Real Estate Depreciation

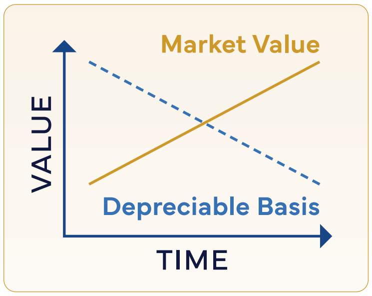
LEGALLY REDUCE TAXABLE INCOME & PRESERVE MORE CASH FLOW

BRIDGE TOWER

How real estate can improve after-tax cash flow through tax-efficient deprecation.

1 HOW IT WORKS

Depreciation lets investors deduct part of a building's value each year as a non-cash expense. That means a property can generate positive cash flow while reporting lower taxable income.



2 3 SIMPLE STEPS

Collect Cash Flow
The property generates rental income and real cash flow.

Claim Depreciation
The building purchase price is deducted over time (excluding land).

Lower Taxable Income
The property generates rental income and real cash flow.

3 CASE STUDY: $1,000,000 Rental Investment

Depreciated over 27.5 years

Annual Cash Flow
$70,000

–

Annual Depreciation
~$29,000

=

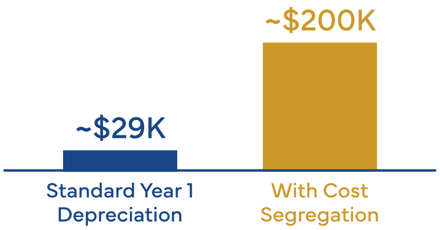
Taxable Income
~$41,000

→

Untaxed Income
40%

4 ACCELERATE IT: COST SEGREGATION

A cost segregation study may identify certain components of a property that can be depreciated over shorter lives. This can accelerate deduction into earlier years and potentially improve near-term tax efficiency.



5 IMPORTANT CONSIDERATIONS: *Depreciation is Not Tax-Free*

- Depreciation is a timing benefit, not tax-free income.
- Land is never depreciable.
- Current deductions may be limited by passive-activity, at-risk, or other tax rules.
- When the property is sold, depreciation recapture may apply.