



Segregation Holding

Cost Segregation Specialists
www.SegregationHolding.com

CASE NO.
106

CASE STUDIES OF PROVEN PERFORMANCE

Taxes Saved: \$962,965* Full Service Hotel

ENGAGEMENT OVERVIEW

Segregation Holding was engaged by the owners of a nationwide luxury hotel chain to conduct a cost segregation study on one of their properties. 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 property is a luxury hotel complex that contains 224 guest suites, a full service restaurant, lounge/bar area, heated indoor and outdoor pools, multiple function rooms, and a guest parking area. The building is a six story structure situated on a 4.89 acre site with an overall building area of approximately 173,000 square feet. The property was acquired and placed into service in June, 2005 and has a total cost basis of \$20,494,790.



ENGINEERING PROCESS

Our engineers examined all 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 thoroughness and accuracy.

ESTIMATE OF BENEFITS AND SAVINGS

The pre-engagement estimate showed a potential reallocation of \$4,098,958 or 20% to shorter depreciable lives. The projected tax benefit was \$841,017 in NPV savings over the next 10 years with \$490,859 in tax savings available for the current tax year.

RESULTS

The cost segregation study reallocated \$4,377,888 or 21.4% of the assets to shorter recovery periods. As a result, the property owner's tax savings is projected to be \$962,965 in NPV savings over the next 10 years with \$250,264 in tax savings available for the current tax year.

** 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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