



Segregation Holding

Cost Segregation Specialists
www.SegregationHolding.com

CASE NO.
104

CASE STUDIES OF PROVEN PERFORMANCE

Taxes Saved: \$2,162,900*

Apartment Complex

ENGAGEMENT OVERVIEW

Segregation Holding was engaged by the owners of a garden style apartment complex 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 44 two story apartment buildings. The 493 units consist of 200 one bedroom, 281 two bedroom and 12 three bedroom apartments. A leasing office, maintenance shop, and fitness center are each located inside three separate apartment buildings. The property has a footprint of approximately 175,569 square feet with a total gross area of approximately 526,707 square feet and occupies a 25.36 acre site. The property has a cost basis of \$31,023,670 and was placed into service in May, 2004.



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 completeness and accuracy.

ESTIMATE OF BENEFITS AND SAVINGS

The pre-engagement estimate showed a potential reallocation of \$7,755,918 or 25.0% to shorter depreciable lives. The projected tax benefit was \$1,387,045 in NPV savings over the next 10 years with \$354,727 in tax savings available for the current tax year.

RESULTS

The cost segregation study reallocated \$9,493,243 or 30.6% of the assets to shorter recovery periods. As a result, the property owner's tax savings is projected to be \$2,162,959 in NPV savings over the next 10 years with \$539,579 in tax savings available for the current tax year.

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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