(21,377)	(11,628)
2028				148,729	148,729	202,171	(53,442)	(21,377)	(10,867)
2029				148,729	148,729	202,171	(53,442)	(21,377)	(10,156)
2030				148,729	148,729	202,171	(53,442)	(21,377)	(9,492)
2031				148,729	148,729	202,171	(53,442)	(21,377)	(8,871)
2032				148,729	148,729	202,171	(53,442)	(21,377)	(8,290)
2033				148,729	148,729	202,171	(53,442)	(21,377)	(7,748)
2034				148,729	148,729	202,171	(53,442)	(21,377)	(7,241)
2035				148,729	148,729	202,171	(53,442)	(21,377)	(6,767)
2036				148,729	148,729	202,171	(53,442)	(21,377)	(6,325)
2037				148,729	148,729	202,171	(53,442)	(21,377)	(5,911)
2038				148,729	148,729	202,171	(53,442)	(21,377)	(5,524)
2039				148,729	148,729	202,171	(53,442)	(21,377)	(5,163)
2040				148,729	148,729	202,171	(53,442)	(21,377)	(4,825)
2041				148,729	148,729	202,171	(53,442)	(21,377)	(4,509)
2042				148,729	148,729	202,171	(53,442)	(21,377)	(4,214)
2043				148,729	148,729	202,171	(53,442)	(21,377)	(3,939)
2044				148,729	148,729	202,171	(53,442)	(21,377)	(3,681)
2045				148,729	148,729	202,171	(53,442)	(21,377)	(3,440)
2046				148,729	148,729	202,171	(53,442)	(21,377)	(3,215)
2047				148,729	148,729	202,171	(53,442)	(21,377)	(3,005)
2048				148,729	148,729	202,171	(53,442)	(21,377)	(2,808)
2049				148,729	148,729	202,171	(53,442)	(21,377)	(2,625)
2050				148,787	148,787	202,250	(53,463)	(21,385)	(2,454)
2051				148,729	148,729	202,171	(53,442)	(21,377)	(2,292)
2052				148,787	148,787	202,250	(53,463)	(21,385)	(2,143)
2053				148,729	148,729	202,171	(53,442)	(21,377)	(2,002)
2054				148,787	148,787	202,250	(53,463)	(21,385)	(1,872)
2055				148,729	148,729	202,171	(53,442)	(21,377)	(1,749)
2056				148,787	148,787	202,250	(53,463)	(21,385)	(1,635)
2057				74,365	74,365	101,086	(26,721)	(10,688)	(764)
<b>Total</b>	<b>1,094,585</b>	<b>0</b>	<b>989,744</b>	<b>5,800,671</b>	<b>7,885,000</b>	<b>7,885,000</b>	<b>0</b>	<b>0</b>	<b>540,241</b>