

SCENARIO

In this example 2 warehouse properties are being compared.

A number of metrics can be used to reach a decision. They include:

- First year cost,
- Net present value,
- Total cost,
- Other Factors such as number of dock high doors, clear height, and
- Other (aka for political reasons).

The classic approach is to make an economic decision based on the Net Present Value of the Occupancy Cost. Sometimes the decision may be based on the Total Cost or the First Year Cost which is typically highest since it includes one-time costs.

In our experience, the Other Factors such as number of dock high doors, clear height, etc. are as important as Costs, and we let's you compare these factors side-by-side! (See Mgmt Summary sheet)

Then again, the decision may be political such as location relative to senior management's home.

We quantify each of the different parameters outlined above on the Management Summary (Mgmt Summary sheet) and even if the least cost solution is not selected, management knows the relative cost differential for whichever property is selected.

Taking the analysis a step further, we compare the total occupancy cost. More than "just comparing rent", occupancy cost includes expenses like moving, construction, racks, consultants, security systems, etc.

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

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1 page Side-by-Side Management Summary of Key Costs
Line items can easily be added or deleted! You can calculate totals too!

ABC Co. - Warehouse
 August 5, 2004
Summary of Alternatives



Calculate differences with the click of a button.

Property:	783 Commercial	1511 Industrial	Difference
Rentable Square Feet	100,000	100,000	0
Commencement Date	2 / 2005	2 / 2005	
Lease Term (months)	63	63	0
Class of Building	A	New - A	
Fire Protection	ESFR	ESFR	
Office Area	5000	4500	
Clear Height	30'	32'	
Grade Level Doors	4	8	
Dock High Doors	30	40	
Column Spacing	50 x 50	48' x 60'	
Parking	0.8/1000	1/1000	
Electrical	2000 amps 277/480	2000 amps 277/480	
Renewal Options	2-5yr @FMV	3-3yr @FMV	
Expansion	RFO - 50k sf	Right to Lease	
Deal Points:			
Proposal Date	30Jul04	4Aug04	
Type of Lease	Net	Net	
Starting Rent	\$3.00	\$3.10	\$(0.10)
Months of Rent Abatement	3	3	0
Actual Operating Expenses \$/rsf/year	\$0.48	\$0.55	\$(0.07)
Construction Cost / rsf	\$1.10	\$0.99	\$0.11
Landlord Const. Allowance / rsf	\$0.38	\$0.18	\$0.20
Construction Financing / rsf	\$0.73	\$0.00	\$0.73
Tenant Paid Const. Cost / rsf	\$0.00	\$0.81	\$(0.81)
Average Base Rent / rsf / year	\$3.11	\$3.16	\$(0.04)
Average Gross Rent / rsf / year	\$4.69	\$4.81	\$(0.12)
NPV - Base Rent / rsf / year	\$2.51	\$2.55	\$(0.04)
NPV - Gross Rent / rsf / year	\$3.80	\$3.90	\$(0.10)
NPV - Total Cost / rsf / year	\$4.78	\$4.88	\$(0.11)
Project Costs w/Construction	\$392,700	\$473,700	\$(81,000)
Average Monthly Cost	\$47,626	\$48,420	\$(793)
Average Annual Cost	\$571,517	\$581,037	\$(9,520)
NPV - Average Annual Cost	\$477,504	\$488,298	\$(10,794)
First Year Cost	\$813,626	\$891,285	\$(77,659)
Total Rent over Term	\$1,635,000	\$1,658,176	\$(23,176)
Total Cost over Term	\$3,000,466	\$3,050,444	\$(49,978)
NPV @ 8%	\$2,506,897	\$2,563,563	\$(56,666)

Include pictures, your logo, and compare up to 100 properties

Compare side-by-side over 500 variables! Use our defaults or point & click to add or delete

Compare Other Factors besides \$

NEW! Compare Deal Points side-by-side

NPV - Rent

Year 1 Cost and Total Cost

Compares the Net Present Value

Key Assumptions:

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.



Compare & Calculate by year Total Cost and NPV

ABC Co. - Warehouse August 5, 2004 Total Annual Cost Comparison

Compare up to 100 properties!

		Year	1	2	3	4	5	6	Total
783 Commercial (lease starts 2 / 2005) 100,000 rsf									
Total Cost	NEW REPORT		813,626	482,370	498,947	515,661	532,517	157,345	3,000,466
NPV @ 8%	Compares by year Total Cost and NPV								2,506,897
1511 Industrial (lease starts 2 / 2005) 100,000 r									
Total Cost			891,285	479,092	493,464	508,268	523,516	154,818	3,050,444
NPV @ 8%									2,563,563
Difference									
Total Cost			(77,659)	3,278	5,483	7,393	9,000	2,527	(49,978)
NPV @ 8%									(56,666)

Great for doing scenario analysis combining properties.


Calculate differences by year with the click of a button.

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Compare Cost by line item, Total Cost and NPV

ABC Co. - Warehouse August 5, 2004 Comparison of Annual Costs

	Year	1	2	3	4	5	6	Total
783 Commercial (lease starts 2 / 2005) 100,000 rsf								
Months Leased		12	12	12	12	12	3	63
 Rent		225,000	312,000	324,000	336,000	348,000	90,000	1,635,000
Op. Expenses		48,120	49,564	51,051	52,582	54,159	13,911	269,387
Tenant Electric		100,000	103,000	106,090	109,273	112,551	28,982	559,895
Construction Financing		17,806	17,806	17,806	17,806	17,806	4,452	93,484
Security Deposit		30,000					(30,000)	0
All Other Costs		392,700					50,000	442,700
Total Cost		813,626	482,370	498,947	515,661	532,517	157,345	3,000,466
NPV @ 8%								2,506,897

Compare the Annual Cost per Year by Line Item.

1511 Industrial (lease starts 2 / 2005) 100,000 rsf								
Months Leased		12	12	12	12	12	3	63
 Rent		232,500	319,300	328,879	338,745	348,908	89,844	1,658,176
Op. Expenses		55,138	56,792	58,495	60,250	62,058	15,940	308,672
Tenant Electric		100,000	103,000	106,090	109,273	112,551	28,982	559,895
Construction		81,000						81,000
Security Deposit		29,948					(29,948)	0
All Other Costs		392,700					50,000	442,700
Total Cost		891,285	479,092	493,464	508,268	523,516	154,818	3,050,444
NPV @ 8%								2,563,563

Only shows line items with costs. If \$0, then cost not shown.

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Compare \$ / Sq.Ft. by line item, Total Cost and NPV

ABC Co. - Warehouse

August 5, 2004

Comparison of Costs / Square Foot

Can be extended for a 15 year lease.

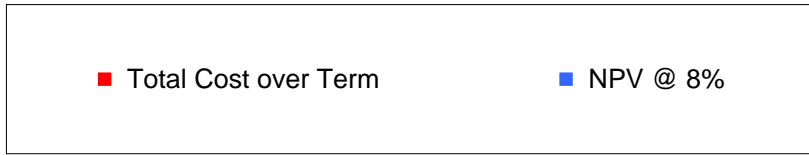
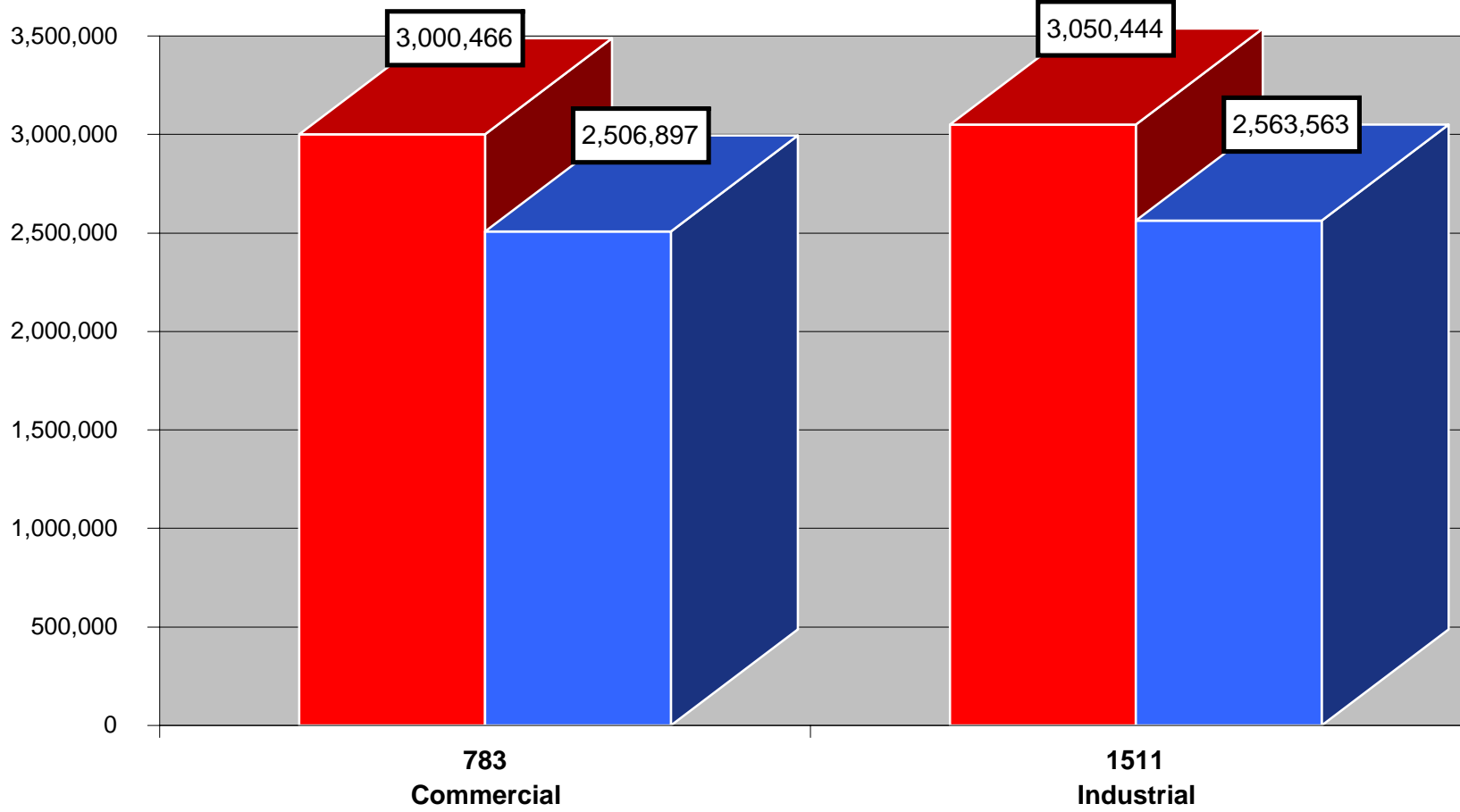
	Year	1	2	3	4	5	6	Total
783 Commercial (lease starts 2 / 2005) 100,000 rsf								
							Average/year	
Months Leased		12	12	12	12	12	3	63
 Rent *		\$2.25	\$3.12	\$3.24	\$3.36	\$3.48	\$3.60	\$3.11
Op. Expenses *		\$0.48	\$0.50	\$0.51	\$0.53	\$0.54	\$0.56	\$0.51
Tenant Electric *		\$1.00	\$1.03	\$1.06	\$1.09	\$1.13	\$1.16	\$1.07
Construction Financing		\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18
Security Deposit		\$0.30					(\$0.30)	\$0.00
All Other Costs *		\$3.93					\$2.00	\$0.84
Total Cost / sf		\$8.14	\$4.82	\$4.99	\$5.16	\$5.33	\$7.19	\$5.72
Total Cost		813,626	482,370	498,947	515,661	532,517	157,345	3,000,466
NPV @ 8%								2,506,897
Key Assur								
<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;">Compare the cost per Sq.Ft. by Year and by Line Item</div> <div style="border: 1px solid black; padding: 2px;">Choice of showing costs per Year or per Month</div> </div>								
1511 Industrial (lease starts 2 / 2005) 100,000 rsf								
							Average/year	
Months Leased		12	12	12	12	12	3	63
 Rent *		\$2.33	\$3.19	\$3.29	\$3.39	\$3.49	\$3.59	\$3.16
Op. Expenses *		\$0.55	\$0.57	\$0.58	\$0.60	\$0.62	\$0.64	\$0.59
Tenant Electric *		\$1.00	\$1.03	\$1.06	\$1.09	\$1.13	\$1.16	\$1.07
Construction		\$0.81						\$0.15
Security Deposit		\$0.30					(\$0.30)	\$0.00
All Other Costs *		\$3.93					\$2.00	\$0.84
Total Cost / sf		\$8.91	\$4.79	\$4.93	\$5.08	\$5.24	\$7.09	\$5.81
Total Cost		891,285	479,092	493,464	508,268	523,516	154,818	3,050,444
NPV @ 8%								2,563,563
Key Assumptions:								

* annualized total

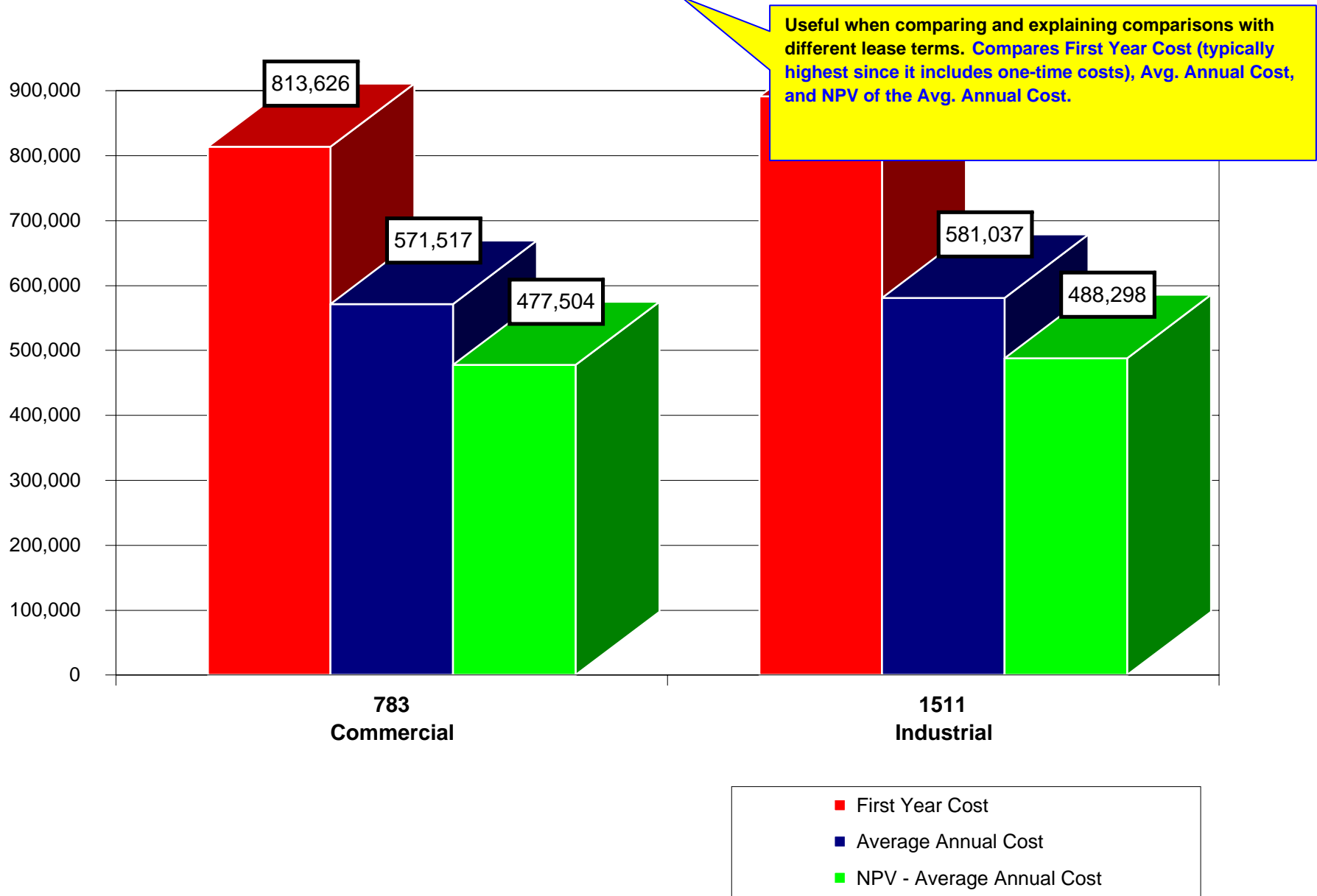
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TOTAL COST and NET PRESENT VALUE

Compare Total Cost (the Occupancy Cost) and NPV

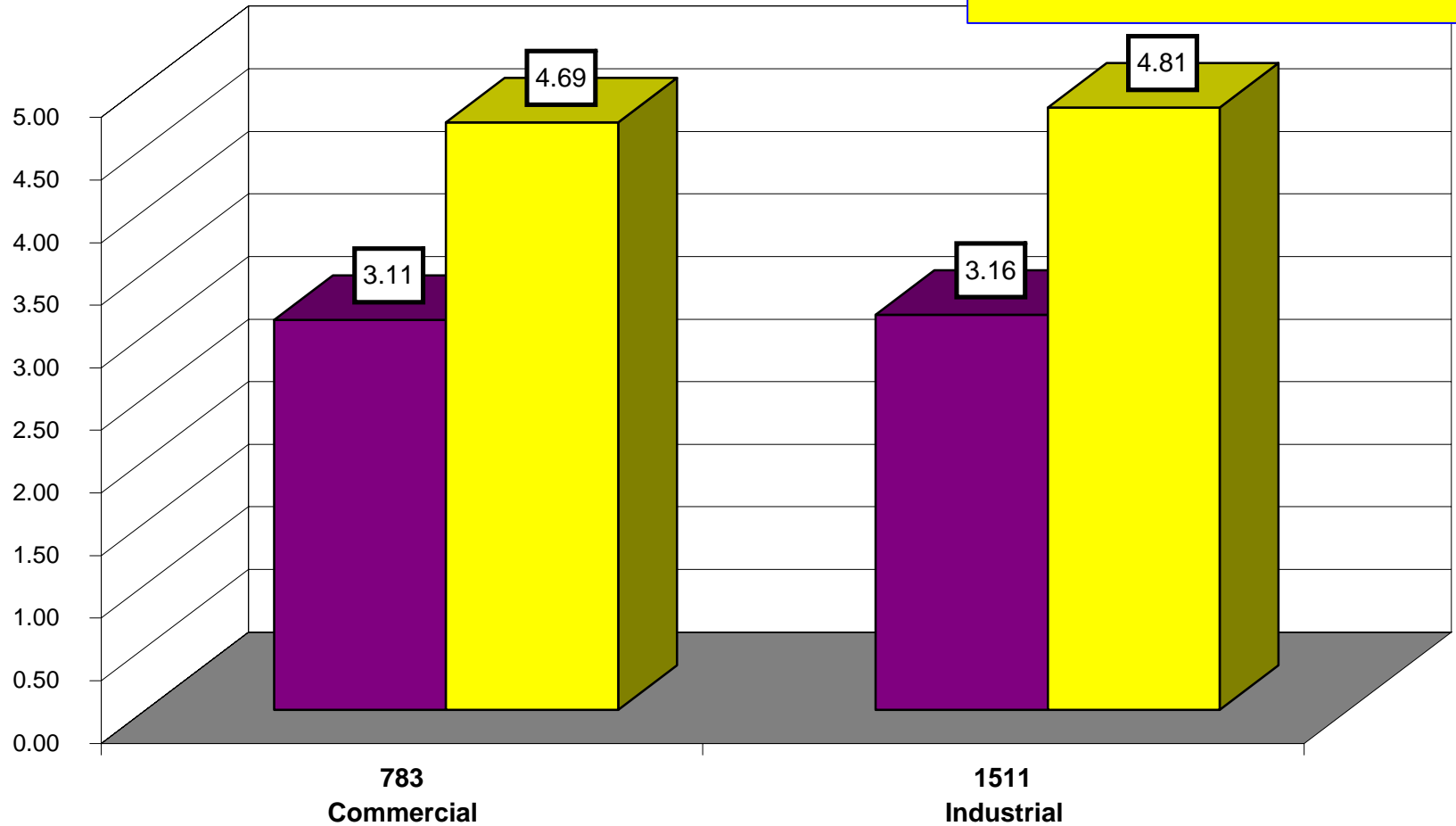


COST IN YEAR 1 and AVERAGE ANNUAL COST



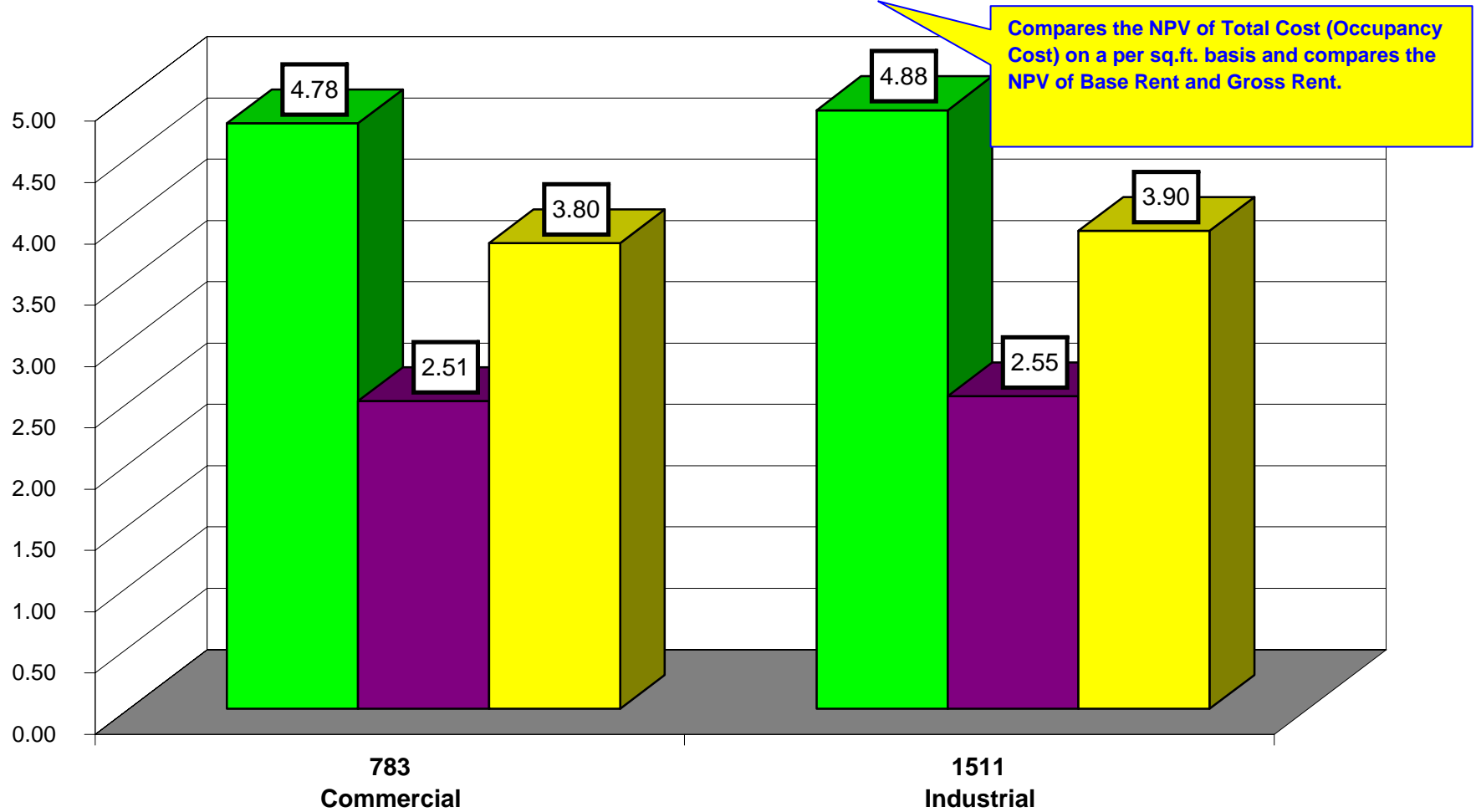
RENT COMPARISON

Compares Base Rent and Gross Rent



■ Average Base Rent / rsf / year
■ Average Gross Rent / rsf / year

NPV - Comparison per Square Foot



Compares the NPV of Total Cost (Occupancy Cost) on a per sq.ft. basis and compares the NPV of Base Rent and Gross Rent.

- NPV - Total Cost / rsf / year
- NPV - Base Rent / rsf / year
- NPV - Gross Rent / rsf / year



Printout for 1 property



Notes: Click on floor plan and drag to see a larger view.

Floor plans, pictures, and notes to this report.

FINANCIAL SUMMARY

Client: ABC Co.
Property: 783 Commercial

Page 1
5Aug04
Revision 1.0

Year	(lease starts 2 / 2005)	1	2	3	4	5	6	Total
Year Dates		2/05-1/06	2/06-1/07	2/07-1/08	2/08-1/09	2/09-1/10	2/10-1/11	
Months Leased Each Year		12	12	12	12	12	3	63
Months of Free Rent		3						3

Can be extended for a 30 year lease

COSTS PER RENTABLE SQUARE FOOT based on 100,000 Rentable Square Feet

	Average / Year						
Total Rent *	\$2.25	\$3.12	\$3.24	\$3.36	\$3.48	\$3.60	\$3.11
Operating Expenses *	\$0.48	\$0.50	\$0.51	\$0.53	\$0.54	\$0.56	\$0.51
Tenant Electric *	\$1.00					1.16	\$1.07
Moving	\$2.20						\$0.42
Construction Financing *	\$0.18					0.18	\$0.18
Racks	\$1.38						\$0.26
Voice / Data	\$0.33						\$0.06
Other Fit-up / Infrastructure	\$0.02						\$0.00
Security Deposit	\$0.30					-\$0.30	\$0.00
Total All Other *						\$2.00	\$0.10
TOTAL COST	\$8.14	\$4.82	\$4.99	\$5.16	\$5.33	\$7.19	\$5.72

Part 1 - Shows cost per year (or per month) on an annual basis.
Note in Year 6, annualized rent despite being leased for only 3 months.

Part 2 - Shows by year, the average cost per month

NPV @ 8%								\$4.78
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* Annualized cost per square foot per year (costs from the Financial Summary below).

MONTHLY COST

	Average / Month						
Average Monthly Cost	67,802	40,198	41,579	42,972	44,376	52,448	47,626

Part 3 - Shows by year, actual cost in \$ for each line item. NEW FEATURE - only shows line items with costs. If \$0, then cost not shown.

FINANCIAL SUMMARY

							Total
Rent							
Base Rent	300,000	300,000	300,000	300,000	300,000	75,000	1,575,000
Rent Abatement	-75,000						-75,000
Fixed Increases		12,000	24,000	36,000	48,000	15,000	135,000
Total Rent	225,000	312,000	324,000	336,000	348,000	90,000	1,635,000
Operating Exp./Taxes							
Operating Expenses	48,120	49,564	51,051	52,582	54,159	13,911	269,387
Tenant Electric	100,000	103,000	106,090	109,273	112,551	28,982	559,895
Total Operating Exp./Taxes	148,120	152,564	157,141	161,855	166,710	42,893	829,282
Moving	220,000						220,000
Construction Financing	17,806	17,806	17,806	17,806	17,806	4,452	93,484
Racks	137,500						137,500
Voice / Data	33,000						33,000
Other Fit-up/Infrastructure	2,200						2,200
Security Deposit	30,000					-30,000	0
All Other							
Restoration @\$0.50/Sf						50,000	50,000
TOTAL COST	813,626	482,370	498,947	515,661	532,517	157,345	3,000,466
Net Present Value Discounted @ 8%							2,506,897

Shows Total Cost (the occupancy cost) and NPV. FYI - Term can be extended for a 15 year lease.

Notes: Section to fill in comments/notes.

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Printout for 1 property

ASSUMPTIONS

Client: ABC Co.
Property: 783 Commercial

Page 2
5Aug04
Revision 1.0

FINANCIAL ASSUMPTIONS

NPV Discount Rate (Beginning of Mo. Calc.) 8.0%

SQUARE FOOTAGE ASSUMPTIONS

Rentable SF to be Leased 100,000

RENT ASSUMPTIONS

Commencement Date 2 / 2005
Termination Date 4 / 2010
Term of Lease 63 months
Base Rental Rate \$3.00 \$/rsf/yr
Type of Lease Net
Months of Rent Abatement 3
Landlord Construction Allowance \$7.50 \$/rsf

ONE-TIME RENT ADJUSTMENTS

1st Adjustment
2nd Adjustment

ANNUAL % RENT INCREASES

1st Percentage Increase
2nd Percentage Increase

FIXED AMOUNT RENT INCREASES

1st Increase (2/06) \$0.12 \$/rsf/yr
2nd Increase (2/07) \$0.12 \$/rsf/yr
3rd Increase (2/08) \$0.12 \$/rsf/yr
4th Increase (2/09) \$0.12 \$/rsf/yr
5th Increase (2/10) \$0.12 \$/rsf/yr

SECURITY DEPOSIT

Amount Paid on 2/2005 \$30,000
Amount Returned on 4/2010 \$30,000

KEY RATIOS - calculations based on

100,000 rsf
Average Gross Rent/RSF/Year * \$4.69 \$/rsf/yr
* Rent, Operating Expenses, Taxes
Average Base Rent / Year Over Term \$3.11 \$/rsf/yr

INDUSTRIAL METRICS

Class of Building A
Fire Protection ESFR
Office Area (5%) - Square Feet 5,000
Clear Height 30'
Grade Level Doors 4
Dock High Doors 30
Column Spacing 50 x 50
Parking 0.8/1000
Electrical 2000 amps 277/480
Renewal Options 2-5yr @FMV
Expansion RFO - 50k sf

Air Conditioned
Heated
Staging Area
Dock Apron
Access to Interstate

PROPOSAL DATE

30Jul04
Analysis prepared by All Brokers Inc.

OPERATING EXPENSES AND TAXES

Base Year Operating Expenses
Actual Operating Expenses * \$0.48 \$/rsf/yr
Op. Expense Annual % Increase 3.0% (eff. 1/2006)
Base Year Real Estate Taxes in op. exp.
Actual Real Estate Taxes in op. exp.
Taxes Annual % Increase * Costs start: Op Exp 2/2005

Special Taxes - n/a
Op. Expenses Tenant Pays Directly:

Tenant Electric @\$1.00/rsf/yr \$100,000 \$/yr
Janitorial
Other
Security Monitoring Service
Other
Total Direct Cost/Year \$100,000 \$/yr
Annual % Increase (eff. 2/2006) 3.0%

OTHER MONTHLY COSTS

Storage Rent
Roof Rent
Other
Other
Total Other Monthly Costs
Annual % Increase

SPECIAL EXPENSES / CREDITS

BuyOut of Current Lease
Restoration @\$0.50/sf \$50,000 eff. 4/2010
Other

MOVING EXPENSE

Cost @ \$2.00 /rsf \$200,000
Contingency 10%
Landlord Rebate
Total Moving Cost \$20,000

CONSTRUCTION / NEW BUILDOUT

Construction Cost 5,000 rsf at \$20.00 \$/rsf
Contingency 10%
Total Construction Cost @\$1.10/rsf \$110,000
Landlord Construction Allowance \$7.50 \$/rsf
Construction Financing * \$14.50 \$/rsf
Net Cost to the Tenant \$0
(Allowance based on 5,000 rsf)
* \$72,500 at 10% over 63 months, mo. payment of \$1,483.87

OTHER FIT-UP / INFRASTRUCTURE

Racks \$125,000
Voice / Data \$30,000
Legal / Consultants \$2,000
Other
Other
Contingency % 10%
Total Cost \$172,700

PRESENT VALUE

calculations based on 8% discount rate calculated monthly starting 2 / 2005 (beginning of mo. payment)
NPV Occupancy Cost: \$/rsf/yr
Total Cost \$4.78
NPV Rent Calculations:
Base Rent \$2.51
Operating Exp. & Taxes \$1.29
Gross Rent \$3.80

Descriptions can be changed.

Descriptions can be changed - include Restoration

Include Financing / Loan Amortization

Include Other Factors in addition to \$

Descriptions can be changed. - Include Racks, Sprinklers, etc.

Present value calculations

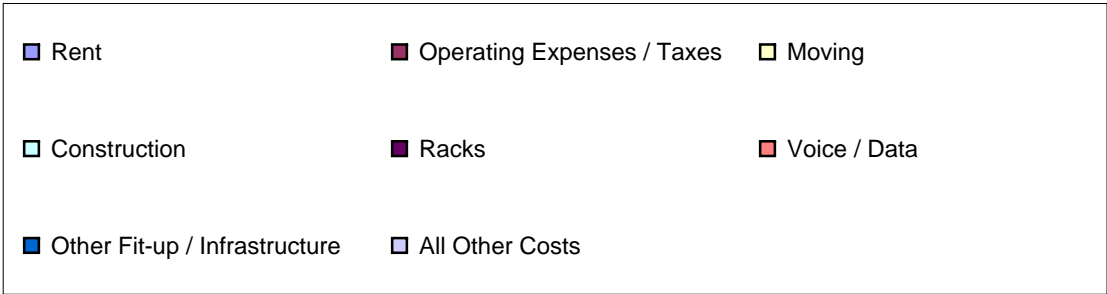
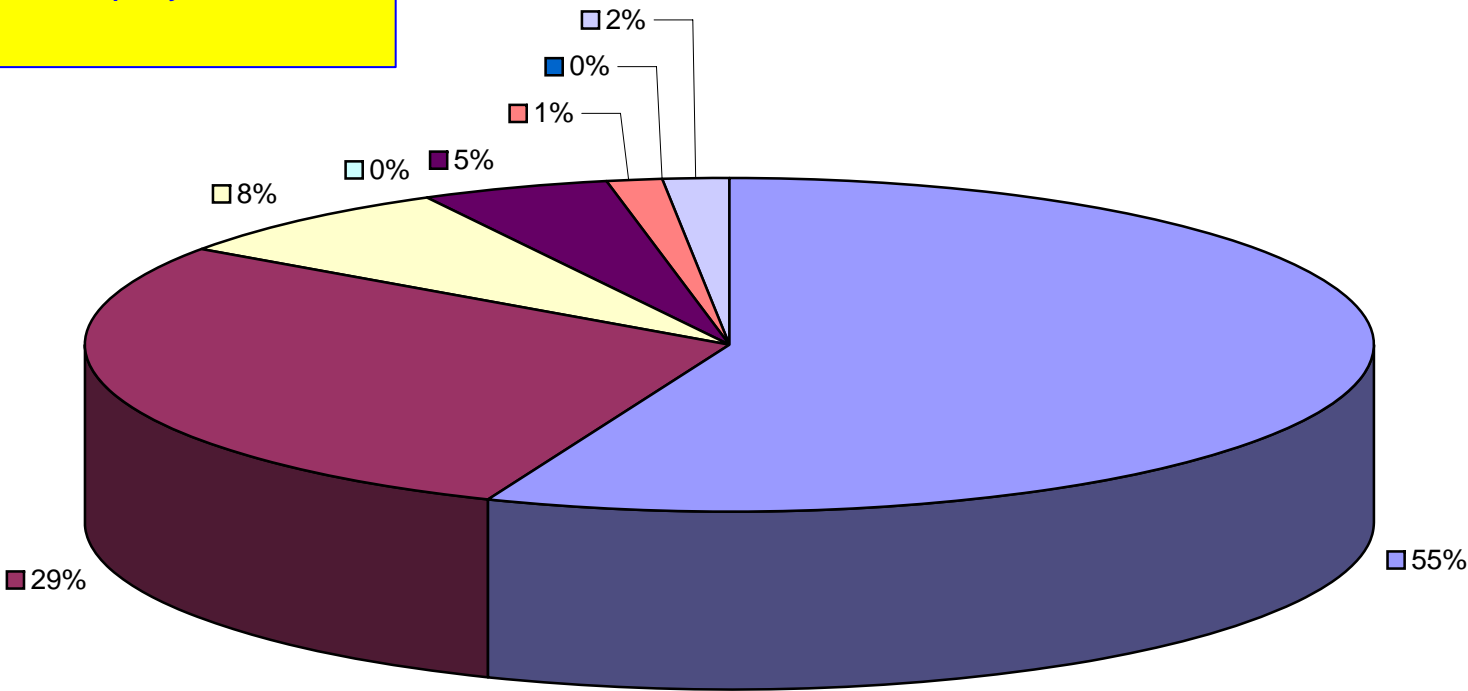
Office Space Const. Cost.

Not Shown - Annuity Rent Calculations

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Total Cost

Shows the relative percentage of all costs that comprise the Total Occupancy Cost.

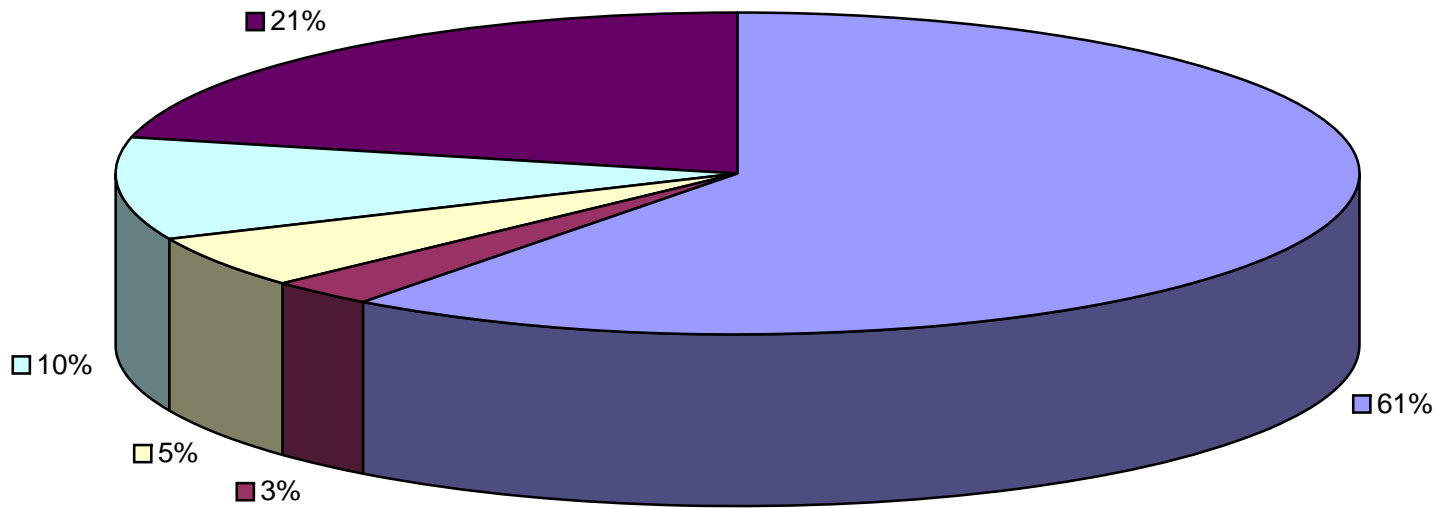


Negative values, if any, are shown as positive.

Gross Rent

Rent + Operating Expenses/Taxes

Shows the relative percentage of all costs included in Gross Rent.



Negative values, if any, are shown as positive.