

**HYPOTHETICAL TENANT
1ST LANDLORD RESPONSE ANALYSIS**

Location:	27422 Portola Parkway	120 Vantis	111 Corporate Drive
Project Name:	Foothill Ranch	Vantis	Ladera Corporate Terrace
Floor / Suite Number:	2nd / TBD	400 / 500	Combination of 1st & 2nd floors
RSF:	10,000	10,000	10,000
Occupancy Start Date:	10/1/2004	10/1/2004	10/1/2004
Term:	63	60	64
Lease Type	Direct	Direct	Direct
Base Year:	2005	2005	Expense Stop = \$6.00
Operating Expenses / Type	Full Service Gross	Full Service Gross	Mod. Gross, Pay Utilities
Est. 2005 Op Ex / Tax / Util / Janit	\$7.80	\$8.90	\$7.80
Est. Op. Exps. Increase Per Year	3%	3%	3%
Monthly FSG* Rent / RSF / Yr 1	\$1.15	\$2.15	\$2.55
FSG* Rent / RSF / Yr 2	\$2.07	\$2.27	\$2.45
FSG* Rent / RSF / Yr 3	\$2.13	\$2.33	\$2.56
FSG* Rent / RSF / Yr 4	\$2.20	\$2.40	\$2.88
FSG* Rent / RSF / Yr 5	\$2.22	\$2.97	\$2.91
FSG* Rent / RSF / Yr 6	\$2.23	-	\$2.91
Free Rent:	Mos. 2-4; 50% of Mos. 5-12	Mos. 2-3	Mos. 2, 13 & 25
Moving Allowance	None	None	Equal to month's rent=\$29,900
TI Est. Costs / USF:	\$40.00	\$40.00	\$40.00
TI Allowance Blended / USF	(\$40.00)	(\$40.00)	(\$40.00)
TI Delta:	\$0.00	\$0.00	\$0.00
Total Occupancy Costs (Fully Loaded) Over Term	\$1,237,499	\$1,394,584	\$1,719,536
Compare Total Occupancy Costs Vs Lowest Cost Alternative:	\$0	\$157,085	\$482,036
Avg. Monthly Rent / Term	\$19,643	\$23,243	\$28,189
Delta / Monthly Rent / Term	\$0	\$3,600	\$8,546
Term / NPV Total Occ. Cost @ 9%	\$931,718	\$1,078,462	\$1,307,250
Parking Ratio:	4 per 1000 SF, Free	4 per 1000 SF, Free	4 per 1000 SF, Free
Reserved Parking	Not Addressed	Not Addressed	4
Security Deposit:	Subject to Landlord's review of financials	Subject To Landlord's review	Equal to 1 year's rent or \$358,800
Signage:	"Building top" subject to city's permitting process	Monument signage subject to further negotiations	"Building top" and monument sign
Right to Cancel	None	None	Yes, subject to 9 months notice, 100% of FMV
Cancellation Penalty	Not Applicable	Not Applicable	\$721,508
Option to Renew:	Yes, per fair market value for Foothill Plaza space	Yes, fair market value defined in lease.	Yes, fair market value defined in lease.
Holdover Rent	Not Addressed	Not Addressed	150%
Landlord:	Searles Devcorp & CT Realty	Shea Properties	Lutsky Associates Development

* Full service gross rent is fully loaded to include all future years' occupancy costs including operating expense passthroughs, moving costs, etc.

120 Vantis / 1st Landlord Response

Terms & Conditions

Suite	400 / 500
Total Size (RSF)	10,000
Start Date	10/1/2004
Term Length (Mos.)	60

Tenant Improvements

	<u>Per SF:</u>	<u>Total Amount:</u>
TI Estimated Cost / USF	\$40.00	\$400,000
TI Allowance / USF	(\$40.00)	(\$400,000)
TI's Delta Allowance	\$0.00	\$0.00

Right To Cancel

None offered	
Penalty equal to:	Not applicable

Moving Costs

	<u>Per 10,000 SF</u>
Furniture	\$1.50
Computers	\$2.50

Rent Schedule / Occupancy Costs

	<u>Per RSF</u>	
	<u>Per RSF / Annum</u>	<u>Per Month</u>
Rent, Full Service, Mos. 1-2	\$26.40	\$2.20
Rent, Full Service, Mos. 2-3	\$0.00	\$0.00
Rent, Full Service, Mos. 3-12	\$26.40	\$2.20
Rent, Full Service, Mos. 13-24	\$27.00	\$2.25
Rent, Full Service, Mos. 25-36	\$27.60	\$2.30
Rent, Full Service, Mos. 37-48	\$28.20	\$2.35
Rent, Full Service, Mos. 49-60	\$28.80	\$2.40

Operating Expenses

	<u>Per RSF / Annum</u>
Budgeted 2004 Op. Expenses/Taxes	\$8.90 Confirmed
Estimated 2005 Op. Expenses/Taxes	\$9.17
Utilities part of FSG rent	\$0.00
Janitorial part of FSG rent	\$0.00
Est. Annual Increases-O. E./Taxes	3%
Base Year	2005

Total Occupancy Costs / Per Annum

	<u>Mos 1-12</u>	<u>Mos. 13-24</u>	<u>Mos. 25-36</u>	<u>Mos. 37-48</u>	<u>Mos. 49-60</u>	<u>Total Term</u>
Base Rent	\$264,000	\$270,000	\$276,000	\$282,000	\$288,000	
(Free Rent)	(\$44,000)	\$0	\$0	\$0	\$0	
Moving Costs	\$37,500					
Moving Allowance	\$0	\$0	\$0	\$0	\$0	
OE/CAM's/Taxes	\$0	\$2,063	\$3,458	\$6,312	\$9,252	\$21,084
Utilities	\$0	\$0	\$0	\$0	\$0	
Janitorial	\$0	\$0	\$0	\$0	\$0	
Parking Costs	\$0	\$0	\$0	\$0	\$0	
TI's / Delta	\$0	\$0	\$0	\$0	\$0	
Rent / Year ~ Term	\$257,500	\$272,063	\$279,458	\$288,312	\$297,252	\$1,394,584
Rent / Month	\$21,458	\$22,672	\$23,288	\$24,026	\$29,725	

Net Present Value Of Total Lease Obligation @ 9%

\$1,078,462

111 Corporate Drive / 1st Landlord Response

<u>Terms & Conditions</u>			<u>Rent Schedule / Occupancy Costs</u>		<u>Per RSF</u>	
			<u>Per RSF / Annum</u>	<u>Per Month</u>		
Suites	Combination of 1st & 2nd floors		Rent, Modified Gross , Mo. 1	\$27.60	\$2.30	
Total Size (RSF)	10,000		Rent, Modified Gross , Mo. 2	\$0.00	\$0.00	
Start Date	10/1/2004		Rent, Modified Gross , Mos. 3-12	\$27.60	\$2.30	
Term Length (Mos.)	64		Rent, Modified Gross , Mo. 13	\$0.00	\$0.00	
			Rent, Modified Gross , Mos. 14-24	\$27.60	\$2.30	
			Rent, Modified Gross , Mo. 25	\$1.00	\$0.00	
			Rent, Modified Gross , Mos. 26-31	\$27.60	\$2.30	
<u>Tenant Improvements</u>	<u>Per SF:</u>	<u>Total Amount:</u>	Rent, Modified Gross , Mos. 32-48	\$29.85	\$2.49	
TI Estimated Cost / USF	\$40.00	\$400,000	Rent, Modified Gross , Mos. 49-60	\$29.85	\$2.49	
TI Allowance / USF	(\$40.00)	(\$400,000)	Rent, Modified Gross , Mos. 61-64	\$29.85	\$2.49	
TI's Delta Allowance	\$0.00	\$0.00				
			<u>Operating Expenses</u>		<u>Per RSF / Annum</u>	
<u>Right To Cancel</u>			Budgeted 2004 Op. Expenses/Taxes	\$7.80	To Be Confirmed	
Yes, effective end 36th mo., subject to 9 mos. notice			Estimated 2005 Op. Expenses/Taxes	\$8.03		
Penalty equal to:	\$721,508	29.00 (=Nbr Mos.)	Expense Stop	\$6.00		
unamortized TI's, demising costs, commissions			Utilities paid by Tenant	\$1.80		
			Janitorial paid by Tenant	\$0.00		
			Est. Annual Increases-O. E./Taxes	3%		

	<u>Total Occupancy Costs / Per Annum</u>						<u>Total Term</u>
	<u>Mos 1-12</u>	<u>Mos. 13-24</u>	<u>Mos. 25-36</u>	<u>Mos. 37-48</u>	<u>Mos. 49-60</u>	<u>Mos. 61-64</u>	
Base Rent	\$276,000	\$276,000	\$285,384	\$298,522	\$298,522	\$99,507	
(Free Rent)	(\$23,000)	(\$23,000)	(\$23,000)	\$0	\$0	\$0	
Moving Costs	\$37,500	\$0	\$0	\$0	\$0	\$0	
Moving Allowance	(\$23,000)	\$0	\$0	\$0	\$0	\$0	
OE/CAM's/Taxes	\$20,340	\$22,750	\$25,233	\$27,790	\$30,423	\$11,045	\$137,581
Utilities	\$18,000	\$18,540	\$19,096	\$19,669	\$20,259	\$6,956	
Janitorial	\$0	\$0	\$0	\$0	\$0	\$0	
Parking Costs	\$0	\$0	\$0	\$0	\$0	\$0	
TI's / Delta	\$0	\$0	\$0	\$0	\$0	\$0	
Rent / Year ~ Term	\$305,840	\$294,290	\$306,713	\$345,980	\$349,204	\$117,508	\$1,719,536
Rent / Month	\$25,487	\$24,524	\$25,559	\$28,832	\$29,100	\$29,377	
Net Present Value Of Total Lease Obligation @ 9%							\$1,307,250