

After-Tax Economics on a \$1,000,000 LP Investment

Depreciation shield, pass-through losses, and a capital-gain exit drive ~\$474K of tax savings vs a conservative taxable alternative — lifting effective yield by ~300 bps.

<p>PRE-TAX LP IRR</p> <p>14.45%</p> <p><i>3.12x equity multiple</i></p>	<p>AFTER-TAX LP IRR</p> <p>13.62%</p> <p><i>2.73x after-tax multiple</i></p>	<p>TAX SAVINGS</p> <p>\$474K</p> <p><i>vs conservative taxable alt</i></p>	<p>TAX ALPHA (vs bonds)</p> <p>+506 bps</p> <p><i>same pre-tax IRR, ordinary</i></p>
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§ 01 · HEAD-TO-HEAD · \$1M OVER 10 YEARS

Metric	SHOPPES	ROC-FIRST	CORP BOND
Total After-Tax Distributions	\$2,726,843	\$2,252,463	\$1,844,463
Cumulative Tax Paid	\$388,804	\$863,184	\$1,271,184
After-Tax Equity Multiple	2.73x	2.25x	1.84x
After-Tax IRR	13.62%	10.64%	7.34%
IRR Uplift vs Shoppes	—	-298 bps	-628 bps

§ 02 · TAX BUILDUP · WHERE THE \$388K SITS

Year 1 depreciation shield	-\$133,548
Years 2–9 operating tax	+\$169,716
Year 10 §1250 recapture	+\$196,560
Year 10 LTCG on appreciation	+\$156,076
Net cumulative tax paid	\$388,804

~\$882K less tax paid vs a pure corporate-bond alternative with the same pre-tax cash flows.

KEY ASSUMPTIONS

\$1M LP investment · 10-yr hold · Land sale exit @ \$300/SF · 37% fed ordinary + 3.8% NIIT · 20% LTCG + 3.8% NIIT · 25% §1250 recapture · TX 0% state · 65% improvements basis with 22% cost-seg short-life + Year-1 bonus.

Illustrative only — not tax advice. Outcomes depend on investor circumstances, entity structure, and changes in law. Consult your tax advisor.