Stabilized Acquisition Tax Projection

Sample MH Community (Anonymized)

Confidential Deal Tax Projection and Structure Review, prepared for the named client. Reflects federal tax law in effect for 2026. · Generated 2026-08-24 16:51

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BOTTOM LINE

After-tax LP IRR is **13.1%**, a 4.5-point drag from the 17.6% pre-tax IRR. On a taxable exit, projected total tax is **$1.358M** (Section 3). Cost segregation screens favorably on this deal (Section 2).

1 AFTER-TAX RETURN MATRIX

	Pre-Tax	After-Tax
LP IRR	17.6%	**13.1%**
LP Equity Multiple	2.07x	**1.75x**
After-Tax IRR Drag		**4.5 pts**
GP IRR (pre-tax)		**34.7%**
GP Equity Multiple (pre-tax)		**3.48x**

LP figures are modeled after-tax at the asset level (tax allocated by equity share, not individualized per K-1). GP after-tax is not shown: it requires modeling the promote/carry tax character (§1061), which is quoted separately.

2 COST SEGREGATION: SCREENING ESTIMATE

FAVORABLE

Short-life eligible basis (60% assumption)	**$2.400M**
Gross PV benefit of acceleration (@ 8%)	**$681K**
Less: exit recapture-rate premium (§1245 vs §1250)	**$379K**
Study-fee breakeven threshold	**$302K**

A cost segregation study is accretive on this deal as long as the engineering fee is below **$302K**. Engineering study fees are typically quoted per property; the study is worthwhile whenever its fee is below the threshold above.

Sensitivity: study-fee breakeven threshold by short-life % assumption

30%	45%	60% *	75%
$151K	**$226K**	**$302K**	**$377K**

Basis of estimate: This is a parametric model estimate, not an engineering cost segregation study. It applies a rule-of-thumb short-life asset percentage to the client-supplied building basis (excluding land) and discounts the acceleration benefit at 8% over a 39.0-year life; §1245 personal property recaptures at ordinary rates rather than the §1250 25% rate at exit. Actual eligible basis, benefit, and recapture depend entirely on a property-specific study and the client's facts. Use as a screening threshold only.

Relationship to the rest of this report: this deal already elects bonus depreciation, so part of this acceleration is already reflected in the returns in Section 1 and the recapture in Section 3. The threshold above is the study fee that substantiates it.

3 EXIT TAX MAP

	Gain	Rate
§1245 bonus recapture (ordinary)	$2.400M	**40.8%**
§1250 SL recapture	$202K	**25.0%**
§1231 capital gain (appreciation)	$1.381M	**23.8%**

Recapture tax	$1.030M
Capital gain tax	$329K
Total exit tax	**$1.358M**

Rates are federal, so gain × rate reconciles to the tax shown. No state income tax is modeled for this deal. NIIT included where applicable.

4 1031 EXCHANGE VS. TAXABLE SALE

This projection models a fully taxable disposition, with total exit tax of **$1.358M** (detailed in Section 3). A qualifying 1031 like-kind exchange could defer this gain and recapture into replacement property rather than recognizing it at sale; that strategy is not reflected in these figures and would be evaluated separately against the client's reinvestment plans.

Prepared by Kasing Ng, CPA, California CPA License 139270. Basis of preparation. This projection was prepared for the named client using information the client supplied. All figures are estimates, not a filed return, an audit, or an engineering cost segregation study, and they will differ from actual results as facts, market conditions, and final tax positions develop. Rates and bonus depreciation reflect federal tax law in effect for 2026. Depreciation, recapture, capital gains, and 1031 treatment are modeled at the asset level using the rates and assumptions stated on this report, not an individualized per-partner K-1 allocation. **Scope.** This is an independent quality-control review of the deal's tax posture. The preparer is not the signing return preparer and does not opine on the client's filed returns; final positions should be confirmed with the client's return preparer and legal counsel. **Methodology.** IRR is computed by monthly Newton-Raphson iteration (tolerance 1e-8) on the full cash-flow array, with no annual approximations, and every figure in this report can be reconciled to the deal inputs. **Confidential.** Prepared solely for the named client and not for distribution to investors, lenders, or other parties without the preparer's written consent.