Taglich Brothers, Inc.
The Standard of Excellence in the Microcap Market

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Research Report – Update

AeroCentury Corp.

Rating: Speculative Buy
Howard Halpern
January 31, 2003

ACY $3.35 - (AMEX)

	FYE 12/00*	FYE 12/01	FYE 12/02	**FYE 12/03 E**
Revenues (millions)	$12.11	$10.91**	$8.81	**$8.98**
Earnings per share (diluted)	$1.08	$0.95**	$0.65	**$0.60**

52week range	$5.35 – $3.20	Fiscal year ends:	December
Shares outstanding	1.54 million	Revenue/shares (ttm)	$5.71
Trading float	1.0 million	Price/Sales (ttm)	0.59X
Insiders and Institutional ownership	0.54 million	Price/Sales (2003)	0.58X
Est. Book value/share a/o 12/31/02	$12.37	Price/Earnings (ttm)	5.2X
Price/Book	0.27X	Price/Earnings (2003)	5.6X

* Includes write-down of two aircrafts to market value ** Excludes a $0.35 million pre-tax or $0.15 per share post-tax insurance settlement gain in Q3 2001

AeroCentury Corp., is engaged in the business of ownership, management, leasing and acquisition of aircraft. The primary focus is on used commercial turboprop aircraft equipment for lease to foreign and domestic regional air carriers. Web site address is: www.aerocentury.com

Key investment considerations:

We are reducing our rating to Speculative Buy from a Buy and setting a twelve-month price target of $4.47 per share based on a relative price-to-book analysis and our 2003 earnings forecast.

The lowering of our rating is based on the tough operating environment within the aviation and travel industries which is likely to persist throughout 2003.

AeroCentury reported fourth quarter revenues of $2.36 million versus $2.78 million in last year's fourth quarter. Net income was $0.158 million or $0.10 per diluted share versus $0.155 million or $0.10 per diluted share in the same period last year.

Last year's results included an after-tax net charge of ($0.16) per diluted share for additional maintenance expense on several aircraft, which was offset by a gain on a sale of an aircraft.

During the fourth quarter of 2002, the Company completed the purchase and leaseback of an aircraft to a customer in Taiwan. Additionally, three aircrafts were re-leased to existing customers and one aircraft was remarketed to a new lessee.

For 2003, we are estimating revenues of $8.98 million and net income of $0.919 million or $0.60 per diluted share. Our prior estimates called for revenues of $9.19 million and net income of $1.142 million or $0.74 per diluted share.

**** Please view our disclaimer located on page 8***

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Recent Financials

AeroCentury reported 2002 fourth quarter revenues of $2.356 million versus $2.777 million in the fourth quarter of 2001. Net income was $0.158 million or $0.10 per diluted share, versus $0.155 million or $0.10 per diluted share in the prior year. In the fourth quarter of 2001, the Company's results included a pre-tax loss of $0.391 million or on a post-tax basis ($0.16) per share for additional maintenance expense on several aircraft, which was slightly offset by a gain on the sale of a single aircraft.

For the full year 2002, the Company reported revenues of $8.814 million versus $11.232 million in 2001. Net income was $1.009 million or $0.65 per diluted share versus $1.699 million or $1.10 per diluted share in 2001. The results for 2002 include a $0.09 per diluted share reversal of a portion of the additional maintenance expense recognized in 2001.

Lower revenues in 2002 were primarily due to reduced demand in the aviation and travel industries, which caused excess capacity as a result of the slow and unsteady economic recovery. Also impacting results were lower lease rates due to the low interest rate environment.

In comparison, the Company's revenues were ahead of expectations while net income was inline with our estimates. Taglich Brothers estimated fourth quarter and full year revenues of $2.005 million and $8.463 million, respectively. Our net income estimates were $0.145 million or $0.09 per diluted share and $0.996 million or $0.65 per diluted share for the quarter and full year respectively.

We believe that the primary reason net income and EPS were in-line with our expectations was due to higher operating expenses. Our estimate called for operating expenses, as a percentage of total revenues, of 82.2% compared to approximately 82.9% reported by the Company.

Estimated Balance Sheet as of December 31, 2002

We estimate that cash and cash equivalents stood at approximately $2.1 million versus $1.95 million at September 30, 2002. The Company is operating under an amended $50 million revolving line of credit, which allows them to lease aircraft for shorter lease terms. The term of the credit facility expires on June 28, 2003. As long as management is able to keep its assets on leases and interest rates remain stable, cash flow should be sufficient to cover management fees, professional fees, and interest expense.

Recent Developments

On December 17, 2002, the Company announced the successful re-lease of one of its Fokker 50 aircraft to a new Indonesia customer, for a period of 38-months. This new customer is in a region of the world that is experiencing increased demand for smaller aircraft, which ideally fits AeroCentury's portfolio.

On September 19, 2002, the Company announced the acquisition of a deHavilland Dash-8-300 aircraft which was leased back to the seller, UNI Airways, Corp. of Taiwan for a period of 36-months. Also, during the fourth quarter the Company exercised its option to purchase a second Dash-8-300 and leased it back to UNI Airways, Corp.

Additionally, during the fourth quarter of 2002, the Company successfully re-leased three aircraft to existing customers.

Competitive Environment

The Company targets regional commercial aircraft operators that are seeking to lease aircraft under an operating lease. The competition in this market, which is primarily based on price and lease terms, comes from companies that offer financing, including leasing companies, banks and other financial institutions, and aircraft leasing partnerships. The large participants in the aircraft leasing industry include International Lease Finance Corp., a subsidiary of American International Group (NYSE: AIG), the CIT Group (NYSE: CIT), which was recently spun-off from Tyco Inc. (NYSE: TYC) and GE Capital Aviation Services, a subsidiary of General Electric Commercial Finance.

The operating environment in the aviation and travel industries over the past three years has been tough. The aviation industry has experienced numerous bankruptcies (i.e., US Air, United Airlines), which in turn increases the supply of aircraft on the market and lessens demand. According to the Travel Industry Association of America (TIA), travel volume has declined for three straight years; however, consumers indicated in a TIA survey released in December 2002, that their travel will remain the same or increase slightly in 2003. Also, impacting the leasing of aircraft for all industry participants is the relatively low interest rate environment that causes lease rates to decline upon the re-leasing of an aircraft.

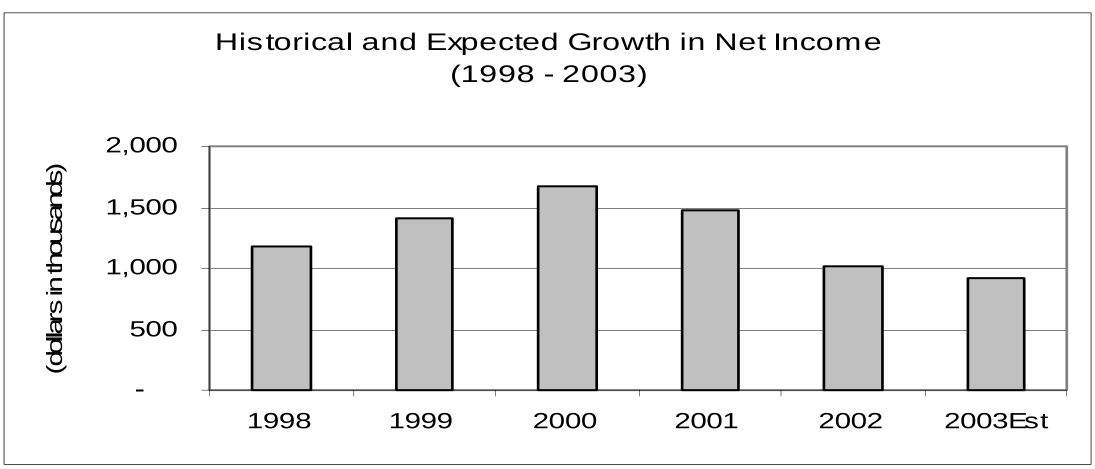
We believe that the Company's competitive advantages in this industry are due primarily to management's experience and ability to generate operational efficiency in financing the transaction sizes that are most desired by the regional air carrier market, especially the overseas market.

Outlook and Projections

We are revising our revenue and earnings forecasts for fiscal 2003, believing that revenues should approximate $8.98 million with net income of approximately $0.919 million or $0.60 per diluted share. Our prior forecasts called for revenues of $9.19 million with net income of $1.142 million or $0.74 per diluted share. Our revenue estimate for 2003 is based on a slow recovery from the prolonged economic downturn in the U.S. and abroad, which has created the current tough operating environment for companies involved in the aviation and travel industries. Also, impacting revenues is the low interest rate environment, which should result in lower lease rates.

We estimate that the Company has at least two aircraft available for re-lease and/or sale during the first quarter of 2003. Several other aircrafts are likely to come off lease over the next six months. The timing of when aircraft(s) will be returned to the Company remains unclear; however, until an aircraft is returned, rent will be paid by the lessor even if the lease term has expired. In order to obtain re-lease agreements, management continues to focus its efforts on marketing. Therefore, we believe it is prudent to estimate that selling, general, and administrative expenses will increase by approximately $0.1 million versus last year. In addition, the Company has acquired and leased-back two aircrafts during the fourth quarter, which has increased our estimates for management fees and depreciation for 2003.

We estimate that the Company should have cash earnings of approximately $2.50 per share in 2003 (net income plus depreciation, divided by average number of shares) versus cash earnings of approximately $2.50 in 2002.



Source: Company financials; Taglich Brothers estimates, 2001 excludes the insurance settlement gain recorded in Q3 2001

Risks

Economic Factors

The Company's business is dependent on the strength of the travel and transportation industry and on the general level of economic activity in the United States and internationally. As a result of the weak economic environment experienced over the last two years, there was a reduction in the number of aircraft being used during 2002 by major air carriers, particularly those serving the United States market. AeroCentury's current leases and remarketing efforts are primarily focused outside of the U.S., therefore, the impact should be somewhat muted. However, if the current economic recovery is not sustained throughout 2003, the Company's operations would be negatively impacted.

Debt Financing

The Company uses its revolving credit facility and special purpose financing to acquire aircraft in order to lease it to a customer. If a customer is unable to make its lease payments, AeroCentury may not have the ability to repay the debt secured by the aircraft acquired, which means that title to the aircraft would likely be lost in a foreclosure proceeding. It should be noted that money drawn under the revolving credit facility is secured by the Company's existing assets as well as the assets acquired with each financing. A reduction in the number of aircraft in AeroCentury's portfolio would negatively impact operations.

Leasing

Crucial to the Company's ability to remain profitable and grow revenues is its ability to successfully negotiate lease extensions and re-lease/remarket aircraft. However, the following factors may negatively impact the Company's leasing operations:

- Demand for leasing aircraft and/or the sale of an aircraft;
- Acceptable rates that an aircraft can be leased for; and
- The cyclic nature of the Air Transportation and Travel industries.

Reliance on JetFleet Management

AeroCentury relies on JetFleet Management Corp (JMC) to perform management functions under a management agreement. Currently, the agreement is in its fifth year of a 20-year term. Under this agreement, the Company pays an asset-based management fee to JMC. JMC is not a fiduciary to the Company or its stockholders. The Board of Directors, however, has ultimate control and supervisory responsibility over all aspects of the Company and owes fiduciary duties to the Company and its stockholders. It is important to note that the officers of JMC are also officers of the Company; therefore, if a dispute over obligations between the Company and JMC, occurs a conflict of interest may exist.

Insurance

The Company may be named in a suit claiming damages for injuries or damage to property caused by its assets. As a triple net lessor, the Company is generally protected against such claims. Additionally, the Company should have some protection through the United States Aviation Act with respect to its aircraft assets. The Company may carry insurance or require a lessee to insure against a risk, there may be certain cases where the loss is not entirely covered by the lessee or its insurance.

Miscellaneous

The Company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results. One such risk would be if interest rates were to rise sharply, which would negatively impact current and future operations due to the borrowing required to finance the purchase of assets (i.e. aircraft, engines, etc.).

Liquidity

An equity specific concern relates to liquidity. Based on our calculations, average daily-volume for 2002 declined to 1,816 from 2,475 shares traded a day in 2001. On a relative basis, volume for this equity is very small. Investors need to be aware that by nature, an equity that lacks liquidity can have significant price volatility.

Valuation and Conclusion

We are reducing our rating to Speculative Buy from a Buy and setting a twelve-month price target of $4.47 per share. Our previous price target was $6.21 per share over a fifteen-month time period. Based on current price levels and the Company's ability to remain profitable, we still believe that AeroCentury is undervalued, especially in comparison to its peer(s) that lease aircraft and to the Rental and Leasing Industry. However, price appreciation may be slow to occur since the operating environment will likely remain tough within the aviation and travel industries throughout 2003.

ACY is trading at a 5.2X multiple based on its trailing twelve month earning per share. In comparison the Company's peer(s) trade at a trailing twelve month price to earnings ratio of 24.3X. The Rental and Leasing Industry, trades at a trailing twelve-month P/E ratio of 15.8X.

Peer Chart Comparison

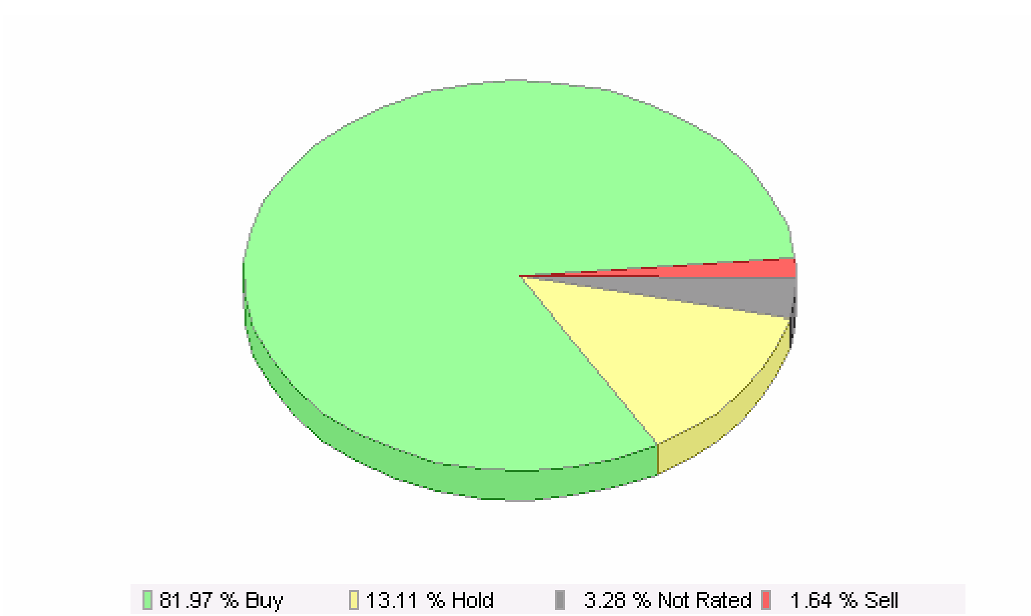
Company Name	Symbol	Current Price	Shrs Out (M)	Market Cap. (Mil)	P/E (TTM)	Price / Sales (TTM)	Book Value / Share	Price / Book
Airlease Ltd.	AIRL	0.80	4.62	3.70	NMF	0.95	5.71	0.14
Willis Lease Finance Corp.	WLFC	5.50	8.83	48.57	24.3	0.88	11.72	0.47
Peer Group Average					24.3	0.9		0.30
AreoCentury Inc.	ACY	3.35	1.54	5.2	5.2	0.59	12.37	0.27

Our price target is based on the average of the following valuation models:

- An earnings per share multiple of 5.2X, which is the Company's current trailing twelve month earnings multiple applied to our 2003 earnings estimate of $0.60 per share;

- A book value multiple of 0.47X (see WLFC in the peer chart above), applied to the Company's current book value of $12.37.

Taglich Brothers Current Ratings Distribution



Meaning of Ratings

Buy

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral

We will remain neutral pending certain developments.

Underperform

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell Short

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

Not rated

There is too much uncertainty in the Company's finances or business model for us to currently form an investment conclusion.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

Public Companies mentioned in this report:

Airlease Ltd.	(Nasdaq OTC:BB AIRL)
Willis Lease Finance Corp.	(NasdaqNM: WLFC)
American International Group	(NYSE: AIG)
CIT Group	(NYSE: CIT)
Tyco Inc.	(NYSE: TYC)

AeroCentury Inc.
Consolidated Balance Sheets *
(in thousands)

	Dec. '99 Full Year	Dec. '00 Full Year	Dec. '01 Full Year	Dec. '02* Full Year
ASSETS				
Current assets:				
Cash & Equivalents	$ 1,252	$ 3,184	$ 2,680	$ 2,105
Deposits	5,419	6,864	6,987	7,000
Accounts Receivable	308	571	596	1,150
Note receivable	-	118	69	30
Prepaid Expense & Other	359	617	651	500
Total current assets	**7,338**	**11,353**	**10,983**	**10,785**
Deferred Tax Asset	-	-	-	-
Aircraft & engines, net of depreciation	55,854	60,111	56,527	65,814
Total assets	**$ 63,192**	**$ 71,465**	**$ 67,510**	**$ 76,599**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts Payable and accrued expenses	$ 907	$ 1,885	$ 1,642	$ 800
Notes Payable and accrued interest	37,095	41,221	36,510	44,513
Maintenance deposits and accrued costs	4,390	6,310	5,209	5,400
Security deposits	1,785	1,814	1,718	1,950
Prepaid rent	296	355	213	265
Total current liabilities	**44,473**	**51,585**	**45,292**	**52,928**
Long-Term debt-net of current	-	-	-	-
Deferred Income Taxes	3,228	2,716	3,356	3,800
Total Liabilities	**47,700**	**54,301**	**48,648**	**56,728**
Stockholders' equity:				
Common stock, par value $0.01; authorized 10,000,000 shares;	2	2	2	2
Paid-in capital	13,821	13,821	13,821	13,821
Retained earnings	2,173	3,844	5,543	6,552
Accumulated deficit	-	-	-	-
Treasury Stock, at cost	(504)	(504)	(504)	(504)
Total stockholders' equity	**15,491**	**17,163**	**18,862**	**19,871**
Total liabilities and stockholders' equity	**$ 63,192**	**$ 71,464**	**$ 67,510**	**$ 76,599**
SHARES OUT	1,607	1,607	1,607	1,607

* Full Year ended December 31, 2002 numbers are Taglich Brothers estimates, except for Total Assets, Total Liabilities and Shareholders' equity, which were reported by AeroCentury Corp.

AeroCentury Inc.
Annual Income Statement
For the Years Ended December 31,
(in thousands)

	FY1999	FY2000*	FY2001**	**FY2002E *** **	**FY2003E**
Revenues:					
Rent Income	$ 7,129	$ 10,880	$ 10,238	**$ 8,682**	**$ 8,875**
Gain(loss) on disposal of assets	98	747	327	**-**	**-**
Other Income	153	481	667	**132**	**100**
Total Revenues	7,380	12,108	11,232	**8,814**	**8,975**
Expenses:					
Management Fees	1,149	1,725	1,750	**1,697**	**1,740**
Depreciation	1,700	2,674	2,776	**2,819**	**2,935**
Interest	1,534	3,471	2,866	**1,903**	**1,885**
SG&A	582	494	434	**579**	**680**
Maintenance	374	763	859	**305**	**360**
Provision for impairment in value of aircraft	-	463	-	-	-
Total Expenses	5,339	9,590	8,684	**7,304**	**7,600**
Operating Income	2,041	2,517	2,548	**1,511**	**1,375**
Operating Margin	27.66%	20.79%	22.68%	17.14%	15.32%
Taxes(Benefit)	636	846	849	**501**	**456**
Tax Rate	*31.14%*	*33.61%*	33.32%	*33.19%*	*33.16%*
Net Income	$ 1,405	$ 1,671	$ 1,699	**$ 1,009**	**$ 919**
EPS-fully diluted includes insurance settlement	$ 0.90	$ 1.08	$ 1.10	**$ 0.65**	**$ 0.60**
Avg Shares Out-fully diluted	1,564	1,543	1,543	**1,543**	**1,543**
Margin Analysis					
Gross Profit	6,231	10,383	9,482	**7,117**	**7,235**
GPM	84.4%	85.8%	84.4%	**80.7%**	**80.6%**
NI/Rev	19.0%	13.8%	15.1%	**11.4%**	**10.2%**
NI/Rent Income	19.7%	15.4%	16.6%	**11.6%**	**10.4%**
Total Exp/Rev	72.3%	79.2%	77.3%	**82.9%**	**84.7%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	16.12%	15.86%	17.09%	**19.55%**	**19.61%**
Depreciation	23.85%	24.58%	27.12%	**32.47%**	**33.07%**
Interest	21.52%	31.91%	27.99%	**21.91%**	**21.24%**
SG&A	8.16%	4.54%	4.24%	**6.67%**	**7.66%**
Total Expenses	74.90%	88.15%	84.83%	**84.12%**	**85.63%**
Percent Change Year/Year					
Rent Income	104.01%	52.62%	-5.91%	**-14.47%**	**2.22%**
Operating Income	-0.17%	23.34%	1.21%	**-40.17%**	**-8.97%**
Net Income	18.09%	18.92%	1.64%	**-40.60%**	**-8.93%**

* Includes a write-down of two aircraft to market value
** Included in other income is an insurance settlement gain of $0.35 million or $0.15 per share. Excluding the gain full year 2001 EPS was 0.95.
*** Total revenues, net income and EPS are reported numbers from AeroCentury. All other numbers are Taglich Brothers estimates.

AeroCentury Inc.
Quarterly Income Statement
For the Year Ended December 31, 2001
(in thousands)

	(3/01) Q1A	(6/01) Q2A	(9/01) Q3A	(12/01) Q4A	**FY2001 A**
Revenues:					
Rent Income	$ 2,759	$ 2,632	$ 2,456	$ 2,304	**$ 10,151**
Gain(loss) on disposal of assets	-	-	-	327	**327**
Other Income **	111	74	423	147	**754**
Total Revenues	2,870	2,706	2,879	2,777	**11,232**
Expenses:					
Management Fees	448	440	439	428	**1,758**
Depreciation	698	710	706	689	**2,790**
Interest	844	724	663	570	**2,800**
SG&A	107	112	114	164	**498**
Maintenance	-	(14)	155	720	**862**
Total Expenses	2,097	1,963	2,077	2,571	**8,707**
Operating Income	773	743	802	206	**2,525**
Operating Margin	26.93%	27.47%	27.86%	7.43%	22.48%
Taxes(Benefit)	264	239	272	52	**826**
Tax Rate	*34.10%*	*32.09%*	*33.89%*	*25.09%*	*32.71%*
Net Income	$ 509	$ 505	$ 530	$ 224	**$ 1,699**
EPS-fully diluted -- Includes insurance settlement	$ 0.33	$ 0.33	$ 0.34	$ 0.14	**$ 1.10**
Avg Shares Out-fully diluted	1,543	1,543	1,543	1,543	**1,543**
Margin Analysis					
Gross Profit	2,422	2,263	2,440	2,349	**9,474**
GPM	84.4%	83.6%	84.8%	84.6%	**84.3%**
NI/Rev	17.7%	18.7%	18.4%	8.0%	**15.1%**
NI/Rent Income	18.5%	19.2%	21.6%	9.7%	**16.7%**
Total Exp/Rev	73.1%	72.5%	72.1%	92.6%	**77.5%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	16.24%	16.82%	17.87%	18.59%	**17.32%**
Depreciation	25.29%	26.51%	28.73%	29.89%	**27.48%**
Interest	30.59%	27.50%	27.00%	24.73%	**27.59%**
SG&A	3.89%	4.27%	4.63%	7.12%	**4.90%**
Total Expenses	76.00%	74.55%	84.57%	111.60%	**85.78%**
Percent Change Year/Year					
Rent Income	5.95%	-5.27%	-11.20%	-18.14%	**-6.70%**
Operating Income	7.06%	-41.98%	-24.28%	-30.67%	**0.29%**
Net Income	11.25%	-44.08%	-25.26%	0.00%	**1.65%**

** Included in third quarter results is an insurance settlement gain of $0.35 million pre-tax or $0.15 per share post tax. Excluding the gain full year earnings per share were $0.95.

AeroCentury Inc.
Quarterly Income Statement
For the Year Ended December 31, 2002
(in thousands)

	(3/02) Q1A	(6/02) Q2	(9/02) Q3	(12/02) Q4E*	**FY2002 E***
Revenues:					
Rent Income	$ 2,194	$ 2,230	$ 1,938	$ 2,321	**$ 8,682**
Other Income	31	27	38	35	**132**
Total Revenues	2,225	2,257	1,976	2,356	**8,814**
Expenses:					
Management Fees	421	417	420	440	**1,697**
Depreciation	681	685	703	750	**2,819**
Interest	468	470	480	485	**1,903**
SG&A	129	130	156	165	**579**
Maintenance	76	149	(185)	265	**305**
Total Expenses	1,774	1,851	1,574	2,105	**7,304**
Operating Income	451	406	402	251	**1,511**
Operating Margin	20.29%	17.99%	20.34%	10.65%	17.14%
Taxes(Benefit)	152	141	116	93	**501**
Tax Rate	*33.62%*	*34.75%*	*28.73%*	*37.05%*	*33.19%*
Net Income	$ 300	$ 265	$ 286	$ 158	**$ 1,009**
EPS-fully diluted	$ 0.19	$ 0.17	$ 0.19	$ 0.10	**$ 0.65**
Avg Shares Out-fully diluted	1,543	1,543	1,543	1,543	**1,543**
Margin Analysis					
Gross Profit	1,804	1,840	1,556	1,916	**7,117**
GPM	81.1%	81.5%	78.8%	81.3%	**80.7%**
NI/Rev	13.5%	11.7%	14.5%	6.7%	**11.4%**
NI/Rent Income	13.7%	11.9%	14.8%	6.8%	**11.6%**
Total Exp/Rev	79.7%	82.0%	79.7%	89.3%	**82.9%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	19.18%	18.70%	21.67%	18.96%	**19.55%**
Depreciation	31.03%	30.73%	36.29%	32.31%	**32.47%**
Interest	21.31%	21.07%	24.79%	20.90%	**21.91%**
SG&A	5.87%	5.81%	8.05%	7.11%	**6.67%**
Total Expenses	80.85%	83.01%	81.23%	90.69%	**84.12%**
Percent Change Year/Year					
Rent Income	-20.49%	-15.29%	-21.10%	0.75%	**-14.47%**

* Total revenues, net income and EPS are reported numbers from AeroCentury. All other numbers are Taglich Brothers estimates.

AeroCentury Inc.
Quarterly Income Statement
For the Year Ended December 31, 2003
(in thousands)

	(3/03) Q1E	(6/03) Q2E	(9/03) Q3E	(12/03) Q4E	**FY2003 E**
Revenues:					
Rent Income	$ 2,175	$ 2,150	$ 2,225	$ 2,325	**$ 8,875**
Other Income	25	25	25	25	**100**
Total Revenues	2,200	2,175	2,250	2,350	**8,975**
Expenses:					
Management Fees	435	440	430	435	**1,740**
Depreciation	750	735	725	725	**2,935**
Interest	480	475	470	460	**1,885**
SG&A	170	175	165	170	**680**
Total Expenses	1,995	1,950	1,840	1,815	**7,600**
Operating Income	205	225	410	535	**1,375**
Operating Margin	9.32%	10.34%	18.22%	22.77%	15.32%
Taxes(Benefit)	68	75	136	177	**456**
Tax Rate	*33.17%*	*33.33%*	*33.17%*	*33.08%*	*33.16%*
Net Income	$ 137	$ 150	$ 274	$ 358	**$ 919**
EPS-fully diluted	$ 0.09	$ 0.10	$ 0.18	$ 0.23	**$ 0.60**
Avg Shares Out-fully diluted	1,543	1,543	1,543	1,543	**1,543**
Margin Analysis					
Gross Profit	1,765	1,735	1,820	1,915	**7,235**
GPM	80.2%	79.8%	80.9%	81.5%	**80.6%**
NI/Rev	6.2%	6.9%	12.2%	15.2%	**10.2%**
NI/Rent Income	6.3%	7.0%	12.3%	15.4%	**10.4%**
Total Exp/Rev	90.7%	89.7%	81.8%	77.2%	**84.7%**
As Per Cent of Rent Income					
Expenses:					
Management Fees	20.00%	20.47%	19.33%	18.71%	**19.61%**
Depreciation	34.48%	34.19%	32.58%	31.18%	**33.07%**
Interest	22.07%	22.09%	21.12%	19.78%	**21.24%**
SG&A	7.82%	8.14%	7.42%	7.31%	**7.66%**
Total Expenses	91.72%	90.70%	82.70%	78.06%	**85.63%**
Percent Change Year/Year					
Rent Income	-0.85%	-3.58%	14.83%	0.17%	**2.22%**
Operating Income	-54.59%	-44.59%	2.00%	113.15%	**-8.97%**
Net Income	-54.29%	-43.39%	-4.35%	126.58%	**-8.93%**