

## E5S Calculation: 5818 Star Lane, Houston TX

Enclosed is the result of a Cost Segregation Modeling Calculation conducted by Barbara Hayley, Hayley Capital, on the Titan Echo cost seg platform that models the segregation of real and personal property assets for Roalty 1 Properties, LTD. The cost seg modeling was conducted for the purpose of re-classifying property under the federal income tax Modified Accelerated Cost Recovery System (MACRS), defined in Section 168 of the Internal Revenue Code (IRC).

As a result of this modeling effort, the MACRS property classification and related tax basis for these assets can be statistically modified as follows:

MACRS Property Class	Original Basis	Accumulated Depreciation as of 12/31/2017	Reclassified Basis	Revised Acc. Depr. as of 12/31/2017
5-year property	\$ -	\$ -	\$ 26,266	\$ 26,266
7-year property	\$ -	\$ -	\$ 59,509	\$ 59,509
15-year property	\$ -	\$ -	\$ 81,890	\$ 81,890
39-year property	\$ 440,000	\$ 1,410	\$ 272,335	\$ 873
<b>TOTAL:</b>	<b>\$ 440,000</b>	<b>\$ 1,410</b>	<b>\$ 440,000</b>	<b>\$ 168,538</b>

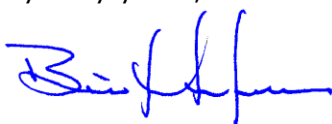
<b>Original 12/31/2017 Accumulated Depreciation:</b>	<b>\$ 1,410</b>
<b>Revised 12/31/2017 Accumulated Depreciation:</b>	<b>\$ 168,538</b>
<b>Additional Depreciation Deductions 12/31/2017:</b>	<b>\$ 167,128</b>
<b>Additional Depreciation Deductions 12/31/2018:</b>	<b>\$ (4,299)</b>
<b>Additional Depreciation Deductions 12/31/2019:</b>	<b>\$ (4,299)</b>

Based on the results of this analysis, an additional \$167,128 in depreciation deductions can be realized on the 2017 tax filing, compared to the tax return had this modeling effort not been utilized.

As previously disclosed, this E5S calculation is not a substitute for a full Cost Segregation Study, nor does it meet the requirements in the IRS Cost Segregation ATG. However, if required, Titan will provide IRS audit support at no charge (excluding any activities that require travel, which must be approved prior to incurring the expense).

We appreciate the opportunity to work with you and to be of service to your business.

Very truly yours,



Brian Lefever, VP Ops      3/13/2018  
Titan Engineering



### Revised Federal Depreciation Fixed Asset Schedule

Asset ID	Property Description	Date Acquired	Prior to E5S Calculation			Per E5S Calculation						
			Basis	Life (years)	Acc. Depr. as of 12/31/2017	Basis	Bonus	Depreciable Basis	Life (years)	Depr. Method	Conv.	Revised Acc. Depr. as of 12/31/2017
1	Building Purchase	11/01/17	440,000	39	1,410	272,335	-	272,335	39	SL	MM	873
1.1	Asset Class 57.0 - Distributive Trades and Services	11/01/17				26,266	26,266	-	5	200DB	MQ	26,266
1.2	Asset Class 0.11 - Office Furniture, Fixtures and Equipment	11/01/17				59,509	59,509	-	7	200DB	MQ	59,509
1.3	Asset Class 0.30 - Land Improvements	11/01/17				81,890	81,890	-	15	150DB	MQ	81,890
<b>TOTALS:</b>			<b>440,000</b>		<b>1,410</b>	<b>440,000</b>						<b>168,538</b>

New assets on the Fixed Asset Schedule



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Site & Interior Photos of 5818 Star Lane, Houston, Texas



