From: "John Wilmoth" <johnwilmoth@earthlink.net>
Subject: **Cost Segregation Update--May 2008**
Date: June 17, 2008 6:42:06 PM CDT
To: "'Tom Hubbard'" <phat@charter.net>

Our firm was founded 9 years ago today to be a resource for regional accounting and other professional firms that wanted to bring the cost segregation technique to their clients and prospects without having to make the investment in people and intellectual capital. Our staff of 7 professionals are valuation engineers with significant cost segregation and valuation experience. As many of you know I was a valuation partner at Arthur Andersen as well as the firmwide head of their cost segregation service line. Each quarter we issue a brief newsletter outlining recently completed projects and developments.

In addition to the normal mix of current year capitalized projects we had two engagements with multiple facilities constructed in prior years allowing for a current year catch-up of depreciation that should have been taken earlier. The benefits of cost segregation can still be achieved even though the year of capitalization has passed.

I hope the below information helps you identify opportunities in order to generate significant benefits for your clients and prospects and additional fee revenue for your firm.

1. The **2000 through 2004** construction of **5 branch bank** facilities in the Midwest.
   Depreciable basis of improvements $**13,034,000**
   Identified **37.3**% as 5 and 15 year property
   After-tax present value of **tax deferment $800,000**
   First year additional **catch-up depreciation deduction $2,600,000**
   Ratio of benefits/fees—22 times

2. Construction or renovation of **22 What-A-Burger restaurants** built from 1999 through 2007
   Construction cost **$18,345,000**
   Identified **40.5**% as short lived property (5 or 15 year)
   After-tax present value of **tax deferment $910,000**
   First year additional **catch-up depreciation deduction $2,290,000**
   Ratio of benefits/fees--18 times

3. Construction of an **outpatient surgery center**
   Construction Cost **$4,559,000**
   Identified **35**% as short lived property (5, 7, or 15 year)
   After-tax present value of **tax deferment $255,000**
   First three years **additional depreciation $795,000**
   Ratio of benefits/fees--39 times

4. Acquisition of a 135,000 sf neighborhood **shopping center**
   Depreciable basis of improvements **$26,688,000**
   Identified **29.9**% as short lived property (5, 7, or 15 year)
   After-tax present value of **tax deferment $1,060,000**
   First three years **additional depreciation $1,010,000**
   Ratio of benefits/fees--112 times

5. Acquisition of **3 extended stay hotels in Florida and Texas**

Depreciable basis of improvements $**16,515,000**
Identified **24.4**% as short lived property (5, 7, or 15 year property)
After-tax present value of **tax deferment $615,000**
First three years **additional depreciation $1,930,000**
Ratio of benefits/fees--63 times

6. Acquisition of a **<u>Dodge automobile dealership</u>**
   Depreciable basis of improvements **$5,464,000**
   Identified **37.4**% as short lived property (5, 7, or 15 year)
   After-tax present value of **tax deferment $249,000**
   First three years **additional depreciation $606,000**
   Ratio of benefits/fees --40 times

We also have other projects in progress relating to a retail/marina facility, a large assisted living facility, three large apartment projects, a downtown office tower, retail tenant improvements, and numerous automotive dealerships. I will update you on these projects in the near future. To receive an <u>estimate of potential benefits and a fee estimate</u>, please send or call us the following property information:

1. **Property size in square feet Property use (hotel, office, manufacturing, distribution, apartments, retail, etc)**
2. **If multi-tenant, how many tenants**
3. **Depreciable basis**
4. **Is the property new construction, an acquisition, or subject to an estate tax step-up?**

We can also provide sample proposals and references on studies of similar projects for your use. Please call if we might be of assistance to you with one of your clients or prospects.

John

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