

planEASe® Reporting Extension

Adds client-oriented reporting to planEASe including:

- Proforma Income Statement in more than 1400 user selectable formats.
- Common Size Statement in 16 formats.
- \$/SqFt or \$/Unit Statement in 16 formats.
- Broker's Setup (or APOD) in 18 formats
- Acquisition Report
- Sale Report
- Commercial or Unit Rent Roll Report
- Analysis Assumptions Report formatted with assumptions expressed in english narrative.
- Title Pages

If you also purchase our *Graphics Extension*, the report modules of the *Reporting Extension* also include more than 100 additional graphs of items shown on these reports.

The Reports Menu is available only if you have purchased the optional planEASe *Reporting Extension*. It provides the following reports:

APOD Report

allows you to display/print an Annual Property Operating Data (APOD) report for your property. The APOD is a very useful snapshot of the status of a property investment as of the projected Acquisition Date, showing most of the information relevant to the investment, absent any projections of performance. If you have purchased the *Graphics Extension*, the APOD Report offers several Pie Charts of the information contained in the report.

Acquisition Report

shows the cash requirement at acquisition considering price, closing costs, and loan proceeds. If you have purchased the *Graphics Extension*, the Acquisition Report offers several Pie Charts of the information contained in the report.

Sale Report

presents the determination of the projected sale price, together with the cash proceeds (and Capital Gain calculations) at sale. The report can be prepared either before or after tax. If you have purchased the *Graphics Extension*, the Sale Report offers several Pie Charts of the information contained in the report.

Income Statements

planEASe® Reporting Extension

allows you to produce ProForma Income Statements. These reports can be prepared either before or after tax. They combine the Basic and Detail Analysis report information into a very readable format familiar to real estate professionals and accountants. Further, the reports offer information not shown in the Basic and Detail Analysis Reports, such as Ratio Analysis, projected Sale Proceeds by year, and Return and NPV measures by year, as well as a Common Size Statement and a Dollars/Square Foot or Dollars/Unit Statement. If you have purchased the *Graphics Extension*, Income Statements offers more than a hundred Graphs of the information contained in the reports.

Annual Statements

allows you to display/print an Annual Statement in Annual Property Operating Data (APOD) report format for your property. The information displayed in the report is exactly the same as the information in the 3 Income Statements (ProForma, Common Size and SqFt/Units) Reports for a particular year. Thus, even though the report looks like an APOD, the amounts are those covering the results of an entire year, rather than the "snapshot at acquisition" represented by the APOD. If you have purchased the *Graphics Extension*, Annual Statements offers several Pie Charts of the information contained in the report.

Assumptions Report

produces a report showing (in English) the assumptions used to generate the other reports. It was created with the idea of generating an assumptions report which can be presented to an investor or other concerned party to explain the assumptive basis of the other planEASe reports.

Rent Roll

produces Rent Roll reports and graphs for either commercial multi-tenant properties (like Office Buildings or Retail Centers), or Unit oriented properties (like Apartments or Mini-Storage). If you have purchased the *Graphics Extension*, the Rent Roll offers several Pie Charts of the information contained in the report.

TitlePages

planEASe/TitlePages is a Multiple Document Interface (MDI) WSIWYG word processor incorporated into planEASe to enable you to process and print documents that use the same Page Setup as your planEASe Reports and Graphs. Thus you may produce planEASe documents, reports and graphs bearing consecutive page numbers with the same appearance so that the entire presentation package appears to have been produced by the same software (as indeed it has). is a Multiple Document Interface (MDI) WSIWYG word processor incorporated into planEASe to enable you to process and print documents that use the same Page Setup as your planEASe Reports and Graphs. Thus you may produce planEASe documents, reports and graphs bearing consecutive page numbers with the same appearance so that the entire presentation package appears to have been produced by the same software (as indeed it has).

Annual Property Operating Data

Redondo Professional Building

Purpose	Broker's Recap
Name	Redondo Professional Building
Location	Redondo Beach, CA
Property Type	Office Building
Date	26 December 2001
Square Feet	19,500

Price	\$4,000,000
-Loans	3,000,000
Down Payment	1,000,000
+Acq Costs	40,000
+Loan Points	60,000
Investment	1,100,000

	\$/SqFt	% of GI	Annual \$
Gross Income			
1xx USA Realty (5,000 sf)	\$25.00	25.1%	\$125,000
200 New Tenant (700 sf)	18.00	2.5%	12,600
201 Investments (450 sf)	16.85	1.5%	7,583
202 Dr. Hale (900 sf)	17.42	3.1%	15,678
203 Jones, CPA (1,500 sf)	16.90	5.1%	25,350
204 Dr. Paley (1,050 sf)	17.09	3.6%	17,945
300-3 Attorneys (2,000 sf)	24.24	9.7%	48,480
304-5 Cable TV (1,600 sf)	21.42	6.9%	34,272
306 Contractor (650 sf)	24.05	3.1%	15,633
307 Consultants (650 sf)	23.64	3.1%	15,366
4xx Insurance (5,000 sf)	20.00	20.1%	100,000
CAM	4.14	16.2%	80,819
Total Gross Income	\$25.58	100.0%	\$498,726
- Vacancy & Credit Loss	1.90	7.4%	36,957
Effective Income	\$23.68	92.6%	\$461,769
Less: Operating Expenses			
Adv/Licenses	0.31	1.2%	5,956
Real Estate Taxes	2.05	8.0%	40,000
Repairs/Maint	0.69	2.7%	13,487
Grounds Services	0.54	2.1%	10,439
Rubbish Services	0.13	0.5%	2,546
Electricity	1.55	6.1%	30,314
Sewer and Water	0.37	1.5%	7,256
Elevator Services	0.12	0.5%	2,367
Cleaning	0.20	0.8%	3,852
A/C Maintenance	0.20	0.8%	3,967
Security Service	0.09	0.3%	1,658
Management Fee	0.95	3.7%	18,471
Total Operating Expenses	\$7.20	28.1%	\$140,313
Net Operating Income	\$16.48	64.5%	\$321,456
Less: Debt Service	12.91	50.5%	251,717
Cash Flow Before Taxes	\$3.58	14.0%	\$69,739

Capitalization Rate	8.04%
Gross Income Multiplier	8.02
Debt Coverage Ratio	1.277
Cash on Cash	6.34%
Price/SqFt	\$205

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

Annual Property Operating Data

Los Amigos Apartments

Purpose	Broker's Recap
Name	Los Amigos Apartments
Location	1000 Mayfair Avenue
Property Type	Apartment Complex
Date	17 October 2001
Units	42

Price	\$1,550,000
-Loans	1,240,000
Down Payment	310,000
+Acq Costs	15,500
+Loan Points	18,600
Investment	344,100

	\$/Unit	% of GI	Annual \$
Gross Income			
1 Bedroom Units (10 units)	\$3,936	19.6%	\$39,360
2 Bedroom Units (32 units)	4,920	78.6%	157,440
Laundry	86	1.8%	3,600
Total Gross Income	\$4,771	100.0%	\$200,400
- Vacancy & Credit Loss	239	5.0%	10,020
Effective Income	\$4,533	95.0%	\$190,380
Less: Operating Expenses			
Property Taxes	443	9.3%	18,600
Insurance	71	1.5%	3,000
Pool	29	0.6%	1,200
Gardener	18	0.4%	750
Utilities	114	2.4%	4,800
Resident Manager	238	5.0%	10,000
Maintenance	76	1.6%	3,200
Reserve	76	1.6%	3,200
Miscellaneous	29	0.6%	1,200
Management Fee	227	4.8%	9,519
Total Operating Expenses	\$1,321	27.7%	\$55,469
Net Operating Income	\$3,212	67.3%	\$134,911
Less: Debt Service	3,109	65.2%	130,583
Cash Flow Before Taxes	\$103	2.2%	\$4,328

Capitalization Rate	8.70%
Gross Income Multiplier	7.73
Debt Coverage Ratio	1.033
Cash on Cash	1.26%
Price/Unit	\$36,905

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Monthly Property Operating Data

Los Amigos Apartments

Purpose	Broker's Recap
Name	Los Amigos Apartments
Location	1000 Mayfair Avenue
Property Type	Apartment Complex
Date	17 October 2001
Units	42

Price	\$1,550,000
-Loans	1,240,000
Down Payment	310,000
+Acq Costs	15,500
+Loan Points	18,600
Investment	344,100

	\$/Unit	% of GI	\$/Month
Gross Income			
1 Bedroom Units (10 units)	\$328	19.6%	\$3,280
2 Bedroom Units (32 units)	410	78.6%	13,120
Laundry	7	1.8%	300
Total Gross Income	\$398	100.0%	\$16,700
- Vacancy & Credit Loss	20	5.0%	835
Effective Income	\$378	95.0%	\$15,865
Less: Operating Expenses			
Property Taxes	37	9.3%	1,550
Insurance	6	1.5%	250
Pool	2	0.6%	100
Gardener	1	0.4%	63
Utilities	10	2.4%	400
Resident Manager	20	5.0%	833
Maintenance	6	1.6%	267
Reserve	6	1.6%	267
Miscellaneous	2	0.6%	100
Management Fee	19	4.8%	793
Total Operating Expenses	\$110	27.7%	\$4,622
Net Operating Income	\$268	67.3%	\$11,243
Less: Debt Service	259	65.2%	10,882
Cash Flow Before Taxes	\$9	2.2%	\$361

Capitalization Rate	8.70%
Gross Income Multiplier	7.73
Debt Coverage Ratio	1.033
Cash on Cash	1.26%
Price/Unit	\$36,905

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Property Acquisition Report

Los Amigos Apartments

This report shows the projected cash requirement for acquisition of the Los Amigos Apartments on 1 January 2001.

Cost of Property Acquired			
Price of Property	\$1,550,000		
+ Closing Costs (1%)	15,500		
Total Cost of Property Acquired			\$1,565,500
Property Financing			
New First Loan Principal	\$1,240,000		
- Points (1.5 Points)	18,600		
New First Loan Proceeds		\$1,221,400	
Total Net Loan Proceeds			1,221,400
Cash Required at Acquisition			\$344,100

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Property Sale Report

Los Amigos Apartments

This report shows the results of a projected sale of the Los Amigos Apartments on 31 December 2010. The Sale Price of \$2,145,390 is projected by using a Net Capitalization Rate of 10% on the projected Net Operating Income of \$214,539 in effect at that time, according to the analysis assumptions.

Analysis of Sale Proceeds			
Sale Price (as discussed above)	\$2,145,390		
- Costs of Sale (7%)	150,177		
- Loan Balances	1,127,631		
- Prepayment Penalties	0		
Sale Proceeds Before Tax			\$867,582
Analysis of Capital Gain Results			
Sale Price	\$2,145,390		
- Capitalized Costs of Sale (100%)	150,177		
Net Sale Price for Tax Purposes		\$1,995,213	
Property Basis at Acquisition	\$1,550,000		
+ Capitalized Closing Costs (100%)	15,500		
+ Capital Additions	0		
- Depreciation Taken	463,920		
+ Excess Depreciation Recaptured	0		
Adjusted Basis at Sale		1,101,580	
Capital Gain (or Loss)		\$893,632	
- Suspended Passive Losses		0	
Net Capital Gain (or Loss)		\$893,632	
- Cost Recovery Recaptured		463,920	
Adjusted Net Capital Gain (or Loss)		\$429,713	
Cost Recovery Recapture Tax (@ 25%)			(115,980)
Tax on Adjusted Net Capital Gain (@ 20%)			(85,943)
Expenses Recognized at Sale			
Expensed Costs of Sale	0		
+ Accrued Loan Interest	0		
+ Unamortized Points	12,400		
+ Prepayment Penalties	0		
- Excess Depreciation Recaptured	0		
Total Expenses Recognized at Sale		12,400	
Tax Savings Due to Sale Expenses (@ 31%)			3,844
Net Taxable Income		\$881,232	
After Tax Cash Proceeds of Sale			\$669,503

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Proforma Income Statement

Los Amigos Apartments

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Income										
1 Bedroom Units	\$39,360	\$41,328	\$43,394	\$45,564	\$47,842	\$50,234	\$52,746	\$55,383	\$58,153	\$61,060
2 Bedroom Units	157,440	165,312	173,578	182,256	191,369	200,938	210,985	221,534	232,611	244,241
Laundry	3,600	3,780	3,969	4,167	4,376	4,595	4,824	5,066	5,319	5,585
Total Gross Income	\$200,400	\$210,420	\$220,941	\$231,988	\$243,587	\$255,767	\$268,555	\$281,983	\$296,082	\$310,886
Less: Vacancy & Credit Loss	10,020	10,521	11,047	11,599	12,179	12,788	13,428	14,099	14,804	15,544
Effective Income	\$190,380	\$199,899	\$209,894	\$220,389	\$231,408	\$242,978	\$255,127	\$267,884	\$281,278	\$295,342
Less: Operating Expenses										
Property Taxes	18,600	18,972	19,351	19,738	20,133	20,536	20,947	21,366	21,793	22,229
Insurance	3,000	3,150	3,308	3,473	3,647	3,829	4,020	4,221	4,432	4,654
Pool	1,200	1,260	1,323	1,389	1,459	1,532	1,608	1,689	1,773	1,862
Gardener	750	788	827	868	912	957	1,005	1,055	1,108	1,163
Utilities	4,800	5,136	5,496	5,880	6,292	6,732	7,204	7,708	8,247	8,825
Resident Manager	10,000	10,500	11,025	11,576	12,155	12,763	13,401	14,071	14,775	15,513
Maintenance	3,200	3,360	3,528	3,704	3,890	4,084	4,288	4,503	4,728	4,964
Reserve	3,200	3,360	3,528	3,704	3,890	4,084	4,288	4,503	4,728	4,964
Miscellaneous	1,200	1,260	1,323	1,389	1,459	1,532	1,608	1,689	1,773	1,862
Management Fee	9,519	9,995	10,495	11,019	11,570	12,149	12,756	13,394	14,064	14,767
Total Operating Expenses	\$55,469	\$57,780	\$60,203	\$62,743	\$65,405	\$68,197	\$71,126	\$74,198	\$77,421	\$80,803
Net Operating Income	\$134,911	\$142,119	\$149,691	\$157,646	\$166,003	\$174,781	\$184,002	\$193,686	\$203,857	\$214,539
Less: Debt Service	130,583	130,583	130,583	130,583	130,583	130,583	130,583	130,583	130,583	130,583
Net Operating Cash Flow	\$4,328	\$11,536	\$19,108	\$27,063	\$35,420	\$44,199	\$53,419	\$63,103	\$73,275	\$83,956
Taxable Income and Taxes (Losses Carried Forward)										
Taxable Revenues	\$190,380	\$199,899	\$209,894	\$220,389	\$231,408	\$242,978	\$255,127	\$267,884	\$281,278	\$295,342
Less: Deducted Expenses	55,469	57,780	60,203	62,743	65,405	68,197	71,126	74,198	77,421	80,803
Less: Interest Expense	123,690	122,968	122,171	121,290	120,317	119,242	118,054	116,742	115,293	113,692
Less: Amortized Points	620	620	620	620	620	620	620	620	620	620
Less: Depreciation	44,833	46,782	46,782	46,782	46,782	46,782	46,782	46,782	46,782	44,833
Ordinary Income	(\$34,231)	(\$28,251)	(\$19,882)	(\$11,045)	(\$1,716)	\$8,138	\$18,546	\$29,542	\$41,163	\$55,394
Taxable Income	0	0	0	0	0	0	0	0	2,263	55,394
(Cum Suspended Losses)	34,231	62,483	82,364	93,410	95,125	86,987	68,442	38,899	0	0
Taxes Due (- = Savings)	0	0	0	0	0	0	0	0	702	17,172
Cash Flow After Tax	\$4,328	\$11,536	\$19,108	\$27,063	\$35,420	\$44,199	\$53,419	\$63,103	\$72,573	\$66,784

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Proforma Income Statement

Los Amigos Apartments

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sale Proceeds:										
Sale Value	\$1,349,110	\$1,421,186	\$1,496,909	\$1,576,461	\$1,660,030	\$1,747,813	\$1,840,018	\$1,936,862	\$2,038,573	\$2,145,390
Less: Sale Costs (7%)	94,438	99,483	104,784	110,352	116,202	122,347	128,801	135,580	142,700	150,177
Less: Loan Repayment	1,233,107	1,225,492	1,217,080	1,207,787	1,197,521	1,186,180	1,173,652	1,159,811	1,144,522	1,127,631
Sale Proceeds Before Tax	21,565	96,211	175,045	258,321	346,307	439,286	537,565	641,470	751,351	867,582
Less: Taxes due to Sale	(67,739)	(48,315)	(28,658)	(6,522)	23,986	58,317	92,318	128,127	166,323	198,078
Sale Proceeds After Tax	89,305	144,525	203,703	264,843	322,321	380,968	445,247	513,343	585,028	669,503
Ratio Analysis:										
Profitability Ratios										
Capitalization Rate	8.70%	9.17%	9.66%	10.17%	10.71%	11.28%	11.87%	12.50%	13.15%	13.84%
Cash on Cash Before Tax	1.26%	3.35%	5.55%	7.86%	10.29%	12.84%	15.52%	18.34%	21.29%	24.40%
Cash on Cash After Tax	1.26%	3.35%	5.55%	7.86%	10.29%	12.84%	15.52%	18.34%	21.09%	19.41%
Accounting RoR Before Tax		26.51%	30.00%	33.68%	37.56%	41.65%	45.96%	50.51%	55.30%	60.35%
Accounting RoR After Tax		26.51%	30.00%	33.68%	37.56%	41.65%	45.96%	50.51%	55.09%	55.36%
Current RoR Before Tax		399.63%	101.80%	63.04%	47.77%	39.61%	34.53%	31.07%	28.55%	26.64%
Current RoR After Tax		74.75%	54.17%	43.30%	35.08%	31.91%	30.89%	29.47%	28.10%	25.85%
Risk Ratios										
Debt Coverage Ratio	1.033	1.088	1.146	1.207	1.271	1.338	1.409	1.483	1.561	1.643
Breakeven Occupancy	92.8%	89.5%	86.4%	83.3%	80.5%	77.7%	75.1%	72.6%	70.3%	68.0%
Loan Balance/Property Value	91.4%	86.2%	81.3%	76.6%	72.1%	67.9%	63.8%	59.9%	56.1%	52.6%
Assumption Ratios										
NOI/Property Value	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Analysis Measures:										
IRR Before Debt		1.2%	5.9%	8.3%	9.7%	10.7%	11.4%	11.9%	12.4%	12.7%
IRR Before Tax					5.7%	10.1%	12.9%	14.7%	15.9%	16.6%
IRR After Tax					4.5%	8.1%	10.6%	12.4%	13.7%	14.5%

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Common Size Income Statement

Los Amigos Apartments

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Income										
1 Bedroom Units	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%
2 Bedroom Units	78.6%	78.6%	78.6%	78.6%	78.6%	78.6%	78.6%	78.6%	78.6%	78.6%
Laundry	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Total Gross Income	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less: Vacancy & Credit Loss	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Effective Income	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Less: Operating Expenses										
Property Taxes	9.3%	9.0%	8.8%	8.5%	8.3%	8.0%	7.8%	7.6%	7.4%	7.2%
Insurance	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Pool	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Gardener	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Utilities	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%	2.7%	2.7%	2.8%	2.8%
Resident Manager	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Maintenance	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Reserve	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Miscellaneous	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Management Fee	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Total Operating Expenses	27.7%	27.5%	27.2%	27.0%	26.9%	26.7%	26.5%	26.3%	26.1%	26.0%
Net Operating Income	67.3%	67.5%	67.8%	68.0%	68.1%	68.3%	68.5%	68.7%	68.9%	69.0%
Less: Debt Service	65.2%	62.1%	59.1%	56.3%	53.6%	51.1%	48.6%	46.3%	44.1%	42.0%
Net Operating Cash Flow	2.2%	5.5%	8.6%	11.7%	14.5%	17.3%	19.9%	22.4%	24.7%	27.0%

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Dollars/Unit Income Statement

Los Amigos Apartments

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Income										
1 Bedroom Units (10 units)	\$3,936	\$4,133	\$4,339	\$4,556	\$4,784	\$5,023	\$5,275	\$5,538	\$5,815	\$6,106
2 Bedroom Units (32 units)	4,920	5,166	5,424	5,696	5,980	6,279	6,593	6,923	7,269	7,633
Laundry	86	90	95	99	104	109	115	121	127	133
Total Gross Income	\$4,771	\$5,010	\$5,261	\$5,524	\$5,800	\$6,090	\$6,394	\$6,714	\$7,050	\$7,402
Less: Vacancy & Credit Loss	239	251	263	276	290	304	320	336	352	370
Effective Income	\$4,533	\$4,760	\$4,997	\$5,247	\$5,510	\$5,785	\$6,074	\$6,378	\$6,697	\$7,032
Less: Operating Expenses										
Property Taxes	443	452	461	470	479	489	499	509	519	529
Insurance	71	75	79	83	87	91	96	101	106	111
Pool	29	30	32	33	35	36	38	40	42	44
Gardener	18	19	20	21	22	23	24	25	26	28
Utilities	114	122	131	140	150	160	172	184	196	210
Resident Manager	238	250	263	276	289	304	319	335	352	369
Maintenance	76	80	84	88	93	97	102	107	113	118
Reserve	76	80	84	88	93	97	102	107	113	118
Miscellaneous	29	30	32	33	35	36	38	40	42	44
Management Fee	227	238	250	262	275	289	304	319	335	352
Total Operating Expenses	\$1,321	\$1,376	\$1,433	\$1,494	\$1,557	\$1,624	\$1,693	\$1,767	\$1,843	\$1,924
Net Operating Income	\$3,212	\$3,384	\$3,564	\$3,753	\$3,952	\$4,161	\$4,381	\$4,612	\$4,854	\$5,108
Less: Debt Service	3,109	3,109	3,109	3,109	3,109	3,109	3,109	3,109	3,109	3,109
Net Operating Cash Flow	\$103	\$275	\$455	\$644	\$843	\$1,052	\$1,272	\$1,502	\$1,745	\$1,999

Unless otherwise noted, based on 42 Units

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

Proforma Income Statement

Redondo Professional Building

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Income										
1xx USA Realty	\$125,000	\$130,200	\$135,604	\$150,612	\$156,824	\$163,281	\$169,991	\$176,966	\$184,215	\$191,749
200 New Tenant	12,600	12,852	13,366	13,901	14,457	15,035	15,636	16,262	16,912	17,589
201 Investments	7,583	7,886	8,202	8,530	8,871	9,226	9,595	9,979	10,378	10,793
202 Dr. Hale	16,201	16,849	17,523	18,223	18,952	19,711	20,499	21,319	22,172	23,059
203 Jones, CPA	25,350	26,364	27,419	28,515	29,656	30,842	32,076	33,359	34,693	36,081
204 Dr. Paley	18,304	19,036	19,797	20,589	21,413	22,269	23,160	24,087	25,050	26,052
300-3 Attorneys	48,480	50,419	52,436	54,533	56,715	58,983	61,343	63,796	66,348	69,002
304-5 Cable TV	34,272	35,643	37,069	38,551	40,093	41,697	43,365	45,100	46,904	48,780
306 Contractor	15,633	16,258	16,909	17,585	18,288	19,020	19,781	20,572	21,395	22,251
307 Consultants	15,366	15,981	16,620	17,285	17,976	18,695	19,443	20,221	21,029	21,871
4xx Insurance	100,000	100,200	108,564	108,772	117,810	118,027	127,794	128,019	138,573	138,808
CAM	81,331	85,116	88,520	92,061	95,744	99,573	103,556	107,698	112,006	116,487
Total Gross Income	\$500,119	\$516,804	\$542,028	\$569,158	\$596,800	\$616,359	\$646,239	\$667,376	\$699,676	\$722,520
Less: Vacancy & Credit Loss	31,017	25,840	27,101	28,458	29,840	30,818	32,312	33,369	34,984	36,126
Effective Income	\$469,102	\$490,964	\$514,926	\$540,701	\$566,960	\$585,541	\$613,927	\$634,008	\$664,692	\$686,394
Less: Operating Expenses										
Adv/Licenses	5,956	6,194	6,442	6,700	6,968	7,246	7,536	7,838	8,151	8,477
Real Estate Taxes	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804
Repairs/Maint	13,487	14,026	14,588	15,171	15,778	16,409	17,065	17,748	18,458	19,196
Grounds Services	10,439	10,857	11,291	11,742	12,212	12,701	13,209	13,737	14,286	14,858
Rubbish Services	2,546	2,648	2,754	2,864	2,978	3,098	3,222	3,350	3,484	3,624
Electricity	30,314	31,527	32,788	34,099	35,463	36,882	38,357	39,891	41,487	43,146
Sewer and Water	7,256	7,546	7,848	8,162	8,488	8,828	9,181	9,548	9,930	10,328
Elevator Services	2,367	2,462	2,560	2,663	2,769	2,880	2,995	3,115	3,239	3,369
Cleaning	3,852	4,006	4,166	4,333	4,506	4,687	4,874	5,069	5,272	5,483
A/C Maintenance	3,967	4,126	4,291	4,462	4,641	4,826	5,020	5,220	5,429	5,646
Security Service	1,658	1,724	1,793	1,865	1,940	2,017	2,098	2,182	2,269	2,360
Management Fee	18,764	19,639	20,597	21,628	22,678	23,722	24,557	25,360	26,588	27,456
Total Operating Expenses	\$140,606	\$145,554	\$150,733	\$156,137	\$161,719	\$167,158	\$173,160	\$179,006	\$185,460	\$191,746
Net Operating Income	\$328,496	\$345,409	\$364,193	\$384,563	\$405,241	\$418,383	\$440,767	\$455,001	\$479,232	\$494,648
Less: Debt Service										
Banc One	251,717	263,925	276,114	288,268	300,370	312,404	312,404	312,404	312,404	312,404
Total Debt Service	\$251,717	\$263,925	\$276,114	\$288,268	\$300,370	\$312,404	\$312,404	\$312,404	\$312,404	\$312,404
Net Operating Cash Flow	\$76,779	\$81,484	\$88,079	\$96,295	\$104,870	\$105,979	\$128,363	\$142,597	\$166,827	\$182,243
Less: Capital Spending	11,000	25,000	0	20,000	0	0	0	0	0	0
Cash Flow Before Tax	\$65,779	\$56,484	\$88,079	\$76,295	\$104,870	\$105,979	\$128,363	\$142,597	\$166,827	\$182,243
Taxable Income and Taxes (Losses Carried Forward)										
Taxable Revenues	\$469,102	\$490,964	\$514,926	\$540,701	\$566,960	\$585,541	\$613,927	\$634,008	\$664,692	\$686,394
Less: Deducted Expenses	140,606	145,554	150,733	156,137	161,719	167,158	173,160	179,006	185,460	191,746
Less: Interest Expense	224,062	236,808	249,316	261,575	273,568	285,272	282,431	279,293	275,825	271,995
Less: Amortized Points	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Less: Depreciation	74,000	77,796	78,144	78,635	78,656	78,656	78,656	78,656	78,656	75,196
Ordinary Income	\$24,434	\$24,805	\$30,733	\$38,353	\$47,016	\$48,454	\$73,679	\$91,052	\$118,750	\$141,457
Taxable Income	24,434	24,805	30,733	38,353	47,016	48,454	73,679	91,052	118,750	141,457
(Cum Suspended Losses)	0	0	0	0	0	0	0	0	0	0
Taxes Due (- = Savings)	9,676	9,823	12,170	15,188	18,618	19,188	29,177	36,057	47,025	56,017
Cash Flow After Tax	\$56,103	\$46,661	\$75,909	\$61,107	\$86,252	\$86,791	\$99,186	\$106,540	\$119,802	\$126,227

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Produced by planEASe from Analytic Associates (800) 959-3273

Proforma Income Statement

Redondo Professional Building

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sale Proceeds:										
Sale Value	\$3,351,557	\$3,460,787	\$3,648,893	\$3,852,870	\$4,059,935	\$4,191,662	\$4,415,813	\$4,558,484	\$4,801,124	\$4,955,638
Less: Sale Costs (5%)	167,578	173,039	182,445	192,644	202,997	209,583	220,791	227,924	240,056	247,782
Less: Loan Repayment	2,972,345	2,945,228	2,918,430	2,891,737	2,864,935	2,837,803	2,807,830	2,774,718	2,738,139	2,697,730
Sale Proceeds Before Tax	211,634	342,520	548,019	768,490	992,003	1,144,276	1,387,193	1,555,842	1,822,929	2,010,126
Less: Taxes due to Sale	(194,788)	(147,040)	(93,242)	(40,482)	24,297	77,623	147,947	197,095	265,237	316,634
Sale Proceeds After Tax	406,422	489,561	641,261	808,971	967,706	1,066,654	1,239,245	1,358,747	1,557,692	1,693,492
Ratio Analysis:										
Profitability Ratios										
Capitalization Rate	8.21%	8.64%	9.10%	9.61%	10.13%	10.46%	11.02%	11.38%	11.98%	12.37%
Cash on Cash Before Tax	6.98%	7.41%	8.01%	8.75%	9.53%	9.63%	11.67%	12.96%	15.17%	16.57%
Cash on Cash After Tax	6.10%	6.51%	6.90%	7.37%	7.84%	7.89%	9.02%	9.69%	10.89%	11.48%
Risk Ratios										
Debt Coverage Ratio	1.305	1.309	1.319	1.334	1.349	1.339	1.411	1.456	1.534	1.583
Breakeven Occupancy	78.4%	79.2%	78.8%	78.1%	77.4%	77.8%	75.1%	73.6%	71.2%	69.8%
Loan Balance/Property Value	88.7%	85.1%	80.0%	75.1%	70.6%	67.7%	63.6%	60.9%	57.0%	54.4%
Assumption Ratios										
NOI/Property Value	9.80%	9.98%	9.98%	9.98%	9.98%	9.98%	9.98%	9.98%	9.98%	9.98%
Analysis Measures:										
IRR Before Debt			3.9%	6.6%	8.3%	9.1%	10.0%	10.4%	10.9%	11.2%
IRR Before Tax					5.5%	8.2%	10.8%	12.0%	13.3%	13.9%
IRR After Tax					3.7%	5.9%	8.1%	9.1%	10.4%	10.9%
NPV Before Debt @10.00%	(\$842,753)	(\$742,407)	(\$568,180)	(\$411,436)	(\$252,660)	(\$152,042)	(\$9,890)	\$80,261	\$207,521	\$288,282
NPV Before Tax @10.00%	(\$844,887)	(\$705,248)	(\$507,183)	(\$339,375)	(\$180,013)	(\$87,313)	\$47,708	\$131,440	\$252,932	\$328,515
NPV After Tax @10.00%	(\$704,973)	(\$602,739)	(\$465,532)	(\$351,050)	(\$246,327)	(\$193,634)	(\$106,348)	(\$56,216)	\$23,881	\$67,832

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Produced by planEASe from Analytic Associates (800) 959-3273

Square Footage Income Statement

Redondo Professional Building

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Income										
1xx USA Realty (5,000 sf)	\$25.00	\$26.04	\$27.12	\$30.12	\$31.36	\$32.66	\$34.00	\$35.39	\$36.84	\$38.35
200 New Tenant (700 sf)	18.00	18.36	19.09	19.86	20.65	21.48	22.34	23.23	24.16	25.13
201 Investments (450 sf)	16.85	17.53	18.23	18.96	19.71	20.50	21.32	22.17	23.06	23.98
202 Dr. Hale (900 sf)	18.00	18.72	19.47	20.25	21.06	21.90	22.78	23.69	24.64	25.62
203 Jones, CPA (1,500 sf)	16.90	17.58	18.28	19.01	19.77	20.56	21.38	22.24	23.13	24.05
204 Dr. Paley (1,050 sf)	17.43	18.13	18.85	19.61	20.39	21.21	22.06	22.94	23.86	24.81
300-3 Attorneys (2,000 sf)	24.24	25.21	26.22	27.27	28.36	29.49	30.67	31.90	33.17	34.50
304-5 Cable TV (1,600 sf)	21.42	22.28	23.17	24.09	25.06	26.06	27.10	28.19	29.31	30.49
306 Contractor (650 sf)	24.05	25.01	26.01	27.05	28.14	29.26	30.43	31.65	32.92	34.23
307 Consultants (650 sf)	23.64	24.59	25.57	26.59	27.66	28.76	29.91	31.11	32.35	33.65
4xx Insurance (5,000 sf)	20.00	20.04	21.71	21.75	23.56	23.61	25.56	25.60	27.71	27.76
CAM	4.17	4.36	4.54	4.72	4.91	5.11	5.31	5.52	5.74	5.97
Total Gross Income	\$25.65	\$26.50	\$27.80	\$29.19	\$30.61	\$31.61	\$33.14	\$34.22	\$35.88	\$37.05
Less: Vacancy & Credit Loss	1.59	1.33	1.39	1.46	1.53	1.58	1.66	1.71	1.79	1.85
Effective Income	\$24.06	\$25.18	\$26.41	\$27.73	\$29.07	\$30.03	\$31.48	\$32.51	\$34.09	\$35.20
Less: Operating Expenses										
Adv/Licenses	0.31	0.32	0.33	0.34	0.36	0.37	0.39	0.40	0.42	0.43
Real Estate Taxes	2.05	2.09	2.13	2.18	2.22	2.26	2.31	2.36	2.40	2.45
Repairs/Maint	0.69	0.72	0.75	0.78	0.81	0.84	0.88	0.91	0.95	0.98
Grounds Services	0.54	0.56	0.58	0.60	0.63	0.65	0.68	0.70	0.73	0.76
Rubbish Services	0.13	0.14	0.14	0.15	0.15	0.16	0.17	0.17	0.18	0.19
Electricity	1.55	1.62	1.68	1.75	1.82	1.89	1.97	2.05	2.13	2.21
Sewer and Water	0.37	0.39	0.40	0.42	0.44	0.45	0.47	0.49	0.51	0.53
Elevator Services	0.12	0.13	0.13	0.14	0.14	0.15	0.15	0.16	0.17	0.17
Cleaning	0.20	0.21	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28
A/C Maintenance	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29
Security Service	0.09	0.09	0.09	0.10	0.10	0.10	0.11	0.11	0.12	0.12
Management Fee	0.96	1.01	1.06	1.11	1.16	1.20	1.26	1.30	1.36	1.41
Total Operating Expenses	\$7.21	\$7.46	\$7.73	\$8.01	\$8.29	\$8.57	\$8.88	\$9.18	\$9.51	\$9.83
Net Operating Income	\$16.85	\$17.71	\$18.68	\$19.72	\$20.78	\$21.46	\$22.60	\$23.33	\$24.58	\$25.37
Less: Debt Service										
Banc One	12.91	13.53	14.16	14.78	15.40	16.02	16.02	16.02	16.02	16.02
Total Debt Service	\$12.91	\$13.53	\$14.16	\$14.78	\$15.40	\$16.02	\$16.02	\$16.02	\$16.02	\$16.02
Net Operating Cash Flow	\$3.94	\$4.18	\$4.52	\$4.94	\$5.38	\$5.43	\$6.58	\$7.31	\$8.56	\$9.35
Less: Capital Spending	0.56	1.28	0.00	1.03	0.00	0.00	0.00	0.00	0.00	0.00
Cash Flow Before Tax	\$3.37	\$2.90	\$4.52	\$3.91	\$5.38	\$5.43	\$6.58	\$7.31	\$8.56	\$9.35

Unless otherwise noted, based on 19,500 Square Feet

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2005 Proforma Annual Statement

Redondo Professional Building

Price	\$4,000,000
-Loans	3,000,000
Down Payment	1,000,000
+Acq Costs	40,000
+Loan Points	60,000
Investment	1,100,000

Sale Value	\$4,059,935
Less: Sale Costs (5%)	202,997
Less: Loan Repayment	2,864,935
Sale Proceeds Before Tax	992,003
Less: Taxes due to Sale	24,297
Sale Proceeds After Tax	967,706

	\$/SqFt	% of GI	Annual \$
Gross Income			
1xx USA Realty (5,000 sf)	\$31.36	26.3%	\$156,824
200 New Tenant (700 sf)	20.65	2.4%	14,457
201 Investments (450 sf)	19.71	1.5%	8,871
202 Dr. Hale (900 sf)	21.06	3.2%	18,952
203 Jones, CPA (1,500 sf)	19.77	5.0%	29,656
204 Dr. Paley (1,050 sf)	20.39	3.6%	21,413
300-3 Attorneys (2,000 sf)	28.36	9.5%	56,715
304-5 Cable TV (1,600 sf)	25.06	6.7%	40,093
306 Contractor (650 sf)	28.14	3.1%	18,288
307 Consultants (650 sf)	27.66	3.0%	17,976
4xx Insurance (5,000 sf)	23.56	19.7%	117,810
CAM	4.91	16.0%	95,744
Total Gross Income	\$30.61	100.0%	\$596,800
Less: Vacancy & Credit Loss	1.53	5.0%	29,840
Effective Income	\$29.07	95.0%	\$566,960
Less: Operating Expenses			
Adv/Licenses	0.36	1.2%	6,968
Real Estate Taxes	2.22	7.3%	43,297
Repairs/Maint	0.81	2.6%	15,778
Grounds Services	0.63	2.0%	12,212
Rubbish Services	0.15	0.5%	2,978
Electricity	1.82	5.9%	35,463
Sewer and Water	0.44	1.4%	8,488
Elevator Services	0.14	0.5%	2,769
Cleaning	0.23	0.8%	4,506
A/C Maintenance	0.24	0.8%	4,641
Security Service	0.10	0.3%	1,940
Management Fee	1.16	3.8%	22,678
Total Operating Expenses	\$8.29	27.1%	\$161,719
Net Operating Income	\$20.78	67.9%	\$405,241
Less: Debt Service			
Banc One	15.40	50.3%	300,370
Total Debt Service	\$15.40	50.3%	\$300,370
Net Operating Cash Flow	\$5.38	17.6%	\$104,870
Less: Capital Spending	0.00	0.0%	0
Cash Flow Before Tax	\$5.38	17.6%	\$104,870
Taxable Income and Taxes			
(Losses Carried Forward)			
Taxable Revenues	\$29.07	95.0%	\$566,960
Less: Deducted Expenses	8.29	27.1%	161,719
Less: Interest Expense	14.03	45.8%	273,568
Less: Amortized Points	0.31	1.0%	6,000
Less: Depreciation	4.03	13.2%	78,656
Ordinary Income	\$2.41	7.9%	\$47,016
Taxable Income	2.41	7.9%	47,016
(Cum Suspended Losses)	0.00	0.0%	0
Taxes Due (- = Savings)	0.95	3.1%	18,618
Cash Flow After Tax	\$4.42	14.5%	\$86,252

Unless otherwise noted, based on 19,500 Square Feet

Capitalization Rate	10.13%
Cash on Cash Before Tax	9.53%
Cash on Cash After Tax	7.84%
Debt Coverage Ratio	1.349
Breakeven Occupancy	77.4%
Loan Balance/Property Value	70.6%
NOI/Property Value	9.98%

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2005 Proforma Annual Statement

Los Amigos Apartments

Price	\$1,550,000
-Loans	1,240,000
Down Payment	310,000
+Acq Costs	15,500
+Loan Points	18,600
Investment	344,100

Sale Value	\$1,660,030
Less: Sale Costs (7%)	116,202
Less: Loan Repayment	1,197,521
Sale Proceeds Before Tax	346,307
Less: Taxes due to Sale	23,986
Sale Proceeds After Tax	322,321

	\$/Unit	% of GI	Annual \$
Gross Income			
1 Bedroom Units (10 units)	\$4,784	19.6%	\$47,842
2 Bedroom Units (32 units)	5,980	78.6%	191,369
Laundry	104	1.8%	4,376
Total Gross Income	\$5,800	100.0%	\$243,587
Less: Vacancy & Credit Loss	290	5.0%	12,179
Effective Income	\$5,510	95.0%	\$231,408
Less: Operating Expenses			
Property Taxes	479	8.3%	20,133
Insurance	87	1.5%	3,647
Pool	35	0.6%	1,459
Gardener	22	0.4%	912
Utilities	150	2.6%	6,292
Resident Manager	289	5.0%	12,155
Maintenance	93	1.6%	3,890
Reserve	93	1.6%	3,890
Miscellaneous	35	0.6%	1,459
Management Fee	275	4.8%	11,570
Total Operating Expenses	\$1,557	26.9%	\$65,405
Net Operating Income	\$3,952	68.1%	\$166,003
Less: Debt Service	3,109	53.6%	130,583
Net Operating Cash Flow	\$843	14.5%	\$35,420
Taxable Income and Taxes			
(Losses Carried Forward)			
Taxable Revenues	\$5,510	95.0%	\$231,408
Less: Deducted Expenses	1,557	26.9%	65,405
Less: Interest Expense	2,865	49.4%	120,317
Less: Amortized Points	15	0.3%	620
Less: Depreciation	1,114	19.2%	46,782
Ordinary Income	(\$41)	(0.7%)	(\$1,716)
Taxable Income	0	0.0%	0
(Cum Suspended Losses)	2,265	39.1%	95,125
Taxes Due (- = Savings)	0	0.0%	0
Cash Flow After Tax	\$843	14.5%	\$35,420

Unless otherwise noted, based on 42 Units

Capitalization Rate	10.71%
Cash on Cash Before Tax	10.29%
Cash on Cash After Tax	10.29%
Accounting RoR Before Tax	37.56%
Accounting RoR After Tax	37.56%
Current RoR Before Tax	47.77%
Current RoR After Tax	35.08%
Debt Coverage Ratio	1.271
Breakeven Occupancy	80.5%
Loan Balance/Property Value	72.1%
NOI/Property Value	10.00%

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Produced by planEASe from Analytic Associates (800) 959-3273

Analysis Assumptions Report

Los Amigos Apartments

Investment Assumptions

Price of Property	\$1,550,000.00
Closing Costs	1% of Property Price
Date of Acquisition	1 January 2001
Holding Period	10 Years
Inflation Rate	5% per Year
Sale Price Method	10% Capitalization of NOI on Sale Date
Selling Costs	7%

Investor's Assumptions

Present Value Discount Rate	12% per Year
Tax Rate - First Year	31%
Tax Rate - Following Years	31%
Capital Gain Rate	20%
Cost Recovery Recapture Rate	25% - Losses Carried Forward

Building Depreciation Assumptions

Demonstrating the application of an 83% Asset-to-Value Ratio. By specifying it this way, we assure that the amount depreciated is adjusted when we vary the purchase price.

Depreciable Amount	83% of Property Price
Depreciable Life	27.5 Years
Depreciation Method	Straight Line
Depreciation Start Date	at Acquisition

New First Loan Assumptions

Demonstrating the application of an 80% Loan-to-Value New Loan. By specifying it this way, we assure that the amount of the loan is adjusted when we vary the purchase price.

Loan Amount	80% of Property Price
Loan Interest Rate	10% Annually
Original Loan Period	30 Years
Loan Origination Date	at Acquisition
Loan Type	Monthly Payments, Amortizing
Loan Points Charged	1.5 Points, Amortized over Loan Life

1 Bedroom Units Revenue Assumptions

Annual Revenue (10 Units @ \$328.00/Unit/Month)	\$39,360.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Management Fee	5%
Vacancy Factor	5%

Analysis Assumptions Report

Los Amigos Apartments

2 Bedroom Units Revenue Assumptions

Annual Revenue (32 Units @ \$410.00/Unit/Month)	\$157,440.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Management Fee	5%
Vacancy Factor	5%

Laundry Revenue Assumptions

Annual Revenue	\$3,600.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Management Fee	5%
Vacancy Factor	5%

Property Taxes Expense Assumptions

This California property is subject to Proposition 13, so the amount of property tax is 1.2% of the purchase price. By specifying it this way, we assure that the amount of tax is adjusted when we vary the purchase price.

Annual Expense	1.2% of Property Price
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at 2% Annually

Insurance Expense Assumptions

Annual Expense	\$3,000.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Pool Expense Assumptions

Annual Expense	\$1,200.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Gardener Expense Assumptions

Annual Expense	\$750.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Utilities Expense Assumptions

Annual Expense	\$4,800.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at 2% Over Inflation

Analysis Assumptions Report

Los Amigos Apartments

Resident Manager Expense Assumptions

Annual Expense	\$10,000.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Maintenance Expense Assumptions

Annual Expense	\$3,200.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Reserve Expense Assumptions

Reserves may be planned in several ways in planEASe. Here we have planned \$3,200 annually to allow for unanticipated additional expenses.

Annual Expense	\$3,200.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Miscellaneous Expense Assumptions

Annual Expense	\$1,200.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Unit Rent Roll

Los Amigos Apartments

Unit Description	SF	Units	Ttl SF	\$/Month	\$/Unit	\$/SF
1 Bedroom Units	650	10	6,500	3,280	328	0.50
2 Bedroom Units	750	32	24,000	13,120	410	0.55
Laundry				300		
Totals		42	30,500	16,700	398	0.55

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Tenant Rent Roll

Redondo Professional Building

Tenant Name	Suite	RSF	USF	Start	End	\$/Year	\$/RSF	\$/USF
USA Realty	1xx	5,000	4,650	1/01	n/a	125,000	25.00	26.88
New Tenant	200	700	651	1/01	n/a	12,600	18.00	19.35
Investments	201	450	418	1/01	n/a	7,583	16.85	18.14
Dr. Hale	202	900	837	3/00	n/a	15,678	17.42	18.73
Jones, CPA	203	1,500	1,395	1/01	n/a	25,350	16.90	18.17
Dr. Paley	204	1,050	976	7/00	n/a	17,945	17.09	18.39
Attorneys	300-3	2,000	1,860	1/01	n/a	48,480	24.24	26.06
Cable TV	304-5	1,600	1,488	1/01	n/a	34,272	21.42	23.03
Contractor	306	650	604	1/01	n/a	15,633	24.05	25.88
Consultants	307	650	604	1/01	n/a	15,366	23.64	25.44
Insurance	4xx	5,000	4,650	1/01	n/a	100,000	20.00	21.51
CAM				1/01	n/a	80,819		
Totals		19,500	18,133			498,726	25.58	27.50

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Profitability Ratios

Capitalization Rate is Net Operating Income divided by the Price of Property at Acquisition.

Cash on Cash After Tax is Net Operating Cash Flow less Taxes Due divided by Initial Equity.

Cash on Cash Before Tax is Net Operating Cash Flow divided by Initial Equity.

Accounting Rate of Return Before Tax is Net Operating Cash Flow plus Equity Buildup plus Appreciation divided by Initial Equity.

Accounting Rate of Return After Tax is Net Operating Cash Flow After Tax plus Equity Buildup plus Appreciation divided by Initial Equity.

Current Rate of Return Before Tax is Net Operating Cash Flow plus the year's increase in Sale Proceeds Before Tax divided by beginning Sale Proceeds Before Tax. This ratio measures the annual percentage increase in the current invested capital, and is useful for deciding when to sell or refinance when you are not concerned with tax (such as in an exchange).

Current Rate of Return After Tax is Net Operating Cash Flow After Tax plus the year's increase in Sale Proceeds After Tax divided by beginning Sale Proceeds After Tax. This ratio measures the annual percentage increase in the current invested capital, and is useful for deciding when to sell or refinance when the transaction will be taxed.

Risk Ratios

Debt Coverage Ratio is the Net Operating Income divided by Debt Service, measuring the margin of safety for the lender in assuring that money will be available to service his loan.

Breakeven Occupancy is the Total Operating Expenses plus Debt Service all divided by Total Gross Income, expressing the percentage occupancy necessary to pay for the expenses and debt service.

Loan Balance/Property Value is the Loan Repayment amount divided by the Sale Value (both measured at the beginning of the year). This ratio measures the margin of safety for the lender's principal.

Assumption Ratios

NOI/Property Value is the Net Operating Income divided by the Sale Value. This ratio is also known as the overall capitalization rate, which tests the assumption for the appreciation of the property.

Gross Income Multiple is the Sale Value divided by the Gross Income, also testing the assumption for the appreciation of the property.

Operating Expense Ratio is the Total Operating Expenses divided by the Gross Income, which tests the reality of the total expense amount, as well as the expense growth rate. Notice that this ratio is better

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presented in the Common Size report which shows the same ratio for each of the individual expenses as well as the total.

Measures

A measure is a number which tells you how attractive the cash flows from the investment are. The measures used in our analyses are the Net Present Value (NPV), Internal Rates of Return (IRR), Financial Management Rates of Return (FMRR), Accumulation of Wealth (AoW), and Lender Yield.

Accumulation of Wealth (AoW)

The Accumulation of Wealth (AoW) of an investment is defined as the Future Value (at the end of the Holding Period, reinvested at the Reinvestment Rate) of all positive cash flows from an investment, regardless of the invested amount. The AoW, then, measures the amount of money that the investor would end up with at the end of the Holding Period to replace the amount(s) invested.

Financial Management Rate of Return (FMRR)

The Financial Management Rate of Return (FMRR) of an investment is defined as the Present Value Discount Rate that makes the Net Present Value of the Investment equal to zero when all positive future cash flows have been reinvested until the end of the Holding Period at the Reinvestment Rate, and all negative future cash flows have been funded at the Acquisition Date at the Safe Rate.

You may think of the FMRR as the annual Interest Rate or Yield (compounded annually) that the investment is paying you over the Holding Period. Naturally, the higher the yield, the better the investment.

Internal Rate of Return (IRR)

The Internal Rate of Return (IRR) of an investment is defined as the Present Value Discount Rate that makes the Net Present Value of the Investment equal to zero.

You may think of the IRR as the annual Interest Rate or Yield (compounded annually) that the investment is paying you over the Holding Period. Naturally, the higher the yield, the better the investment.

The difference between the FMRR and the IRR is that the FMRR explicitly considers and treats the fact that you would reinvest proceeds from the investment during the Holding Period, whereas the IRR ignores reinvestment.

Net Present Value (NPV)

The Present Value (at $i\%$) of a future cash flow (cf) to be received n years from today is defined as the amount you would have to deposit today (drawing an $i\%$ interest rate compounded yearly) to accumulate cf dollars in n years. The interest rate used in this calculation is called the Present Value Discount Rate.

The Net Present Value (NPV) of an investment is the sum of the Present Values of all future cash flows, less the initial amount invested.

Lender Yield

Lender Yield is the Rate of Return (IRR or FMRR, depending on the Model being used) on the Total Debt Service for the property or investment. It is computed by reversing the sign of the Debt Service (to look at it

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from the Lenders' perspective where the draw is an outflow and the debt service and repay are inflows) and computing returns as normal on these reversed cash flows.