

## *planEASe® / Windows*

Developed for the commercial investment real estate professional, planEASe enables financial analysis and cash flow projection of income producing multi-unit properties such as apartments and multi-tenant commercial properties such as offices, retail, industrial, etc., including development of these properties, all on a lease-by-lease basis. planEASe also performs Tenant / Owner Representation, Lease / Purchase, and Sale / Leaseback analysis. planEASe is unique in that there is no limit on the number of leases, expenses, loans, or depreciation schedules for a property. You specify the holding period (1.2 years, or 98.4 years, for example). planEASe handles calendaring, so you can project buying in April and selling in September and you'll get a true calendar year forecast for tax purposes. Internal Rates of Return, Financial Management Rates of Return, and Net Present Values are computed before and after taxes. planEASe has been revised for all current tax provisions, and provides many choices for handling depreciation and passive losses. The system features Sensitivity Analysis and Sensitivity Comparison Analysis, with a printed graph of results, and Monte Carlo Risk Analysis with a printed histogram of results.

The Analysis Menu provides the five Analysis functions for your assumptions: Basic, Detail, Sensitivity, Risk and Lease Analysis.

### **Basic Analysis**

allows you to view/print the overall cash flow projection for the investment in any of three Basic Views: Vertical, Horizontal, or Graph.

### **Detail Analysis**

allows you to view/print the cash flow projections for any of the multiple page types (i.e.: depreciation, loan, revenue or expense) organized as a grid or array of the individual pages, in any of three Detail Views: Vertical, Horizontal, or Graph. This is useful for showing, for instance, expense breakdowns or revenue breakdowns within the individual property.

### **Sensitivity Analysis**

As you perform an analysis, planEASe measures the worth of the investment in terms of rates of return and net present values. Sensitivity Analysis allows you to investigate how these measures vary with a change in one of the assumptions. **Any** measure may be chosen for the Sensitivity Analysis, and **any** assumption may be chosen as well. Sensitivity Analysis provides a one page table and graph which describes the relationship between the assumption value and the resulting measure.

### **Risk Analysis**

As you perform an analysis, planEASe measures the worth of the investment in terms of rates of return and net present values. Risk Analysis allows you to investigate how these measures vary with a change in one or more of the assumptions. **Any** measure may be chosen for the Risk Analysis, and **any** group of assumptions may be chosen as well. Risk Analysis provides a one page table and graph which describes

## **planEASe® / Windows**

the relationship between the risky assumption values and the variability (or risk) of the resulting measure.

### **Lease Analysis**

allows you to view/print a summary of the leases in an Assumption Set as well as individual analyses, reports and graphs for each lease. Lease Analysis is also used to prepare Tenant Representation and Owner Representation presentations..

### **Installment Sale**

Analysis of an installment sale is implemented in planEASe as the Installment Sale Analysis Model (RSA), which you may access from File/New Model and choosing RSA - Installment Sale Analysis from the list. The Basic, Detail, Sensitivity, and Risk Analysis capabilities of planEASe are available with this model (Lease Analysis is not relevant here). If you have purchased the optional Reporting Extension, the Installment Sale Report and Assumptions Report are available on the Reports menu. We have built useful graphs into the Installment Sale Report and the Installment Sale Projection, which are available to you if you have purchased the optional Graphics Extension. The optional Monthly Extension will generate a monthly Installment Sale Projection, although we're not sure how you might find this useful.

### **Loan Participation**

Loan Participation refers to additional loan payments (interest) which may be negotiated with the lender and depend on the performance of the property or investment. Participation Type allows the amount of participation to be based on Effective Income, **NOI**, or Cash Flow Before Debt (NOI less Capital Spending). Additionally, any of these bases may be lowered by the amount of Debt Service for earlier loans and this loan by setting Subordinate to Yes. ***The Participation Base you set may be further adjusted by specifying an additional amount to be subtracted in the Annual Base field (notice the yields are adjusted with each change).*** Setting the Participation Type to None eliminates all participation for this loan, no matter what the settings for the other fields in this Dialog. You may delay the start of participation by setting Participation Start Date to a planEASe Date after the start of the loan.

### **Partial Sale**

Partial Sale which allows you to sell any of the property at any time during the Holding Period, and properly accounts for any Capital Gain and cancellation of the planned depreciation of the asset being sold.

All planEASe reports and graphs may be directed to the Windows Clipboard and pasted into your favorite Windows word processor and/or spreadsheet for further processing. Almost all reports and graphs are completely editable, and you may add commentary to any or all as you wish. All print in full color (user definable) on color printers. The Page Styles feature allows you to define and save your favorite fonts, colors, and other page definitions for easy one-click style changes.

# Real Estate Investment Analysis

## Redondo Professional Building

### Comments

	Buy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Sell	Total
<b>Before Tax Cash Flow Projection</b>													
Investment and Sale	(4,040,000)	(11,000)	(25,000)	0	(20,000)	0	0	0	0	0	0	4,707,856	611,856
Effective Income	0	469,102	490,964	514,926	540,701	566,960	585,541	613,927	634,008	664,692	686,394	0	5,767,214
Operating Expense	0	(140,606)	(145,554)	(150,733)	(156,137)	(161,719)	(167,158)	(173,160)	(179,006)	(185,460)	(191,746)	0	(1,651,281)
Cash Flow Before Debt	(4,040,000)	317,496	320,409	364,193	364,563	405,241	418,383	440,767	455,001	479,232	494,648	4,707,856	4,727,789
Debt Service	2,940,000	(251,717)	(263,925)	(276,114)	(288,268)	(300,370)	(312,404)	(312,404)	(312,404)	(312,404)	(312,404)	(2,697,730)	(2,700,146)
Cash Flow Before Tax	(1,100,000)	65,779	56,484	88,079	76,295	104,870	105,979	128,363	142,597	166,827	182,243	2,010,126	2,027,643
<b>Taxable Income Projection</b>													
Taxable Revenue	0	469,102	490,964	514,926	540,701	566,960	585,541	613,927	634,008	664,692	686,394	0	5,767,214
Taxable Expense	0	(140,606)	(145,554)	(150,733)	(156,137)	(161,719)	(167,158)	(173,160)	(179,006)	(185,460)	(191,746)	0	(1,651,281)
Interest Expense	0	(230,062)	(242,808)	(255,316)	(267,575)	(279,568)	(291,272)	(288,431)	(285,293)	(281,825)	(277,995)	0	(2,700,146)
Depreciation	0	(74,000)	(77,796)	(78,144)	(78,635)	(78,656)	(78,656)	(78,656)	(78,656)	(78,656)	(75,196)	0	(777,053)
Ordinary Income	0	24,434	24,805	30,733	38,353	47,016	48,454	73,679	91,052	118,750	141,457	0	638,734
<b>After Tax Cash Flow Projection</b>													
Cash Flow Before Tax	(1,100,000)	65,779	56,484	88,079	76,295	104,870	105,979	128,363	142,597	166,827	182,243	2,010,126	2,027,643
Ordinary Income	0	24,434	24,805	30,733	38,353	47,016	48,454	73,679	91,052	118,750	141,457	0	638,734
Capital Gains	0	0	0	0	0	0	0	0	0	0	0	1,388,909	1,388,909
Taxable Income	0	24,434	24,805	30,733	38,353	47,016	48,454	73,679	91,052	118,750	141,457	1,388,909	2,027,643
Taxes	0	(9,676)	(9,823)	(12,170)	(15,188)	(18,618)	(19,188)	(29,177)	(36,057)	(47,025)	(56,017)	(316,634)	(569,573)
Cash Flow After Tax	(1,100,000)	56,103	46,661	75,909	61,107	86,252	86,791	99,186	106,540	119,802	126,227	1,693,492	1,458,070

Rate of Return Before Debt (IRR)	11.2%
Rate of Return Before Tax (IRR)	13.9%
Rate of Return After Tax (IRR)	10.9%
Net Present Value Before Debt @10%	288,282
Net Present Value Before Tax @10%	328,515
Net Present Value After Tax @10%	67,832

The data and calculations presented herein, while not guaranteed,  
have been obtained from sources we believe to be reliable.  
Produced by planEASe from Analytic Associates (800) 959-3273

# Before Tax Cash Flow Projection

## Redondo Professional Building

### Comments

Time	Investment and Sale	Effective Income	Operating Expense	Cash Flow Before Debt	Debt Service	Cash Flow Before Tax
Buy	(4,040,000)	0	0	(4,040,000)	2,940,000	(1,100,000)
2001	(11,000)	469,102	(140,606)	317,496	(251,717)	65,779
2002	(25,000)	490,964	(145,554)	320,409	(263,925)	56,484
2003	0	514,926	(150,733)	364,193	(276,114)	88,079
2004	(20,000)	540,701	(156,137)	364,563	(288,268)	76,295
2005	0	566,960	(161,719)	405,241	(300,370)	104,870
2006	0	585,541	(167,158)	418,383	(312,404)	105,979
2007	0	613,927	(173,160)	440,767	(312,404)	128,363
2008	0	634,008	(179,006)	455,001	(312,404)	142,597
2009	0	664,692	(185,460)	479,232	(312,404)	166,827
2010	0	686,394	(191,746)	494,648	(312,404)	182,243
Sell	4,707,856	0	0	4,707,856	(2,697,730)	2,010,126
Total	611,856	5,767,214	(1,651,281)	4,727,789	(2,700,146)	2,027,643

Rate of Return Before Debt (IRR)	11.2%
Rate of Return Before Tax (IRR)	13.9%
Net Present Value Before Debt @10%	288,282
Net Present Value Before Tax @10%	328,515

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# Taxable Income Projection

## Redondo Professional Building

### Comments

Time	Taxable Revenue	Taxable Expense	Interest Expense	Depreciation	Ordinary Income
Buy	0	0	0	0	0
2001	469,102	(140,606)	(230,062)	(74,000)	24,434
2002	490,964	(145,554)	(242,808)	(77,796)	24,805
2003	514,926	(150,733)	(255,316)	(78,144)	30,733
2004	540,701	(156,137)	(267,575)	(78,635)	38,353
2005	566,960	(161,719)	(279,568)	(78,656)	47,016
2006	585,541	(167,158)	(291,272)	(78,656)	48,454
2007	613,927	(173,160)	(288,431)	(78,656)	73,679
2008	634,008	(179,006)	(285,293)	(78,656)	91,052
2009	664,692	(185,460)	(281,825)	(78,656)	118,750
2010	686,394	(191,746)	(277,995)	(75,196)	141,457
Sell	0	0	0	0	0
<b>Total</b>	<b>5,767,214</b>	<b>(1,651,281)</b>	<b>(2,700,146)</b>	<b>(777,053)</b>	<b>638,734</b>

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# After Tax Cash Flow Projection

## Redondo Professional Building

### Comments

Time	Cash Flow Before Tax	Ordinary Income	Capital Gains	Taxable Income	Taxes	Cash Flow After Tax
Buy	(1,100,000)	0	0	0	0	(1,100,000)
2001	65,779	24,434	0	24,434	(9,676)	56,103
2002	56,484	24,805	0	24,805	(9,823)	46,661
2003	88,079	30,733	0	30,733	(12,170)	75,909
2004	76,295	38,353	0	38,353	(15,188)	61,107
2005	104,870	47,016	0	47,016	(18,618)	86,252
2006	105,979	48,454	0	48,454	(19,188)	86,791
2007	128,363	73,679	0	73,679	(29,177)	99,186
2008	142,597	91,052	0	91,052	(36,057)	106,540
2009	166,827	118,750	0	118,750	(47,025)	119,802
2010	182,243	141,457	0	141,457	(56,017)	126,227
Sell	2,010,126	0	1,388,909	1,388,909	(316,634)	1,693,492
Total	2,027,643	638,734	1,388,909	2,027,643	(569,573)	1,458,070

Rate of Return Before Tax (IRR)	13.9%
Rate of Return After Tax (IRR)	10.9%
Net Present Value Before Tax @10%	328,515
Net Present Value After Tax @10%	67,832

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## Revenue Detail

### Redondo Professional Building

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
1xx USA Realty	118,750	123,690	128,824	143,081	148,983	155,117	161,492	168,117	175,004	182,161	1,505,219
200 New Tenant	5,985	12,209	12,698	13,206	13,734	14,283	14,855	15,449	16,067	16,709	135,195
201 Investments	7,204	7,492	7,792	8,103	8,427	8,765	9,115	9,480	9,859	10,253	86,490
202 Dr. Hale	15,391	16,006	16,646	17,312	18,005	18,725	19,474	20,253	21,063	21,906	184,781
203 Jones, CPA	24,083	25,046	26,048	27,090	28,173	29,300	30,472	31,691	32,959	34,277	289,137
204 Dr. Paley	17,389	18,084	18,808	19,560	20,342	21,156	22,002	22,882	23,798	24,750	208,771
300-3 Attorneys	46,056	47,898	49,814	51,807	53,879	56,034	58,276	60,607	63,031	65,552	552,953
304-5 Cable TV	32,558	33,861	35,215	36,624	38,089	39,612	41,197	42,845	44,558	46,341	390,900
306 Contractor	14,851	15,445	16,063	16,706	17,374	18,069	18,792	19,543	20,325	21,138	178,307
307 Consultants	14,598	15,182	15,789	16,420	17,077	17,760	18,471	19,210	19,978	20,777	175,262
4xx Insurance	95,000	95,190	103,136	103,333	111,920	112,125	121,404	121,618	131,645	131,867	1,127,238
CAM	77,238	80,860	84,094	87,458	90,956	94,595	98,378	102,314	106,406	110,662	932,962
<b>Total</b>	<b>469,102</b>	<b>490,964</b>	<b>514,926</b>	<b>540,701</b>	<b>566,960</b>	<b>585,541</b>	<b>613,927</b>	<b>634,008</b>	<b>664,692</b>	<b>686,394</b>	<b>5,767,214</b>

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## *Expense Detail*

### *Redondo Professional Building*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Adv/Licenses	(5,956)	(6,194)	(6,442)	(6,700)	(6,968)	(7,246)	(7,536)	(7,838)	(8,151)	(8,477)	(71,508)
Real Estate Taxes	(40,000)	(40,800)	(41,616)	(42,448)	(43,297)	(44,163)	(45,046)	(45,947)	(46,866)	(47,804)	(437,989)
Repairs/Maint	(13,487)	(14,026)	(14,588)	(15,171)	(15,778)	(16,409)	(17,065)	(17,748)	(18,458)	(19,196)	(161,926)
Grounds Services	(10,439)	(10,857)	(11,291)	(11,742)	(12,212)	(12,701)	(13,209)	(13,737)	(14,286)	(14,858)	(125,332)
Rubbish Services	(2,546)	(2,648)	(2,754)	(2,864)	(2,978)	(3,098)	(3,222)	(3,350)	(3,484)	(3,624)	(30,568)
Electricity	(30,314)	(31,527)	(32,788)	(34,099)	(35,463)	(36,882)	(38,357)	(39,891)	(41,487)	(43,146)	(363,953)
Sewer and Water	(7,256)	(7,546)	(7,848)	(8,162)	(8,488)	(8,828)	(9,181)	(9,548)	(9,930)	(10,328)	(87,116)
Elevator Services	(2,367)	(2,462)	(2,560)	(2,663)	(2,769)	(2,880)	(2,995)	(3,115)	(3,239)	(3,369)	(28,418)
Cleaning	(3,852)	(4,006)	(4,166)	(4,333)	(4,506)	(4,687)	(4,874)	(5,069)	(5,272)	(5,483)	(46,248)
A/C Maintenance	(3,967)	(4,126)	(4,291)	(4,462)	(4,641)	(4,826)	(5,020)	(5,220)	(5,429)	(5,646)	(47,628)
Security Service	(1,658)	(1,724)	(1,793)	(1,865)	(1,940)	(2,017)	(2,098)	(2,182)	(2,269)	(2,360)	(19,906)
<b>Total</b>	<b>(121,842)</b>	<b>(125,916)</b>	<b>(130,136)</b>	<b>(134,509)</b>	<b>(139,041)</b>	<b>(143,737)</b>	<b>(148,603)</b>	<b>(153,646)</b>	<b>(158,873)</b>	<b>(164,290)</b>	<b>(1,420,593)</b>

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# Lease Analysis Summary

## Redondo Professional Building

Name	Suite	RSF	USF	Total \$	PV @ 10%	PV/RSF	PV/USF
USA Realty	1xx	5,000	4,650	1,505,219	933,971	186.79	200.85
New Tenant	200	700	651	135,195	82,612	118.02	126.90
Investments	201	450	418	86,490	54,060	120.13	129.33
Dr. Hale	202	900	837	184,781	115,495	128.33	137.99
Jones, CPA	203	1,500	1,395	289,137	180,721	120.48	129.55
Dr. Paley	204	1,050	976	208,771	130,489	124.28	133.70
Attorneys	300-3	2,000	1,860	552,953	345,616	172.81	185.82
Cable TV	304-5	1,600	1,488	390,900	244,327	152.70	164.20
Contractor	306	650	604	178,307	111,448	171.46	184.52
Consultants	307	650	604	175,262	109,545	168.53	181.37
Insurance	4xx	5,000	4,650	1,127,238	704,369	140.87	151.48
CAM				932,962	582,968		

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# Lease Analysis

## USA Realty

\$125,000 Base Rent for the next 3 years, increased by the CPI each January. USA Realty pays their share of the Real Estate Taxes (25% of the current \$40,000), with a Tax Stop of \$10,000. At the end of the 3 years there is a renewal clause for \$150,000 Base Rent, subject again to the CPI, which we assume will be exercised; and we have allowed for \$20,000 of TI's at the renewal.

		Measure	Rent	Rentable	Usable
Report Date	26 Dec 01	Total Effective	1,505,219	301.04	323.70
Suite	1xx	Avg Annual Effective	150,522	30.10	32.37
Rentable SF	5,000	PV @ 10%	933,971	186.79	200.85
Usable SF	4,650	Annual PV @ 10%	93,397	18.68	20.09

	2001	2002	2003	2004	2005	2006
Base Rent	118,750	123,500	128,440	0	0	0
Renewal	0	0	0	142,500	148,200	154,128
Taxes Reimb	0	190	384	581	783	989
Total \$	118,750	123,690	128,824	143,081	148,983	155,117
Total PV	113,224	107,213	101,511	102,496	97,022	91,833
\$/RSF	23.75	24.74	25.76	28.62	29.80	31.02
PV/RSF	22.64	21.44	20.30	20.50	19.40	18.37
\$/USF	25.54	26.60	27.70	30.77	32.04	33.36
PV/USF	24.35	23.06	21.83	22.04	20.86	19.75

	2007	2008	2009	2010	Total
Base Rent	0	0	0	0	370,690
Renewal	160,293	166,705	173,373	180,308	1,125,507
Taxes Reimb	1,199	1,413	1,631	1,853	9,022
Total \$	161,492	168,117	175,004	182,161	1,505,219
Total PV	86,916	82,256	77,841	73,659	933,971
\$/RSF	32.30	33.62	35.00	36.43	301.04
PV/RSF	17.38	16.45	15.57	14.73	186.79
\$/USF	34.73	36.15	37.64	39.17	323.70
PV/USF	18.69	17.69	16.74	15.84	200.85

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# Tenant Lease Analysis

## Maxwell Proposal

This report is produced from the basic planEASe software priced at \$995.

This form has been set up in this format specially for the evaluation of these lease proposals. When you use planEASe to evaluate your own lease proposals, you may set up your own form, deleting any of these rows, and adding as many of your own (for whatever purpose you name) as you wish.

The Maxwell Proposal calls for a five-year full-service lease beginning at \$8.00/square foot rentable for years 1 and 2, then increasing to \$9.50 in years 3, 4 and 5.

Operating Expenses and Taxes to be passed through to the tenant, with an expense stop of \$1.35/sf and a tax stop of \$.25/sf.

Three months' free rent at the beginning of the lease

Tenant improvement allowance as in Bob Ackerman's proposal, plus additional \$14,000 and \$10,000 allowances for the UPS and PBX installations.

		Measure	Rent	Rentable	Usable
Report Date	17 Oct 01	Total Gross	178,373	44.59	46.94
Suite		Avg Annual Gross	35,675	8.92	9.39
Rentable SF	4,000	PV @ 9.5%	141,935	35.48	37.35
Usable SF	3,800	Annual PV @ 9.5%	28,387	7.10	7.47

	Start	2001	2002	2003	2004	2005	End	Total
Base Rent	0	32,000	32,000	38,000	38,000	38,000	0	178,000
- free rent	0	(8,000)	0	0	0	0	0	(8,000)
+ op	0	0	162	329	501	678	0	1,669
+ tax	0	0	20	40	61	82	0	204
+ net TPTI	1,500	0	0	0	0	0	0	1,500
+ net buyout	0	0	0	0	0	0	0	0
+ parking	0	0	0	0	0	0	0	0
+ moving	5,000	0	0	0	0	0	0	5,000
<b>Total \$</b>	<b>6,500</b>	<b>24,000</b>	<b>32,182</b>	<b>38,369</b>	<b>38,562</b>	<b>38,760</b>	<b>0</b>	<b>178,373</b>
<b>Total PV</b>	<b>6,500</b>	<b>22,935</b>	<b>28,086</b>	<b>30,581</b>	<b>28,068</b>	<b>25,765</b>	<b>0</b>	<b>141,935</b>
<b>\$/RSF</b>	<b>1.63</b>	<b>6.00</b>	<b>8.05</b>	<b>9.59</b>	<b>9.64</b>	<b>9.69</b>	<b>0.00</b>	<b>44.59</b>
<b>PV/RSF</b>	<b>1.63</b>	<b>5.73</b>	<b>7.02</b>	<b>7.65</b>	<b>7.02</b>	<b>6.44</b>	<b>0.00</b>	<b>35.48</b>
<b>\$/USF</b>	<b>1.71</b>	<b>6.32</b>	<b>8.47</b>	<b>10.10</b>	<b>10.15</b>	<b>10.20</b>	<b>0.00</b>	<b>46.94</b>
<b>PV/USF</b>	<b>1.71</b>	<b>6.04</b>	<b>7.39</b>	<b>8.05</b>	<b>7.39</b>	<b>6.78</b>	<b>0.00</b>	<b>37.35</b>

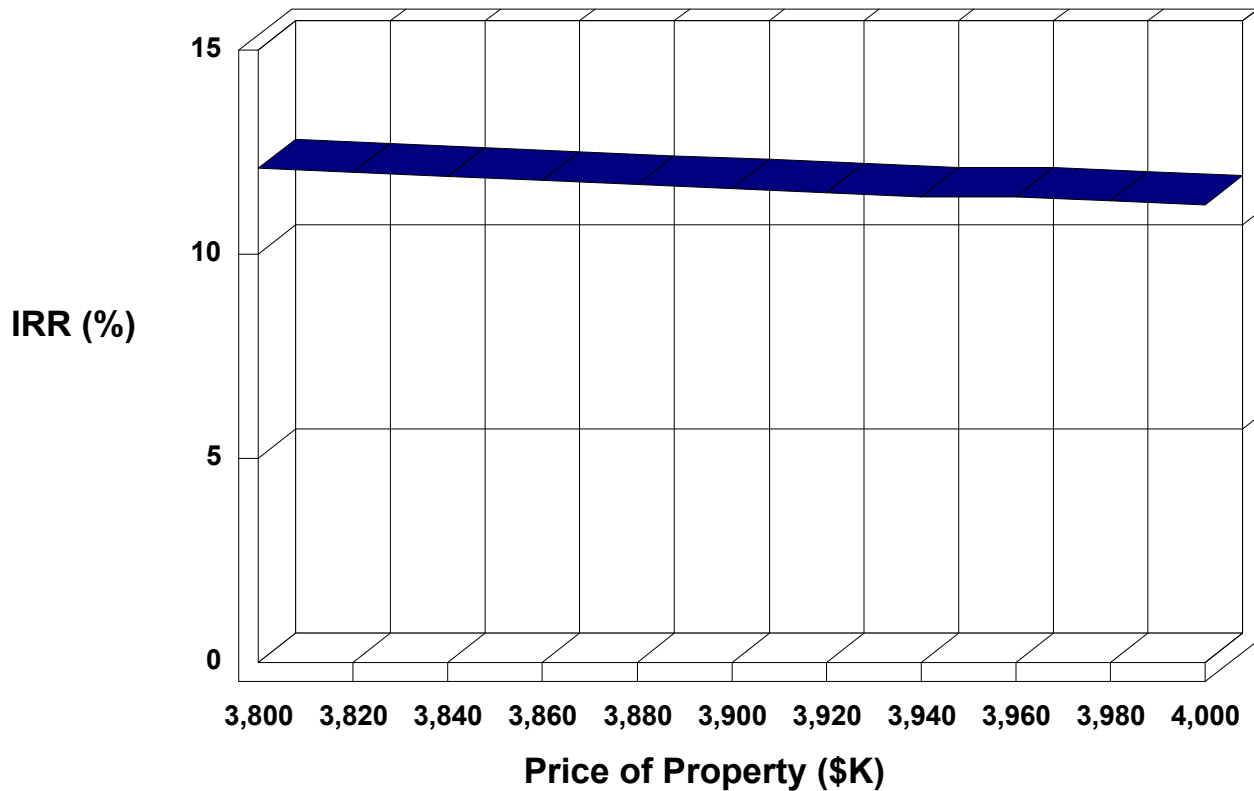
The data and calculations presented herein, while not guaranteed,  
have been obtained from sources we believe to be reliable.  
Produced by planEASe from Analytic Associates (800) 959-3273

# Sensitivity Analysis

## Redondo Professional Building

### Price of Property versus Rate of Return Before Debt

Assumption	IRR
\$3,800,000.00	12.1%
\$3,820,000.00	12.0%
\$3,840,000.00	11.9%
\$3,860,000.00	11.8%
\$3,880,000.00	11.7%
\$3,900,000.00	11.6%
\$3,920,000.00	11.5%
\$3,940,000.00	11.4%
\$3,960,000.00	11.4%
\$3,980,000.00	11.3%
\$4,000,000.00	11.2%



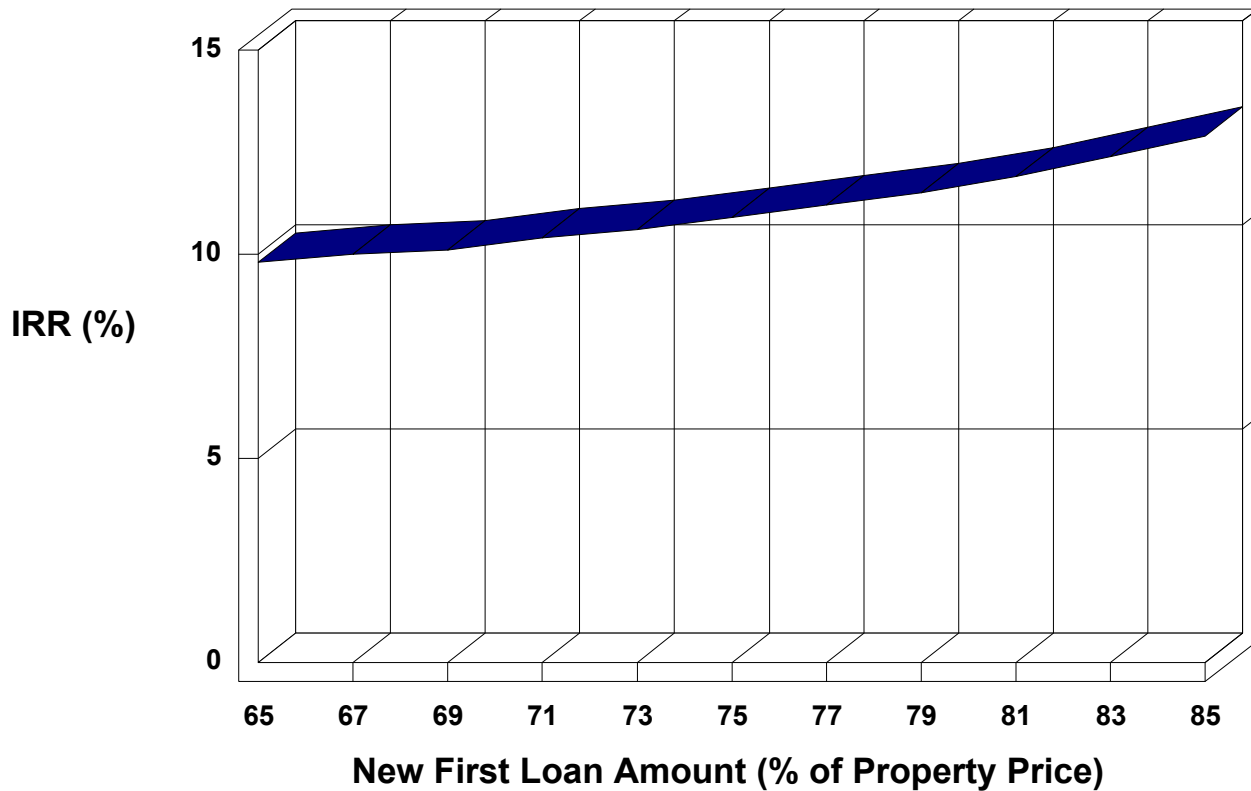
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# Sensitivity Analysis

## Redondo Professional Building

### New First Loan Amount versus Rate of Return After Tax

Assumption	IRR
65% of Property Price	9.8%
67% of Property Price	10.0%
69% of Property Price	10.1%
71% of Property Price	10.4%
73% of Property Price	10.6%
75% of Property Price	10.9%
77% of Property Price	11.2%
79% of Property Price	11.5%
81% of Property Price	11.9%
83% of Property Price	12.4%
85% of Property Price	12.9%

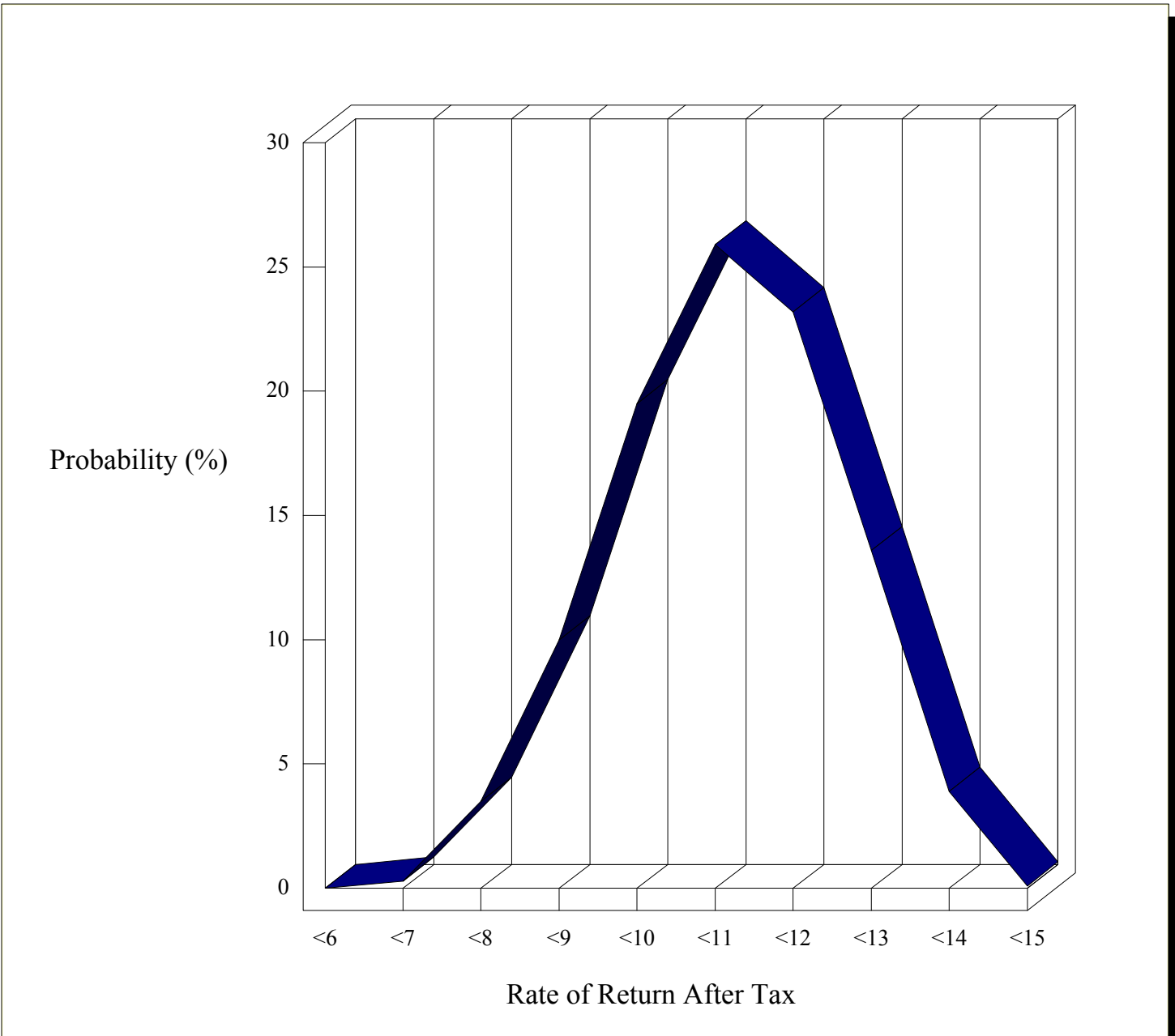


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# Risk Analysis

## Redondo Professional Building

Risk Analysis Assumption	Lowest	Likely	Highest
Holding Period	8 Years	9 Years	10 Years
Inflation Rate	3% per Year	4% per Year	5% per Year
Net Capitalization Rate at Sale	9% Net Cap Rate	10% Net Cap Rate	11% Net Cap Rate



Average IRR	10.6%	Lowest IRR	7.0%
Standard Deviation	1.4%	Highest IRR	14.0%

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