

INSTRUCTIONS for preparing the ANNUAL LEASING REPORT – (RENT ROLL)

See Reverse for INSTRUCTIONS for preparing the New Lease Abstract

- 1) **Tenant:** Type in the name of the individual who, or organization name which, are signatories to the lease or identify the trade name which will provide easy recognition of the tenant and/or leased space.
- 2) **Tenant Federal Tax I.D. Number:** Please provide each tenant's Federal tax I.D. number, if known.
- 3 & 4) **Lease Status & Use Type:** In this column indicate whether the lease status is Occupied or Vacant. Also, indicate the use type (Office, Retail, Storage, Garage). Example; if an office space is vacant, type in Vac./Off. If an office space is occupied but delinquent (more than three months behind in rent payments) then type in Dlqnt./Off. Designate other uses similarly (Retail, Vac./Retl, Dlqnt./Retl. etc.).
- 5) **Floor Level:** Indicate on which level above or below grade the leased space in question is located. The number 1 shall equal at-grade space, 2 one floor above, and so on up to the top floor. The top floor should be designated by its ordinal sequence, not "Penthouse" or other adjective. "L1" shall designate the first floor below grade ["Lower (level) One"] and "L2" the second level below grade, (etc.). Do not use concourse or other name for below grade levels. A half-level above grade may be designated Mezz. for mezzanine.
- 6) **Area Sq. Ft.:** Enter the leased area associated with the rental payments indicated on the same line. If an individual tenant has multiple uses (office, storage, below grade office, etc...) list the square footage, which corresponds to each lease rate. This value should include any core or common area additional to the occupied area if this additional "core" area is the basis for additional rental income.
- 7) **Contract Base Rent \$ Per Sq. Ft.:** This rate should equal the actual lease payment as specified by the lease **including any percentage escalation**. The rate should reflect the actual rate in effect **during the preceding year** for the month of December, unless the lease terminates earlier in the year. The method of reporting, *i.e.*, a single full service rent vs. a triple net rent plus pass-throughs, is up to the preparer of the rent roll, however in all leases the total of the rent plus pass-throughs should be supported by actual checks or lease payments received by the ownership. A full service lease means that most of the operating expenses are borne by the landlord. Therefore, any minimal pass-throughs associated with the full service rent will be reported under column 10. A triple net lease means that most of the operating expenses are borne by the tenant. Therefore, any pass-throughs which are reimbursed by the tenant to the landlord should be included under columns 10 and 12. Lease payment receipts or canceled checks may be requested as a part of compliance audits or support for appeals.
- 8) **Tenant Improvements \$ Per Sq. Ft.:** This column represents the cost per square foot of tenant improvements. One hundred percent of the interior build-out construction cost should be reported; however, under no circumstance should Capital Expenditures such as code compliance (ADA, Fire/Life Safety, Hazard abatement) or common area updating (lobby/hallway renovation, roof or elevator replacement) be included in the tenant improvement budget. If the tenant pays directly for tenant improvements (*i.e.* with retail tenants) and the costs are unknown, then enter N/A. Tenant improvements are not an operating expense and should not be deducted from operating income to calculate net operating income.
- 9) **Expense Stop Base-Year:** Many leases require full service tenants to pay any and all increases in expenses over and above those recorded in a specified "base" year. Typically the "base-year" is the first full year following the commencement of the lease. Please indicate if the lease specifies a "base-year" and the exact "Expense Stop" (the expense stop may be a specified formula or dollar amount).
- 10) **Operating Expense Pass-Through:** Enter the dollars per square foot of leased area which are paid to the landlord as additional rent or "reimbursement" of utilities, management, repairs, maintenance, and other operating expenses. The figure should reflect 100% of operating costs for a triple net lease, 0% for a completely full service lease or the actual if some division of the operating expenses is called for in the lease. Under no circumstance should Capital Expenditures such as code compliance (ADA, Fire/Life Safety, Hazard abatement) or common area updating (lobby/hallway renovation, roof or elevator replacement) be included in the operating expense budget. Entries for code compliance under Sec.17 of the *FP-208B* should **not** be included as operating expenses.
- 11) **Tenant Pays Exp. Y / N:** In some cases tenants pay for electric or other expenses directly and the values are unknown to the landlord. In this circumstance, enter "Y" for yes in column (11), otherwise enter "N" for no. Also, indicate which expense is paid by the tenant in a footnote.
- 12) **Real Estate Tax Pass-Through:** This figure represents dollars per square foot of leased area which are paid to the landlord as additional rent or "reimbursement" of real estate taxes. The figure should reflect 100% of real estate tax for a triple net lease, 0% for a completely full service lease or the actual if some division of the real estate tax is called for in the lease.
- 13) **Lease Type:** The lease type should describe the parameters and guidelines with relation to tenant costs versus landlord costs which are usually outlined in each individual lease. Define if the lease is a FULL SERVICE LEASE, NET LEASE, NET NET LEASE, TRIPLE NET LEASE, or GROSS LEASE.
- 14) **Annual Rate of Rent Increase:** This value should represent the actual percentage by which the rent indicated in column (7) has been increased over the prior years' rent. If the lease contains a fixed percentage, that number should be included. If the lease specifies a formula based on an index (*e.g.* the Consumer Price Index or CPI) then the actual percentage which has been applied to calculate the rent indicated in column (7) should appear.
- 15) **Gross Potential Rent:** This figure is calculated by the table and does not require your input. If you are unable to acquire the Annual Leasing Report as an *Excel*, *Lotus* or *Quattro-Pro* spread sheet, then multiply the sum of columns (7), (10) and (12) times the leased area (column 6).
- 16) **Total Rent \$ Per Sq. Ft.:** This column is also calculated by the spread sheet version of the rent roll and does not require entry. For manual calculation the formula is: The sum of the Current Base Rent and Pass-Throughs (columns 7, 10 & 12).
- 17, 18, 19) **Lease Terms – Start Date, Terms (Years), Expiration Date:** The start-date, lease term and expiration date of each lease should be entered as they appear in the lease.
- 20) **Lease Commission Rate:** Specify the commission rate paid to leasing agents for this lease.