COST SEGREGATIC

Global Presence | Local Focus



June 14, 2019

Cost Segregation Consulting

Client: Client, LLC

Total Cost:

\$23,600,000

Garden Style Apartment Complex Project Name:

Benefit Projection

\$2,122,480

\$3,103,442

\$2,632,204

\$1,725,695

\$8.500

Optimistic

Year 1 Benefit:

Conservative \$2,502,463

\$3,429,301

\$2,908,583

\$1,906,891

RESULTS

Years 1-6 Benefit:

Life of Property Benefit:

Proposed Fee

Consulting Fee*:

\$1,391,515

Name:

Contact Information

* - Consulting fee can be deducted. The fee net of taxes would be \$5100

* - Value-to-Fee Ratio is 224:1 to 203:1

PTE Group Inc 949-200-7109

david@ptegroupinc.com

7%

2019



Phone:

Email:

Assumptions

Tax Year:

Present Value Discount Factor:

Tax Rate (federal + state combined):

40%

Total Cost:

\$23,600,000



Client, LLC - Garden Style Apartment Complex - Conservative

WITH Cost WITHOUT Cost
Segregation Study Segregation Study

Property Class	Percentage Assumed	Depreciable Basis	Percentage Assumed	Depreciable Basis
5 Year Property	19%	4,484,000	0%	0
7 Year Property	0%	0	0%	0
15 Year Property	8%	1,888,000	0%	0
27.5 Year Property	73%	17,228,000	100%	23,600,000
	Total	\$23,600,000	Total	\$23,600,000

Tax Basis	\$23,600,000
Tax Rate	40%
Present Value Factor	7%
Present Value of Changes in Cash Flow	

Present Value of
Changes in Cash Flow

<u>Year 1</u> <u>First 6 Years</u> <u>27.5 Year Life</u>
\$2,502,463 \$2,122,480 \$1,391,515

					Total Annual	Total Annual			Present
					Depreciation	Depreciation	Change in	After-Tax	Value of
					Expense	Expense	Depreciation	Change in Cash	Changes in
Year	5 Year	7 Year	15 Year	27.5 Year	WITH Study	W/O Study	Expense	Flow	Cash Flow
2019	4,484,000		1,888,000	313,205	6,685,205	429,048	6,256,157	2,502,463	2,502,463
2020				626,410	626,410	858,096	(231,686)	(92,674)	(86,612)
2021				626,410	626,410	858,096	(231,686)	(92,674)	(80,945)
2022				626,410	626,410	858,096	(231,686)	(92,674)	(75,650)
2023				626,410	626,410	858,096	(231,686)	(92,674)	(70,701)
2024				626,410	626,410	858,096	(231,686)	(92,674)	(66,076)
2025				626,410	626,410	858,096	(231,686)	(92,674)	(61,753)
2026				626,410	626,410	858,096	(231,686)	(92,674)	(57,713)
2027				626,582	626,582	858,332	(231,750)	(92,700)	(53,952)
2028				626,410	626,410	858,096	(231,686)	(92,674)	(50,409)
2029				626,582	626,582	858,332	(231,750)	(92,700)	(47,124)
2030				626,410	626,410	858,096	(231,686)		(44,029)
2031				626,582	626,582	858,332	(231,750)	(92,700)	(41,160)
2032				626,410	626,410	858,096	(231,686)	(92,674)	(38,457)
2033				626,582	626,582	858,332	(231,750)	(92,700)	(35,951)
2034				626,410	626,410	858,096	(231,686)	(92,674)	(33,589)
2035				626,582	626,582	858,332	(231,750)	(92,700)	(31,401)
2036				626,410	626,410	858,096	(231,686)	(92,674)	(29,338)
2037				626,582	626,582	858,332	(231,750)	(92,700)	(27,427)
2038				626,410	626,410	858,096	(231,686)	(92,674)	(25,625)
2039				626,582	626,582	858,332	(231,750)	(92,700)	(23,955)
2040				626,410	626,410	858,096	(231,686)	(92,674)	(22,382)
2041				626,582	626,582	858,332	(231,750)	(92,700)	(20,924)
2042				626,410	626,410	858,096	(231,686)		(19,549)
2043				626,582	626,582	858,332	(231,750)		(18,275)
2044				626,410	626,410	858,096	(231,686)	(92,674)	(17,075)
2045				626,582	626,582	858,332	(231,750)	(92,700)	(15,962)
2046				626,410	626,410	858,096	(231,686)	(92,674)	(14,914)
2047									
2048									
2049									
2050									
2051									
2052									
2053									
2054									
2055									
2056									
2057									
2058									
Total	4,484,000	0	1,888,000	17,228,000	23,600,000	23,600,000	0	0	1,391,515



Client, LLC - Garden Style Apartment Complex - Optimistic

WITH Cost WITHOUT Cost
Segregation Study Segregation Study

Property Class	Percentage Assumed	Depreciable Basis	Percentage Assumed	Depreciable Basis
5 Year Property	24%	5,664,000	0%	0
7 Year Property	0%	0	0%	0
15 Year Property	13%	3,068,000	0%	0
27.5 Year Property	63%	14,868,000	100%	23,600,000
	Total	\$23,600,000	Total	\$23,600,000

 Tax Rate
 40%

 Present Value Factor
 7%

 Present Value of Changes in Cash Flow

 Year 1
 First 6 Years
 27.5 Year Life

 \$3,429,301
 \$2,908,583
 \$1,906,891

Tax Basis

\$23,600,000

					Total Annual	Total Annual			Present
					Depreciation	Depreciation	Change in	After-Tax	Value of
					Expense	Expense W/O Study	Depreciation	Change in Cash	Changes in
Year	5 Year	7 Year	15 Year	27.5 Year	WITH Study	·	Expense	Flow	Cash Flow
2019	5,664,000		3,068,000	270,300	9,002,300	429,048	8,573,252	3,429,301	3,429,301
2020				540,600	540,600	858,096	(317,496)	(126,998)	(118,690)
2021				540,600	540,600	858,096	(317,496)	(126,998)	(110,925)
2022				540,600	540,600	858,096	(317,496)	(126,998)	(103,668)
2023				540,600	540,600	858,096	(317,496)	(126,998)	(96,886)
2024				540,600	540,600	858,096	(317,496)	(126,998)	(90,548)
2025				540,600	540,600	858,096	(317,496)	(126,998)	(84,624)
2026				540,600	540,600	858,096	(317,496)	(126,998)	(79,088)
2027				540,749	540,749	858,332	(317,583)	(127,033)	(73,934)
2028				540,600	540,600	858,096	(317,496)	(126,998)	(69,079)
2029				540,749	540,749	858,332	(317,583)	(127,033)	(64,577)
2030				540,600	540,600	858,096	(317,496)	(126,998)	(60,336)
2031				540,749	540,749	858,332	(317,583)	(127,033)	(56,404)
2032				540,600	540,600	858,096	(317,496)	(126,998)	(52,700)
2033				540,749	540,749	858,332	(317,583)	(127,033)	(49,266)
2034				540,600	540,600	858,096	(317,496)	(126,998)	(46,030)
2035				540,749	540,749	858,332	(317,583)	(127,033)	(43,031)
2036				540,600	540,600	858,096	(317,496)	(126,998)	(40,204)
2037				540,749	540,749	858,332	(317,583)	(127,033)	(37,585)
2038				540,600	540,600	858,096	(317,496)	(126,998)	(35,116)
2039				540,749	540,749	858,332	(317,583)	(127,033)	(32,828)
2040				540,600	540,600	858,096	(317,496)	(126,998)	(30,672)
2041				540,749	540,749	858,332	(317,583)	(127,033)	(28,673)
2042				540,600	540,600	858,096	(317,496)	(126,998)	(26,790)
2043 2044				540,749	540,749	858,332	(317,583)	(127,033)	(25,044)
2044				540,600	540,600	858,096	(317,496)	(126,998)	(23,399)
2045				540,749 540,600	540,749	858,332	(317,583)	(127,033)	(21,875)
2048				340,800	540,600	858,096	(317,496)	(126,998)	(20,438)
2047									
2048									
2049									
2050									
2051									
2052									
2053									
2054									
2056									
2057									
2058									
Total	5,664,000	0	3,068,000	14,868,000	23,600,000	23,600,000	0	(0)	1,906,891



Client, LLC - Garden Style Apartment Complex - RESULTS

WITH Cost WITHOUT Cost
Segregation Study Segregation Study

Property Class	Percentage Assumed	Depreciable Basis	Percentage Assumed	Depreciable Basis
5 Year Property	25%	5,967,841	0%	0
7 Year Property	0%		0%	0
15 Year Property	8%	1,934,428	0%	0
27.5 Year Property	67%	15,697,731	100%	23,600,000
	Total	\$23,600,000	Total	\$23,600,000

 Tax Rate
 40%

 Present Value Factor
 7%

 Present Value of Changes in Cash Flow

 Year 1
 First 6 Years
 27.5 Year Life

 \$3,103,442
 \$2,632,204
 \$1,725,695

Tax Basis

\$23,600,000

					Total Annual Depreciation	Total Annual Depreciation			Present Value of
					Expense	Expense	Change in	After-Tax	Changes in
Year	5 Year	7 Year	15 Year	27.5 Year	WITH Study	W/O Study	Depreciation Expense	Change in Cash Flow	Cash Flow
2019	5,967,841	7 Teal	1,934,428	285,385	8,187,654	429,048	7,758,606	3,103,442	3,103,442
2020	3,707,041		1,754,420	570,770	570,770	858,096	(287,326)		(107,412
2021				570,770	570,770	858,096	(287,326)		(100,385
2022				570,770	570,770	858,096	(287,326)		(93,818
2023				570,770	570,770	858,096	(287,326)		(87,680
2024				570,770	570,770	858,096	(287,326)		(81,944
2025				570,770	570,770	858,096	(287,326)		(76,583
2026				570,770	570,770	858,096	(287,326)		(71,573
2027				570,926	570,926	858,332	(287,406)	(114,962)	(66,909
2028				570,770	570,770	858,096	(287,326)		(62,515
2029				570,926	570,926	858,332	(287,406)	(114,962)	(58,441
2030				570,770	570,770	858,096	(287,326)	(114,931)	(54,603
2031				570,926	570,926	858,332	(287,406)	(114,962)	(51,045
2032				570,770	570,770	858,096	(287,326)	(114,931)	(47,692
2033				570,926	570,926	858,332	(287,406)	(114,962)	(44,584
2034				570,770	570,770	858,096	(287,326)	(114,931)	(41,656
2035				570,926	570,926	858,332	(287,406)	(114,962)	(38,942
2036				570,770	570,770	858,096	(287,326)	(114,931)	(36,384
2037				570,926	570,926	858,332	(287,406)	(114,962)	(34,013
2038				570,770	570,770	858,096	(287,326)	(114,931)	(31,779
2039				570,926	570,926	858,332	(287,406)	(114,962)	(29,708
2040				570,770	570,770	858,096	(287,326)	(114,931)	(27,757
2041				570,926	570,926	858,332	(287,406)	(114,962)	(25,948
2042				570,770	570,770	858,096	(287,326)		(24,244
2043				570,926	570,926	858,332	(287,406)	(114,962)	(22,664
2044				570,770	570,770	858,096	(287,326)	(114,931)	(21,176
2045 2046				570,926	570,926	858,332	(287,406)	(114,962)	(19,796
2046				570,770	570,770	858,096	(287,326)	(114,931)	(18,496
2047									
2048									
2050									
2050									
2052									
2053									
2054									
2055									
2056									
2057									
2058									
Total	5,967,841	0	1,934,428	15,697,731	23,600,000	23,600,000	(0)	0	1,725,695