

SCENARIO

Sample Lease Buy Analysis

Lease vs. Buy is designed for a user/occupier to compare the costs of ownership with the costs of leasing. In either event, at the end of the analysis term, if leasing you would assume you will move, so if buying, you need to also assume you will move and sell the property.

In this example two different properties are being compared, one that is available for lease and one that can be purchased. The Mgmt Summary and Key Assumptions reports show the comparison and the differences. Financing for the Purchased property includes a Balloon Loan with the payment amortized over 30 years and the balloon payment due after 5 years.

Typically in a lease vs. buy analysis, the key decision metric is when it becomes cheaper to Buy than Lease based on Cash Flow, either before or after taxes. (See graphs G - 1 and G - 2). When the cumulative cost of Leasing exceeds the cumulative cost of Buying (called the crossover), then buying becomes the preferred route. Historically, the crossover (when buying becomes cheaper than leasing) occurs in years 6 through 8. Note: the crossover is dependent upon the rent, the purchase price and financing.

From an Income Statement perspective, i.e. the annual tax impact that is reported to the IRS, purchasing is almost always cheaper than leasing because in leasing the rental cost is higher than the depreciation cost associated with purchasing (depreciation on the building is usually spread over 39 years). (See graphs G - 3 and G - 4).

To learn more about how our services will be of benefit to you please contact us at:

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Management Summary of Key Costs

MANAGEMENT SUMMARY - LEASE vs. BUY ANALYSIS

Client: ABC Co.
 Leased Property: 253 Green Steet
 Purchased Property: 48 Aubrey Way



Compare different properties.

Optional - include pictures

Leased Property 253 Green Steet

Comparison of Key Variables

| | | | |
|--|----------|-------------|----------------------|
| Analysis Period (in Months) | 120 | 120 | 0 |
| Square Footage | 50,000 | 48,500 | 1,500 |
| Purchase Price (including Construction Costs) | | \$8,287,438 | \$170.88/sf (100.0%) |
| Loans @85.0% (Less Fees) | | \$6,734,734 | \$138.86/sf (81.3%) |
| Net Down Payment (Purchase Cost - Loans less fees) | | \$1,552,703 | \$32.01/sf (18.7%) |
| Average Base Rent (or loan pmt.)/Month | \$77,651 | \$41,356 | \$0.85/sf |
| Average Base Rent (or loan pmt.)/Sq.Ft./Year | \$18.64 | \$10.23 | \$36,295 |
| | | | \$8.40 |

Sale Analysis

| | | | |
|-------------------------------------|--|---------------|--------------|
| Sale Price (before selling costs) * | | \$9,873,245 | \$203.57/sf |
| Unamortized Principal | | \$4,806,510 | \$99.10/sf |
| Equity Before Sale | | \$5,066,736 | \$104.47/sf |
| Equity Before Sale | | \$5,066,736 | \$104.47/sf |
| Less Selling Expenses | | (\$503,536) | (\$10.38)/sf |
| Less Down Payment | | (\$1,552,703) | (\$32.01)/sf |
| Cash Gain (Loss) before Taxes | | \$3,010,497 | \$62.07/sf |

Compares the Cost

Cash after sale and paying off loans.

* Land and Building assumed to increase in value annually by 2.0% and 2.0% respectively.

PreTax - Tax Deductible Cost Comparison

| | | | |
|---------------------|--------------|-------------|-------------|
| Year 1 | \$1,213,750 | \$1,099,364 | \$114,386 |
| Total Cost | \$14,383,516 | \$8,007,248 | \$6,376,268 |
| NPV @8% | \$9,885,516 | \$6,221,086 | \$3,664,431 |
| Average Annual Cost | \$1,438,352 | \$800,725 | \$637,627 |

Compares Cash Flow - Before & After Tax, and the Difference!

Cash Flow - Annual Cost Comparison

| | Leased Property | | Purchased Property | | Difference (Lease - Purchase) | | | |
|------------|------------------|--------------------|--------------------|--------------------|-------------------------------|-------------|--------------------|---------------|
| | PreTax Cash Flow | AfterTax Cash Flow | PreTax Cash Flow | AfterTax Cash Flow | PreTax Cash Flow | Cumulative | AfterTax Cash Flow | Cumulative |
| Year 1 | \$1,663,750 | \$1,238,938 | \$2,551,565 | \$2,166,788 | (\$887,815) | (\$887,815) | (\$927,850) | (\$927,850) |
| Year 2 | \$1,196,625 | \$760,306 | \$1,010,197 | \$623,360 | \$186,428 | (\$701,388) | \$136,946 | (\$790,904) |
| Year 3 | \$1,303,372 | \$829,692 | \$1,021,830 | \$632,972 | \$281,542 | (\$419,846) | \$196,720 | (\$594,184) |
| Year 4 | \$1,340,333 | \$853,716 | \$1,033,769 | \$642,938 | \$306,564 | (\$113,282) | \$210,779 | (\$383,405) |
| Year 5 | \$1,378,349 | \$878,427 | \$2,190,040 | \$1,797,293 | (\$811,691) | (\$924,973) | (\$918,867) | (\$1,302,272) |
| Year 6 | \$1,417,450 | \$903,842 | \$926,114 | \$573,814 | \$491,336 | (\$433,637) | \$330,029 | (\$972,243) |
| Year 7 | \$1,457,668 | \$929,984 | \$939,018 | \$584,255 | \$518,650 | \$85,013 | \$345,729 | (\$626,514) |
| Year 8 | \$1,499,035 | \$956,873 | \$952,261 | \$595,055 | \$546,774 | \$631,787 | \$361,818 | (\$264,696) |
| Year 9 | \$1,541,584 | \$984,530 | \$965,852 | \$606,228 | \$575,732 | \$1,207,520 | \$378,302 | \$113,606 |
| Year 10 | \$1,585,350 | \$1,012,977 | (\$3,583,399) | (\$3,398,755) | \$5,168,748 | \$6,376,268 | \$4,411,732 | \$4,525,338 |
| NPV @8% | \$19.77 | \$12.96 | \$14.67 | \$9.83 | \$5.10 | | \$3.13 | |
| Avg./Year | \$28.77 | \$18.70 | \$16.51 | \$9.95 | \$12.26 | | \$8.75 | |
| Year 1 | \$1,663,750 | \$1,238,938 | \$2,551,565 | \$2,166,788 | (\$887,815) | | (\$927,850) | |
| Total Cost | \$14,383,516 | \$9,349,285 | \$8,007,248 | \$4,823,948 | \$6,376,268 | | \$4,525,338 | |
| NPV @8% | \$9,885,516 | \$6,479,586 | \$7,116,089 | \$4,766,022 | \$2,769,428 | | \$1,713,564 | |
| Avg./Year | \$1,438,352 | \$934,929 | \$800,725 | \$482,395 | \$637,627 | | \$452,534 | |

Yr. 7

Yr. 9

First Year of Purchase Crossover

(When the cumulative Purchase cost is less than the cumulative Lease cost.)

Crossover when Purchasing becomes cheaper than Leasing

Sale Price Point of Indifference

(the FUTURE sale price of the property where leasing and buying are equal)

Property Sale Price - Point of Indifference

\$4,985,604

Assumptions: Loan 1

Requires Building Annual % Increase at -8.02% Land % @2.00%

Loan 2 at 15.0% of Purchase Cost

Conclusion: Buy property if you can sell it for more than amount above in 2015.

Opportunity Cost at 5.00%

Notes:

User defined - unlimited rows for notes/comments

Sale Price Point of Indifference

Information herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Key Assumptions

KEY LEASE and PURCHASE ASSUMPTIONS

Client: ABC Co.
 Leased Property: 253 Green Steet
 Purchased Property: 48 Aubrey Way

Page A2
 12Feb05
 Revision 1.0

| Lease Assumptions | | KEY PURCHASE ASSUMPTIONS | | Purchase Assumptions | |
|--|----------------------|---|----------|-----------------------------|---|
| KEY LEASE ASSUMPTIONS | | KEY PURCHASE ASSUMPTIONS | | Purchase Assumptions | |
| FINANCIAL ASSUMPTIONS | | TERM FOR ANALYSIS | | | |
| Type of Business Entity | LLC | Start Date | | 10 / 2005 | |
| NPV Discount Rate (Beginning of Mo. Calc.) | 8.0% | Date Property Sold | | 9 / 2015 | |
| Ordinary Income Tax Rate | 35.0% | Holding Period | | 120 months | |
| Capital Gains Tax Rate | 15.0% | | | | |
| Recapture 1250 Depreciation Tax Rate | 25.0% | | | | |
| RENT ASSUMPTIONS | | PROPERTY COST | | | |
| Commencement Date | 10 / 2005 | Land Description | | 1 lot | |
| Termination Date | 9 / 2015 | Building | | 48,500 rsf | |
| Lease Term | 120 months | | | | |
| Rentable SF | 50,000 | | | | |
| Base Rental Rate | \$16.50 \$/rsf/yr | | | | |
| Type of Lease | NNN | | | | |
| Months of Rent Abatement | 2 | | | | |
| Landlord Construction Allowance | \$10.00 \$/rsf | | | | |
| ANNUAL % RENT INCREASES | | BUILDING COST with CONSTRUCTION | | | |
| Increase @3% starting 10/06 based on | \$16.50 | Building Purchase Cost | \$116.25 | \$5,638,125 | 90.6% |
| FIXED AMOUNT RENT INCREASES | | Const. Improvements | \$12.00 | \$582,000 | 9.4% |
| Fixed Increase #1 | | Total Building Cost | \$128.25 | \$6,220,125 | 100.0% |
| Fixed Increase #2 | | | | | |
| Fixed Increase #3 | | | | | |
| Fixed Increase #4 | | | | | |
| Fixed Increase #5 | | | | | |
| Fixed Increase #6 | | | | | |
| Fixed Increase #7 | | | | | |
| Fixed Increase #8 | | | | | |
| Fixed Increase #9 | | | | | |
| Fixed Increase #10 | | | | | |
| OPERATING EXPENSES & TAXES | | OTHER PURCHASING COSTS | | | |
| Actual Op. Exp. & Taxes | \$8.00 \$/rsf/yr | Closing costs @2.5% of Purchase Cost * | | Expense | Capital |
| Base Year Op. Exp. & Taxes | | Legal Fees | | | \$187,938 |
| Annual % Increase | 2% | Other | | | |
| Pass through costs start | 10/2005 | Contingency | | | 0% |
| | | Total | | | \$187,938 |
| | | | | | * Purchase Cost (Land and Building, not Const. Costs) |
| CONSTRUCTION COSTS | | TOTAL PURCHASE COST | | | |
| Interior Fit-up | 50,000 rsf | Total Purchase Cost * | \$170.88 | \$8,287,438 | |
| Contingency % | \$20.00 \$/rsf | | | | * Without Loan Fees, includes all Other Purchasing Costs & Construction |
| Landlord Construction Allowance | 0% | | | | |
| Net Cost to the Tenant | \$10.00 \$/rsf | | | | |
| | \$500,000 | | | | |
| KEY SALE ASSUMPTIONS | | FINANCING | | | |
| SALE ASSUMPTIONS | | First Loan from 10 / 2005 to 9 / 2035 | | @ 6.5% | |
| Land - compounded annually @2.00% | \$47.24 \$2,290,948 | Loan Amount | | \$5,669,650 | |
| Building* - compounded annually @2.00% | \$156.34 \$7,582,298 | Loan % of Land, Bldg., Const. Cost | | 70.0% | |
| Total Sale Price | \$203.57 \$9,873,245 | Monthly Payment (360 month term) | | \$35,836 (30 yrs.) | |
| | | Loan Fees @2.00% | | \$113,393 | |
| | | Net Proceeds from Loan | | \$5,556,257 | |
| | | Unamortized Principal (due 9 / 2015) | | \$4,806,510 | |
| | | | | | |
| | | Second Loan from 10 / 2005 to 9 / 2010 | | @ 10% | |
| | | Loan Amount | | \$1,214,925 | |
| | | Loan % of Land, Bldg., Const. Cost | | 15.0% | |
| | | Monthly Payment (300 month term) | | \$11,040 (25 yrs.) | |
| | | Loan Fees @3.00% | | \$36,448 | |
| | | Net Proceeds from Loan | | \$1,178,477 | |
| | | Balloon Payment (due 9 / 2010) | | \$1,144,019 | |
| | | | | | |
| | | OPPORTUNITY COST | | | |
| | | Lost Interest Income based on | | \$1,052,703 | |
| | | Invested @5% from 10/2005 - 9/2015; AfterTax Interest compounded monthly. | | | |
| | | OPERATING EXPENSES AND TAXES | | | |
| | | Operating Expenses & Taxes | | \$7.75 \$/rsf/yr | |
| | | Annual % Increase | | 2.5% (eff. 1/2006) | |
| | | DATE | | 5Feb05 | |
| | | Prepared by All Brokers Inc. | | | |
| SELLING EXPENSES | | | | | |
| Commissions @5.1% of sale price | \$503,536 | | | | |
| Spruce-up | | | | | |
| Other | | | | | |
| Contingency | 0% | | | | |
| Total Selling Expenses | \$503,536 | | | | |

Costs can be in any currency - \$, £, €, ¥, ect.
 Measurement can be in square feet or square meters.

Include Balloon loans & payments

Sale Assumptions

Optional - Include Opportunity Cost in your analysis

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Sale Analysis for Taxes

SALE ANALYSIS

Client: ABC Co.
Purchased Property: 48 Aubrey Way

Page A3
12Feb05
Revision 1.0

| | | | |
|---|--|-------------------|--------------------------------|
| Sale Price | | | |
| | Land | \$2,290,948 | |
| | Building | \$7,582,298 | |
| | Less Selling Costs | <u>-\$503,536</u> | |
| (A) | Net Selling Price | | \$9,369,710 \$9,369,710 |
| Purchase Price | | | |
| | Land | \$1,879,375 | |
| | Building | \$5,638,125 | |
| | Construction Costs | \$582,000 | |
| | Other Costs - Capital | <u>\$187,938</u> | |
| (B) | Total Cost of Purchase | | \$8,287,438 |
| Depreciation Booked | | | |
| | Building Purchase Cost * | \$1,445,673 | |
| | Construction Costs * | \$149,231 | |
| | Other Costs - Capitalized * | <u>\$48,189</u> | |
| (C) | Total Depreciation Adjustments | | <u>\$1,643,093</u> |
| (D) | Adjusted Cost Basis (B - C) | | \$6,644,345 <u>\$6,644,345</u> |
| * Depreciation Portion of Capital Gain | | | |
| Building Recapture Cost Recovery | | | |
| [Recapture IRS Section 1250 Depreciation] | | | |
| | Building Purchase Cost | \$1,445,673 | |
| | Construction Costs | \$149,231 | |
| | Other Costs - Capitalized | \$48,189 | |
| (E) | Total subject to Recapture | | <u>\$1,643,093</u> |
| Loan Fees | | | |
| | First Loan - Fees, Initial Cost | \$113,393 | |
| | Second Loan - Fees, Initial Cost | <u>\$36,448</u> | |
| | | | \$149,841 |
| | First Loan - Amount of Fees Amortized | \$37,798 | |
| | Second Loan - Amt. of Fees Amortized | <u>\$36,448</u> | |
| | | | <u>\$74,245</u> |
| (F) | Net Write-Off of Loan Fees (taxed at Regular Tax Rate) | | \$75,595 |
| (G) | Capital Gain (A - D) | | \$2,725,365 |
| (H) | Taxable Capital Gain at the Capital Gains Tax Rate (A - D - E) | \$1,082,272 | |
| (I) | Capital Gains Tax @ 15% (H x % x -1) | -\$162,341 | -\$162,341 |
| (J) | Recapture Section IRS 1250 Depreciation Tax @ 25% (E x % x -1) | -\$410,773 | -\$410,773 |
| (K) | Net Write-Off of Loan Fees @35% (F x %) | \$26,458 | <u>\$26,458</u> |
| (L) | After Tax Profit (Loss) (G + I + J + K) | | <u>\$2,178,710</u> |

Includes Cost Recovery /
Recapture 1250 Depreciation for
LLC's and Sole Proprietorships

Sale Analysis on a Tax Basis -
used for computing the Tax
Impact after Selling the
property

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Financial Summary & Comparison of Key Costs

FINANCIAL SUMMARY

Client: ABC Co.
 Leased Property: 253 Green Steet
 Purchased Property: 48 Aubrey Way

Page 1
12Feb05
Revision 1.0

| Year | (analysis starts 10 / 2005) | | | | | | | | | | Total |
|--|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|
| Year Dates | Yr. 1 | Yr. 2 | Yr. 3 | Yr. 4 | Yr. 5 | Yr. 6 | Yr. 7 | Yr. 8 | Yr. 9 | Yr. 10 | |
| Months Each Year | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 120 |
| LEASE ANALYSIS | | | | | | | | | | | |
| COST (Tax deductible expenses only) | | | | | | | | | | | |
| Rent | | | 875,243 | 901,500 | 928,545 | 956,401 | 985,093 | 1,014,646 | 1,045,085 | 1,076,438 | 9,318,138 |
| Depreciation | | | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 500,000 |
| All Other Costs | 407,500 | 417,688 | 428,130 | 438,833 | 449,804 | 461,049 | 472,575 | 484,389 | 496,499 | 508,912 | 4,565,378 |
| Total PreTax Cost | 1,213,750 | 1,246,625 | 1,353,372 | 1,390,333 | 1,428,349 | 1,467,450 | 1,507,668 | 1,549,035 | 1,591,584 | 1,635,350 | 14,383,516 |
| Taxes @ 35% | 424,813 | 436,319 | 473,680 | 486,616 | 499,922 | 513,607 | 527,684 | 542,162 | 557,055 | 572,372 | 5,034,231 |
| AfterTaxes | 788,938 | 810,306 | 879,692 | 903,716 | 928,427 | 953,842 | 979,984 | 1,006,873 | 1,034,530 | 1,062,977 | 9,349,285 |
| Before Tax NPV @ 8% | | | | | | | | | | | 9,731,229 |
| After Tax Net Present Value Discounted @ 8% | | | | | | | | | | | 6,325,299 |
| CASH FLOW | | | | | | | | | | | |
| PreTax Cost | 1,213,750 | 1,246,625 | 1,353,372 | 1,390,333 | 1,428,349 | 1,467,450 | 1,507,668 | 1,549,035 | 1,591,584 | 1,635,350 | 14,383,516 |
| Depreciation | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (500,000) |
| Capital | 500,000 | | | | | | | | | | 500,000 |
| PreTax Cash Flow | 1,663,750 | 1,196,625 | 1,303,372 | 1,340,333 | 1,378,349 | 1,417,450 | 1,457,668 | 1,499,035 | 1,541,584 | 1,585,350 | 14,383,516 |
| AfterTax Cash Flow | 1,238,938 | 760,306 | 829,692 | 853,716 | 878,427 | 903,842 | 929,984 | 956,873 | 984,530 | 1,012,977 | 9,349,285 |
| Cash Flow -- Before Tax NPV @ 8% | | | | | | | | | | | 9,885,516 |
| Cash Flow -- AfterTax Net Present Value Discounted @ 8% | | | | | | | | | | | 6,479,586 |
| PURCHASE ANALYSIS | | | | | | | | | | | |
| COST (Tax deductible expenses only) | | | | | | | | | | | |
| Interest Expense | 487,636 | 482,187 | 476,328 | 470,026 | 463,247 | 342,402 | 336,533 | 330,271 | 323,590 | 316,461 | 4,028,681 |
| Depreciation/Amortization | 175,379 | 175,379 | 175,379 | 175,379 | 175,379 | 168,089 | 168,089 | 168,089 | 168,089 | 168,089 | 1,717,338 |
| Opportunity Cost | 53,426 | 55,189 | 57,009 | 58,890 | 60,833 | 62,840 | 64,912 | 67,054 | 69,266 | 71,551 | 620,970 |
| All Other Costs | 382,923 | 392,496 | 402,308 | 412,366 | 422,675 | 433,242 | 444,073 | 455,175 | 466,554 | 478,218 | 4,290,029 |
| PreTax Cost without Sale | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | 1,034,319 | 10,657,018 |
| PreTax Capital (Gain)/Loss on Sale | | | | | | | | | | (1,082,272) | (1,082,272) |
| PreTax Deprec. Recapture 1250 | | | | | | | | | | (1,643,093) | (1,643,093) |
| Net Write-Off of Loan Fees | | | | | | | | | | 75,595 | 75,595 |
| Total PreTax Cost | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | (1,615,451) | 8,007,248 |
| Tax (w/o Sale) @ 35% | (384,777) | (386,838) | (388,858) | (390,831) | (392,746) | (352,300) | (354,763) | (357,206) | (359,625) | (362,012) | (3,729,956) |
| Capital Gains Tax on Sale @ 15% | | | | | | | | | | 162,341 | 162,341 |
| Depreciation Recapture Tax @ 25% | | | | | | | | | | 410,773 | 410,773 |
| Loan Fee Write-Off Taxed @ 35% | | | | | | | | | | (26,458) | (26,458) |
| AfterTaxes | 714,586 | 718,413 | 722,166 | 725,829 | 729,386 | 654,272 | 658,845 | 663,383 | 667,874 | (1,430,807) | 4,823,948 |
| Before Tax NPV @ 8% | | | | | | | | | | | 6,221,086 |
| After Tax Net Present Value Discounted @ 8% | | | | | | | | | | | 3,871,019 |
| CASH FLOW | | | | | | | | | | | |
| PreTax Cost w/o Sale | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | 1,034,319 | 10,657,018 |
| Depreciation | (175,379) | (175,379) | (175,379) | (175,379) | (175,379) | (168,089) | (168,089) | (168,089) | (168,089) | (168,089) | (1,717,338) |
| Purchase Costs - Capital & TI\$ | 8,287,438 | | | | | | | | | | 8,287,438 |
| Sale Price | | | | | | | | | | (9,873,245) | (9,873,245) |
| Selling Expenses | | | | | | | | | | 503,536 | 503,536 |
| Loan(s) (less fees) | (6,734,734) | | | | 1,144,019 | | | | | 4,806,510 | (784,205) |
| Principal Reduction on Loan(s) | 74,877 | 80,326 | 86,185 | 92,487 | 99,266 | 87,631 | 93,499 | 99,761 | 106,443 | 113,571 | 934,046 |
| PreTax Cash Flow | 2,551,565 | 1,010,197 | 1,021,830 | 1,033,769 | 2,190,040 | 926,114 | 939,018 | 952,261 | 965,852 | (3,583,399) | 8,007,248 |
| AfterTax Cash Flow | 2,166,788 | 623,360 | 636,399 | 646,938 | 729,386 | 573,814 | 584,255 | 595,055 | 606,228 | (3,398,755) | 4,823,948 |
| Cash Flow -- Before Tax NPV @ 8% | | | | | | | | | | | 7,116,089 |
| Cash Flow -- After Tax Net Present Value Discounted @ 8% | | | | | | | | | | | 4,766,022 |
| COMPARISON - Lease vs. Buy | | | | | | | | | | | |
| Lease - PreTax Cost | 1,213,750 | 1,246,625 | 1,353,372 | 1,390,333 | 1,428,349 | 1,467,450 | 1,507,668 | 1,549,035 | 1,591,584 | 1,635,350 | 14,383,516 |
| Purchase - PreTax Cost | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | (1,615,451) | 8,007,248 |
| Difference | 114,386 | 141,375 | 242,348 | 273,672 | 306,216 | 460,878 | 494,061 | 528,447 | 564,085 | 3,250,800 | 6,376,268 |
| Cumulative Difference | 114,386 | 255,761 | 498,109 | 771,782 | 1,077,997 | 1,538,875 | 2,032,936 | 2,561,382 | 3,125,468 | 6,376,268 | |
| Lease - PreTax Cash Flow | 1,663,750 | 1,196,625 | 1,303,372 | 1,340,333 | 1,378,349 | 1,417,450 | 1,457,668 | 1,499,035 | 1,541,584 | 1,585,350 | 14,383,516 |
| Purchase - PreTax Cash Flow | 2,551,565 | 1,010,197 | 1,021,830 | 1,033,769 | 2,190,040 | 926,114 | 939,018 | 952,261 | 965,852 | (3,583,399) | 8,007,248 |
| Difference | (887,815) | 186,428 | 281,542 | 306,564 | (811,691) | 491,336 | 518,650 | 546,774 | 575,732 | 5,168,748 | 6,376,268 |
| Cumulative Difference | (887,815) | (701,388) | (419,846) | (113,282) | 98,367 | 589,703 | 1,108,353 | 1,655,127 | 2,230,859 | 7,399,607 | 13,775,875 |
| PreTax Cash Flow/sf - Leasing 50,000 sf; Purchasing 48,500 sf | | | | | | | | | | | |
| Lease PreTax Cash Flow/sf/yr | \$33.28 | \$23.93 | \$26.07 | \$26.81 | \$27.57 | \$28.35 | \$29.15 | \$29.98 | \$30.83 | \$31.71 | \$28.77 |
| Purchase PreTax Cash Flow/sf/yr | \$52.61 | \$20.83 | \$21.07 | \$21.31 | \$45.16 | \$19.10 | \$19.36 | \$19.63 | \$19.91 | (\$73.88) | \$16.51 |
| Difference | (\$17.76) | \$3.73 | \$5.63 | \$6.13 | (\$16.23) | \$9.83 | \$10.37 | \$10.94 | \$11.51 | \$103.37 | \$12.75 |
| Cumulative Difference | (\$17.76) | (\$14.03) | (\$8.40) | (\$2.27) | (\$18.50) | (\$8.67) | \$1.70 | \$12.64 | \$24.15 | \$127.53 | |
| Lease - AfterTax Cash Flow | 1,238,938 | 760,306 | 829,692 | 853,716 | 878,427 | 903,842 | 929,984 | 956,873 | 984,530 | 1,012,977 | 9,349,285 |
| Purchase - AfterTax Cash Flow | 2,166,788 | 623,360 | 632,972 | 642,938 | 1,797,293 | 573,814 | 584,255 | 595,055 | 606,228 | (3,398,755) | 4,823,948 |
| Difference | (927,850) | 136,946 | 196,720 | 210,779 | (918,867) | 330,029 | 345,729 | 361,818 | 378,302 | 4,411,732 | 4,525,338 |
| Cumulative Difference | (927,850) | (790,904) | (594,184) | (383,405) | (1,302,272) | (972,243) | (626,514) | (264,696) | 113,606 | 4,525,338 | |

NPV calculated starting 10 / 2005 (beginning of mo. payment)

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Compares PreTax Cash Flow (a back-up report)

PRE TAX CASH FLOW

Client: ABC Co.
Leased Property: 253 Green Steet
Purchased Property: 48 Aubrey Way

Page B
12Feb05
Revision 1.0

| Year | (analysis starts 10 / 2005) | | | | | | | | | | Total |
|------------------|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------|
| Year Dates | 10/05-9/06 | 10/06-9/07 | 10/07-9/08 | 10/08-9/09 | 10/09-9/10 | 10/10-9/11 | 10/11-9/12 | 10/12-9/13 | 10/13-9/14 | 10/14-9/15 | |
| Months Each Year | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 120 |

LEASE ANALYSIS 50,000 square feet

| | | | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Base Rent | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 8,250,000 |
| Rent Abatement | (68,750) | (70,813) | | | | | | | | | (139,563) |
| % Increase | | 24,750 | 50,243 | 76,500 | 103,545 | 131,401 | 160,093 | 189,646 | 220,085 | 251,438 | 1,207,700 |
| Total | 756,250 | 778,938 | 875,243 | 901,500 | 928,545 | 956,401 | 985,093 | 1,014,646 | 1,045,085 | 1,076,438 | 9,318,138 |
| Operating Expenses / Taxes | 407,500 | 417,688 | 428,130 | 438,833 | 449,804 | 461,049 | 472,575 | 484,389 | 496,499 | 508,912 | 4,565,378 |
| Construction Cost | 500,000 | | | | | | | | | | 500,000 |
| Total PreTax Cash Flow | 1,663,750 | 1,196,625 | 1,303,372 | 1,340,333 | 1,378,349 | 1,417,450 | 1,457,668 | 1,499,035 | 1,541,584 | 1,585,350 | 14,383,516 |
| Cost / Sq.Ft. / Year | \$33.28 | \$23.93 | \$26.07 | \$26.81 | \$27.57 | \$28.35 | \$29.15 | \$29.98 | \$30.83 | \$31.71 | \$28.77 |
| Cash Flow - Before Tax NPV @ 8% | | | | | | | | | | | 9,885,516 |

PURCHASE ANALYSIS 48,500 square feet

| | | | | | | | | | | | |
|--|--------------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|--------------------|--------------------|
| Land - Purchase | 1,879,375 | | | | | | | | | | 1,879,375 |
| Building - Purchase | 5,638,125 | | | | | | | | | | 5,638,125 |
| Purchase - Other Capital | 187,938 | | | | | | | | | | 187,938 |
| Total | 7,705,438 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,705,438 |
| Operating Expenses / Taxes | 382,923 | 392,496 | 402,308 | 412,366 | 422,675 | 433,242 | 444,073 | 455,175 | 466,554 | 478,218 | 4,290,029 |
| Opportunity Cost | 53,426 | 55,189 | 57,009 | 58,890 | 60,833 | 62,840 | 64,912 | 67,054 | 69,266 | 71,551 | 620,970 |
| Total | 436,349 | 447,685 | 459,317 | 471,256 | 483,508 | 496,081 | 508,985 | 522,229 | 535,820 | 549,769 | 4,910,999 |
| Interest Expense - 1st Loan | 366,661 | 362,417 | 357,889 | 353,057 | 347,902 | 342,402 | 336,533 | 330,271 | 323,590 | 316,461 | 3,437,185 |
| Interest Expense - 2nd Loan | 120,975 | 119,770 | 118,439 | 116,969 | 115,344 | | | | | | 591,496 |
| Total | 487,636 | 482,187 | 476,328 | 470,026 | 463,247 | 342,402 | 336,533 | 330,271 | 323,590 | 316,461 | 4,028,681 |
| First Loan, less fees | (5,556,257) | | | | | | | | | 4,806,510 | (749,747) |
| First Loan - Principle Payment | 63,371 | 67,615 | 72,144 | 76,975 | 82,130 | 87,631 | 93,499 | 99,761 | 106,443 | 113,571 | 863,140 |
| Second Loan, less fees | (1,178,477) | | | | 1,144,019 | | | | | | (34,458) |
| Second Loan - Principle Payment | 11,506 | 12,711 | 14,042 | 15,512 | 17,136 | | | | | | 70,906 |
| Total | (6,659,857) | 80,326 | 86,185 | 92,487 | 1,243,286 | 87,631 | 93,499 | 99,761 | 106,443 | 4,920,081 | 149,841 |
| Cash From Sale | | | | | | | | | | (9,873,245) | (9,873,245) |
| Selling Expenses | | | | | | | | | | 503,536 | 503,536 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (9,369,710) | (9,369,710) |
| Total Cash Flow | 1,969,565 | 1,010,197 | 1,021,830 | 1,033,769 | 2,190,040 | 926,114 | 939,018 | 952,261 | 965,852 | (3,583,399) | 7,425,248 |
| Cost / Sq.Ft. / Year | \$39.39 | \$20.20 | \$20.44 | \$20.68 | \$43.80 | \$18.52 | \$18.78 | \$19.05 | \$19.32 | (\$71.67) | \$14.85 |
| Cash Flow - Before Tax NPV @ 8% | | | | | | | | | | | 7,116,089 |

Shows the difference for Lease vs.
Buy on a PreTax Cash Flow basis

COMPARISON: Lease - Buy

| | | | | | | | | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|------------|
| Cost / Sq.Ft. | (\$6.12) | \$3.73 | \$5.63 | \$6.13 | (\$16.23) | \$9.83 | \$10.37 | \$10.94 | \$11.51 | \$103.37 | \$13.92 |
| Lease - PreTax Cash Flow | 1,663,750 | 1,196,625 | 1,303,372 | 1,340,333 | 1,378,349 | 1,417,450 | 1,457,668 | 1,499,035 | 1,541,584 | 1,585,350 | 14,383,516 |
| Purchase - PreTax Cash Flow | 1,969,565 | 1,010,197 | 1,021,830 | 1,033,769 | 2,190,040 | 926,114 | 939,018 | 952,261 | 965,852 | (3,583,399) | 7,425,248 |
| Difference | (305,815) | 186,428 | 281,542 | 306,564 | (811,691) | 491,336 | 518,650 | 546,774 | 575,732 | 5,168,748 | 6,958,268 |
| Cumulative Difference | (305,815) | (119,388) | 162,154 | 468,718 | (342,973) | 148,363 | 667,013 | 1,213,787 | 1,789,520 | 6,958,268 | |

NPV calculated starting 10 / 2005 (beginning of mo. payment)

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Compares PreTax Cash Flow (a back-up report)

LEASE vs. BUY ANALYSIS

Client: ABC Co.
Leased Property: 253 Green Steet
Purchased Property: 48 Aubrey Way

Worksheet
12Feb05
Revision 1.0

| Year | (analysis starts 10 / 2005) | | | | | | | | | | Total |
|------------------|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------|
| Year Dates | 10/05-9/06 | 10/06-9/07 | 10/07-9/08 | 10/08-9/09 | 10/09-9/10 | 10/10-9/11 | 10/11-9/12 | 10/12-9/13 | 10/13-9/14 | 10/14-9/15 | |
| Months Each Year | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 120 |

COST

| PreTax | | Yr. 1 | Yr. 2 | Yr. 3 | Yr. 4 | Yr. 5 | Yr. 6 | Yr. 7 | Yr. 8 | Yr. 9 | Yr. 10 | Total |
|------------|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|-------------|------------|
| Lease | Annual Total | 1,213,750 | 1,246,625 | 1,353,372 | 1,390,333 | 1,428,349 | 1,467,450 | 1,507,668 | 1,549,035 | 1,591,584 | 1,635,350 | 14,383,516 |
| | Cumulative Total | 1,213,750 | 2,460,375 | 3,813,747 | 5,204,080 | 6,632,428 | 8,099,878 | 9,607,547 | 11,156,582 | 12,748,166 | 14,383,516 | |
| | Present Value @ 8% | 1,123,843 | 1,068,780 | 1,074,350 | 1,021,936 | 972,110 | 924,742 | 879,710 | 836,896 | 796,189 | 757,483 | 9,456,039 |
| Purchase | Annual Total | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | (1,615,451) | 8,007,248 |
| | Cumulative Total | 1,099,364 | 2,204,614 | 3,315,638 | 4,432,298 | 5,554,431 | 6,561,003 | 7,574,611 | 8,595,200 | 9,622,699 | 8,007,248 | |
| | Present Value @ 8% | 1,017,929 | 947,574 | 881,967 | 820,779 | 763,705 | 634,311 | 591,430 | 551,392 | 514,005 | (748,266) | 5,974,826 |
| Difference | Annual Total | 114,386 | 141,375 | 242,348 | 273,672 | 306,216 | 460,878 | 494,061 | 528,447 | 564,085 | 3,250,800 | 6,376,268 |
| | Cumulative Total | 114,386 | 255,761 | 498,109 | 771,782 | 1,077,997 | 1,538,875 | 2,032,936 | 2,561,382 | 3,125,468 | 6,376,268 | |
| | Present Value @ 8% | 105,913 | 121,206 | 192,384 | 201,157 | 208,405 | 290,431 | 288,280 | 285,503 | 282,183 | 1,505,750 | 3,481,212 |
| AfterTax | | | | | | | | | | | | |
| Lease | Annual Total | 788,938 | 810,306 | 879,692 | 903,716 | 928,427 | 953,842 | 979,984 | 1,006,873 | 1,034,530 | 1,062,977 | 9,349,285 |
| | Cumulative Total | 788,938 | 1,599,244 | 2,478,936 | 3,382,652 | 4,311,078 | 5,264,921 | 6,244,905 | 7,251,778 | 8,286,308 | 9,349,285 | |
| | Present Value @ 8% | 714,586 | 718,413 | 722,166 | 725,829 | 729,386 | 654,272 | 658,845 | 663,383 | 667,874 | (1,430,807) | 4,823,948 |
| Purchase | Annual Total | 714,586 | 718,413 | 722,166 | 725,829 | 729,386 | 654,272 | 658,845 | 663,383 | 667,874 | (1,430,807) | 4,823,948 |
| | Cumulative Total | 714,586 | 1,432,999 | 2,155,165 | 2,880,994 | 3,610,380 | 4,264,652 | 4,923,497 | 5,586,880 | 6,254,754 | 4,823,948 | |
| | Present Value @ 8% | 74,351 | 91,894 | 157,526 | 177,887 | 199,040 | 299,571 | 321,139 | 343,490 | 366,656 | 2,493,784 | 4,525,338 |
| Difference | Annual Total | 74,351 | 91,894 | 157,526 | 177,887 | 199,040 | 299,571 | 321,139 | 343,490 | 366,656 | 2,493,784 | 4,525,338 |
| | Cumulative Total | 74,351 | 166,245 | 323,771 | 501,658 | 700,698 | 1,000,269 | 1,321,408 | 1,664,898 | 2,031,554 | 4,525,338 | |
| | Present Value @ 8% | 74,351 | 166,245 | 323,771 | 501,658 | 700,698 | 1,000,269 | 1,321,408 | 1,664,898 | 2,031,554 | 4,525,338 | |

CASH FLOW ANALYSIS

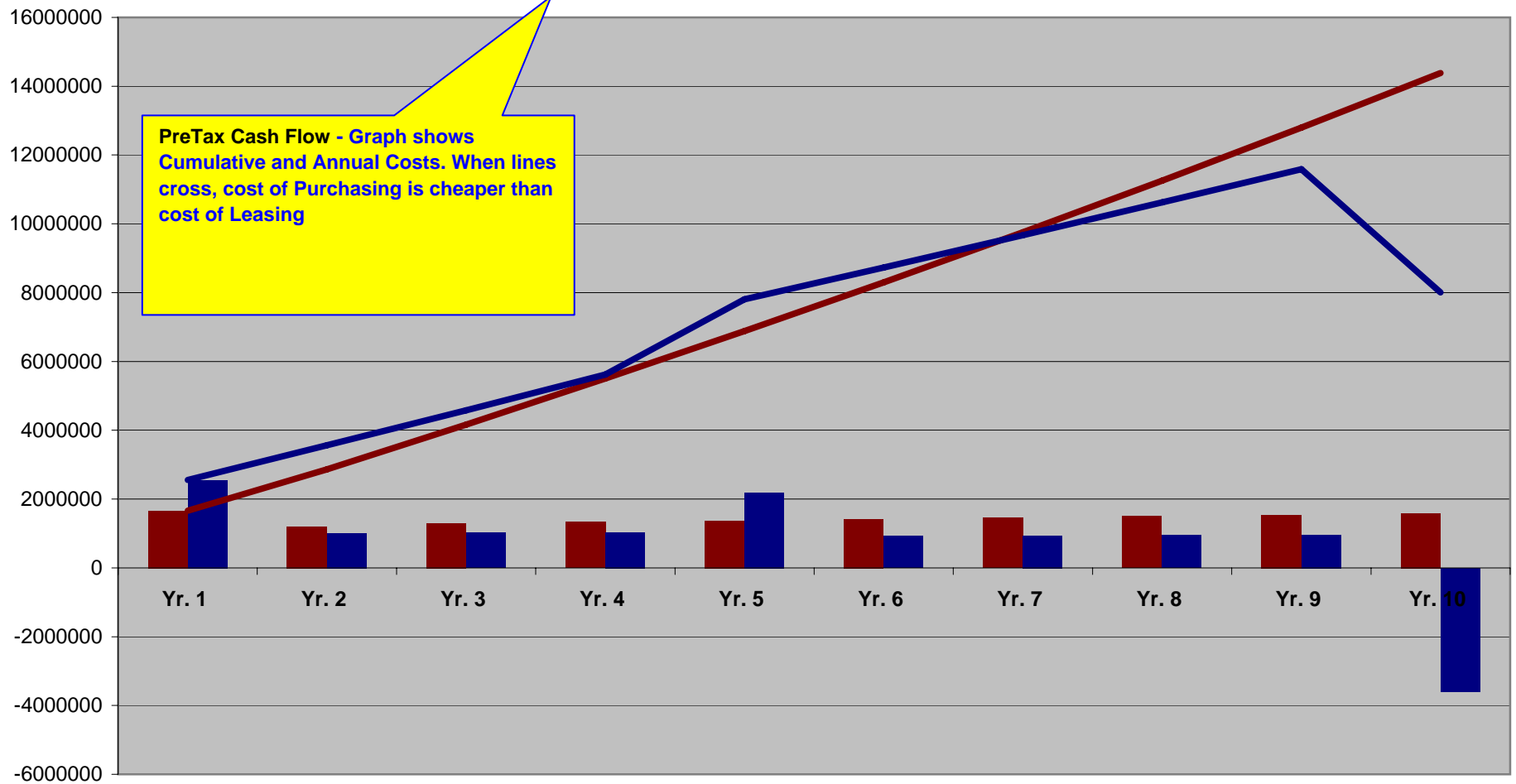
| PreTax | | Yr. 1 | Yr. 2 | Yr. 3 | Yr. 4 | Yr. 5 | Yr. 6 | Yr. 7 | Yr. 8 | Yr. 9 | Yr. 10 | Total |
|------------|--------------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|------------|------------|-------------|------------|
| Lease | Annual Total | 1,663,750 | 1,196,625 | 1,303,372 | 1,340,333 | 1,378,349 | 1,417,450 | 1,457,668 | 1,499,035 | 1,541,584 | 1,585,350 | 14,383,516 |
| | Cumulative Total | 1,663,750 | 2,860,375 | 4,163,747 | 5,504,080 | 6,882,428 | 8,299,878 | 9,757,547 | 11,256,582 | 12,798,166 | 14,383,516 | |
| | Present Value @ 8% | 1,147,164 | 651,840 | 658,636 | 627,507 | 597,842 | 569,574 | 542,637 | 516,969 | 492,510 | 469,204 | 6,273,884 |
| Purchase | Annual Total | 2,551,565 | 1,010,197 | 1,021,830 | 1,033,769 | 2,190,040 | 926,114 | 939,018 | 952,261 | 965,852 | (3,583,399) | 8,007,248 |
| | Cumulative Total | 2,551,565 | 3,561,763 | 4,583,593 | 5,617,362 | 7,807,402 | 8,733,515 | 9,672,533 | 10,624,794 | 11,590,647 | 8,007,248 | |
| | Present Value @ 8% | (887,815) | 186,428 | 281,542 | 306,564 | (811,691) | 491,336 | 518,650 | 546,774 | 575,732 | 5,168,748 | 6,376,268 |
| Difference | Annual Total | (887,815) | 186,428 | 281,542 | 306,564 | (811,691) | 491,336 | 518,650 | 546,774 | 575,732 | 5,168,748 | 6,376,268 |
| | Cumulative Total | (887,815) | (701,388) | (419,846) | (113,282) | (924,973) | (433,637) | 85,013 | 631,787 | 1,207,520 | 6,376,268 | |
| | Present Value @ 8% | (653,421) | 117,409 | 156,163 | 154,929 | (625,365) | 207,974 | 201,730 | 195,479 | 189,245 | 2,043,486 | 1,781,928 |
| AfterTax | | | | | | | | | | | | |
| Lease | Annual Total | 1,238,938 | 760,306 | 829,692 | 853,716 | 878,427 | 903,842 | 929,984 | 956,873 | 984,530 | 1,012,977 | 9,349,285 |
| | Cumulative Total | 1,238,938 | 1,999,244 | 2,828,936 | 3,682,652 | 4,561,078 | 5,464,921 | 6,394,905 | 7,351,778 | 8,336,308 | 9,349,285 | |
| | Present Value @ 8% | 1,147,164 | 651,840 | 658,636 | 627,507 | 597,842 | 569,574 | 542,637 | 516,969 | 492,510 | 469,204 | 6,273,884 |
| Purchase | Annual Total | 2,166,788 | 623,360 | 632,972 | 642,938 | 1,797,293 | 573,814 | 584,255 | 595,055 | 606,228 | (3,398,755) | 4,823,948 |
| | Cumulative Total | 2,166,788 | 2,790,148 | 3,423,120 | 4,066,057 | 5,863,351 | 6,437,164 | 7,021,420 | 7,616,475 | 8,222,702 | 4,823,948 | |
| | Present Value @ 8% | 2,006,285 | 534,431 | 502,474 | 472,578 | 1,223,208 | 361,600 | 340,907 | 321,490 | 303,265 | (1,574,281) | 4,491,956 |
| Difference | Annual Total | (927,850) | 136,946 | 196,720 | 210,779 | (918,867) | 330,029 | 345,729 | 361,818 | 378,302 | 4,411,732 | 4,525,338 |
| | Cumulative Total | (927,850) | (790,904) | (594,184) | (383,405) | (1,302,272) | (972,243) | (626,514) | (264,696) | 113,606 | 4,525,338 | |
| | Present Value @ 8% | (653,421) | 117,409 | 156,163 | 154,929 | (625,365) | 207,974 | 201,730 | 195,479 | 189,245 | 2,043,486 | 1,781,928 |

Present value calculated using annual totals

Used for the graphs - The Management Summary uses costs from each individual year. Shows the difference for Lease vs. Buy on a PreTax Cash Flow basis

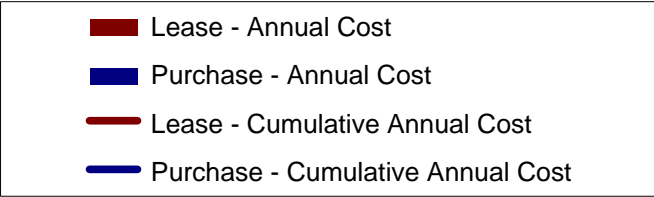
The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.

Lease vs. Buy - PreTax Cash Flow Comparison of the Annual and Cumulative Cost

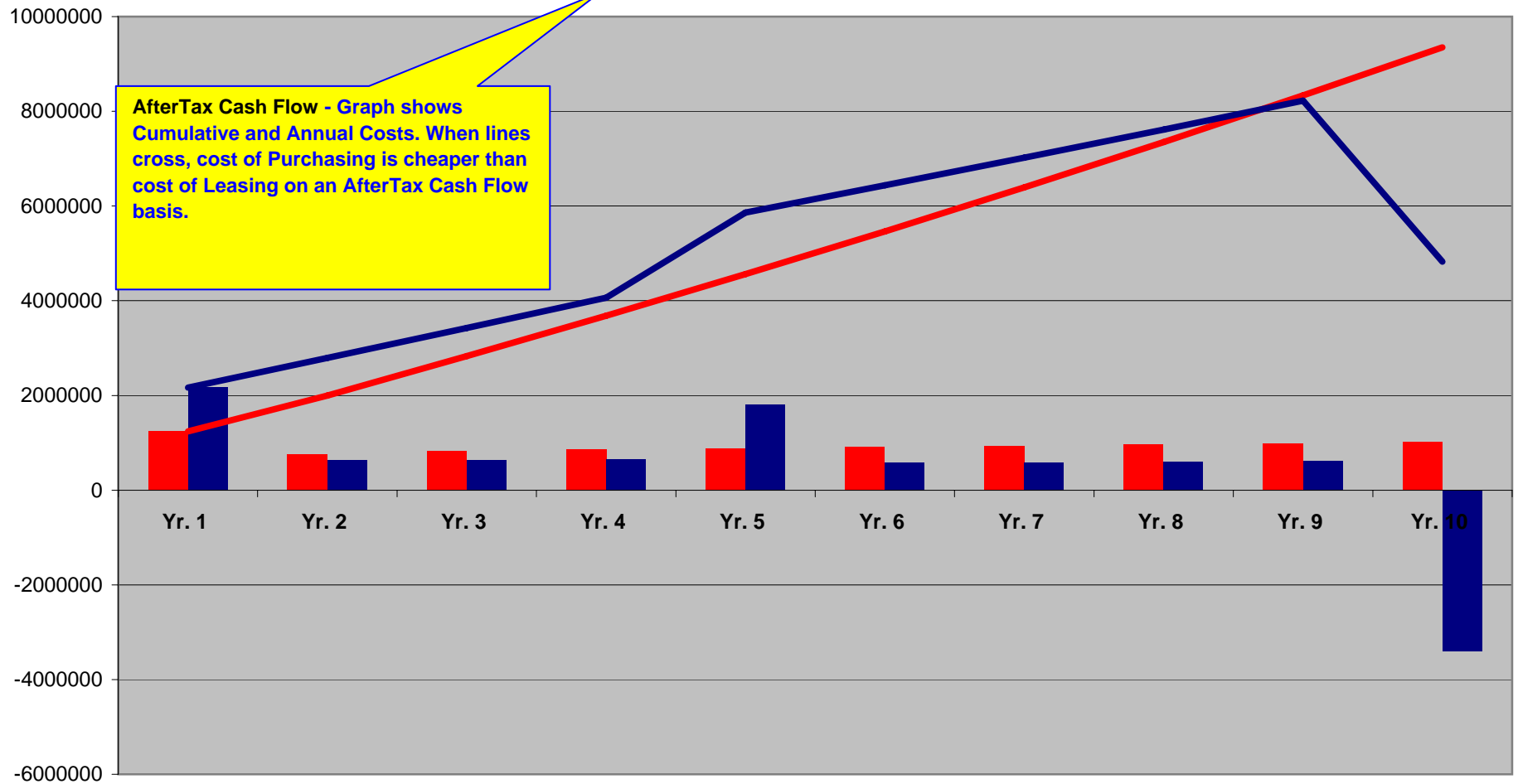


PreTax Cash Flow - Graph shows Cumulative and Annual Costs. When lines cross, cost of Purchasing is cheaper than cost of Leasing

Intersection is when the cumulative total cost of Purchasing is cheaper than Leasing.

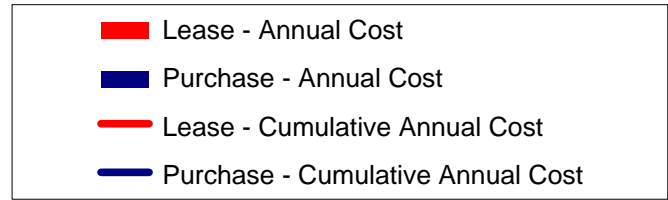


Lease vs. Buy - **AfterTax** Cash Flow Comparison of the Annual and Cumulative Cost

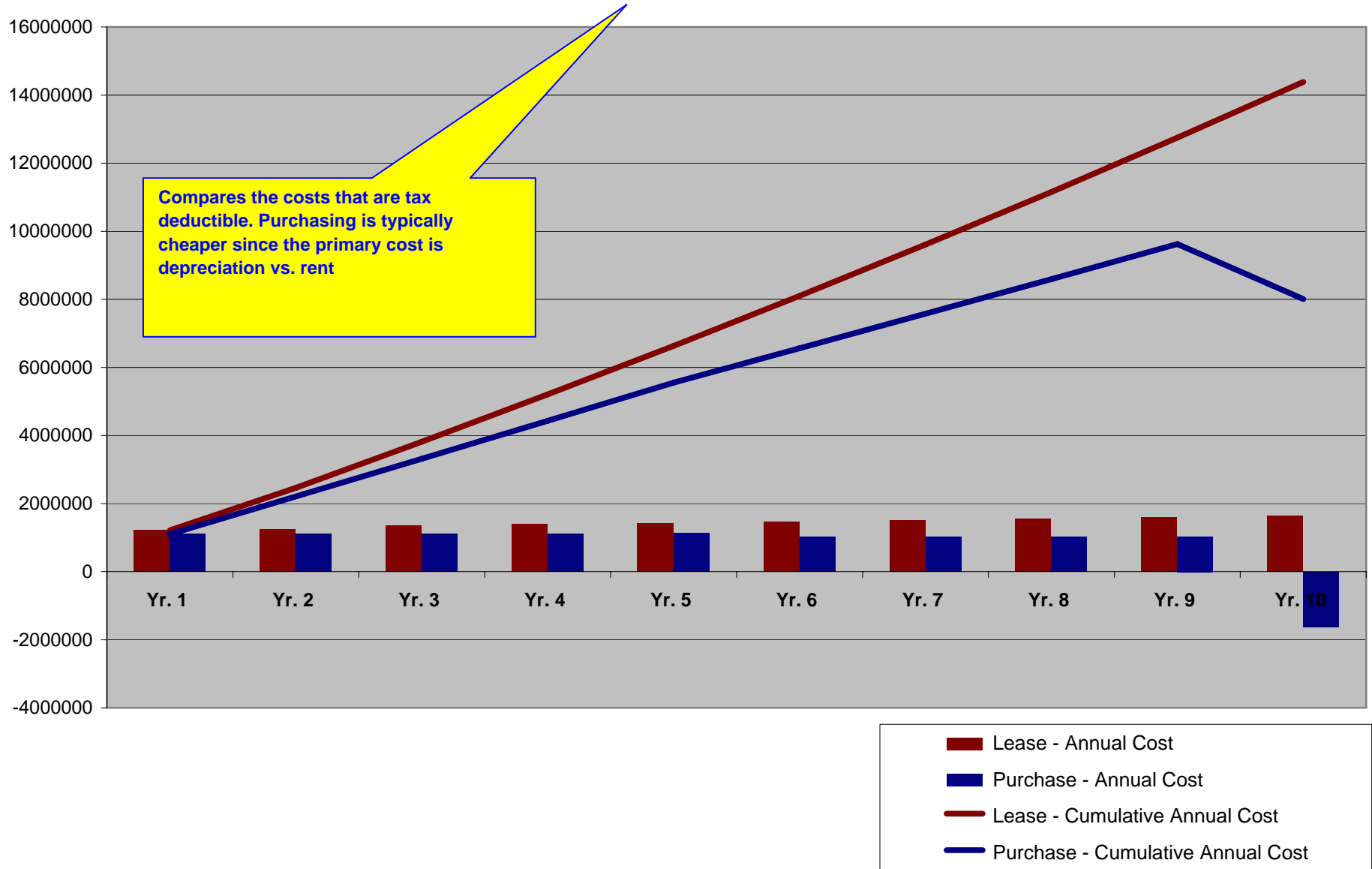


AfterTax Cash Flow - Graph shows Cumulative and Annual Costs. When lines cross, cost of Purchasing is cheaper than cost of Leasing on an AfterTax Cash Flow basis.

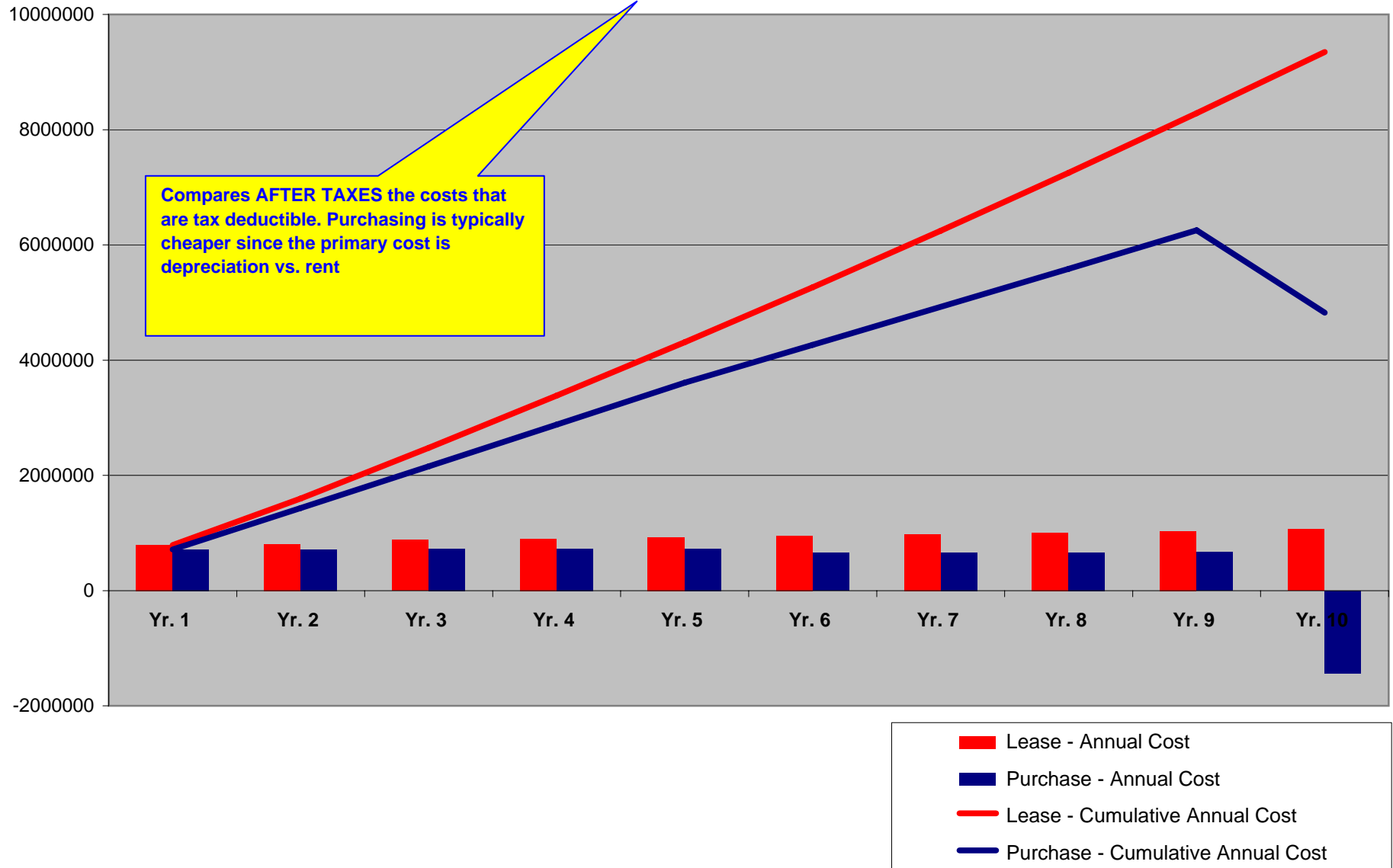
Intersection is when the cumulative total cost of Purchasing is cheaper than Leasing.



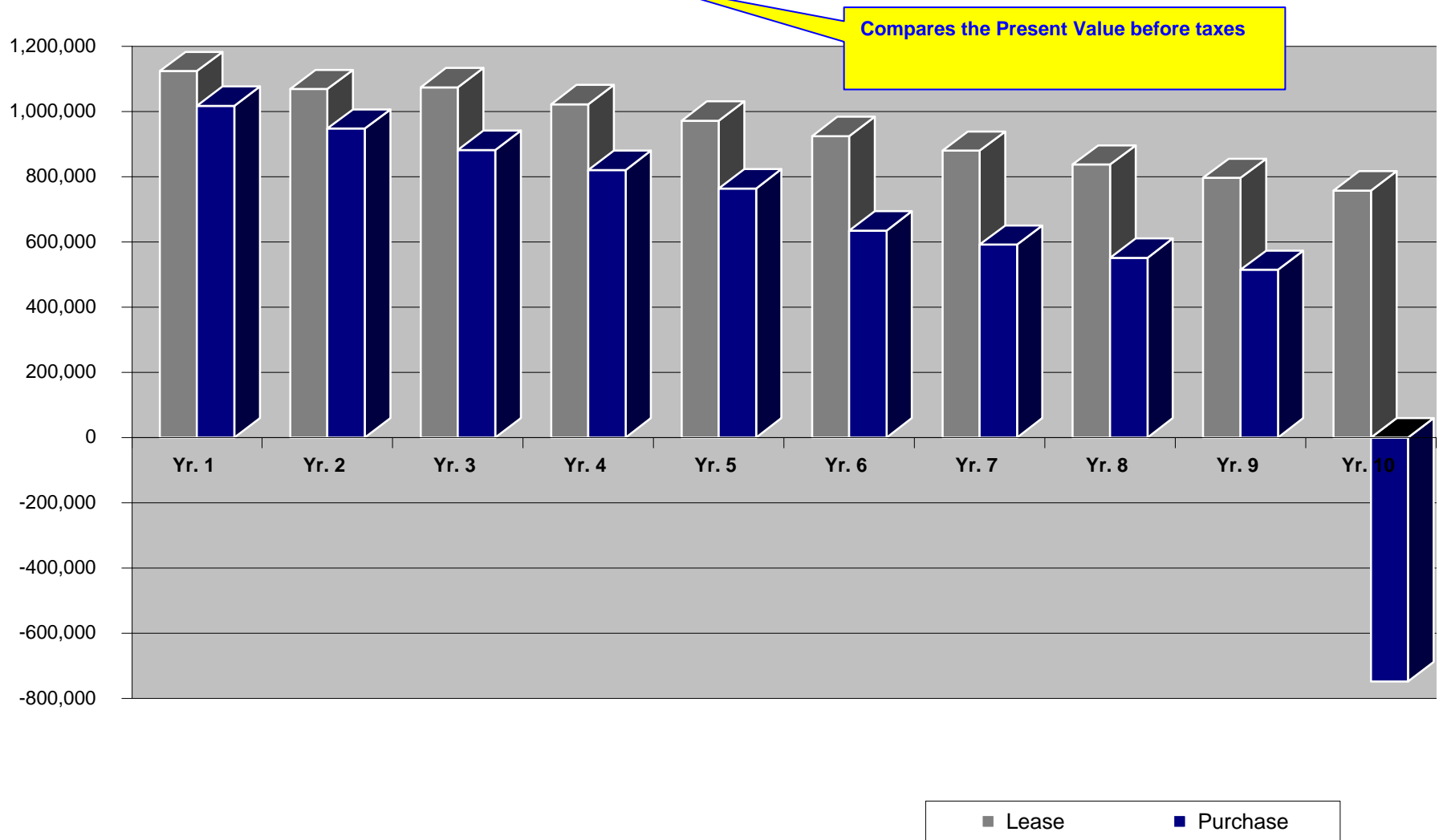
Lease vs. Buy - PreTax Tax Deductible Costs Comparison of the Annual and Cumulative Cost



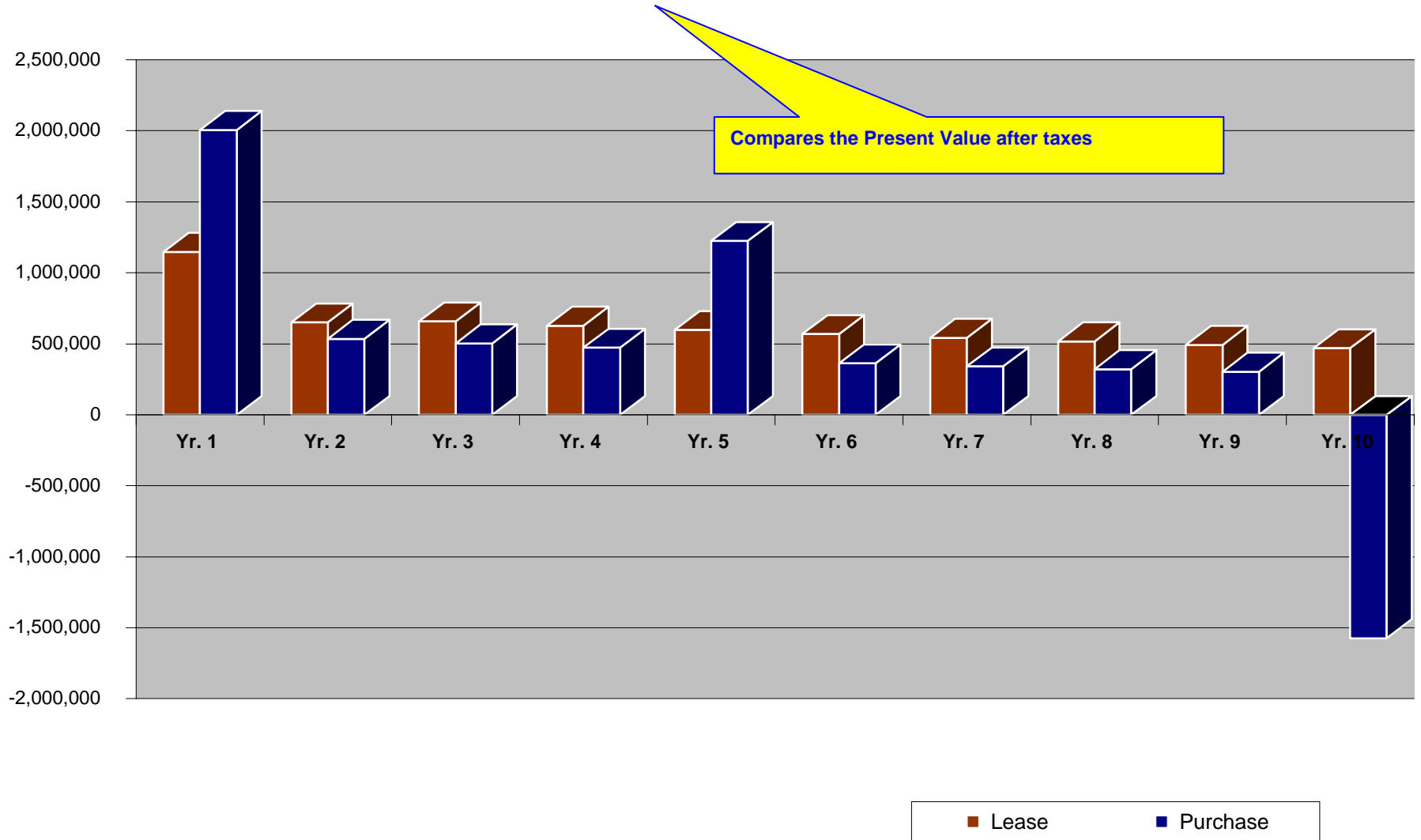
Lease vs. Buy - AfterTax Tax Deductible Costs Comparison of the Annual and Cumulative Cost



Lease vs. Buy - PreTax Tax Deductible Costs Comparison of the Present Value of the Annual Cost



**Lease vs. Buy - AfterTax Cash Flow
Comparison of the Present Value of the Annual Cost**





Detailed Lease Analysis (a back-up report)

LEASE ANALYSIS

Client: ABC Co.
Leased Property: 253 Green Steet

Page 1A
12Feb05
Revision 1.0

| Year | Yr. 1 | Yr. 2 | Yr. 3 | Yr. 4 | Yr. 5 | Yr. 6 | Yr. 7 | Yr. 8 | Yr. 9 | Yr. 10 | Total |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| (analysis starts 10 / 2005) | | | | | | | | | | | |
| Year Dates | 10/05-9/06 | 10/06-9/07 | 10/07-9/08 | 10/08-9/09 | 10/09-9/10 | 10/10-9/11 | 10/11-9/12 | 10/12-9/13 | 10/13-9/14 | 10/14-9/15 | |
| Months Leased Each Year | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 120 |
| Months of Free Rent | 1 | | | | | | | | | | 2 |
| A Backup Report. Detailed listing of Costs and Cash Flow associated with Leasing that are summarized on the Financial Summary. | | | | | | | | | | | |
| COST (Tax Deductible Expenses Only) | | | | | | | | | | | |
| Base Rent | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 8,250,000 |
| Rent Abatement | -68,750 | -70,813 | | | | | | | | | -139,563 |
| % Increase | | 24,750 | 50,243 | 76,500 | 103,545 | 131,401 | 160,093 | 189,646 | 220,085 | 251,438 | 1,207,700 |
| Total | 756,250 | 778,938 | 875,243 | 901,500 | 928,545 | 956,401 | 985,093 | 1,014,646 | 1,045,085 | 1,076,438 | 9,318,138 |
| Operating Expenses / Taxes | 407,500 | 417,688 | 428,130 | 438,833 | 449,804 | 461,049 | 472,575 | 484,389 | 496,499 | 508,912 | 4,565,378 |
| Depreciation | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 500,000 |
| Total PreTax Cost | 1,213,750 | 1,246,625 | 1,353,372 | 1,390,333 | 1,428,349 | 1,467,450 | 1,507,668 | 1,549,035 | 1,591,584 | 1,635,350 | 13,383,516 |
| Taxes @ 35% | 424,813 | 436,319 | 473,680 | 486,616 | 499,922 | 513,607 | 527,684 | 542,162 | 557,055 | 572,372 | 5,034,231 |
| AfterTax Cost | 788,938 | 810,306 | 879,692 | 903,716 | 928,427 | 953,842 | 979,984 | 1,006,873 | 1,034,530 | 1,062,977 | 9,349,285 |
| Before Tax NPV @ 8% | | | | | | | | | | | 9,731,229 |
| After Tax Net Present Value Discounted @ 8% | | | | | | | | | | | 6,325,299 |

CASH FLOW

| | | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Total PreTax Cost | 1,213,750 | 1,246,625 | 1,353,372 | 1,390,333 | 1,428,349 | 1,467,450 | 1,507,668 | 1,549,035 | 1,591,584 | 1,635,350 | 13,383,516 |
| Depreciation | | | | | | | | | | | |
| Construction Cost | -50,000 | -50,000 | -50,000 | -50,000 | -50,000 | -50,000 | -50,000 | -50,000 | -50,000 | -50,000 | -500,000 |
| Capital | | | | | | | | | | | |
| Construction Cost | 500,000 | | | | | | | | | | 500,000 |
| PreTax Cash Flow | 1,663,750 | 1,196,625 | 1,303,372 | 1,340,333 | 1,378,349 | 1,417,450 | 1,457,668 | 1,499,035 | 1,541,584 | 1,585,350 | 14,383,516 |
| AfterTax Cash Flow | 1,238,938 | 760,306 | 829,692 | 853,716 | 878,427 | 903,842 | 929,984 | 956,873 | 984,530 | 1,012,977 | 9,349,285 |
| Cash Flow -- Before Tax NPV @ 8% | | | | | | | | | | | 9,885,516 |
| Cash Flow -- After Tax Net Present Value Discounted @ 8% | | | | | | | | | | | 6,479,586 |

NPV calculated starting 10 / 2005 (beginning of mo. payment)

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Detailed Purchase Analysis (a back-up report)

PURCHASE ANALYSIS

Client: ABC Co.
Purchased Property: 48 Aubrey Way

Page 1B
12Feb05
Revision 1.0

| Year | (analysis starts 10 / 2005) | Yr. 1 | Yr. 2 | Yr. 3 | Yr. 4 | Yr. 5 | Yr. 6 | Yr. 7 | Yr. 8 | Yr. 9 | Yr. 10 | Total |
|-------------------------|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------|
| Year Dates | | 10/05-9/06 | 10/06-9/07 | 10/07-9/08 | 10/08-9/09 | 10/09-9/10 | 10/10-9/11 | 10/11-9/12 | 10/12-9/13 | 10/13-9/14 | 10/14-9/15 | |
| Months Each Year | | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 120 |

COST (Tax Deductible Expenses Only)

| | | | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
| Operating Expenses / Taxes | 382,923 | 392,496 | 402,308 | 412,366 | 422,675 | 433,242 | 444,073 | 455,175 | 466,554 | 478,218 | 4,290,029 |
| Opportunity Cost | 53,426 | 55,189 | 57,009 | 58,890 | 60,833 | 62,840 | 64,912 | 67,054 | 69,266 | 71,551 | 620,970 |
| Total | 436,349 | 447,685 | 459,317 | 471,256 | 483,508 | 496,081 | 508,985 | 522,229 | 535,820 | 549,769 | 4,910,999 |
| Interest Expense - First Loan | 366,661 | 362,417 | 357,889 | 353,057 | 347,902 | 342,402 | 336,533 | 330,271 | 323,590 | 316,461 | 3,437,185 |
| Interest Expense - Second Loan | 975 | 119,770 | 118,439 | 116,969 | 115,344 | | | | | | 591,496 |
| Depreciation/Amortization | 175,379 | 175,379 | 175,379 | 175,379 | 175,379 | 168,089 | 168,089 | 168,089 | 168,089 | 168,089 | 1,717,338 |
| PreTax Cost without Sale | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | 1,034,319 | 10,657,018 |
| PreTax Capital (Gain)/Loss on Sale | | | | | | | | | | -1,082,272 | -1,082,272 |
| PreTax Deprec. Recapture 1250 | | | | | | | | | | -1,643,093 | -1,643,093 |
| Net Write-Off of Loan Fees | | | | | | | | | | 75,595 | 75,595 |
| PreTax Cost (total) | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | -1,615,451 | 8,007,248 |
| Tax (w/o Sale) @ 35% | -384,777 | -386,838 | | -390,831 | -392,746 | -352,300 | -354,763 | -357,206 | -359,625 | -362,012 | -3,729,956 |
| Capital Gains Tax on Sale @ 15% | | | | | | | | | | 162,341 | 162,341 |
| Depreciation Recapture Tax @ 25% | | | | | | | | | | 410,773 | 410,773 |
| Loan Fee Write-Off Taxed @ 35% | | | | | | | | | | -26,458 | -26,458 |
| AfterTax Cost | 714,586 | 718,412 | 720,193 | 723,829 | 727,389 | 654,272 | 661,844 | 663,383 | 667,874 | -1,430,807 | 4,823,948 |
| Before Tax NPV @ 8% | | | | | | | | | | | 6,221,086 |
| After Tax Net Present Value Discounted @ 8% | | | | | | | | | | | 3,871,019 |

A Backup Report. Detailed listing of Costs and Cash Flow associated with Purchasing that are summarized on the Financial Summary.

CASH FLOW

| | | | | | | | | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| PreTax Cost without Sale | 1,099,364 | 1,105,250 | 1,111,024 | 1,116,660 | 1,122,133 | 1,006,572 | 1,013,607 | 1,020,589 | 1,027,499 | 1,034,319 | 10,657,018 |
| Capital | | | | | | | | | | | |
| Land - Purchase | 1,879,375 | | | | | | | | | | 1,879,375 |
| Building - Purchase | 5,638,125 | | | | | | | | | | 5,638,125 |
| Building - Const. Costs | 582,000 | | | | | | | | | | 582,000 |
| Purchase - Other Capital | 187,938 | | | | | | | | | | 187,938 |
| Total Capital | 8,287,438 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,287,438 |
| Depreciation / Amortization | | | | | | | | | | | |
| Building - Purchase | -144,567 | -144,567 | -144,567 | -144,567 | -144,567 | -144,567 | -144,567 | -144,567 | -144,567 | -144,567 | -1,445,673 |
| Building - Const. Costs | -14,923 | -14,923 | -14,923 | -14,923 | -14,923 | -14,923 | -14,923 | -14,923 | -14,923 | -14,923 | -149,231 |
| Purchase - Other Costs | -4,819 | -4,819 | -4,819 | -4,819 | -4,819 | -4,819 | -4,819 | -4,819 | -4,819 | -4,819 | -48,189 |
| Fees - 1st Loan | -3,780 | -3,780 | -3,780 | -3,780 | -3,780 | -3,780 | -3,780 | -3,780 | -3,780 | -3,780 | -37,798 |
| Fees - 2nd Loan | -7,290 | -7,290 | -7,290 | -7,290 | -7,290 | | | | | | -36,448 |
| Total | -175,379 | -175,379 | -175,379 | -175,379 | -175,379 | -168,089 | -168,089 | -168,089 | -168,089 | -168,089 | -1,717,338 |
| Financing | | | | | | | | | | | |
| First Loan, less fees | -5,556,257 | | | | | | | | | 4,806,510 | -749,747 |
| First Loan - Principle Payment | 63,371 | 67,615 | 72,144 | 76,975 | 82,130 | 87,631 | 93,499 | 99,761 | 106,443 | 113,571 | 863,140 |
| Second Loan, less fees | -1,178,477 | | | | 1,144,019 | | | | | | -34,458 |
| Second Loan - Principle Payment | 11,506 | 12,711 | 14,042 | 15,512 | 17,136 | | | | | | 70,906 |
| Total Financing | -6,659,857 | 80,326 | 86,185 | 92,487 | 1,243,286 | 87,631 | 93,499 | 99,761 | 106,443 | 4,920,081 | 149,841 |
| Cash from Sale | | | | | | | | | | -9,873,245 | -9,873,245 |
| Selling Expenses | | | | | | | | | | 503,536 | 503,536 |
| PreTax Cash Flow | 2,551,565 | 1,010,197 | 1,021,830 | 1,033,769 | 2,190,040 | 926,114 | 939,018 | 952,261 | 965,852 | -3,583,399 | 8,007,248 |
| AfterTax Cash Flow | 2,166,788 | 623,360 | 632,972 | 642,938 | 1,797,293 | 573,814 | 584,255 | 595,055 | 606,228 | -3,398,755 | 4,823,948 |
| Cash Flow -- Before Tax NPV @ 8% | | | | | | | | | | | 7,116,089 |
| Cash Flow -- After Tax Net Present Value Discounted @ 8% | | | | | | | | | | | 4,766,022 |

Detailed listing of Financing

Ballon Payment on 2nd loan

NPV calculated starting 10 / 2005 (beginning of mo. payment)

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Lease Assumptions Printout (a back-up report)

LEASE ASSUMPTIONS

Client: ABC Co.
Leased Property: 253 Green Steet

Page 2
12Feb05
Revision 1.0

FINANCIAL ASSUMPTIONS

| | |
|--|-------|
| Type of Business Entity | LLC |
| NPV Discount Rate (Beginning of Mo. Calc.) | 8.0% |
| Ordinary Income Tax Rate | 35.0% |
| Capital Gains Tax Rate | 15.0% |

RENT ASSUMPTIONS

| | |
|---------------------------------|-------------------|
| Commencement Date | 10 / 2005 |
| Termination Date | 9 / 2015 |
| Lease Term | 120 months |
| Rentable SF | 50,000 |
| Base Rental Rate | \$16.50 \$/rsf/yr |
| Type of Lease | NNN |
| Months of Rent Abatement | 2 |
| Landlord Construction Allowance | \$10.00 \$/rsf |

ANNUAL PERCENTAGE RENT INCREASES

Increase @3% starting 10/06 based on \$16.50

FIXED AMOUNT RENT INCREASES

Fixed Increase #1
Fixed Increase #2
Fixed Increase #3
Fixed Increase #4
Fixed Increase #5
Fixed Increase #6
Fixed Increase #7
Fixed Increase #8
Fixed Increase #9
Fixed Increase #10

KEY RATIOS

| | |
|------------------------------------|-------------------|
| Average PreTax Cost / RSF / Year | \$28.77 \$/rsf/yr |
| Average AfterTax Cost / RSF / Year | \$18.70 \$/rsf/yr |

PROPOSAL DATE

5Feb05
Analysis prepared by All Brokers Inc.

OPERATING EXPENSES & TAXES

| | |
|----------------------------|--------------------|
| Actual Op. Exp. & Taxes | \$8.00 \$/rsf/yr |
| Base Year Op. Exp. & Taxes | |
| Annual % Increase | 2.5% (eff. 1/2006) |
| Pass through costs start | 10/2005 |

OTHER MONTHLY EXPENSES

Parking
After Hrs. HVAC
Storage Space
Other
Total Monthly Expense
Annual % Increase

Descriptions can be changed - include other costs in addition to the rent and operating expenses.

OTHER LEASING COSTS

| | | |
|--------------------------|---------|---------|
| Consultants / Legal Fees | Expense | Capital |
| Furniture | | |
| Voice and Data | | |
| Moving | | |
| Other | | |
| Contingency % | | |
| Total Cost | | |

Tenant Improvement Costs

CONSTRUCTION COSTS

| | | |
|---------------------------------|-----------|--------|
| Interior Fit-up | 50,000 | rsf |
| Contingency % | \$20.00 | \$/rsf |
| Landlord Construction Allowance | 0% | |
| Net Cost to the Tenant | \$10.00 | \$/rsf |
| | \$500,000 | |

DEPRECIATION ASSUMPTIONS

| | | |
|------------------|--------|-------------|
| Construction | Months | Write-Off * |
| Additional Costs | 120 | yes |

* Write-off remaining depreciation at the end of the analysis period.

A Backup Report, key assumptions are on the Key Assumptions report.

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.



Purchase Assumptions Printout (a back-up report)

PURCHASE ASSUMPTIONS

Complete assumptions printout for Purchasing. A Backup Report, key assumptions are on the Key Assumptions report.

Page 3
12Feb05
Revision 1.0

Client: ABC Co.
Purchased Property: 48 Aubrey Way

FINANCIAL ASSUMPTIONS

| | |
|--|-------|
| Type of Business Entity | LLC |
| NPV Discount Rate (Beginning of Mo. Calc.) | 8.0% |
| Ordinary Income Tax Rate | 35.0% |
| Capital Gains Tax Rate | 15.0% |
| Recapture 1250 Depreciation Tax Rate | 25.0% |

OPERATING EXPENSES AND TAXES

| | |
|----------------------------|--------------------|
| Operating Expenses & Taxes | \$7.75 \$/rsf/yr |
| Annual % Increase | 2.5% (eff. 1/2006) |

TERM FOR ANALYSIS

| | |
|--------------------|------------|
| Start Date | 10 / 2005 |
| Date Property Sold | 9 / 2015 |
| Holding Period | 120 months |

OTHER MONTHLY COSTS

| |
|---------------------------|
| Insurance |
| Parking |
| Storage Space |
| Other |
| Total Other Monthly Costs |
| Annual % Increase |

PROPERTY COST

| | |
|------------------------|-----------------------------|
| Land Description | 1 lot |
| Building | 48,500 rsf |
| | \$/rsf |
| Land Purchase Cost | \$38.75 \$1,879,375 25.0% |
| Building Purchase Cost | \$116.25 \$5,638,125 75.0% |
| Total Property Cost | \$155.00 \$7,517,500 100.0% |

ADDITIONAL COSTS

| | | |
|----------------|---------|---------|
| Furniture | Expense | Capital |
| Voice and Data | | |
| Moving | | |
| Other | | |
| Other | | |
| Contingency % | | |
| Total Cost | | |

BUILDING COST with CONSTRUCTION

| | |
|------------------------|-----------------------------|
| Building Purchase Cost | \$116.25 \$5,638,125 90.6% |
| Const. Improvements | \$12.00 \$582,000 9.4% |
| Total Building Cost | \$128.25 \$6,220,125 100.0% |

SPECIAL EXPENSES / CREDITS

| |
|-------------------------|
| Special Tax Credits |
| Other |
| Other |
| Depreciation Write-off |
| Depreciation Carry-over |

OTHER PURCHASING COSTS

| | | |
|--|---------|-----------|
| | Expense | Capital |
| Closing costs @2.5% of Purchase Cost * | | \$187,938 |
| Legal Fees | | |
| Other | | |
| Contingency | 0% | |
| Total | | \$187,938 |

SALE ASSUMPTIONS

| | | |
|--|----------|-------------|
| Land - compounded annually @2.00% | \$47.24 | \$2,290,948 |
| Building* - compounded annually @2.00% | \$156.34 | \$7,582,298 |
| Total Sale Price | \$203.57 | \$9,873,245 |

TOTAL PURCHASE COST

| | | |
|-----------------------|----------|-------------|
| Total Purchase Cost * | \$170.88 | \$8,287,438 |
|-----------------------|----------|-------------|

* Without Loan Fees, includes all Other Purchasing Costs & Construction

SELLING EXPENSES

| | |
|---------------------------------|-----------|
| Commissions @5.1% of sale price | \$503,536 |
| Spruce-up | |
| Other | |
| Contingency | 0% |
| Total Selling Expenses | \$503,536 |

FINANCING

| | |
|---------------------------------------|--------------------|
| First Loan from 10 / 2005 to 9 / 2035 | @ 6.5% |
| Loan Amount | \$5,669,650 |
| Loan % of Land, Bldg., Const. Cost | 70.0% |
| Monthly Payment (360 month term) | \$35,836 (30 yrs.) |
| Loan Fees @2.00% | \$113,393 |
| Net Proceeds from Loan | \$5,556,257 |
| Unamortized Principal (due 9 / 2015) | \$4,806,510 |

DEPRECIATION ASSUMPTIONS

| | | |
|---|--------|-------------|
| Building - Purchase Cost | Months | Write-Off * |
| Building - Construction Costs | 468 | n/a |
| Other Purchase Costs | 468 | n/a |
| Loan Points - Amortized over the life of the loan | | |
| Additional Costs | 60 | yes |

Second Loan from 10 / 2005 to 9 / 2010

| | |
|------------------------------------|--------------------|
| | @ 10% |
| Loan Amount | \$1,214,925 |
| Loan % of Land, Bldg., Const. Cost | 15.0% |
| Monthly Payment (300 month term) | \$11,040 (25 yrs.) |
| Loan Fees @3.00% | \$36,448 |
| Net Proceeds from Loan | \$1,178,477 |
| Balloon Payment (due 9 / 2010) | \$1,144,019 |

* Write-off remaining depreciation at the end of the analysis period.

KEY RATIOS

| | |
|------------------------------------|-------------------|
| Average PreTax Cost / RSF / Year | \$16.51 \$/rsf/yr |
| Average AfterTax Cost / RSF / Year | \$9.95 \$/rsf/yr |

PROPOSAL DATE

5Feb05
Analysis prepared by All Brokers, Inc

OPPORTUNITY COST - Lost Interest Income

| | |
|-----------------------|-------------|
| Calculations based on | \$1,052,703 |
|-----------------------|-------------|

Invested @5% from 10/2005 - 9/2015; AfterTax Interest compounded monthly.

Opportunity Cost

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.

Optional Report Showing Various Calculations

UNIT METRICS REPORT

Client: ABC Co.
 Leased Property: 253 Green Steet
 Purchased Property: 48 Aubrey Way

Page 4
 12Feb05
 Revision 1.0

PRESENT VALUE - calculations based on
 calculations based on 8% discount rate calculated
 starting 10 / 2005 (beginning of mo. payment)

**Present Value
 calculations on a
 \$/sq.ft. basis.**

| NPV Occupancy cost - \$/rsf/year | <u>Lease</u> | <u>Purchase</u> |
|---|--------------|-----------------|
| Rentable SF | 50,000 | 48,500 |
| PreTax Cash Flow | \$19.77 | \$14.67 |
| AfterTax Cash Flow | \$12.96 | \$9.83 |
| PreTax Cost | \$19.46 | \$12.83 |
| AfterTax Cost | \$12.65 | \$7.98 |

| NPV Rent - \$/rsf/year | |
|-------------------------------|---------|
| Base Rent | \$12.56 |
| Operating Expenses/Taxes | \$6.21 |
| Gross Rent | \$18.77 |

| KEY RATIOS & METRICS - \$/rsf/year | | |
|---|---------|---------|
| Average PreTax Cost / RSF / Year | \$28.77 | \$16.51 |
| Average AfterTax Cost / RSF / Year | \$18.70 | \$9.95 |

LEASE INCOME FROM OWNED PROPERTY

Commencement Date
 Termination Date
 Term of Lease
 Type of Lease
 Rentable SF
 Base Rental Rate
 Months of Rent Abatement
 Annual % Rent Increase
 Fixed Increase #1
 Fixed Increase #2
 Fixed Increase #3
 Actual Op. Exp. & Taxes
 Base Year Op. Exp. & Taxes
 Op.Exp. & Tax Annual % Increase

**Optional - include income
 from leasing out part of the
 owned property.**

| LEASE INCOME - OTHER COSTS | Expense | Capital |
|-----------------------------------|----------------|----------------|
| Commissions @0% of rent | | |
| Construction Costs | | |
| Advertising | | |
| Legal Fees | | |
| Other | | |
| Contingency % | | |
| Total Cost | | |

GROSS SALE ANALYSIS

| | Purchase | Sale |
|----------------------------|--------------------|--------------------|
| Land | \$1,879,375 | \$2,290,948 |
| Building (includes Const.) | \$6,220,125 | \$7,582,298 |
| Loan Fees and Other Costs | \$337,778 | -\$503,536 |
| Total | \$8,437,278 | \$9,369,710 |
| \$/rsf | \$173.96 | \$193.19 |
| Profit / (Loss) | | \$932,432 |
| \$/rsf | | \$19.23 |

ANNUITY - calculations based on

8% discount rate calculated monthly
 starting 10/2005 (beginning of mo. payment)

| Occupancy cost - \$/rsf/year | Lease | Purchase |
|-------------------------------------|--------------|-----------------|
| PreTax Cash Flow | \$28.41 | \$21.08 |
| AfterTax Cash Flow | \$18.62 | \$14.12 |
| PreTax Cost | \$27.96 | \$18.43 |
| AfterTax Cost | \$18.18 | \$11.47 |

Rent - \$/rsf/year

| | |
|--------------------------|---------|
| Base Rent | \$18.05 |
| Operating Expenses/Taxes | \$8.92 |
| Gross Rent | \$26.97 |

Annuity calculations are a method to compare unit costs for different lease terms. The present value of the cost is determined and then amortized over the term at the discount rate.

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified.