

# COST SEGREGATION STUDY

ABC MANUFACTURING - High Estimate  
1000 Main Street  
Nashville, TN

## Proposed Benefit Analysis

### Segregation Percentage

Recovery Life:	Before Cost Analysis		After Cost Analysis	
	\$	%	\$	%
39 Years	10,000,000	100%	6,200,000	62%
15 Years	-	0%	1,800,000	18%
7 Years	-	0%	1,700,000	17%
5 Years	-	0%	300,000	3%
<b>Total</b>	<b>10,000,000</b>	<b>100%</b>	<b>10,000,000</b>	<b>100%</b>

### Depreciation Deduction Allowed

Tax Year:	Before Cost Analysis	After Cost Analysis	Additional Deduction	After-Tax NPV Benefit
2018	139,100	3,886,242	3,747,142	899,314
2019	256,400	158,968	(97,432)	(22,100)
2020	256,400	158,968	(97,432)	(20,800)
2021	256,400	158,968	(97,432)	(19,600)
2022	256,400	158,968	(97,432)	(18,500)
2023	256,400	158,968	(97,432)	(17,500)
2024	256,400	158,968	(97,432)	(16,500)
2025	256,400	158,968	(97,432)	(15,600)
2026	256,400	158,968	(97,432)	(14,700)
2027	256,400	158,968	(97,432)	(13,800)
<b>Ten Year Effect</b>	<b>2,446,700</b>	<b>5,316,954</b>	<b>2,870,254</b>	<b>740,214</b>

### Present Value Savings Over the Life of the Project

**\$551,053**

This estimated benefit analysis is based upon a preliminary review of the subject property and Tobin & Associates, LLC's experience in doing cost segregation/purchase price allocation studies on similar buildings. The individual nuances of a building will affect the amount of property reclassified during a study, causing actual results to differ. All calculations assume no limitation on the use of the additional deductions generated and no election to utilize ADS depreciation to avoid 30% interest deduction limitation.

Benefits have been calculated assuming current utilization of any losses that may be generated, using a combined effective federal and state tax rate of 24% and a discount rate of 6%.