

Exercise #7 - Expansion (Combined Space)

INSTRUCTIONS

In this exercise, the tenant has expanded into a new portion of the building and the amending lease document provides rent as a combined total. In this scenario, the abstractor must end the existing space and create a new space to accommodate the new square footage. Follow these steps and use the data values provided to enter this new combined space

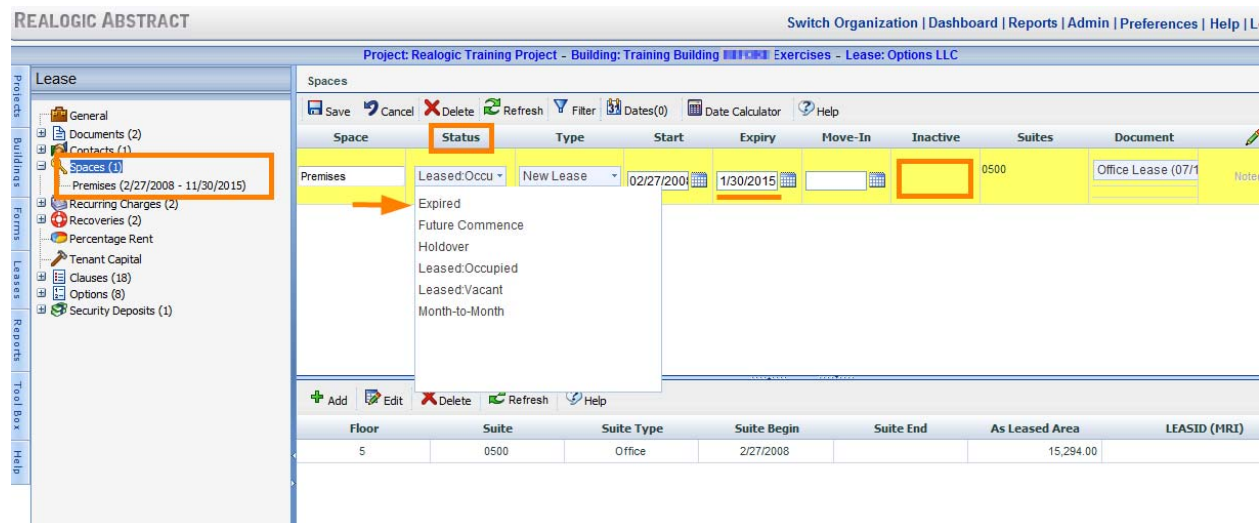
1. Add 1st Amendment to Documents section
2. Expire the space "Premises" and add a new space "Combined Premises"
3. Delete Recurring Charges for "Premises" effective 2/28/13
4. Add Recurring Charges for "Combined Premises"
5. Update P/R Share Calculation provision in the Expense Recoveries Clause
6. Update Encumbered Space in Renewal Option

DATA VALUES

- Tenant: Options LLC
- Current Expiration Date: 11/30/15
- Current Premises: Suite 500 (15,294 rsf)
- Scenario: 1st Amendment is executed and the following occurs:
 - Premises is expanded to include Suite 340 (3,996 rsf) effective 3/1/13
 - Tenant's Share increased to 11.33% effective 3/1/13
 - Rent for the entire Premises (19,290 rsf) is \$58/rsf effective 3/1/13

Step 1

In Spaces, highlight Premises, click Edit.



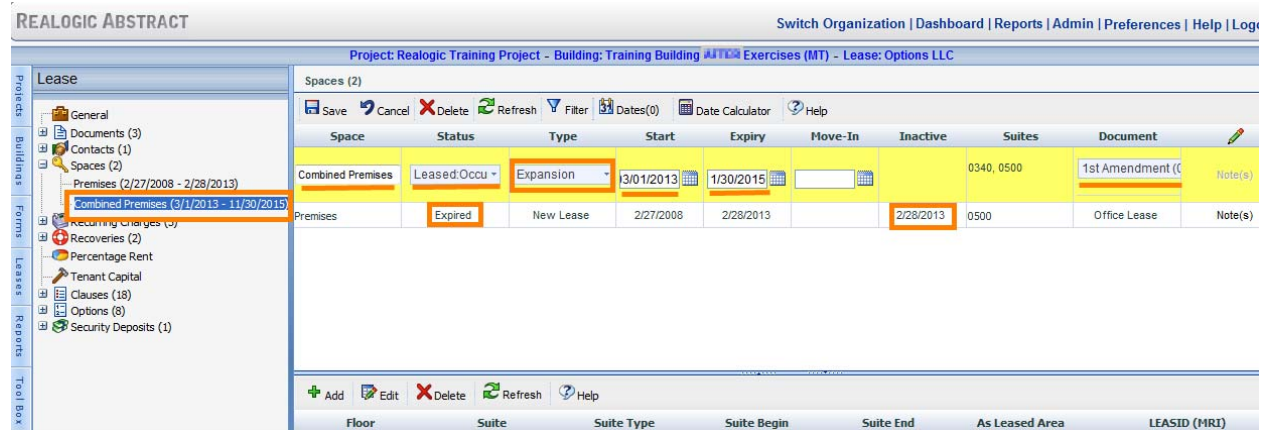
Change the following:

- Status to Expired
- Expiry to 2/28/13
- Add Inactive as 2/28/13

Click Save.

Step 2

Add new space (“Combined Premises”)



Click Add in the upper pane.

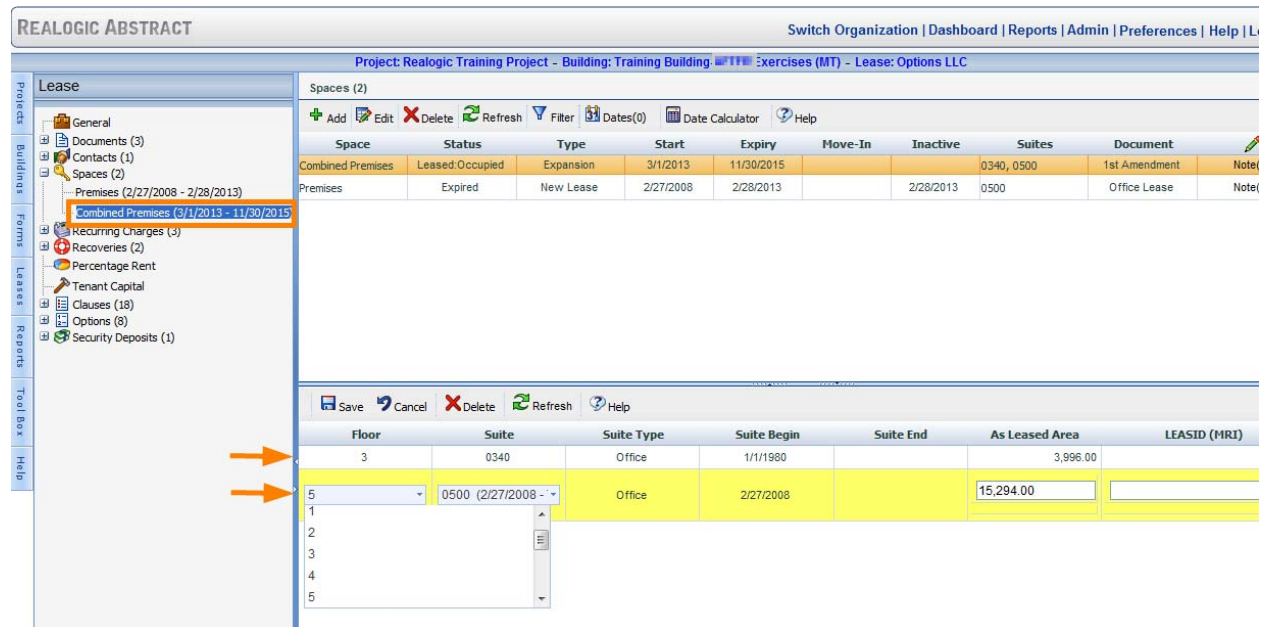
Enter the following:

- Space: Combined Premises
- Status: Lease: Occupied
- Type: Expansion
- Start: 3/1/13
- Expiry: 11/30/15
- Document: 1st Amendment

Click Save.

Step 3

Add Suite Data



In the upper pane, highlight Combined Premises.

To add Suite Data for 0500: Click Add in the lower pane and enter the following:

- Floor: choose 5 from the drop-down list
- Suite: choose 0500 from the drop-down list (As Leased Area information will populate).

Click Save (Suite Type and Suite Begin information will populate).

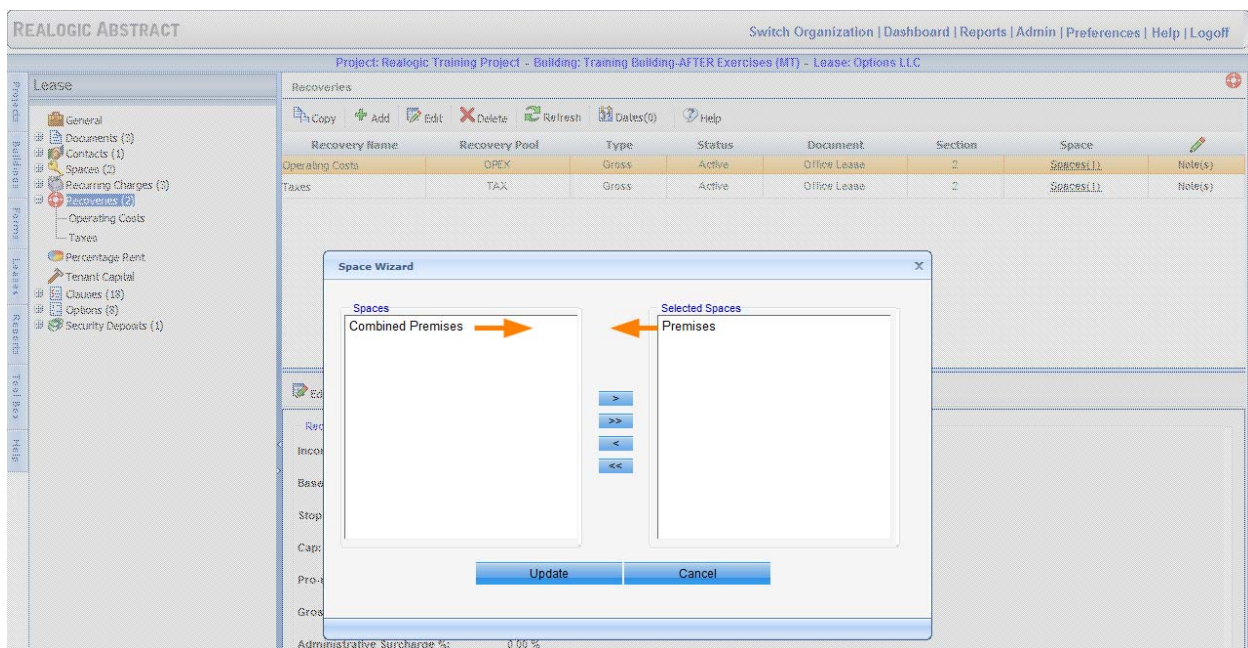
To add Suite Data for 0340: Click Add in the lower pane and enter the following

- Floor: choose 3 from the drop-down list
- Suite: choose 0340 from the drop-down list (As Leased Area information will populate).

Click Save (Suite Type and Suite Begin information will populate).

Step 4

Update Recovery Information



Click Recoveries in the Navigation Tree; Highlight Operating Costs in the upper pane and Click Spaces (1).

Space Wizard will open; remove Premises from Selected Spaces and move Combined Premises to Selected Spaces. Click Update.

In lower pane click Edit and update

Pro-rata % to 11.33%. Click Save.

Repeat procedure for Taxes.

OTHER CONSIDERATIONS

Keep the following items in mind when abstracting a tenant's *Expansion Option* into a New Space

- Remember to change **Lease Status** to "In-Process" at the **General node** when commencing input;
- Add a document within the **Document node**;
- Within **Spaces node**, we will need to **Expire** our current **Premises**; **add** new space for the combined premises
- Update the Rent in **Recurring Charges node**;
- Within **Recovery node**, update the pro-rata share %;
- Within **Clauses node**, make note regarding the date of increase in the pro-rata share % in **Expense Recovery Clause** under the **Pro-Rata Share Provision**;
- If tenant has a **Renewal Option**, it is likely the Expansion space will be included within such Renewal. Go to **Options node**, go to **Renewal Options**, and note this Expansion Space as **Encumbered Space**;
- Remember to change **Lease Status** back to "Completed" at the **General node** when finished with input.

This written exercise, including certain screen shots, exposes the user to areas of the application considered the most significant to learning this specific task. The user is encouraged to view the video related to this task to be exposed to the entire learning curve of this exercise.