

ABC JEWELRY STORES, INC.
d.b.a. ABC JEWELRY STORE #78
MAJOR SHOPPING CENTER
INDIANAPOLIS, IN
TENANT SALES AUDIT REPORT
for the twenty-four (24) months
ended December 31, 2001

TENANT SALES AUDIT REPORT

Tenant:	<u>ABC Jewelry Stores Inc.</u>
Trade Name:	<u>ABC Jewelry Store # 78</u>
Shopping Center:	<u>Major Shopping Center</u>
City / State:	<u>Indianapolis, IN</u>
Period:	<u>The twenty-four (24) months</u> <u>ended December 31, 2001</u>

Client

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

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Section 1

Executive Overview

Tenant: ABC Jewelry Stores Inc.
Shopping Center: Major Shopping Center
City: Indianapolis, IN
Report Date: April 16, 2002
Landlord: Major Realty, LLC
Management: Major Property Management Co.

1. Audit Period: From January 1, 2000 to December 31, 2001
2. Examination Location: Columbus, OH
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 88,330</u>
5. Unreported Sales in Percentage Rent.....	<u>88,330</u>
6. Percentage Rent Due Landlord.....	<u>5,301</u>
7. Interest Due Landlord	<u>1,407</u>
8. Examination Fee Due Landlord.....	<u>750</u>
9. Grand Total.....	<u><u>\$ 7,458</u></u>

10. Tenant's response to findings:
Tenant agrees with 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)

The tenant was helpful and cooperative, and the books and records were well maintained. Credit sale commercial paper is sold at a discount to LMN Credit. Extended warranties are not sold by the tenant throughout this 189 store chain. A timing difference of a few days occurs between the fiscal period and the calendar month reporting. Trade-ins are insignificant. Sales are properly reported net of employee discounts which exceed 20%, as required by the lease in order to qualify as an exclusion. Layaways are reported as sales when they are paid for by the customers. Gift certificates are properly recorded as sales when they are redeemed. No changes were made by the examiner except for repair sales, which are made at a profit, and should therefore be included in reported sales by the tenant. Trade-in recoveries and asset recoveries have not been reported as sales, as required by the lease.

Section 2

A

Additional Percentage Rent Due

	Lease Year Ended 12/31/01	Lease Year Ended 12/31/00
Reported Sales	\$ 2,177,015	\$ 2,004,020
Findings:		
1. <u>Repairs</u>	23,191	34,839
2. <u>Trade-in values</u>	10,200	6,500
3. <u>Asset recoveries</u>	5,700	7,900
Total Findings	39,091	49,239
Subject Sales	2,216,106	2,053,259
Break Point	1,416,667	1,416,667
Percentage Rent Application	799,439	636,592
	%	%
	6	6
Amount of Percentage Rent	47,966	38,196
Paid Previously	45,620	35,241
Percentage Rent Balance Due	2,346	2,955

Summary

Additional Percentage Rent Due	\$5,301
Interest Due Landlord	1,407
Examination Fee Due Landlord	750
Total Due Landlord	<u><u>\$7,458</u></u>

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

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