



PRE-SALE TAX ANALYSIS AND MONEY FLOW PROJECTION™

TAX PROJECTIONS AND PLANNING BENEFITS COMPARISON

Asset Information

Sale Price	\$14,900,000
Real Estate Cost of Sale at 3.0%	\$447,000
Non-Real Estate Cost of Sale at 0.0%	\$0
Net Sale Proceeds	\$14,453,000

Sale of Commercial Office Buildings in San Diego, CA

Original Purchase Price (Basis)	-\$8,500,000
Capital Improvements	-\$1,000,000
Real Estate Depreciation	-\$1,705,130
Non-Real Estate Depreciation	\$0

INDIVIDUAL	FEDERAL	CA
Taxable Gain	\$4,953,000	\$6,658,130
Short Term Capital Gains / Ordinary Income Tax	\$0	\$860,955
Long Term Capital Gains Tax at 20%	\$990,600	\$0
Debt Over Basis Tax	\$1,521,588	\$559,282
Depreciation Recapture - Real Estate (25%)	\$426,283	\$0
Depreciation Recapture - Asset/Equipment (25%)	N/A	\$0
Depreciation Recapture - Good Will / Intangibles (25%)	N/A	\$0
3.80% Net Investment Income Surtax > \$200,000	\$180,614	\$0
3.80% Net Investment Income Tax on Debt Over Basis	N/A	\$0
TOTAL INDIVIDUAL TAXES	\$3,119,084	\$1,420,238

Total Taxes: \$4,539,322

Conventional Sale

SALE PROCEEDS

Net Sale Proceeds	\$14,453,000
Debt	-\$12,000,000
Total Taxes	-\$4,539,322

Net After-Tax Profit: -\$2,086,322

Alternative Planning

TAX DEFERRAL STRATEGY

Loan Distribution	\$13,522,295
Debt	-\$12,000,000
Taxes	Deferred for 30 Years

Net Distribution: \$1,522,295

Increased Distribution Compared to Conventional Sale: \$3,608,616

This projection is for illustrative purposes only and is based on information provided by the Seller or by the Seller's advisor and may be subject to change. Further, we respectfully request that all documents pertaining to the sale of this asset are first reviewed by the Seller's own CPA and attorney, and that any decision made by the Seller to implement this or any other planning strategy being considered is based solely on the Seller's own CPA's and attorney's advice.