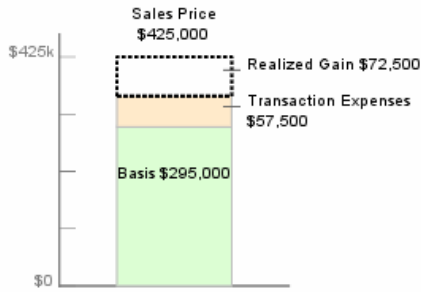


Summary

Report Date: 12-09-2006

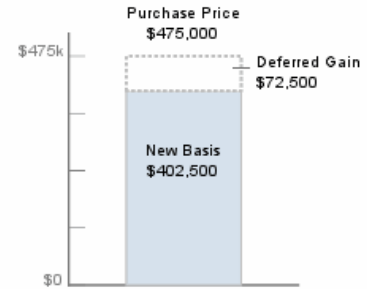
Sold Property (Relinquished Property)



1. 1 Adams Avenue, Atlanta GA

- Realized Gain, \$72,500
- Transaction Expenses, \$57,500
(Purchase Expenses + Sales Expenses + 1031 Exchange Fees + Loan Acquisition Cost - Non-Like Kind Property)
- Basis, \$295,000

Purchased Property (Replacement Property)



1. 123 Purchased Avenue, Atlanta GA

- Deferred Gain, \$72,500
- New Basis, \$402,500

Recognized Gain

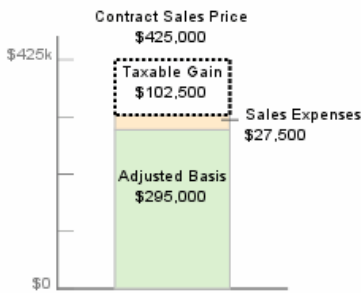
\$0

Realized Gain - Deferred Gain = Recognized Gain

Taxble Gain

Taxable gain is the profit from the sale of this investment property that would be taxed if there was no exchange.

Sold Property (Relinquished Property)



1. 1 Adams Avenue, Atlanta GA

- Taxble Gain, \$102,500
- Sales Expenses, \$27,500
- Adjusted Basis, \$295,000

Taxable Gain

\$102,500

Realized Gain

In an exchange, Realized gain is the profit from the sale and purchase of the property(s). In a regular sale tax would be paid on realized gain.
 (Realized gain = Taxable gain + Non-Like Kind Property - Purchase Expenses - All 1031 Exchange Fee - Loan Acquisition Cost)

Sold Properties	A. 1 Adams	Total
Taxable Gain	\$102,500	\$102,500
1031 Sold Exchange Fee	\$0	\$0
Non-Like Kind Property	\$0	\$0
Purchase Expenses + 1031 Purchase Exchange Fee + Loan Acquisition Cost		\$30,000
	Realized Gain	\$72,500

Realized Gain

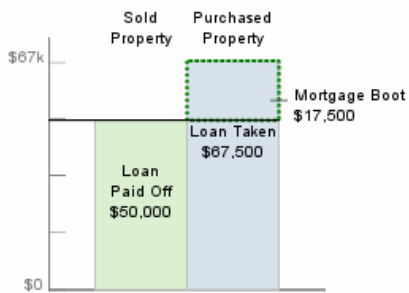
\$72,500

Net Boot

Net boot is result of netting cash boot and mortgage boot and is the amount that is taxed.

Increase in Mortgage boot paid (loan) or Cash boot paid (invested money) does not affect tax this year.

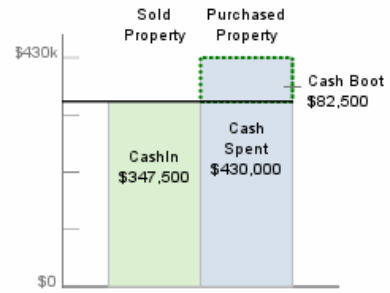
Mortgage Boot



*Mortgage Boot paid is the **increase in the loan** in the new property. It cannot offset any cash boot received.*

- Mortgage Boot, \$17,500
- Loan Paid Off, \$50,000
- Loan Taken, \$67,500
(Loan Acquired - Loan Acquisition Cost)

Cash Boot



*Cash Boot paid is the **cash invested** and it is used to offset any mortgage boot received.*

- Cash Boot, \$82,500
- Cash In, \$347,500
(Cash Received + Loan Carried Back + Non-Like Kind Property)
- Cash Spent, \$430,000

Recognized Gain

\$0

Deferred Gain & New Basis

Deferred gain is the profit from the sale and purchase of the property(s) that is not being taxed and its tax is postponed to the future. Basis is the amount of investment in the new property(s). For taxes this is the amount used for future depreciation.

Purchased Properties	33%	100%
	1. 1 Purcha...	TOTAL
Contract Sales Price	\$475,000	\$475,000
Deferred Gain	\$72,500	\$72,500
New Cost Basis	\$402,500	\$402,500

Deferred Gain

\$72,500

Deferred Gain = Realized Gain – Recognized Gain

New Cost Basis

\$402,500

New Cost Basis = Contract Sales Price – Deferred Gain