



Segregation Holding

Cost Segregation Specialists
www.SegregationHolding.com

CASE NO.
103

CASE STUDIES OF PROVEN PERFORMANCE

Taxes Saved: \$375,903* Mixed Use - Apartment/Retail

ENGAGEMENT OVERVIEW

Segregation Holding was engaged by the owners of a mixed use apartments over retail building to conduct a cost segregation study. The objective of the study was to identify assets that could be moved to shorter recovery periods in order to accelerate depreciation and defer taxes.

PROPERTY OVERVIEW

The facility consists of a five story building with the basement housing office space, street level housing retail space and the upper three floors housing apartments. The three apartment floors house 12 apartments. The property has a footprint of approximately 9,700 s.f. with a total gross area of approximately 12,600 s.f. and occupies a .22 acre site. The property has a cost basis of \$3,250,000 and was placed into service in August 2007.

ENGINEERING PROCESS

Our engineers examined all of the design and construction documents, contractor payment requisitions, and other related data to determine the cost basis for every component of the building. Next, our engineer conducted an on-site study to identify, measure, quantify and photograph the existence of all assets eligible for accelerated depreciation. Finally, our team (on-site engineer, senior engineer, and tax specialist) reviewed the cost segregation study and certified its completeness and accuracy.



ESTIMATE OF BENEFITS AND SAVINGS

The pre-engagement estimate we provided to the client showed a potential reallocation of \$285,239 or 13% to shorter depreciable lives. The projected tax benefit was \$64,221 in NPV savings for the current year with \$133,957 in both federal and state income tax savings.

RESULTS

The cost segregation study reallocated \$803,197, or 34.9% of the assets to shorter recovery periods. As a result, the owner's current year NPV tax savings was \$178,116. Additionally, the owners pocketed \$375,903 in current year income tax savings.

** Represents the 10-yr. net present value savings using an 8% discount rate if amount indicates NPV.*

We guarantee any commercial property owner who pays income taxes and owns or leases their office condo, building, or tenant improvements a minimum \$10,000 Federal income tax refund or credit or our services are free!

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