

ABC HOME CENTER USA, INC.
d.b.a. ABC HOME CENTER #208
BIG PAD SHOPPING CENTER
COLUMBUS, OH
TENANT SALES AUDIT REPORT
for the thirty-six (36) months
ended January 31, 2002

TENANT SALES AUDIT REPORT

Tenant: ABC Home Center USA, Inc.
Trade Name: ABC Home Center #208
Shopping Center: Big Pad Shopping Center
City / State: Columbus, OH
Period: The thirty-six (36) months
ended January 31, 2002

Client

Company: Major Realty, LLC
Person: Ms. Jane Jones, General Manager
Address: 123 Main Street
City / State: Chicago, IL 55555
Date of Examination: April 14, 2002
Date of Report: April 16, 2002

Compu/Audit, Inc.
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Section 1

Executive Overview

Tenant: ABC Home Center USA, Inc.
Shopping Location: Major Shopping Center
City: Columbus, OH
Report Date: April 16, 2002
Landlord: Major Realty, LLC
Management: Major Property Management Co.

1. Audit Period: From February 1, 1999 to January 31, 2002
2. Examination Location: Atlanta, GA
3. Date of Examination: April 14, 2002

| | |
|---|---------------------|
| 4. Total Unreported Sales..... | <u>\$ 5,198,749</u> |
| 5. Unreported Sales in Percentage Rent..... | <u>5,198,749</u> |
| 6. Percentage Rent Due Landlord..... | <u>51,987</u> |
| 7. Examination Fee Due Landlord..... | <u>0</u> |
| 8. Grand Total..... | <u>\$ 51,987</u> |

9. Tenant's response to findings:
Tenant agrees with findings.
10. Sales records requested but not provided:
Cost information concerning delivery fees and installed sales.
11. Tenant's compliance with Reporting Requirements:
Tenant does not comply with Reporting Requirements, as the annual sales report is not certified by an officer of the tenant, as the lease requires.

Section 1

Executive Overview

(continued)

Comments

The tenant was helpful and cooperative, and the books and records were in good order. Although not permitted by the lease, the tenant, as a matter of corporate policy, deducts credit card fees and credit card losses from reportable sales. Also, the tenant is permitted to deduct from reportable sales those services, such as delivery fees and sales installations, made at no profit to the tenant. Since the tenant has failed to provide any cost information concerning these services, it is not possible for the examiner to determine whether or not a profit is earned by the tenant. Finally, the audit period is limited to two years; however, the annual reports of the tenant have not been properly certified by the tenant, and it has been permitted by the tenant to audit three lease years. Employees received no sales discount.

Section 2

A
Additional Percentage Rent Due

| | Lease Year Ended 1/31/02 | Lease Year Ended 1/31/01 | Lease Year Ended 1/31/00 |
|------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Reported Sales | \$67,161,116 | \$67,984,817 | \$64,719,253 |
| Findings: | | | |
| 1. <u>Credit card fees</u> | 628,247 | 628,730 | 568,957 |
| 2. <u>Delivery fees</u> | 113,591 | 109,355 | 104,826 |
| 3. <u>Installed sales</u> | 887,900 | 1,140,800 | 992,100 |
| 4. <u>Credit card losses</u> | 13,310 | 10,933 | 0 |
| Total Findings | 1,643,048 | 1,889,818 | 1,665,883 |
| Subject Sales | 68,804,164 | 69,874,635 | 66,385,136 |
| Break Point | 44,000,000 | 44,000,000 | 44,000,000 |
| Percentage Rent Application | 24,804,164 | 25,874,635 | 22,385,136 |
| | % | % | % |
| | 1 | 1 | 1 |
| Amount of Percentage Rent | 248,042 | 258,746 | 223,851 |
| Paid Previously | 231,611 | 239,848 | 207,193 |
| Percentage Rent Balance Due | 16,431 | 18,898 | 16,658 |

Summary

| | |
|--------------------------------|-----------|
| Additional Percentage Rent Due | \$ 51,987 |
|--------------------------------|-----------|

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

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<http://www.compuaudit.com>