

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn	Tot income
0	2072			2072		-2072	2072		610.5
1	0	0	110	2182	110	0	2072	0	
2	0	0	116	2298	116	0	2072	0	
3	0	0	122	2419	122	0	2072	0	
4	0	0	128	2548	128	0	2072	0	
5	-2683	0	135	2683	135	2683	2072	0	

Tax value remains at original \$2072 cost

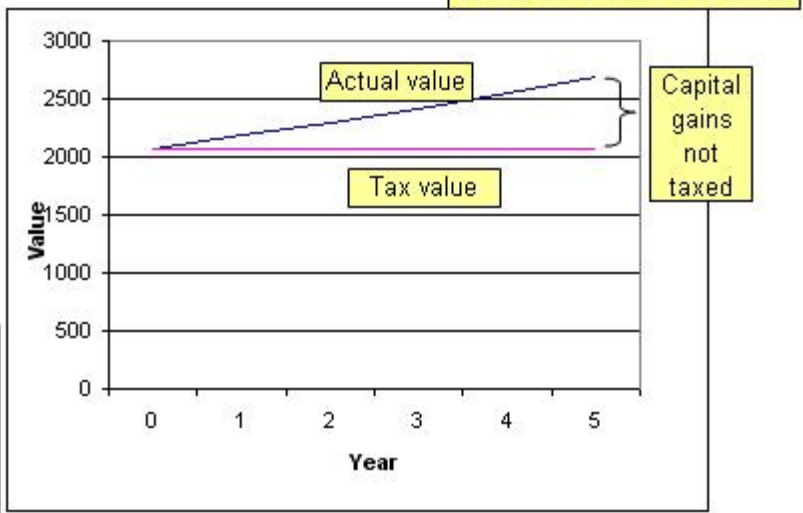
Pre-tax Actual value increasing at 5.3% 5.30% Pre-tax return Asset price increases from 1000 to 2072 reducing pre-tax return from 10% to 5.3%

Year	Benchmark		Tax Treatment	
	Tax	Cash Flow	Tax	Cash Flow
0	0	-2072		-2072
1	52	-52	0	0
2	54	-54	0	0
3	57	-57	0	0
4	60	-60	0	0
5	63	2619	0	2683

Post-tax 287 2.81% 0 5.30%

Benchmark: For direct investor, tax at 47% on annual change in value reduces 5.3% pre-tax return by 47% to 2.8%

Selected tax treatment: With no tax on capital gains, after-tax return remains at the 5.3% pre-tax level.



APPRECIATING ASSET WITH PRICE ADJUSTMENTS