

ABC DIAMOND JEWELERS, INC.
d.b.a. ABC DIAMOND JEWELERS
THE LODGE AT PINE BROOK
DENVER, CO
TENANT SALES AUDIT REPORT
for the thirty-six (36) months
ended December 31, 2001

TENANT SALES AUDIT REPORT

Tenant: ABC Diamond Jewelers, Inc.
Trade Name: ABC Diamond Jewelers
Shopping Location: The Lodge at Pine Brook
City / State: Denver, Co.
Period: The thirty-six (36) months
ended December 31, 2001

Client

Company: Major Realty, LP
Person: Ms. Jane Jones, Property Manager
Address: 123 Main Street
City / State: Denver, CO 55555
Date of Examination: April 14, 2002
Date of Report: April 16, 2002

Compu/Audit, Inc.
6320 west 85th Place, Suite 102
Los Angeles, Ca. 90045
1-800-WE AUDIT

Table of Contents

<u>SECTION</u>		<u>PAGE</u>
1	Executive Overview	3
2	Additional Percentage Rent Due	5
3	Tenant Comments	7
4	Examination Scope and Results	8
5	Records -- Required and Provided	9
6	Recording of Sales	13
7	Tenant Sales Reporting	14
8	Recommendations	15

Section 1

Executive Overview

Tenant: ABC Diamond Jewelers, Inc.
Shopping Location: The Lodge at Pine Brook
City: Denver, Co.
Report Date: April 16, 2002
Landlord: Major Realty, LP
Management: Major Property Management Co.

1. Audit Period: From January 1, 1999 to December 31, 2001
2. Examination Location: Denver, Co.
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	\$ 100,579
5. Sales in Percentage Rent.....	<u>100,579</u>
6. Percentage Rent Due Landlord.....	<u>6,521</u>
7. Interest Due Landlord.....	<u>To Be Determined</u>
8. Examination Fee Due Landlord.....	<u>675</u>
9. Grand Total.....	<u>\$ 7,196</u>

10. Tenant's response to findings:
Tenant expressed no opinion relative to the findings.
11. Sales records requested but not provided:
None.
12. Tenant's compliance with Reporting Requirements:
Tenant does not comply with Reporting Requirements.

Section 1

Executive Overview (continued)

Comments

Books and records were in good order, and the tenant was exceptionally helpful and cooperative. The lease was last renewed effective January 1, 2000. From that date to December 31, 2001, the tenant believed that sales of Russian diamonds (because of the low profit margin) are to be excluded from reported sales. However, Amendment No. 1 to the lease excludes the previously described sales of diamonds effective January 1, 2001, one year later. Diamond sales for the 2000 and 2001 lease years, which are identified in the copies of monthly sales reports to Major Property Management Co., and which the tenant voluntarily provided to the examiner, were reported to the landlord, but were not included in percentage rent calculations.

Section 2

A

Additional Percentage Rent Due

	Lease Year Ended 12/31/01	Lease Year Ended 12/31/00	9 month Lease Year Ended 12/31/99	Short 3 Month Lease Year Ended 3/31/99
Reported Sales	\$ 785,553	\$ 770,772	\$ 718,523	\$ 81,389
Findings:				
1. <u>Unreported Diamond Sales</u>	0	72,214	0	0
2. <u>Unreconciled Difference</u>	22,599	0	5,766	0
Total Findings	22,599	72,214	5,766	0
Subject Sales	808,152	842,986	724,289	81,389
Break Point	480,000	420,000	375,000	93,750
Percentage Rent Application	328,152	422,986	349,289	0
	%	%	%	%
	8	8	8	8
Amount of Percentage Rent	26,252	33,839	27,943	0
Percentage Rent Prior to Audit	24,444	28,062	27,482	(1,525)
Percentage Rent Balance Due or (Overpaid)	1,808	5,777	461	(1,525)

Summary

Additional Percentage Rent Due	6,521
Interest Due	TBD
Examination Fee Due	675
Total Due	<u>\$ 7,196</u>

For Additional information, please contact Compu/Audit, Inc. at

1 - 800 - WE AUDIT

1 - 800 - 932 - 8348

<http://www.compuaudit.com>