Principles of Corporate Real Estate

BY

EDMOND P. RONDEAU, AIA, RCFM, IFMA Fellow

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This Manual is the Property of
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ABOUT THE AUTHOR

Ed Rondeau is a Real Estate & Facility Management Consultant and Educator. For over 10 years he was the Real Estate General Manager in the Real Estate Development Office at the Georgia Institute of Technology in Atlanta, Georgia where he was responsible for the Real Estate acquisition and FM management of assigned owned and leased properties for the university and affiliated organizations. Previously Ed was the Director of Global Operations and Learning for the International Development Research Council (IDRC), an international corporate real estate membership association managed by Conway Data and based in Atlanta, Georgia, served as the Director of Consulting Services for the Integrated Facility Management (IFM) business unit of Johnson Controls, Inc., and was the Manager of Corporate Real Estate for Contel Corporation. Ed also served as the Vice President of Property Management for the National Bank of Georgia, was the Vice President of Real Estate & Construction for Arby’s, Inc., was a Construction Manager for the Coca-Cola Company, and was the Staff Architect for Auburn University.

Ed holds a MBA in Real Estate from Georgia State University and a Bachelor of Architecture from Georgia Institute of Technology, is a registered Architect in Georgia, and is a Certified Facility Manager (CFM). Ed was the 1988 President of the International Facility Management Association (IFMA), served as the 1990 Chair of the IFMA Foundation, was elected an IFMA Fellow in 1992, and was the 1995 President of the IFMA Real Estate Council. He was a member of the IDRC Financial Review Board, served as a Trustee of the IFMA Foundation, served as a member of the CoreNet Global Finance Committee, was elected as a Professional Member of the Facility Management Accreditation Commission (FMAC), and is currently the Secretary/Treasurer of the FMAC Executive Committee.

He has spoken on corporate and university real estate and facility management issues throughout the U.S. and internationally, has been a guest lecturer at various universities throughout North America, has spoken as a Visiting Lecturer at the Hong Kong Polytechnic University in Hong Kong in 2006, was a Visiting Lecturer at Kufstein University of Applied Sciences, in Kufstein, Austria in 2010, and was a Visiting Lecturer and Guest Coach for the Kufstein University in February 2015, and March 2018. He was a Visiting Lecturer in March 2016, March 2017, and March 2019 at the Breda University of Applied Sciences in Breda, Netherlands where he lectured on Real Estate and Real Estate Finance. Ed has authored numerous articles and presented seminars and workshops in Asia, Australia, Europe, and North America, is a co-author of the book *Managing Corporate Real Estate*, and is the lead author of the book *Facility Management* for which he received the 1997 IFMA Book Author of the Year Award. He is also the co-author of the book *The Facility Manager’s Guide to Finance & Budgeting* for which he and his co-author received the 2004 IFMA Book Author of the Year Award, and is the author of this manual which has been used as a course text at a number of universities.
DEDICATED TO:

The hardworking, knowledgeable, and skilled facility and real estate professionals who acquire, plan, design, construct, support, maintain, and manage corporate facilities to assist their customers and organizations succeed and excel.

The in-house customers who require and accept professional assistance and entrust their facility service providers with corporate resources and timely confidential information to meet their strategic business requirements.

The suppliers, vendors, and consultants who provide quality, timely, creative, and cost effective services to help their facility professional clients succeed and excel.

The bosses and corporate officers who support and provide their facility professional staff with the responsibility, authority and resources to execute their duties.

The students, teachers and educational organizations who sustain a growing knowledge and research base of facility management information and are the future of the profession.

Keeping up the good work!
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INTRODUCTION

- Corporate Real Estate
- Property Management
- Asset Management
- Facility Management
- Strategic Real Estate Role

In a 2001 marketing publication, the Arthur Andersen Real Estate Services Group stated that "More than seven billion square feet of building space and four quadrillion square feet of land are owned by corporate America. It is often the most valuable asset on U.S. company balance sheets. As the nation's businesses continue to undergo a fundamental restructuring - through mergers and acquisitions, decentralization, new technologies, changing markets and tightening profits - the pressure is on to better manage corporate real estate and make those assets work harder."

And in a 2012 KPMG publication, Real Estate Strategy Alignment: Getting It Right by Steve Silen, Director, KPMG Advisory Services, states: “Too often, firms enter into long-term leases to obtain lower monthly rent costs only to see the space become surplus a few years later because a particular business unit (BU) no longer exists or its anticipated growth did not occur. Or they acquire too little space to meet the business’ needs, resulting in tight quarters, lack of co-located staff, or delays to key BU projects and initiatives. To eliminate these types of issues, the real estate strategy should be built to meet the BUs current and future needs while providing flexibility to accommodate changes in the business climate. To achieve all this, the REFM department needs to clearly understand the BUs’ plans and strategies. This is best accomplished by having a seat at their leadership table and being part of their process. But in the absence of that, periodic meetings should be held with the BU leaders to understand their goals and objectives, short- and long-term plans, business drivers and constraints, planned changes including staff growth and shrinkage, and satisfaction with current facilities management (FM) services. Your real estate strategy should help the business achieve its goals and create a work environment that promotes productivity, innovation, collaboration and continuous improvement in a cost-effective manner. In essence, the REFM group needs to be viewed as the BUs’ “trusted advisor”, not an after the fact order taker. If done right, this creates a work environment that helps the BU’s attract and retain top talent, while having a positive impact on the company’s bottom line. But lack of alignment causes the opposite effect”. (See Exhibit 11.3 for a sample STRATEGIC REAL ESTATE/FACILITY & MARKET POLICY)

Many experienced corporate real estate professionals and real estate brokers are working to improve the profession, information, services and real estate agreements they provide to their in-house customers and clients. The corporate investment in real estate requires that these corporate real estate resources and assets should be acquired, managed and disposed of following certain basic business, real estate, facility and asset management principles. Materials presented in this Manual contain business, real estate, facility and asset management information that can be used in the management of corporate assets.

This is a basic Manual tailored to provide the principles of corporate real estate for facility professionals and facility consultants who have the opportunity and responsibility, but have little or no experience or training in acquiring, managing and/or disposing of corporate real estate. This Manual provides an overview and does not provide detailed review or information into the legal, financial or political issues or requirements in the acquisition, management and disposal of corporate real estate. There are many sources of detailed legal, financial and real estate expertise, training and education which the reader of this Manual should use after reviewing what you have found to be important to acquire, manage and dispose of your company's real estate requirements.
Principles of Corporate Real Estate

The following words and definitions are used throughout this Manual:

"Corporate Real Estate" - Corporate real estate is the real property used by a company for its own operational purposes. It provides corporations with a productive environment to house employees, manufacture and distribute products and provide services to the market. Corporate real estate touches all classes of property, land, and buildings such as office facilities, data centers, manufacturing facilities, logistic centers, corporate headquarters, distribution facilities, retail stores, and hotels (Definition from CoreNet Global website).

"Property Management" - The profitable operation and management of owned, leased, or subleased real property including land, buildings, assets, equipment and legal commitments for an owner, developer or landlord.

"Asset Management" - The administration, operation and management of owned, leased, or subleased real property including land, facilities and legal commitments controlled by a corporation in support of the corporate mission.

The United States Library of Congress defined "Facility Management" in 1984 as: "The practice of coordinating the physical workplace with the people and work of the organization; it integrates the principles of business administration, architecture, and the behavioral and engineering sciences."

Facility professionals have numerous job responsibilities and in 2009 the International Facility Management Association (IFMA) grouped these responsibilities under the following eleven (11) major function area:

- Communication
- Leadership and Strategy
- Emergency Preparedness
- Operations and Maintenance
- Business Continuity
- Project Management
- Environmental Stewardship
- Quality and Sustainability
- Real Estate and Property Management
- Finance and Business
- Technology
- Human Factors

This Manual is divided into eleven sections which are designed to help you look at the corporate real estate services and issues that you may face in the on-going cycle of successfully completing your corporate real estate assignments. The Manual should help to increase your understanding of your mission, customer, the team of experts necessary to help in the process, what real estate resources your company currently owns or leases, what services a real estate broker should provide, the importance of your real estate negotiating strategy, the contents of the Request For Proposal (RFP), analyzing the proposals, the site selection process, site acquisition, managing the asset, disposing of surplus property, and the next steps toward continuing your real estate experience, training and education.

The material in this Manual focus’ on a decentralized approach to corporate real estate management where the corporate facility or real estate professional provides a staff support service to his or her customers in recommending (not dictating) solutions to their real estate requirements. Exhibits including checklists and examples are used and included throughout the Manual to assist you with information, ideas, proposed formats and may be useful to you during your current and future review of the Manual.

The corporate real estate organization may look like one of the sample organizations shown in Exhibit 11.4 which provides a review of a sample facility management organization chart for an insurance organization which is a service organization that may have 100 facilities totaling 670,000 RSF with 2 owned facilities (Corp. Headquarters and a Computer Center totaling 140,000 RSF, and 98 leased facilities including regional offices, training, sales offices, etc. totaling 530,000 RSF. Or the corporate real estate organization may look like the sample corporate real estate organization chart for a manufacturing organization which produces products that may have 1,000 facilities totaling 21.5 M RSF with 200 owned facilities including a Corp. Hq., manufacturing, assembly, etc. totaling 15.5 M RSF and 800 leased facilities including regional offices, sales offices, etc. totaling 6.0 M RSF. You will note that there are many more owned facilities under the corporate real estate organization than the facility management organization.
Strategic Real Estate Leadership Role:

The strategic real estate leadership role requires that:

- It is more about enabling work and promoting productivity than it is about managing “brick and mortar” assets.
- It is more about influencing and collaborating and less about executing individual tasks.
- Although technical competence “hard skills” are important, real estate leaders know that their ability to master “soft skills” will ultimately determine whether or not they are able to lead well and succeed.
- The real estate leader must also consider focusing on essential interpersonal, emotional, and social skills such as communication, influence, conflict resolution, and performance coaching.
- The leader must learn how to communicate for results, influence positive outcomes and use coaching techniques to enhance team performance.

The real estate leader must work with Management as shown below to discuss and set:

- How the Real Estate Strategy will support the Business and Financial Strategies
- The timing, location, and funding for the Real Estate Strategy requirements over time
- The Tactical implementation requirements

As local, national and global economies and services change, the ability to provide increasingly valuable and strategic information and services to make more informed and financially sound real estate decisions becomes more important to protecting the assets and improving the value of your corporation. Ideally this Manual will help you and your company protect it's assets and improve shareholder value in your corporation.
YOU AND YOUR CUSTOMER

- Defining your real estate mission
- Determining your customer's requirements
- The Real Estate Team

Defining Your Real Estate Mission

You have a unique opportunity as a facility professional to impact and improve your corporation's bottom line each time a leased or owned property is acquired, leased, subleased, sold or donated. Your knowledge of your mission (see Exhibit 2.1), services provided (see Exhibit 2.2), real estate "buzz words" (see Exhibit 2.3), corporate culture, policies and procedures and the inventory of facilities and property (see Exhibits 2.4 - 2.15) will help to set the tone, schedule and successful completion of a real estate requirement.

Many corporations have a policy - either in writing or in practice - to own, lease or a combination of both. With the economic recession of the early 2000's and in 2008 -2012, your corporation had an opportunity to purchase property and facilities at discount, but should also look with your assistance at opportunities to lease versus buy to insure that your corporation is making the best financial and business decision.

Corporations which provide a product or service that is rapidly expanding or shrinking in sales and staff, usually have not made a substantial investment in fixed equipment, and can live with a variable lease cost will most likely choose to lease versus own property and facilities. These corporations, often smaller manufacturing, retailers, or service providers, tend to be operations which seek three to five year lease commitments, use cash for operations, do not investment heavily in equipment, can be mobile in their geographical service area, must remain flexible in their business operations, and must be able to reduce lease occupancy expenses when required.

There are also times when corporate management desires to develop a facility but lacks the expertise and sometimes the initial capital. A Build To Suit Turnkey process may provide an advantageous solution for some corporations who can provide performance specifications and, in time, obtain a completed facility without having to manage the details of real estate acquisition, design, construction, and inspection. Your knowledge of these policies, available alternatives and changes in corporate objectives can help to ensure that your proposed real estate solutions are responsive to current management, financial and business requirements.

Mr. Peter R. Veal, a Research Affiliate with the Laboratory of Architecture and Planning at the Massachusetts Institute of Technology, conducted a study in 1987 for the International Association of Corporate Real Estate Executives (NACORE) entitled MANAGING CORPORATE REAL ESTATE ASSETS: A SURVEY OF U. S. REAL ESTATE EXECUTIVES. One of the most significant conclusions of the research was that large numbers of corporate real estate managers in the United States did not maintain adequate information on their real estate assets. Two out of three who responded in the 1987 study did not maintain a real estate management information system.

In 1987 when the study was made, many U. S. corporations, as today, were in the midst of addressing this issue. A number of these corporations had gone through years of rapid growth through acquisition, mergers, and/or internal development. These corporations and their many business units had focused on many business issues and over time as
these corporations grew, the number, size and investments in their leased and owned facilities of varied types and at various locations became a business issue that management decided should be reviewed and addressed with the following objectives:

- Know what is owned and leased.
- Save time and manpower for users.
- Identify opportunities to reduce real estate expenses.
- Increase accuracy and eliminate duplication of records.
- Provide reports and analytical tools not easily feasible with manual systems.
- Help formulate short and long term real estate strategies.
- Efficiently transfer data between users at the business unit level and master files at the corporate level.

To help your in-house customer, your staff and your management must understand and agree to the corporate real estate services your department will provide. You may wish to develop a written Service Level Agreement with your customer(s) to define and quantify the quality, level and types of real estate service your department will provide, performance objectives and measurements of service against objectives, and the information and help your customer will provide to you. The Service Level Agreement is usually for a term of one year and includes a page for the signatures of the service provider (you) and the senior level manager (your customer) of the department, company or operations group. It should not be a lengthy document but should contain the detail necessary to provide a clear understanding between you and your customer. The Agreement should contain information such as:

- Prologue
  - Statement of Intent
  - Change Procedure
  - Statement of Responsibilities
- Service Details
  - Application Purpose
  - Customer Community
  - Representatives
  - Service Hours
- Contractor (you and your department) Services
  - Contractor Measured Services
  - Contractor Non-Measured Services
- Other Services
- Standard Offerings
- Performance Objectives
- Award Points
- Special Service Agreements

### Determining Your Customer's Requirements

It is important that you and your customer spend the time necessary to understand your customer's business, their requirements, and your and their roles as team members to meet their needs. This would also be a good opportunity to discuss how you propose to organize the real estate assignment and how your department will support the project after the real estate has been acquired. This would also include a review of your:

- Department mission
- Previous real estate assignments
- Measuring performance and service against specific standards.

You may find that the Lease Property: Site Criteria Considerations format (Exhibit 4.1) and the Purchase Property: Site Criteria Considerations format (Exhibit 4.2) discussed in Chapter 4 will help you and your customer (including their management) to focus on the specifics of their requirements. This format will help begin the program and site definition process by asking your customer to weigh each criteria consideration. The completed format begins to define the details of your customers initial expectations and requirements.
The Real Estate Team

Your real estate team may also include the assistance of your corporate or outside legal real estate counsel, in-house support services such as telecommunications, MIS, finance, records management, etc., a real estate broker, a design and/or engineering consultant, a general contractor and others as may be required. One or a combination of real estate options may be used to solve the real estate requirement such as:

- Leasing a new or existing facility.
- Leasing the land and/or facility with an option to purchase.
- Leasing the land, build and own the new facility.
- Building To Suit if capital expenditure and owning is not desired.
- A joint venture between the corporation and a developer.
- Purchasing the land, build and own the new facility.
- Selling/leasing back of an existing facility which usually includes the land.
- Disposing of existing vacant space or surplus property by:
  - Locating another in-house division or department which could use the space and/or property and is willing to take over part or all of the remaining obligation.
  - Subleasing if leased.
  - Negotiating a buy-out of the remaining lease obligation.
  - Selling if owned.
  - Leasing if owned.
  - Donating, if owned, to a governmental agency, a non-profit organization, or a university or college where a tax credit could benefit your corporation and in-house customer.

You should be prepared to help your customer obtain their management's approval for preliminary costs and budgets - both expense and capital, the schedules, and the total funds that your corporation must be willing to finance or commit to for a given term. The team members should also provide their input and advice on the time requirements and the proposed schedule needed to:

- Define the negotiating and selection strategies.
- Develop and send out the request for proposal (RFP).
- Receive responses to the RFP.
- Locate and visit a number of possible sites.
- Make a comparative analysis of each response to the RFP.
- Begin negotiations, make real estate-financial and space design comparative analyses based upon the results of on-going negotiations.
- Make a site recommendation to your customer.
- Review your customer's site selection.
- Make a presentation to management and obtain management's approval.
- Proceed with detail negotiations for the selected site.
- Review the legal documents including exhibits for legal and business issues to ensure that your corporation's interests have been protected.
- Review and request revisions to the legal documents and exhibits.
- Review revisions to the legal documents and exhibits.
- Obtain the appropriate management signatures, etc. on the legal documents.
- Implement the construction or renovation phase.
- Obtain the occupancy permit before move-in.

The successful relationships you establish and build upon and your understanding of your company and customer's requirements and culture can provide an insight to help ensure that you and your staff succeed as a valuable contributor to your company's success.
NOTES
MISSION STATEMENT

Corporate Real Estate

A mission of the Corporate Real Estate Department is to serve ABC Company and our customers by providing and delivering timely, quality, professional corporate real estate analysis, and consulting support services. Doing so enhances ABC's long-term competitive position through the acquisition and management of efficient, cost effective real estate.

We provide high quality corporate real estate services essential to productive work and support environments.

STRATEGIC CORPORATE REAL ESTATE SERVICES DELIVERED FOR ABC CO.
NOTES
EXHIBIT 2.2

SERVICE/FUNCTION JUSTIFICATION

Department: Facility Management and Planning
Resp. Area: 1460

A. Service/Function: Real Estate Consulting  
Annual Cost: $______________

1. DESCRIPTION OF SERVICE/FUNCTION:

Serve ABC Company and our customers by providing and delivering timely, quality, professional real estate analysis, and consulting support services. This also includes traveling to the business units upon request or when required, implementation of Corporate Real Estate Policies and Procedures, and staying informed on real estate markets and field operations.

2. VALUE CREATED BY SERVICE/FUNCTION:

Providing this service enhances ABC Company's long-term competitive position through the acquisition and management of efficient, cost effective real estate. This includes assisting Division customers to obtain cost effective brokerage services, determining real estate requirements, recommending alternative strategies and lease or purchase concessions to obtain, providing lease or purchase document review, provide financial analysis, and reduce business unit exposure and financial obligations to help ABC Company/business unit bottom line performance.

3. IMPACT FROM LOSS OF SERVICE/FUNCTION:

Business unit customers are aware of their immediate needs and resources. Real Estate Consulting Services provides an additional level of real estate expertise and corporate strategic direction to assist the customers and ABC Company to make a more informed, consistent decision to increase shareholder value and protect ABC Company's resources. Without the current service which focus' upon the management of ABC Company real property assets, there would be no overall corporate strategic asset management planning, policies or focus on the over ____ owned and lease properties and the over $__,___,___ in yearly expenditures.

B. Service/Function: Property Management  
Annual Cost: $______________

1. DESCRIPTION OF SERVICE/FUNCTION:

Provide professional management of the funds and services necessary to meet the legal requirements for the ABC Building Lease with the Landlord, Westland Investments, L.P. through September 30, 2004 when the Lease expires. This includes sub-leasing, maintaining, and operating the building as required by the Lease and paying all building expenditures including taxes for the term of the Lease.
EXHIBIT 2.2 (continued)

2. VALUE CREATED BY SERVICE/FUNCTION:

In 20___ the building was only 80% sub-leased, two entire floors were vacant, and ABC Company had spent over $_______ more than the income received. In 20___ this loss was be reduced by $_______ to $_______ in 20___ was reduced by $_______ to a $_______ loss, in 20___ was reduced by $_______ to a $_______ loss, and in 20___ ABC Company will not sustain a loss but will receive an income of over $_________. Losses have been reduced through a successful sub-leasing and management program where rents have been increased, income has increased and the building is currently 90% occupied.

3. IMPACT FROM LOSS OF SERVICE/FUNCTION:

ABC Company has a legal obligation to maintain and operate the building and to pay the Landlord rent totaling over $_______ in 20__. By the terms of the lease ABC Company is responsible for the management and costs to maintain and operate the building.

C. Service/Function: Real Estate System Implementation

1. DESCRIPTION OF SERVICE/FUNCTION:

The ABC Company Real Estate System is an asset management data base system designed to address ABC Company and business unit real estate requirements, while maintaining the decentralized management of real estate assets and providing for local control over real estate decisions.

2. VALUE CREATED BY SERVICE/FUNCTION:

The ABC Company Real Estate System has been designed to provide the following objectives, benefits, and value to the ABC Company and to each business unit user:

- To know what we own and lease.
- To save time and manpower for users.
- To identify opportunities to reduce real estate expense.
- To increase accuracy and eliminate duplication of records.
- To provide reports and analytical tools not feasible with manual systems.
- To help formulate short and long term real estate strategies.
- To efficiently transfer data between users at the unit level and master files at the Company and business unit levels.

3. IMPACT FROM LOSS OF SERVICE/FUNCTION:

The ABC Company Real Estate System provides the ability to strategically manage the over ____ properties owned and leased by the ABC Company totaling over $_______ a year in expenditures. Without the Real Estate System, the data base of information would not be readily or easily available and the number of properties, their value to the company, their location, the lease payments, taxes, and other lease and deed information would not be readily accessible for planning and daily use by the Real Estate System business unit customers in a timely and consistent format.
EXHIBIT 2.3

COMMERCIAL OFFICE LEASING "BUZZ WORDS"

AREA SPACE -

**USABLE AREA (U.S.F.):** Office area actually occupied by a tenant for its sole and exclusive use. The usable area on a single floor of a building may vary depending upon corridor configurations, whether the floor is a single tenant or multiple tenant occupancy, etc.

**RENTABLE AREA (R.S.F.):** The rentable area includes the usable area plus a pro-rata portion of common areas of the entire office floor excluding vertical shafts, such as elevators, stairs, mechanical risers, etc.

**COMMON AREAS:** Common areas are those portions of the building used by all office tenants or which serve all office areas. Common areas include corridors, rest rooms, public lobbies, and in some buildings, mechanical space, loading docks and other service areas which benefit all tenants.

**LOAD FACTOR/COMMON AREA ALLOCATION:** That percentage of the building in which common area is allocated to the tenants to increase their usable area to rentable area. A Load Factor of 10% means that 000 usable square feet (U.S.F.) would be 900 rentable square feet (R.S.F.).

**B.O.M.A. STANDARD MEASUREMENT:** A defined way of measuring space by the Building Owners and Managers Association (B.O.M.A.). Landlords may choose their own method to measure space, normally by increasing the amount of common areas added to the usable area.

**EFFICIENCY (Note: Efficiency and load factor are not the same):** The percent of rentable area which is usable area, i.e. a 00% efficient building offers 000 usable square feet for every 1000 rentable square feet.

**LAYOUT EFFICIENCY:** Efficiency of the usable area to meet tenant's work flow requirements, office design, personnel, etc. Efficiency of usable area is dictated by building shape, core location, floor size, leasing depth, corridors, etc.

RENTAL & EXPENSES -

**RENTAL:** The cost charged per rentable square foot (R.S.F.) on a monthly or annual basis for a leased area.

**BASE RENTAL:** The initial rental rate, normally identified as the annual rent in a gross lease.

**EXPENSE STOP:** An identified dollar amount, either on a dollar per square foot per year basis or a pro-rata share basis of the total operating expense cost, that the landlord is responsible to pay. Any increase over the expense stop will be allocated to the tenant.

**GROSS RENTAL (Gross Lease):** A rental rate which includes normal building standard services as provided by the landlord within the base year rental.

**NET OR SEMI-GROSS RENT (Net Lease):** A rental rate which includes some services to be provided by the landlord; normally the tenant is responsible for cost of janitorial and utilities services.

**NET NET NET RENT (Triple Net Lease):** A lease in which the tenant is responsible for every and all expenses associated with their proportionate share of occupancy of the building.

**OPERATING EXPENSES:** Those normal expenses associated with the operation of a standard office building included, but not limited to: management fees, utilities, janitorial service, consumable supplies, taxes, insurance, refurbishing of building common areas, maintenance and repair, etc.

**BASE YEAR:** The year of building operation, normally a calendar year, in which the landlord fixes or identifies the operating costs which are included in a gross or semi-net lease. Any increase in operating expenses over the base year are "passed through" to the tenant on a pro-rata of rentable area share of occupancy.
EXHIBIT 2.3 (continued)

**PRO-RATA SHARE:** The ratio between the tenant's percent of occupancy of the rentable square footage of the building and the entire building rentable area.

**EXPENSE ALLOCATION:** The allocation of all expenses (Gross or Semi-Net Lease) or a proportionate share of increased expenses to a tenant based upon tenant's pro-rata share.

**DIRECT CHARGE OF OPERATING EXPENSES:** On a Gross or Semi-Net lease where the tenant does not pay costs directly, the landlord directly bills tenants for pro-rata share of occupancy costs. In most instances, this will be done on a "good faith", "best estimate" advanced payment basis, wherein the landlord bills the tenant for estimated operating expense costs during the lease term.

**RECAPTURE:** The billing to tenants of their pro-rata share of increased operating expenses after those expenses have been incurred and paid for by the landlord.

**PROJECTED OPERATING EXPENSE INCREASE:** A "good faith" estimate by the landlord as to current operating expenses increases over a base year, which are billed to the tenant as additional rent.

**RENTAL COMPONENTS**

Three basic rental components are:

**OWNERSHIP COSTS:** The cost to the owner to own the building, service existing debt, or receive a return on their equity. Also included would be costs of capital improvements, repair and upkeep which would not be considered standard operating costs.

**OPERATING EXPENSES:** Those expenses necessary for the day-to-day operation of the building which have been outlined above. Included can also be amortization of capital improvements which are necessary or required for the more efficient operation of the building or to meet certain code costs.

**AMORTIZATION OF TENANT IMPROVEMENTS OR TENANT ALLOWANCES:** The return to the landlord over the term of the lease those costs included in the landlord's building standard work letter and any other costs which landlord has agreed to assume or amortize.

**RENTAL "GAMES"**

**FREE RENT:** Period of time in which the tenant occupies the premises under the lease but does not pay rent.

**STAIR-STEPPED RENT:** A rental rate which increases by fixed amounts during the period of the lease term.

**RENTAL INCREASES/RENTAL REVIEW:** Changes in the base rent during the term of the lease. Not to be confused with operating expense recapture increase or expense billings, usually tied to "fair market" or C.P.I. reviews.

**EFFICIENT RENT:** The dollar amount per square foot per year figure which the tenant pays on an average over the term of the lease. This would be the average of specified rents in a stair stepped lease as well as the average of a lease with substantial free rent period. Example: A 5-year lease with 6 months' free rent offers a 10% discount from the face rate.

**FACE RATE (Contract Rate):** The identified rental rate in a lease which is subsequently discounted by concessions offered by the landlord, also known as contract rate.

**CONCESSIONS:** Those inducements offered by a landlord to a tenant to sign a lease. Common concessions are free rent, extra tenant improvement allowances, payment of moving costs and lease pick-ups.

**LEASE PICK-UP:** Landlord's commitment to pay the costs associated with assuming the financial obligations of paying a tenant's rent in premises to be vacated which are still under lease.
LEASE BUY-OUT: A cash inducement offered by a landlord to a tenant's previous landlord or by the tenant to their current landlord to cancel the remaining term of tenant's lease.

SUBLEASE: Leasing of premises by the current tenant to another party for the remaining balance of an existing lease term.

MOVING ALLOWANCE: An offer by a landlord to pay all or part of tenant's moving costs.

FAIR MARKET VALUE: The rental value of space similar to the leased premises for comparison purposes in rental adjustments.

PRE-LEASE: Leasing of premises in a building under construction which is not yet ready for occupancy.

IMPROVEMENTS & ALLOWANCES -

TENANT IMPROVEMENTS BUILDING STANDARDS: Standard building materials and quantities as identified by the landlord which are to be provided at no cost to the tenant to improve tenant premises. Normally included are partitioning, doors, walls, hardware, ceiling, lighting, window and floor coverings, telephone and electrical outlets and HVAC (Heating, Ventilation & Air Conditioning systems).

BUILDING STANDARD WORK LETTER: A document which delineates the type and quality of materials and quantities to be furnished by the landlord as building standard.

WORK LETTER: A document which would include the above plus any additional items to be paid for by the landlord or by the tenant with an indication as to who is responsible for each item.

IMPROVEMENT ALLOWANCE: The estimated or dollar value of the building standard work letter being offered by the landlord.

ABOVE BUILDING STANDARD: Materials not included in the work letter which are subject to negotiation between the landlord and tenant.

AMORTIZATION OF TENANT IMPROVEMENTS: An agreement on the part of the landlord to pay for above-building standard improvements and amortize those improvements at a defined interest rate over a fixed term as additional rental.

"TURN KEY": A complete build-out by the Landlord of tenant's premises to the tenant's specifications.

SUBSTITUTION AND CREDITS: The ability to substitute non-standard materials for landlord-supplied materials as specified in the work letter, or to receive dollar amount credits for those materials if not utilized.

LAY OUT (Space Plan): A plan created by a space planner/interior designer/architect showing locations of tenant improvements and the utilization of the space by the tenant.

WORKING DRAWINGS: Drawings necessary to fully price the work, to obtain a building permit and to construct the tenant improvements.

CODE REQUIREMENTS & COMPLIANCE CONDITIONS -

CODE REQUIREMENTS: Building code requirements which must be satisfied by either the tenant or the landlord in preparing space or building for tenant occupancy. Included are seismic (earthquake), life safety, energy, hazardous/toxic materials, and handicapped code requirements.

CODE COMPLIANCE TRIGGER: Certain costs, structural changes or other defined events which necessitate the compliance of a building to current codes.

ASBESTOS/HAZARDOUS MATERIALS: Materials which may exist in office structures which may pose a detriment to tenant's occupancy.

LIFE SAFETY: Government regulations and building code requirements for buildings relative to seismic, fire, handicapped and existing requirements.
FIRE CORRIDORS: Special corridors with partitioning designed to create escape routes in time of fire.

COMPARTMENTALIZATION: A code requirement to divide large floor plates into smaller units to meet fire code requirements.

SPRINKLERS: A fire suppression system, usually water, designed into many buildings to reduce compartmentalization and to provide additional fire protection.

HANDICAPPED REQUIREMENTS: Code required features designed to accommodate handicapped persons. Included are entry ramps, rest rooms, rest room fixtures, hardware, special doors, etc.

"FIRE RATED": Special building materials, such as partitioning and doors which have been constructed and have been tested to provide greater fire resistance that normal building standard materials.

BUILDING DEFINITIONS -

DEMISING WALLS: Those walls between one tenant's area and another as well as walls between tenant areas and public corridors.

PARTITIONING: The divisions between offices, separate office suites, tenant areas and corridors.

FLOOR PLATE: A broker's buzz work for rentable floor size.

BUILDING MODULE: Standard dimensions within leased areas dictated by spacing of window mullions or columns, i.e. a 5-foot module dictates offices in multiples of 5-feet dimensions.

LEASING DEPTH: The distance from the building window line to the building corridor.

BUILDING CORE: The "guts" of a building, which normally includes building elevators, rest rooms, smoke towers, fire stairs, mechanical shafts, janitorial, electrical and phone closets.

SHARED TENANT SERVICES: Services provided by a building to allow tenants to share the costs and benefits of sophisticated telecommunications and other technical services.

UNDER FLOOR DUCT SYSTEM: A system of ducts permanently located in floors to assist in the installation of telephone, computer and electrical wiring.

CROSS-OVER FLOOR: A floor in which one bank of elevators connects to another bank of elevators, allowing tenants to have access to floors in other elevator banks without returning to the lobby of the building.

ZONES: The identified portions of an office area served by the HVAC system which have separate thermostatic and temperature controls.

SMART BUILDING: A building which has additional technical capabilities to provide enhanced building management and operating efficiency.

AREA TAKE-OFFS -

DEFINITION OF TERMS - The following terms and definitions are supplied for purposes of explanation and understanding of the methods and uses for area take-offs. While these terms and definitions were taken from published documents as listed, they may not conform to methods or formulae that you may use. They are offered as one method for purposes of explanation and illustration.

LEASED AREAS -

SPACE: The generic definition of a particular enclosed area. A space, may be a building, floor, or any defined area. As a practical matter, a space is defined as that area defined by the drawing.

USER: The generic definition of the occupant of a space. This may be a tenant, a Company, a department etc. A given space may have more than one User for each tier of definition except Tier 1.
**GROSS AREA:** Building or floor footprint; the total area of the building or floor within the outline of the building extremities. This area is computed by measuring the inside finished perimeter of the dominant portion of the permanent outer building walls. The DOMINANT PORTION shall mean that portion of the inside, finished surface of the permanent outside building wall which is 50% or more of the vertical floor-to-ceiling dimension measured at the dominant portion. If the dominant portion is not vertical, the measurement for area shall be to the inside, finished surface of the permanent out building wall at the point of intersection of the vertical wall and the finished floor.

**AREA OF PENETRATION:** The sum of the area of those physical objects which vertically penetrate the space which serve more than one floor. Eg., elevator or HVAC shafts, stair wells, flues, etc. and their enclosing walls.

**COMMON AREA FACTOR (RENTABLE/USABLE RATIO):** The factor used to determine a tenant's pro rata share of the common area.

Equation:

\[
\text{CAF (R/U RATIO)} = \frac{\text{RENTABLE AREA}}{\text{USABLE AREA}}
\]

**COMMON AREA:** That area that has common access to all Users within a Gross space. Eg., Public corridors, rest rooms, mechanical or utility rooms, vestibules, etc.

Equation:

\[
\text{COMMON AREA} = \text{RENTABLE AREA} - \text{USABLE AREA}
\]

**RENTABLE AREA:** The area of a given Space defined as the Gross Area less the areas of penetration. NOTE: This area is fixed to the life of the building unless major modifications such as the addition of elevators, etc. occur.

Equation:

\[
\text{RENTABLE AREA} = \text{GROSS AREA} - \text{AREA OF PENETRATION}
\]

and

\[
\text{RENTABLE AREA} = \frac{\text{USABLE AREA}}{\text{COMMON AREA FACTOR}}
\]

**EXAMPLE:** Rentable area of floor = 20,000 S.F.

\[
\begin{align*}
\text{ABC Company usable} & = 17,500 \text{ S.F.} \\
R & = 20,000 = 1.144 \text{ COMMON AREA FAC.(CAF)} \\
U & = 17,500 \\
1,500 \text{ Usable } \times 1.144 & = 1,716 \text{ Rentable S.F.} \\
1,716 \text{ S.F.} \times 1.144 & = 1,500 \text{ Rentable S.F.} \\
1.144 \text{ CAF} \\
\end{align*}
\]

**USABLE AREA:** That area of a space that may actually be occupied by a User.

Equation:

\[
\text{USABLE AREA} = \frac{\text{RENTABLE AREA}}{\text{COMMON AREA FACTOR}}
\]

**LEASED RENTABLE AREA:** That area to which the base lease rate applies. This is defined as the tenant's usable area times the CAF. This area may then be multiplied by the lease rate to determine the lease amount.

Equation: \[
\text{RENTABLE AREA X CAF}
\]

**OFFICE AREAS -**

**SPACE LIMITS:** The area of a given space is generally determined by some physical limit. These are most often walls, partitions or panels.

**WALLS:** These are generally defined as outside walls, load-bearing walls, fire walls or those walls that are not considered as movable or removable.

**PARTITIONS:** These are generally defined as inside floor-to-ceiling structures not otherwise meeting the criteria of Walls. Partitions are movable or removable.

**PANELS:** Panels are generally defined as modular furniture sections used to define the limits of a workstation. Panels do not extend from floor to ceiling.
**WORKSTATION:** Any space for which a function is accomplished. This may be an enclosed space or a space in an open area. Eg., a Conference Room, an Executive Office, a Coffee Station, a Reception Area, a Data Input Station, etc. A workstation does not necessarily require that a person or persons be assigned to that particular workstation.

**WORKSTATION NET AREA -**

**ENCLOSED SPACE:** The floor area inside the enclosed space, measured to the inside surface of walls, major protrusions or other surfaces which define the limit of functionally usable floor surface. This does not include the area of free-standing columns which inhibit functional use of the space and does not include circulation area outside the space.

**OPEN SPACE:** The floor area available inside a workstation for furniture, equipment and internal circulation. This area is measured from the inside face of furniture screens or panels, to the outside edge of furniture, equipment or carpet that bounds the intended work area. Does not include area of circulation outside the immediate work area.

**CIRCULATION -**

**INTRA-OFFICE:** The common area between departments, sections, etc. used for corridors, aisles or walkways. These would generally be determined between users defined on the same TIER as compared to the previous tier.

**INTER-OFFICE:** The common area within departments, sections, etc. used for corridors, aisles or walkways. These would generally be determined between users defined on the same TIER as compared to the previous tier.

**TIER 1:** The overall working area of the space being considered. This may be the Gross Area of a floor or the Rentable Area of a floor. TIER 1 should use the space description as the USER of TIER 1. Eg. "Globe Building, 8th Floor". TIER 1 may have only one user.

**TIER 2:** A spatial area definition under the TIER 1 definition. This may be a tenant, section, department, etc. TIER 2 may have multiple Users of similar definition. Eg., "XYZ and Associates", "Acme Computers", etc. or "Accounting Department", "Marketing Department", etc.

**TIER 3:** A spatial area definition under the TIER 2 definition. This may be a department, unit, etc. TIER 3 may have multiple Users of similar definition.

**TIER 4:** A spatial area definition under the TIER 3 definition. This may be a department, unit, etc. TIER 4 may have multiple Users of similar definition.

**TIER 5:** The lowest level of spatial definition. This is generally used to define a work station, room or individual space.

A typical tier structure might be depicted as follows:

```
T1)          ABC Building, 8th Floor
             27,500 sf. (Rentable)

T2)          XYZ and Associates
             Acme Computers, Inc.
             13,500 sf.     2,500 sf.

T3)          Accounting   Marketing
             1,575         2,550

T4)          Bookkeeping
             375

T5)          Data Entry Clerk
             72
```
EXHIBIT 2.4

CORPORATE REAL ESTATE MANAGEMENT SYSTEM REPORTS

Your real estate management system should be able to provide STANDARD REPORTS for you to produce and use in your long range and day to day management of your real property requirements such as:

1. **FACILITY LISTING REPORT:**
   This Report is a "short hand - address/telephone book" listing of the R. E. File Number, location name, address, city state, zip, location manager, area code, telephone and extension, and is sorted by property that is leased or owned. The report should be able to list properties either by the R. E. File Number, or location name. You should also be able to list just the state at the Real Estate File Number and a report will be issued with all the location in that state.

2. **OPTION EXPIRATION REPORT:**
   This Report lists the Real Estate File Number, location name, current beginning and ending option date, property owner, total area, monthly rate, and yearly rate. The report should be able to sort by the Real Estate File Number, the location name, or the option date. You should be able to further select to have the data printed for a range of dates. For example, you may want the report to list properties whose option occurs within the next 60 days, 00 days, etc. or even a particular year. (See Exhibit 2.5)

3. **LEASE EXPIRATION REPORT:**
   This Report lists the Real Estate File Number, location name, termination date, property owner, total area, monthly rate, and yearly rate. The report should be able to list properties by the Real Estate File Number, the location name, or the termination date. You should be able to further select to have the data printed for a range of dates. For example, you may want the report to list properties whose expiration date occurs within the next 60 days, 00 days, etc. or even a particular year.

4. **VACANCY/SURPLUS REPORT:**
   This Report provides reports for all company owned, leased and sub-leased property which are vacant or surplus. This should include the business unit, location, county, owned or leased, cancellation penalties, rent(s), remaining term, options (if any) remaining, rentable square feet size and purchase price of the property for owned locations. This report should also include vacant land, parking areas, buildings, areas in buildings, floors, or parts of floors which are not being used and would be available to another business unit within the business unit, other business units or to a sub-tenant. The report could be generated by business unit, company, state, and for all corporate business units including corporate property. (see Exhibits 2.13 and 2.14)

5. **SQUARE FOOTAGE LISTING REPORT:**
   This Report should provide a report of all owned and leased property for a default area of over (what is appropriate to your search needs) rentable square feet. The default amount can be changed to any area amount you desire. The Report should be developed by Real Estate File Number or Location.

6. **RECURRING RENT REPORT:**
   This Report should list either the individual/company that the rent is payable to, the Real Estate File Number, the location, the business unit, the state, or a specific location. This report would be generated only for leased or subleased property. The report should be capable of being generated for a specific month and totals will be given for that month. Up to four (4) signature block names to be printed with comment lines can be included on the report.
EXHIBIT 2.4 (continued)

7. **RENT HISTORY REPORT:**

   This real estate management system should be able to post and save monthly rent payments and sublease income by month and year. At the end of each month and when a change is made the base monthly rent, operating expenses and common area maintenance costs should be saved and posted to your real estate management system data base. You should also be able to save some, all or a particular rent history for properties in your business unit and company number.

8. **RENT PAYMENT SCHEDULE:**

   This report should provide a one page summary report for monthly and annual lease payments and sublease income on each leased and subleased property which can be compared with Accounts Payable and Account Receivable to ensure that the amount paid or amount received, to whom and the check address of the landlord or income address of the subtenant is correct. (See Exhibit 2.6)

9. **MASTER LISTING REPORT:**

   This Report should list all the information entered into the data base catalogue by R. E. File Number or Location alphabetically by location name. The report can also be selected to print just one property, a small set of properties, by business unit, company, state or account number. (See Exhibits 2.7, 2.8, 2.9, 2.10, 2.11 and 2.12)

10. **USER DEFINED REPORTS – REPORT WRITER:**

   REPORT WRITER should allow you to create reports from your data base of information within your real estate management system. (see Exhibit 2.15) The REPORT WRITER should be able to:
   
   a. Create the format of the report including the report heading, which fields to print, the column sequence, column heading(s) and which columns will have totals.
   b. Select the data base from any sub-directory.
   c. Sort the file in the sequence desired.
   d. Select the desired records.
   e. Create user-defined calculations.
   f. Search for specific fields and report only on those specifically requested fields.
   g. Preview the report format on the screen.
   h. Specify that the output be sent to the screen, a specific printer, an ASCII text file or a comma-delimited data file.
   i. Preserve index, report generation and printer configuration files for future use.
   j. Provide REPORT WRITER configuration options.
   k. Interface with other user data base and software configurations (software and hardware).
   l. Import or export data from any other user mainframe P.C., or software system such as unique company software programs, spreadsheets, word processors, facility management data base systems, graphics, or any system capable of producing an ASCII file.
### EXHIBIT 2.5

**OPTION TRACKING DATA BY OPTION EXPIRATION DATE - 20**

<table>
<thead>
<tr>
<th>REAL ESTATE FILE NO.</th>
<th>LOCATION</th>
<th>OWNER'S REPRESENTATIVE/ NOTICE</th>
<th>LEASE TERMINATION DATE</th>
<th>---</th>
<th>OPTION DATES---</th>
<th>TOTAL SQ FT/ YEARLY</th>
<th>NET USEABLE/ MONTHLY</th>
<th>BALANCE COMMITMENT</th>
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</thead>
<tbody>
<tr>
<td>X-100-01-1000-1000-01</td>
<td>CHICAGO, IL</td>
<td>RAYSON DEVELOPMENT CO.</td>
<td>01/01/06</td>
<td>07/01/06</td>
<td>06/30/06</td>
<td>20.00</td>
<td>35,000</td>
<td>31,500</td>
</tr>
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</table>

### EXHIBIT 2.6

**RENT PAYMENT SCHEDULE REPORT**

<table>
<thead>
<tr>
<th>REAL ESTATE FILE NO.: X-100-01-1000-1000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location Name:</strong> TEST FOR ABC CO. REAL ESTATE</td>
</tr>
<tr>
<td><strong>Business Unit:</strong> ABC DIVISION</td>
</tr>
<tr>
<td><strong>Property Address:</strong> 235 EAST WACKER DRIVE</td>
</tr>
<tr>
<td><strong>City/State/Zip:</strong> CHICAGO, IL 60634-6578</td>
</tr>
<tr>
<td><strong>Country:</strong> USA</td>
</tr>
<tr>
<td><strong>Landlord:</strong> RAYSON DEVELOPMENT COMPANY</td>
</tr>
<tr>
<td><strong>c/o UNIVERSAL FINANCIAL LIVE</strong></td>
</tr>
<tr>
<td><strong>Address:</strong> 550 SOUTH MADISON AVENUE</td>
</tr>
<tr>
<td><strong>Mail Code:</strong> 007</td>
</tr>
<tr>
<td><strong>City/State/Zip:</strong> NEW YORK, NY 21246-1234</td>
</tr>
<tr>
<td><strong>E-mail Address:</strong> <a href="mailto:rayson.info@abc.com">rayson.info@abc.com</a></td>
</tr>
<tr>
<td><strong>Phone:</strong> (201) 555-1222 Ext. 1234</td>
</tr>
<tr>
<td><strong>Rent Payment Payable To:</strong> PROFESSIONAL BROKERAGE COMPANY</td>
</tr>
<tr>
<td><strong>As Agent For:</strong> RAYSON DEVELOPMENT COMPANY</td>
</tr>
<tr>
<td><strong>Address:</strong> PROFESSIONAL BROKERAGE COMPANY</td>
</tr>
<tr>
<td><strong>P.O. Box:</strong> 329856</td>
</tr>
<tr>
<td><strong>City/State/Zip:</strong> CHICAGO, IL 60634-9856</td>
</tr>
<tr>
<td><strong>E-mail Address:</strong> <a href="mailto:pbc.info@abc.com">pbc.info@abc.com</a></td>
</tr>
<tr>
<td><strong>Lease Effective Date:</strong> 06/18/06</td>
</tr>
<tr>
<td><strong>Lease Termination Date:</strong> 06/30/06</td>
</tr>
<tr>
<td><strong>Base Rent Payment/Month:</strong> $58,333.33</td>
</tr>
<tr>
<td><strong>Operating Expense/Month:</strong> $8,056.82</td>
</tr>
<tr>
<td><strong>Common Area Maint/Month:</strong> $121.34</td>
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<tr>
<td><strong>Total Monthly Payment:</strong> $68,211.49</td>
</tr>
<tr>
<td><strong>Total Rentable Area:</strong> 35,000 Square Feet</td>
</tr>
<tr>
<td><strong>Escalation Terms:</strong></td>
</tr>
<tr>
<td>1. RENT WILL ESCALATE AT A RATE OF 3% PER SQUARE FEET PER YEAR.</td>
</tr>
<tr>
<td>2. OPERATING EXPENSE STOP IS $6.30 PER USABLE SQUARE FEET.</td>
</tr>
<tr>
<td>3. Business Unit Approval: Jane M. Simpson, Vice President</td>
</tr>
<tr>
<td>4. Date Lease Signed: 05/01/06</td>
</tr>
</tbody>
</table>
NOTES
### EXHIBIT 2.7
**LEASED PROPERTY SYSTEM INPUT SHEET**

<table>
<thead>
<tr>
<th>REAL ESTATE FILE NO.:</th>
<th>PAGE 1 OF 4</th>
</tr>
</thead>
</table>

**BUSINESS UNIT --- [ ]**  
**COMPANY NO.--------- [____|____]**  
**STATE NO.-- [____|____]**  
**ACCOUNT NO.------- [____|____|____]**  
**BLDG. NO.- [____|____|____]**  
**PARCEL NO.- [____|____|____|____|____]**  
**NEW LEASE/ ACCOUNT NO.--------- [____|____|____|____|____]**  
**DATE SUBMITTED: DATE OF LAST CHANGE: EXTENSION VACANCY**

**PROPERTY INFORMATION**

- **LOCATION**
  - **NAME:** [________]  
  - **LESSEE:** [________]  
  - **ADDRESS:** [________]  
  - **CITY:** [________]  
  - **STATE:** [____]  
  - **ZIP:** [________]  
  - **LOCATION MANAGER:** [________]  
  - **AREA CODE:** [____]  
  - **TELEPHONE:** [____-____]  
  - **EXTENSION:** [____]  
  - **E-MAIL:** [________@________]  

- **LESSOR:** [________]  
  - **ADDRESS:** [________]  
  - **CITY:** [________]  
  - **STATE:** [____]  
  - **ZIP:** [________]  
  - **AREA CODE:** [____]  
  - **TELEPHONE:** [____-____]  
  - **EXTENSION:** [____]  
  - **E-MAIL:** [________@________]  

- **PROPERTY**
  - **NUMBER OF FLOORS:** [____]
  - **ADDRESS:** [________]  
  - **CITY:** [________]  
  - **STATE:** [____]  
  - **ZIP:** [________]  
  - **AREA CODE:** [____]  
  - **TELEPHONE:** [____-____]  
  - **EXTENSION:** [____]  
  - **E-MAIL:** [________@________]

- **TYPE OF FACILITY:** [________]  

- **LEGAL REVIEW BY:** [________]  
  - **DATE:** [____/____/____]  

- **FINANCIAL REVIEW BY:** [________]  
  - **DATE:** [____/____/____]  

- **A/R REQUIRED (Y/N) [____]; A/R APPROVED (Y/N) [____]; IL ONLY (Y/N) [____]; IF Y, DATE: [____/____/____]**  

- **PROPERTY OWNERS REPRESENTATIVE:** [________]  
  - **AREA CODE:** [____]  
  - **TELEPHONE:** [____-____]  
  - **EXTENSION:** [____]  
  - **E-MAIL:** [________@________]  

- **PROPERTY LEASING AGENT:** [________]  
  - **AREA CODE:** [____]  
  - **TELEPHONE:** [____-____]  
  - **EXTENSION:** [____]  
  - **E-MAIL:** [________@________]  

- **PROPERTY LEASING AGENT'S REPRESENTATIVE:** [________]  
  - **AREA CODE:** [____]  
  - **TELEPHONE:** [____-____]  
  - **EXTENSION:** [____]  
  - **E-MAIL:** [________@________]
EXHIBIT 2.7 (continued)

LEASED PROPERTY SYSTEM INPUT SHEET

REAL ESTATE FILE NO.: PAGE 2 OF 4

*****************

RENT PAYMENT PAYABLE TO:

RENT PAYMENT ADDRESS:

CITY: STATE: ZIP:

E-MAIL ADDRESS:

CORRESPONDENCE NOTIFICATION ADDRESS:

CITY: STATE: ZIP:

TERMS OF THE LEASE

EFFECTIVE DATE: OCCUPANCY DATE: TERMINATION DATE:

TOTAL TERM: (Y/N) OPTIONS ? IF YES: NUMBER OF OPTION PERIODS: FOR YEARS EACH OPTION NOTICE REQUIRED OTHER SPACE ? (Y/N) IF Y, SEE LEASE; OPTION ? (Y/N)

OPTION BEGIN: ENDS: OPTION EXERCISE NOTIFICATION SENT TO LANDLORD:

1. (Y/N) ? IF YES, DATE:  
2. (Y/N) ? IF YES, DATE:  
3. (Y/N) ? IF YES, DATE:  
4. (Y/N) ? IF YES, DATE:  

OPTION INFORMATION:
## LEASED PROPERTY SYSTEM INPUT SHEET

### RENT/PENALTY:

[Blank]

### CANCELLATION/PENALTY:

[Blank]

### DEPOSIT (Y/N), IF YES, AMOUNT $:

[Blank]

### PARKING PER 1000 SQ.FT.:

[Blank]

### UPFIT ALLOWANCE (Y/N), IF YES, AMT./U.S.F. $:

[Blank]

### FLOORS

<table>
<thead>
<tr>
<th>Leased</th>
<th>Date of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL LEASE COMMITMENT:

$ [Blank]

### RATE PER RENTABLE SQ.FT./YR.:

$ [Blank]

### BASE RENT PAYMENT PER MO.:

$ [Blank]

### OPERATING EXPENSE PER MO.:

$ [Blank]

### COMMON AREA MAINT. PER MO.:

$ [Blank]

### OPTION PERIOD COST:

$ [Blank]

### OPTION PERIOD COST INFO.:

[Blank]

### TOTAL AREA (S.F.):

[Blank]

### OFFICE AREA:

[Blank]

### WAREHOUSE AREA:

[Blank]

### PRODUCTION AREA:

[Blank]

### NET RENTABLE:

[Blank]

### NET USABLE:

[Blank]

### COMMON AREA FACTOR:

[Blank] %

### PROPERTY AREA:

[Blank] SQ. FT. / [Blank] ACRES

### ADDITIONAL AREA AFFECTED BY OPTION:

[Blank] SQ. FT. / [Blank] ACRES

### LAND:

[Blank] ACRES

### ESCALATION CLAUSE (Y/N):

[Blank]

### ESCALATION TERMS:

[Blank]

### ESCALATION PERIODS:

- **Begins** | **Ends** | **Rent**
- 1. [Blank] | [Blank] | $ [Blank] PER MONTH
- 2. [Blank] | [Blank] | $ [Blank]
- 3. [Blank] | [Blank] | $ [Blank]
- 4. [Blank] | [Blank] | $ [Blank]
- 5. [Blank] | [Blank] | $ [Blank]
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINS</td>
<td>ENDS</td>
<td>RENT</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

**LESSOR/LESSEE RESPONSIBILITIES**

PROPERTY TAXES BY LESSEE? (Y/N) [ ]
PROPERTY TAX I.D. NO. [ ]

IF YES:
LAST YEAR $ 
THIS YEAR $ 
NEXT YEAR $ 

INSURANCE BY LESSEE? (Y/N) [ ] IF YES, COVERAGE:

UTILITIES BY LESSEE? (Y/N) [ ]

SERVICES INCLUDED IN LEASE: [ ]

SERVICE CODES:

<table>
<thead>
<tr>
<th>SERVICE CODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>NO SERVICES INCLUDED</td>
</tr>
<tr>
<td>1</td>
<td>JANITORIAL</td>
</tr>
<tr>
<td>2</td>
<td>HVAC</td>
</tr>
<tr>
<td>3</td>
<td>ELECTRICAL</td>
</tr>
<tr>
<td>4</td>
<td>PLUMBING</td>
</tr>
<tr>
<td>5</td>
<td>GROUNDS/C.A.M.</td>
</tr>
<tr>
<td>6</td>
<td>ROOFING</td>
</tr>
<tr>
<td>7</td>
<td>SIGNAGE</td>
</tr>
<tr>
<td>8</td>
<td>LIGHTING</td>
</tr>
<tr>
<td>9</td>
<td>EXTERIOR</td>
</tr>
</tbody>
</table>

**GENERAL INFORMATION**

GENERAL COMMENTS:

DIV. APPROV/DATE: [ ]

UNIT APPROV/DATE: [ ]

CORP. APPROV/DATE: [ ]
EXHIBIT 2.8

LEASED PROPERTY SYSTEM DEFINITIONS

The following are commonly used leased property definitions used to describe real estate phrases within a Real Estate Management System program and are used for the enclosed input sheets for leased properties (see Exhibits 2.7 & 2.9).

RE FILE NO: Real Estate ID number for each individual leased location consists of a Business Unit Letter, Company Number, State Number, Account or Responsibility Number, Building Number and a Parcel Number:

BUSINESS UNIT (A,B,C,E, etc.): 1 letter showing which business unit within the corporation the lease belongs.

Business Unit Key:
A = Specific Business Unit which has the authority to sign it's own leases.
B = Specific Business Unit which has the authority to sign it's own leases.
C = Properties where the parent Corporation has signed the lease or has responsibility to make lease payments.
E = Specific Business Unit which has the authority to sign it's own leases.

COMPANY NO (000): Up to 3 numbers designating which company within the specific business unit holds the lease at each location.

STATE NO (00): 2 numbers representing the state or country where the property is located.

ACCOUNT OR RESPONSIBILITY NO (0000): Up to 4 numbers designating which account or responsibility center has the budget where the lease payment charged against.

BLDG. NO (0000): Up to 4 numbers which usually represents the specific location structure or lease.

PARCEL NO (00): Up to 2 numbers representing the parcel the building is located upon (i.e., a building or location may include one or more parcels).

LEASE/GROUND LEASE/EASEMENT (L/G/E): Designation of type of lease.

VACANCY APPROVAL (Y/N): A "Y" in this box means that the property is not being used, that the Senior Management has approved subleasing of the property and the property is to be placed on the surplus list.

LOCATION NAME: The name which the business unit commonly calls this location or property.

LOCATION MANAGER: The name of the Business Unit or Corporation person/facility manager responsible for the day to day management of the property.

DATE SUBMITTED (MMDDYY): The initial date the information was input into the system. This should be automatically done by the software.

DATE OF LAST CHANGE (MMDDYY): The last date the information was revised in the system. This should be automatically done by the software.

NEW LEASE/EXTENSION/RENEWAL (L/E/R): Explains the current transaction input into the system.

SUBLESSOR (Y/N): Whether or not the business unit is subleasing the property to a subtenant.

PROPERTY ADDRESS, CITY, STATE, ZIP, COUNTY, COUNTRY: Street address for the location/leased premises.

TOTAL NUMBER OF FLOORS: Total number of floors occupied per the lease.
EXHIBIT 2.8 (continued)

AREA CODE, TELEPHONE, EXTENSION: The phone number of the LOCATION MANAGER.

LANDLORD (LESSOR): The legal name of the landlord.

ADDRESS, CITY, STATE, ZIP: The street address of the landlord.

AREA CODE, TELEPHONE, EXTENSION: Phone number of the landlord.

TYPE OF FACILITY (Office/Warehouse, etc.): A brief explanation of the intended use for the leased space.

LEGAL REVIEW BY, DATE: If a legal review was made, who within the business unit did the review and the date of completion.

FINANCIAL REVIEW BY, DATE: If a financial review was made, who within the business unit did the review and the date of completion.

A/R REQUIRED (Y/N): Is an Authorization Request for funds required?

A/R APPROVED (Y/N): Has an A/R been approved? If Y, date of approval.

IL ONLY (Y/N): If there is an Internal Letter rather than an A/R required.

DATE (MMDDYY): Date the IL was approved.

PROPERTY OWNERS REPRESENTATIVE: The person, broker or organization who represents the property owner.

AREA CODE, TELEPHONE, EXTENSION: The PROPERTY OWNERS REPRESENTATIVE phone number.

PROPERTY LEASING AGENT: The person, broker or organization who represents the property owner as it's leasing agent.

PROPERTY LEASING AGENT'S REPRESENTATIVE: The person who either works as an employee or agent for the property leasing agent who would be called should the tenant require information, or property management services.

AREA CODE, TELEPHONE, EXTENSION: PROPERTY LEASING AGENT'S REPRESENTATIVE phone number.

RENT PAYMENT PAYABLE TO: Name of the person or organization to which the rent check is made payable.

RENT PAYMENT ADDRESS, CITY, STATE, ZIP: The name and address of the person or organization who should receive the rent check via mail.

CORRESPONDENCE NOTIFICATION ADDRESS, CITY, STATE, ZIP: The legal address of the Lessor where legal notices should be sent (i.e. change of mailing address, contact person, etc.).

LEASE EFFECTIVE DATE (MMDDYY): The date in which the lease becomes effective (ALSO KNOWN AS THE LEASE COMMENCEMENT DATE).

OCCUPANCY DATE (MMDDYY): The date in which the tenant (lessee) will or did occupy the leased space.

TERMINATION DATE (MMDDYY): The date the lease expires.

TOTAL TERM: The complete time the tenant occupies the space in years, months, and days.

HOLDOVER (monthly, daily, none): Basis for rent applied for occupying leased space after lease has expired.

OPTIONS (Y/N): Whether or not the tenant has an option to renew the lease.

NUMBER OF OPTION PERIODS: Total number of option periods a tenant has to renew the lease.

YEARS EACH OPTION: The number of years of each renewal option.
EXHIBIT 2.8 (continued)

NOTICE REQUIRED: The number of days prior to the expiration date of the lease the tenant must notify the landlord of its intent to renew.

OPTION FOR OTHER SPACE (Y/N): Whether or not tenant has the option to lease additional space throughout the term of the lease or any renewal.

DATE(S) OPTION(S) BEGINS, ENDS, OPTION NOTIFICATION DATE, DATE OPTION NOTIFICATION LETTER WAS SENT TO THE LANDLORD:

OPTION INFORMATION: Brief, general or specific comments regarding option items that are important to the lease.

RENT/PENALTY: Usually a % of the monthly rent charged by the Landlord if the Tenant payment is late.

CANCELLATION/PENALTY: If the tenant has the right to cancel the lease during or prior to the term expiration and if so what penalties shall be placed upon the tenant.

ESCALATION CLAUSE (Y/N): Y, if the rent/operating expenses, etc. escalates during the initial term or option periods of the lease.

DEPOSIT (Y/N), IF YES AMOUNT: If there is or isn't a security deposit and if so the amount in dollars.

PARKING PER 1000 SQ.FT.: Number of parking spaces per 1,000 square feet of leased space.

UPFIT ALLOWANCE (Y/N), AMOUNT: Y, if monies are allocated for the preparation for leased space and the amount per usable square foot.

IF YES, $ AMOUNT/USABLE SQUARE FOOT:

PURCHASE OPTION (Y/N): Whether or not there is an option to purchase the property.

FLOORS LEASED: The actual floor numbers leased (i.e. 16th & 17th FLOORS).

DATE OF AGREEMENT: Date the lease agreement was signed.

TOTAL LEASE COMMITMENT ($): The total amount due under the contract for the initial term of the lease. This amount is calculated on the base rent plus any planned escalations, if determinable.

RATE PER SQ.FT. PER YEAR ($/R.S.F.): How much the tenant pays per rentable square foot per year. This could be an automatically calculated amount.

BASE RENT PAYMENT PER MONTH ($): The base rent due to be paid by the tenant each month (R.S.F. x $/R.S.F./12 months).

OPERATING EXPENSE/MONTH ($): Monthly operating charged to the tenant by the landlord for monthly operating expenses (i.e. janitorial, maintenance, taxes, insurance, electrical, water, natural gas, property management fee, etc.).

COMMON AREA MAINTENANCE/MONTH ($): Monthly charge for common areas (i.e. site maintenance, snow removal, lawn care, insurance, etc.).

TOTAL COMMITMENT ANNUALLY ($):

TOTAL ANNUAL COMMITMENT DUE (MMDD): Used only if the tenant makes an annual rental payment.

OPTION PERIOD COST ($) : Rent for the option period.

OPTION PERIOD COST INFO.: Brief, general or specific comments describing anything about the option period in the lease which is unique.

TOTAL AREA: The total rentable square footage leased by the tenant.

OFFICE, WAREHOUSE, PRODUCTION AREA: The total rentable area broken up to show how the area will be used.

NET RENTABLE, NET UsABLE: To show how much of the total square feet will actually be utilized in the different area categories.

COMMON AREA FACTOR: A computed ratio (often the BOMA definition) which is the usually expressed in a percentage of usable to rentable sq. feet.
<table>
<thead>
<tr>
<th>PROPERTY AREA IN SQ.FT. &amp;/OR ACRES (for Ground Leases):</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDITIONAL AREA AFFECTED BY OPTION IN SQ.FT. AND ACRES: The total additional space which may be leased by lessee during term.</td>
</tr>
<tr>
<td>ESCALATION CLAUSE (Y/N): If yes, go on to escalation terms.</td>
</tr>
<tr>
<td>ESCALATION TERMS: Brief, general or specific comments which describe the terms in the lease which cause the base rental and/or other costs to increase during the term of the lease.</td>
</tr>
<tr>
<td>ESCALATION PERIODS: Y, if the rent/operating expenses, etc. escalates during the initial term or option periods of the lease.</td>
</tr>
<tr>
<td>PROPERTY TAX I.D. NO.: As assigned by the local or state taxing authority.</td>
</tr>
<tr>
<td>PROPERTY TAXES BY LESSEE (Y/N): Whether tenant does or doesn't pay property taxes as a separate cost in addition to the base rental, operating expenses, etc.</td>
</tr>
<tr>
<td>INSURANCE BY LESSEE (Y/N), COVERAGE ($)</td>
</tr>
<tr>
<td>SERVICES INCLUDED IN LEASE: The building or general maintenance services included in the lease as part of the base rent which may include:</td>
</tr>
<tr>
<td>NO SERVICES</td>
</tr>
<tr>
<td>JANITORIAL</td>
</tr>
<tr>
<td>LIGHTING</td>
</tr>
<tr>
<td>GROUNDS/C.A.M.</td>
</tr>
<tr>
<td>GENERAL COMMENTS: Brief, general or specific comments describing anything in the lease which is unique or special information.</td>
</tr>
<tr>
<td>COMPANY OR DIV. APPROVAL/DATE: Signature and date in which the transaction was approved at the company or division level.</td>
</tr>
<tr>
<td>BUSINESS UNIT APPROVAL/DATE: Signature and date in which the transaction was approved at the business unit level.</td>
</tr>
<tr>
<td>CORP. APPROVAL/DATE: Signature and date in which the transaction was approved at the corporate level.</td>
</tr>
</tbody>
</table>
**EXHIBIT 2.9**

**LEASED PROPERTY MASTER LISTING REPORT**

<table>
<thead>
<tr>
<th>Property BISU</th>
<th>X</th>
<th>COMP 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>SELECTION</td>
<td>STAT 01</td>
<td>ACCT 1000</td>
</tr>
<tr>
<td>BLDG 1000</td>
<td>PRCL 01</td>
<td></td>
</tr>
</tbody>
</table>

**AS OF: 06/18/___**

**REAL ESTATE FILE NUMBER:** X-100-01-1000-1000-01

**LEASED PROPERTY MASTER LISTING REPORT**

**PRINCIPLES OF CORPORATE REAL ESTATE**

**LEASED PROPERTY MASTER LISTING REPORT**

<table>
<thead>
<tr>
<th>Lease/Ground lease/Easement:</th>
<th>L</th>
<th>Dates:</th>
</tr>
</thead>
<tbody>
<tr>
<td>New lease/Extension/Renewal:</td>
<td>L</td>
<td>Submitted 04/07/___</td>
</tr>
<tr>
<td>Vacancy Approval:</td>
<td>Y</td>
<td>Changed 06/17/___</td>
</tr>
</tbody>
</table>

**Lease Name:** TEST PROP. FOR ABC CO. REAL ESTATE

**Business Unit:** ABC DIVISION

**Property Address:** 235 EAST WACKER DRIVE

**City/State/Zip.:** CHICAGO IL 60634-6578

**County:** COOK

**Country:** USA

**Location Manager:** SANDRA STEPHENS

**Phone:** (312) 555-5432 ext. 2345

**Legal Review By:** ROBERT ADAMS 03/15/___

**Financial Review By:** KATHRYN SMITH 04/13/___

**Auth. Request required:** N

**Auth. Request approved:** N

**Internal Letter Only:** Y 10/12/___

**Owner's Representative:** WILLIAMS INVESTMENTS, INC.

**Phone:** (312) 555-3209 ext. 4309

**Payable To:** PROFESSIONAL BROKERAGE COMPANY

**Correspondence:** PROFESSIONAL BROKERAGE COMPANY

**Address:** P. O. BOX 329856

**City/State/Zip.:** CHICAGO IL 60634-9856

**Rent Payment Effective:** 06/18/___

**Term:** Months: 0

**Rent Payment Total Years:** 5

**Occupancy:** 06/15/___

**Termination:** 06/30/___

**Days Notice Required:** 180

**Option For Other Space:** Y (If Yes, See Lease)

**Option For Purchase:** Y (If Yes, See Lease)

**Exercise Notification:**

<table>
<thead>
<tr>
<th>Option</th>
<th>Information</th>
<th>Option</th>
<th>To Landlord:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>ABC COMPANY HAS THE RIGHT OF FIRST REFUSAL</td>
<td>Begins</td>
<td>Ends</td>
</tr>
<tr>
<td></td>
<td>ON 20,000 R.S.F. ON THE 3RD FLOOR, 8,000 R.S.F.</td>
<td>07/01/___</td>
<td>06/30/___</td>
</tr>
<tr>
<td></td>
<td>IN THE BASEMENT</td>
<td>Deadline</td>
<td>Sent</td>
</tr>
<tr>
<td></td>
<td>2. ABC CO. HAS THE OPTION TO PURCHASE THE BUILDING ON 07/01/13. LANDLORD MUST BE NOTIFIED 180 DAYS IN ADVANCE - BY 01/01/13</td>
<td>01/01/___</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IF ABC CO. WILL PURCHASE THE BUILDING</td>
<td>01/01/___</td>
<td></td>
</tr>
</tbody>
</table>

**Rent/Penalty:** 5% OF MO. AMOUNT DUE

**Cancellation/Penalty:** NPV OF BALANCE OF RENT @ 10% + 12%
## EXHIBIT 2.9 (continued)

### LEASED PROPERTY MASTER LISTING REPORT

<table>
<thead>
<tr>
<th>PROPERTY BISU X COMP 100</th>
<th>SELECTION STAT 01 ACCT 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>AS OF: 06/18/__</td>
<td></td>
</tr>
<tr>
<td>REAL ESTATE FILE NUMBER: X-100-01-1000-1000-01</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deposit: Y Amount $ 10,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking/1000 Sq. Ft.: 3.21</td>
</tr>
<tr>
<td>Upfit Allowance: Y Amount $ 345,245.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deposit: Y Amount $ 10,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking/1000 Sq. Ft.: 3.21</td>
</tr>
<tr>
<td>Upfit Allowance: Y Amount $ 345,245.00</td>
</tr>
</tbody>
</table>

- **Total Lease Commitment**: $3,500,000.00
- **Rate/Rentable Sq.Ft./YR**: $20.00
- **Base Rent Payment/Month**: $58,333.33
- **Operating Expense/Month**: $8,056.82
- **Common Area Maint/Month**: $121.34

### Common Area:
- Property Area...: 91,868 Sq. Ft. OR 2.109 Acres
- Factor.....: 10.121%

#### Escalation Clause:
- **Rent will escalate at a rate of 3% PER YEAR.**
- **Expense Stop is $6.30.**

#### Terms:
1. Rent will escalate at a rate of 3% PER YEAR.
2. Expense stop is $6.30.
3. For the option periods, the rent for the 1st and 2nd options will be market.
4. At the end of the initial 5 year term, the rent will increase by $1.50/YR.

### Property Tax I.D. Number: 373-2149-12-04
- Last Year: 12/31/__ $12,143.59
- This Year: 12/31/__ $13,238.12
- Next Year: 12/31/__ $15,000.00

### Services Included:
- 0 - No Svcs Incl
- 2 - HVAC
- 4 - Plumbing
- 6 - Roofing
- 8 - Lighting
- 1 - Janitorial
- 3 - Electrical
- 5 - Grounds
- 7 - Signage
- 9 - Exterior

### General Comments:
1. Original space design by: INTERIOR DESIGN OF CHICAGO.
2. BLDG. PLANS LOCATED IN FACILITY DEPT.
3. Entire building is being upgraded from the lobby to the penthouse.
4. The building fitness center is available at no cost to ABC Co. employees.
# EXHIBIT 2.10
OWNED PROPERTY SYSTEM INPUT SHEET

<table>
<thead>
<tr>
<th>REAL ESTATE FILE NO:</th>
<th>PAGE 1 OF 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS UNIT ------</td>
<td>[ ]</td>
</tr>
<tr>
<td>COMPANY NO.---------</td>
<td>[ ___ ]</td>
</tr>
<tr>
<td>STATE NO.--------</td>
<td>[ ___ ]</td>
</tr>
<tr>
<td>ACCOUNT NO.--------</td>
<td>[ ___ ]</td>
</tr>
<tr>
<td>DATE SUBMITTED:</td>
<td></td>
</tr>
<tr>
<td>LAST DATE OF CHANGE:</td>
<td></td>
</tr>
<tr>
<td>SURPLUS</td>
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<tr>
<td>APPROVAL:</td>
<td></td>
</tr>
<tr>
<td>BLDG. NO.</td>
<td>[ ___ ]</td>
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<tr>
<td>PARCEL NO.---------</td>
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<td>LAST DATE OF CHANGE:</td>
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<tr>
<td>SURPLUS</td>
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<tr>
<td>APPROVAL:</td>
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## PROPERTY INFORMATION

<table>
<thead>
<tr>
<th>LOCATION</th>
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<tbody>
<tr>
<td>NAME: [ ___ ]</td>
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<tr>
<td>UNIT/DIVISION: [ ___ ]</td>
</tr>
<tr>
<td>PROPERTY NUMBER: [ ___ ]</td>
</tr>
<tr>
<td>NUMBER OF FLOORS: [ ___ ]</td>
</tr>
<tr>
<td>ADDRESS: [ ___ ]</td>
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<tr>
<td>COUNTRY DEFAULT IS &quot;USA&quot;</td>
</tr>
<tr>
<td>COUNTY: [ ___ ]</td>
</tr>
<tr>
<td>COUNTRY: [ USA ]</td>
</tr>
<tr>
<td>CITY: [ ___ ]</td>
</tr>
<tr>
<td>STATE: [ ___ ]</td>
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<tr>
<td>ZIP: [ ___ ]</td>
</tr>
<tr>
<td>LOCATION MANAGER: [ ___ ]</td>
</tr>
<tr>
<td>AREA CODE: [ ___ ]</td>
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<tr>
<td>TELEPHONE: [ ___ ]</td>
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<tr>
<td>EXTENSION: [ ___ ]</td>
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<tr>
<td>E-MAIL: [ ___ ]</td>
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<tr>
<td>TYPE OF FACILITY: [ ___ ]</td>
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<tr>
<td>LEGAL REVIEW BY: [ ___ ]</td>
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<tr>
<td>DATE: [ ___ ]</td>
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<tr>
<td>FINANCIAL REVIEW BY: [ ___ ]</td>
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<tr>
<td>DATE: [ ___ ]</td>
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<tr>
<td>A/R REQUIRED (Y/N) [ ]</td>
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<td>IL ONLY (Y/N) [ ]</td>
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<td>IF Y, DATE: [ ___ ]</td>
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<td>BUILDING: [ ___ ]</td>
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<td>SQ.FT. OTHER: [ ___ ]</td>
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<td>SURVEY/ PLOT AVAILABLE (Y/N) [ ]</td>
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<td>DATE: [ ___ ]</td>
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<td>PICTURES AVAILABLE (Y/N) [ ]</td>
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<td>PROPERTY TAXES: LAST YEAR [ ___ ]</td>
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<td>THIS YEAR [ ___ ]</td>
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<td>NEXT YEAR [ ___ ]</td>
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## MORTGAGE INFORMATION

| MORTGAGE DATED: [ ___ ] |
| AMOUNT OF: $ [ ___ ] |
| AT [ ___ ] % FOR [ ___ ] YRS. [ ___ ] MONTHS |
| PAYOFF DATE: [ ___ ] |
| MONTHLY PAYMENT: $ [ ___ ] |
| [ ___ ] MONTHS |
**OWNED PROPERTY SYSTEM INPUT SHEET**

**REAL ESTATE FILE NO:**

**OWNED PROPERTY SYSTEM INPUT SHEET**

**MORTGAGE INFORMATION (continued)**

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**TITLE INFORMATION**

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<th>QUITCLAIM:</th>
<th>GRANT:</th>
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<td>(Y/N) [ ]</td>
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<td>(Y/N) [ ]</td>
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<th>SELLER:</th>
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<th>EASEMENTS AFTER PURCH.</th>
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<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
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**GENERAL COMMENTS:**

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<tbody>
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<td>(Y/N) [ ]</td>
<td>(Y/N) [ ]</td>
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<table>
<thead>
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<th>UNIT APPROV./DATE:</th>
<th>CORP. APPROV./DATE:</th>
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<tbody>
<tr>
<td>[ / ] [ / ] [ ]</td>
<td>[ / ] [ / ] [ ]</td>
<td>[ / ] [ / ] [ ]</td>
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</table>
EXHIBIT 2.11
OWNED PROPERTY SYSTEM DEFINITIONS

The following are commonly used owned property definitions used to describe real estate phrases within a Real Estate Management System program and are used for the enclosed input sheets for owned properties (see Exhibits 2.10 & 2.12).

**RE FILE NO:** Real Estate ID number for each individual owned location consists of a Business Unit Letter, Company Number, State Number, Account or Responsibility Number, Building Number and a Parcel Number:

- **BUSINESS UNIT** (A,B,C,E, etc.): 1 letter showing which business unit within the corporation the location belongs.

  **Business Unit Key:**
  - A = Specific Business Unit which has the authority to purchase it's own property.
  - B = Specific Business Unit which has the authority to purchase it's own property.
  - C = Properties the parent Corporation owns.
  - E = Specific Business Unit which has the authority to purchase it's own property.

- **COMPANY NO** (000): Up to 3 numbers designating which company within the specific business unit owns the location.

- **STATE NO** (00): 2 numbers representing the state or country where the property is located.

- **ACCOUNT OR RESPONSIBILITY NO** (0000): Up to 4 numbers designating which account or responsibility center has the budget for the owned property.

- **BLDG NO** (0000): Up to 4 numbers which usually represents the specific property, location, structure or asset.

- **PARCEL NO** (00): Up to 2 numbers representing the parcel the building is located upon (i.e., a building or location may include one or more parcels).

- **DATE SUBMITTED (MMDDYY):** The initial date the information was input into the system.

- **LAST DATE OF CHANGE (MMDDYY):** The last date the information was revised in the system. This is should be automatically done by the system software.

- **SURPLUS APPROVAL (Y/N):** A "Y" in this box means that this property is not being used, that the Senior Management has approved disposal of the property and that the property has been approved as surplus property for disposal.

- **LOCATION NAME:** The name which the business unit commonly calls this location or property.

- **BUSINESS UNIT:** The name of the Business Unit/tenant (i.e. the Business Unit/the Company within the Business Unit which occupies the space).

- **PROPERTY ADDRESS, CITY, STATE, ZIP, COUNTY, COUNTRY:** Street address for the location/owned premises.

- **NUMBER OF FLOORS:** Total number of floors occupied at this owned property.

- **LOCATION MANAGER:** The name of the Business Unit or Corporation person/facility manager responsible for the day to day management of the property.

- **AREA CODE, TELEPHONE, EXTENSION:** The phone number of the LOCATION MANAGER.

- **TYPE OF FACILITY (Office/Warehouse, etc.):** A brief explanation of the intended use for the space.

- **LEGAL REVIEW BY, DATE (MMDDYY):** If a legal review was made, who within the business unit did the review and the date of completion.

- **FINANCIAL REVIEW BY, DATE (MMDDYY):** If a financial review was made, who within the business unit did the review and the date of completion.
EXHIBIT 2.11 (continued)

A/R REQUIRED (Y/N): Is an Authorization Request for funds required?

A/R APPROVED (Y/N): Has an A/R been approved? If Y, date of approval.

IL ONLY (Y/N): If there is an Internal Letter rather than an A/R required.

DATE (MMDDYY): Date the IL was approved.

TOTAL ACREAGE, LAND, BUILDING, SQ.FT., OTHER: The total area effected by the purchase contract.

TOPO AVAILABLE (Y/N), DATE (MMDDYY):

SURVEY/ PLOT PLAN AVAILABLE (Y/N), DATE (MMDDYY):

APPRaised VALUE ($) : The assessed value of the effected area.

APPRAISAL DATE (MMDDYY): The date of the appraisal.

PICTURES AVAILABLE (Y/N): Whether or not there are pictures of the property or location.

ZONING JURISDICTION: What city or county has authority for zoning.

ZONED: State the zoning of the effected area.

INSURANCE COVERAGE: State what minimum coverage is required by corporation management.

PROPERTY TAX I.D. NO.: As assigned by the local state taxing authority.

PROPERTY TAXES: These fields list the current, previous and projected annual taxes.

MORTGAGE DATED: If a mortgage has been taken out against the property and/or facility on the property.

MORTGAGE AMOUNT ($), @ ___.___% INTEREST, FOR ___ YRS. ___ MOS.: MORTGAGE PAYMENT DUE DATE (MM/DD/YY):

MORTGAGE PAYMENT PAYABLE TO: Name of the person or organization to which the mortgage check is made payable.

MORTGAGE PAYMENT ADDRESS, CITY, STATE, ZIP: The name and address of the person or organization who should receive the mortgage check via mail.

CORRESPONDENCE NOTIFICATION ADDRESS, CITY, STATE, ZIP: The legal address of the mortgagor where legal notices should be sent (i.e. change of mailing address, contact person, etc.).

DEED DATED (MMDDYY): The date the deed was signed.

RECORDED (MMDDYY): The date the deed was recorded.

DEED BOOK VOLUME: The volume number in which the deed was recorded.

DEED BOOK PAGE: The page in the deed book where the deed was recorded.

TOTAL PURCHASE PRICE ($) : The total amount paid for the property.

PURCHASE DATE (MMDDYY): The date of closing or the date the property was purchased.

BOOK VALUE: LAND: Includes purchase price, closing fees, surveys, etc.

BOOK VALUE: IMPROVEMENTS & DATE (MMDDYY): Total $ Amount of improvements to the property and the date the amount was posted.

GENERAL WARRANTY, SPECIAL WARRANTY, GRANT, QUITCLAIM: To show if any of these agreements are included with the purchase papers.
EXHIBIT 2.11 (continued)

**TITLE INSURANCE (Y/N), AMOUNT ($):** If there is or isn't title insurance on the property and if so how much.

**PURCHASER:** Who (BUSINESS UNIT/DIVISION) purchased the property?

**SELLER:** The previous property owner.

**EASEMENT(S) AT PURCHASE (Y/N):** If Y, see file.

**EASEMENTS AFTER PURCHASE (Y/N):** If Y, see file.

**GENERAL COMMENTS:** Brief, general or specific comments describing anything in the deed or about the property that is of special interest.

**COMPANY OR DIV. APPROVAL/DATE:** Signature and date in which the transaction was approved at the division level.

**BUSINESS UNIT APPROVAL/DATE:** Signature and date in which the transaction was approved at the business unit level.

**CORP APPROVAL/DATE:** Signature and date in which the transaction was approved at the corporate level.
**OWNED PROPERTY MASTER LISTING REPORT**

**MASTER LISTING BY REAL ESTATE FILE NUMBER**

<table>
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<tr>
<th>PROPERTY</th>
<th>BISU</th>
<th>X</th>
<th>COMP</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>SELECTION</td>
<td>STAT</td>
<td>05</td>
<td>ACCT</td>
<td>1005</td>
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**REAL ESTATE FILE NUMBER:** X-100-05-1005-0823-12

**Location Name:** TEST PROP. FOR ABC CO. OWNED PROPERTY

**Business U./Div.:** ABC DIVISION

**Property Address:** 334 EAST WACKER DRIVE

**City/State/Zip:** CHICAGO, IL 60634-6578

**County/Country:** COOK, USA

**Location Manager:** SANDRA STEPHENS, FACILITY MANAGER

**Phone:** (312) 555-5432 ext. 2345

**E-mail Address:** sstephens@abc.com

**Legal Review By:** ROBERT ADAMS 01/06/__

**Financial Review By:** KATHERYN SMITH 03/21/__

**Survey/Plot Plan Available:** Y 05/08/__

**Appraised Value:** $ 12,345,678.00 08/08/__

**Topo Available:** Y 05/07/__

**Zoning Jurisdiction:** CHICAGO, Zoned: O-1

**Mortgage Dated:** 06/12/00

**Deed Dated:** 06/12/00

**Purchase Price:** $ 8,065,432.01

**Book Value:** $ 2,665,872.09

**Improvements:** $ 5,348,625.00

**Mortgage Payable To:** FIRST UNITED SAVINGS AND LOAN ASSOCIATION OF GREATER CHICAGO

**Mortgage Payment Address:** FIRST UNITED SAVINGS AND LOAN ASSOCIATION

**Deed Recorded:** 06/06/__

**Deed Volume:** 65-2375

**Page:** 4321

**Property Tax I.D. No.:** 373-2149-11-43

**Property Taxes:**

- **Last Year:** 12/31/__ $ 112,345.11
- **This Year:** 12/31/__ $ 127,853.14
- **Next Year:** 12/31/__ $ 130,000.00

**Insurance Coverage:** $10,000,000.00

**Easement(s) At Purchase:** Y

**Easement(s) After Purchase:** N

**General Warranty:** Y

**Special Warranty:** N

**Quitclaim:** N

**Grant:** N

**Seller:** RAYSON DEVELOPMENT

**Title Insurance:** Y

**Purchaser:** ABC COMPANY

**General Warranty At Purchase:**

1. **THIS BUILDING HAS BEEN PURCHASED TO PROVIDE A HEADQUARTERS FOR ABC CO.**
2. **THE ENTIRE BUILDING WAS RENOVATED IN 2087 BY RAYSON DEVELOPMENT.**
3. **PARKING FOR ABC MANAGEMENT AND STAFF WAS INCLUDED IN THE PURCHASE FOR 200 SPACES AT 330 EAST WACKER DRIVE.**
4. **ASBESTOS WAS REMOVED IN 19__.**

**Comments: Easement(s) At Purchase:** Y If Yes, See Deed

**Easement(s) After Purchase:** N If Yes, See File

**Approval**

- **Division:** JANE M. SIMPSON, V.P.
- **Bus. Unit:** RICHARD P. FRYE, SR. V.P.

**Date:**

- **10/18/__**
- **10/18/__**
- **10/18/__**

**Division:** PHILLIP S. MILLER, EXEC. V.P.
### EXHIBIT 2.13

**ABC COMPANY LEASED VACANT PROPERTY**

<table>
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<td>DIVISION HEADQUARTERS</td>
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<td>6 MONTHS RENT &amp; SEE LEASE</td>
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### EXHIBIT 2.14

**ABC COMPANY OWNED SURPLUS PROPERTY**

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<td>GA-O-214-1121-1237-00</td>
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<td>5.243</td>
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<td>S.E. REGION HEADQUARTERS</td>
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### EXHIBIT 2.15

**(USER DEFINED REPORT)**

**ABC COMPANY**

**ALL LEASED PROPERTY IN CHICAGO, IL**

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<th>REAL ESTATE FILE NO.</th>
<th>LOCATION NAME</th>
<th>LEASE EXPIRATION</th>
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<th>MONTHLY/ YEARLY COMMITMENT</th>
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<td>CHICAGO DIVISION HEADQUARTERS</td>
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<td>$818,537.88</td>
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<td>IL-A-712-1000-1210-00</td>
<td>CHICAGO DISTRIBUTION CENTER</td>
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<td>175,000</td>
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<td>$25,500.00</td>
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<td>IL-A-329-1000-1000-00</td>
<td>CHICAGO-O'HARE SERVICE OFFICE</td>
<td>06/15/__</td>
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<td>$600,000.00</td>
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<td>IL-A-413-1000-1210-00</td>
<td>CHICAGO-DOWNTOWN COMPUTER CTR</td>
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# ABC COMPANY REAL ESTATE PROPERTY INVENTORY

Loaded In the Real Property Information System As Of June 18, 20__

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<td>Total</td>
<td>96</td>
<td>52</td>
<td>112</td>
<td>169</td>
<td>3,206</td>
<td>3,615</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Retail Division</th>
<th>Western Region:</th>
<th>Calif.</th>
<th>Wash.</th>
<th>Texas</th>
<th>Western Region Hq.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Leased</td>
<td>118</td>
<td>8</td>
<td>118</td>
<td>1</td>
<td>245</td>
<td></td>
</tr>
<tr>
<td>Total Subleased</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total Owned</td>
<td>153</td>
<td>182</td>
<td>165</td>
<td>0</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>271</td>
<td>200</td>
<td>283</td>
<td>1</td>
<td>745</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. Retail Division</th>
<th>Central Region:</th>
<th>Mo.</th>
<th>Minn.</th>
<th>Ky.</th>
<th>Il.</th>
<th>Central Region Hq.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Leased</td>
<td>44</td>
<td>41</td>
<td>10</td>
<td>5</td>
<td>1</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Total Subleased</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total Owned</td>
<td>372</td>
<td>298</td>
<td>84</td>
<td>115</td>
<td>0</td>
<td>869</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>427</td>
<td>341</td>
<td>14</td>
<td>120</td>
<td>1</td>
<td>973</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Leased</td>
<td>60</td>
<td>108</td>
<td>76</td>
<td>00</td>
<td>35</td>
<td>0</td>
<td>369</td>
<td></td>
</tr>
<tr>
<td>Total Subleased</td>
<td>3</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Total Owned</td>
<td>132</td>
<td>188</td>
<td>150</td>
<td>171</td>
<td>84</td>
<td>1</td>
<td>726</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>205</td>
<td>304</td>
<td>229</td>
<td>261</td>
<td>120</td>
<td>1</td>
<td>1,109</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E. Retail Division:</th>
<th>Hq.</th>
<th>I.S.</th>
<th>Office Svcs.</th>
<th>Ware. Dist.</th>
<th>Credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Leased</td>
<td>1</td>
<td>9</td>
<td>67</td>
<td>9</td>
<td>57</td>
<td>143</td>
</tr>
<tr>
<td>Total Subleased</td>
<td>0</td>
<td>13</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>Total Owned</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>87</td>
<td>01</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>24</td>
<td>68</td>
<td>10</td>
<td>145</td>
<td>249</td>
</tr>
</tbody>
</table>

Notes:
*This company has been sold and these properties will be deleted from the Database on June 22, 20__. 
### EXHIBIT 2.17

**ABC COMPANY OFFICE FACILITIES SUMMARY**

As of June 18, 20__

<table>
<thead>
<tr>
<th>Divisions</th>
<th># Of Leased Offices</th>
<th>Total Leased Office Sq. Ft.</th>
<th># Of Owned Offices</th>
<th>Total Owned Office Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) ABC Company</td>
<td>27</td>
<td>349,103</td>
<td>2</td>
<td>122,346</td>
</tr>
<tr>
<td>2) Battery</td>
<td>33</td>
<td>720,567</td>
<td>0</td>
<td>74,238</td>
</tr>
<tr>
<td>3) Tire</td>
<td>83</td>
<td>541,672</td>
<td>4</td>
<td>59,534</td>
</tr>
<tr>
<td>4) Retail</td>
<td>101</td>
<td>1,141,169</td>
<td>88</td>
<td>78,415</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>244</strong></td>
<td><strong>2,752,511</strong></td>
<td><strong>14</strong></td>
<td><strong>334,533</strong></td>
</tr>
</tbody>
</table>

### EXHIBIT 2.18

**ABC COMPANY LEASED OFFICE FACILITIES SQUARE FOOTAGE AND TOTAL VALUE SUMMARY**

As of June 18, 20__

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Total Leased Offices</th>
<th>Total Leased Office Square Footage</th>
<th>Monthly Operating Expenses</th>
<th>Yearly Operating Expenses</th>
<th>Annual Lease Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) ABC Co.</td>
<td>27</td>
<td>349,103</td>
<td>$373,425</td>
<td>$4,481,100</td>
<td>$6,713,486</td>
</tr>
<tr>
<td>2) Battery</td>
<td>33</td>
<td>720,567</td>
<td>$09,011</td>
<td>$1,208,132</td>
<td>$11,216,448</td>
</tr>
<tr>
<td>3) Tire</td>
<td>83</td>
<td>541,672</td>
<td>$57,527</td>
<td>$600,324</td>
<td>$17,624,413</td>
</tr>
<tr>
<td>4) Retail</td>
<td>101</td>
<td>1,141,169</td>
<td>$52,817</td>
<td>$633,804</td>
<td>$12,127,127</td>
</tr>
<tr>
<td>5) Filter*</td>
<td>96</td>
<td>1,069,709</td>
<td>$ ---</td>
<td>$ ---</td>
<td>$407,739</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>340</strong></td>
<td><strong>3,822,220</strong></td>
<td><strong>$583,680</strong></td>
<td><strong>$7,004,160</strong></td>
<td><strong>$48,009,213</strong></td>
</tr>
</tbody>
</table>

**Notes:**

*These properties will be deleted from the Database on June 22, 20__
NOTES
THREE

SELECTING A REAL ESTATE BROKER

- Real Estate Broker expertise
- Real Estate Broker selection process

Real Estate Broker Expertise

Unless you have a very small requirement or will be acquiring or disposing of property from or to another division within your corporation, you may choose to on call one or more licensed commercial real estate brokers to assist you. You may find that there is a belief within your corporation that by not using a real estate broker and working directly with the landlord or the property owner a better "deal" can be achieved because the landlord or owner will not have to pay your broker a commission. In theory it may sound easy, but in practice it is not realistic to expect or confirm any savings.

Dealing directly with the landlord or owner may be the way to go if you are adding a small space to your current leased space. But when you are getting started in corporate real estate, your time, knowledge of the local and out of town markets, and real estate expertise is limited. A well qualified, seasoned, knowledgeable, professional real estate broker can help you and provide you with years of hard won experience and counsel that will probably not be available to you from your legal counsel, customer, or anyone within your corporation.

The real estate broker serves as your expert and resource on the health and availability of real estate in the local or other geographical markets (see Exhibits 3.1, 3.2, and 3.5). His or her knowledge and contacts for the type of real estate you are seeking to acquire or dispose of can help you successfully identify potential real estate sites, and help you successfully acquire real estate in a timely manner that meets your customer's requirements.

With few exceptions, a corporation purchases property for a specific requirement. Exhibits 3.1 and 3.2 provides information which a real estate broker can provide which you may need to obtain before beginning an analysis of available sites. Each property must be evaluated in light of this requirement and how the corporation will use and improve the property.

The Lease Property Market Survey (Exhibit 3.1) may be prepared on a number of office buildings for lease in a particular section of a metropolitan area. The Survey provides competitive information on five office buildings and a comparison of items which are important for your and your customer's evaluation. This survey provides important objective information of one property versus another and the additional information at the bottom of the survey provides some subjective information about each site and the seller.

Exhibit 3.2 is a Purchase Property Market Survey which may be prepared on a number of office buildings and sites for sale in a particular section of a metropolitan area. The Survey provides competitive information on five office buildings and a comparison of items which are important for your and your customer's evaluation. This survey provides important objective information of one property versus another and the additional information at the bottom of the survey provides some subjective information about each site and the seller.

Also, a knowledgeable real estate broker can provide geographical cost information similar to Exhibit 3.5 for different locations in the U.S. for a specific application. The key variables to review are land cost, site development cost, fees and building cost, taxes, and utility/operating cost for each location. The right hand of the analysis provides a variety of land
Principles of Corporate Real Estate

acreages and building sizes to obtain a total land acquisition and capital/building cost. This analysis provides basic locational cost information in your review of possible sites. Remember that these costs are only for development of the facility. The cost of living, availability of a trained workforce, transportation, housing, income taxes and many other business and operational issues must also be obtained and included before making a final selection.

There are also a growing number of tenant representation brokers who market their services as a consultant. These brokers will represent you for a fee for services in lieu of the landlord or seller paying them a commission. A number of companies also market their services as real estate counselors or corporate real estate advisory services who as a consultant usually work on very large, complex requirements to lease, sublease, acquire or dispose of property.

### Real Estate Broker Selection Process

Selecting, "training" and using the right real estate broker is a very important process which you should complete ideally before a customer asks for your help on a real estate assignment. The process is in many ways similar to how you may have selected a design firm or general contractor for on-going facility management requirements.

Each metropolitan area will have a number of qualified, professional, commercial real estate firms who understand the local market and have contacts in other metropolitan areas if you have an out of town requirement. Check with your management, other facility managers, other corporate real estate managers, bankers and landlords to identify real estate brokerage firms who have the best real estate and customer service reputation. If you are currently using a brokerage firm which you "inherited" or one your customer wishes to use, are they providing the services you need and are they included as one of the best as indicated from your poll (see Exhibit 18)?

The object of this research is to identify a firm which will increase your capabilities and effectiveness, save you time and increase your efficiency. This should help to create value for your company by using their services and to develop an on-going professional relationship that is in place before you have a specific real estate requirement. Develop a presentation format and invite a number of the best brokerage firms you have identified to make presentations. Your review of their presentation and credentials may include their:

- Customer service orientation
- Available in-house services
  - Research capability
  - Real estate financial analysis capability
  - Marketing skills
  - Sales
  - Leasing
  - Subleasing
  - Property management
  - Construction management
  - Specializations (Office, Industrial, Warehouse, etc.)
- Contacts with other brokers in other cities
- History and ownership of the brokerage company
- Experience as brokers
- Experienced brokers
- Financial capability
- Follow-up procedures
- Request For Proposal (RFP) capability
- Methods of compensation for services
  - % Fee from the landlord
  - Consulting fee from the corporate customer
- Means of measuring their performance and service
- Reputation and references.
After this review, select the best two or three firms to determine how well you feel they:

- Will be sensitive and flexible in quickly adapting themselves to you and your customers special needs.
- Will listen and will act to provide creative alternatives if the requirement runs into major problems.
- Will work with you and your customers. Is this a good match?
- Are able to use the in-house real estate and financial analysis expertise they profess to have.

It is usual for the broker's commission for services to be paid by the landlord (leased property) or by the seller (purchased property). The broker's commission for leased property is usually a percentage of the total rent to be paid over the term of the lease and for purchased property, it is often a percentage of the total purchase price (see Exhibit 3.4). Also, many corporate real estate managers are now using the brokerage selection process to leverage their company's singular or multiple real estate requirements to obtain service and/or financial concessions from the brokerage company they select. Depending upon your agreement with your broker including the reduction of risk to the broker, the commission fee paid by the landlord can be used by your broker to assist your corporation to secure an improved concession package for your customer and corporation. This may include by may not be limited to:

- Lower initial rent
- Additional free rent
- Additional design, construction or moving allowance(s)
- Relocation and/or telecommunication services
- Etc.

When you feel comfortable that one or possibly two firms can provide the real estate services and/or financial concessions you desire, make a selection and begin the commitment and investment process. The commitment is between you and the brokerage firm where you and they agree to invest the time necessary to learn about each other and your corporation. This can include the history of your corporation, the corporation's business and how it is organized, the decision making process, it's position in the market place, and the competition.

Your broker should clearly understand your mission and how your department provides services to the corporation and your customers, your quality, excellence, and service requirements including performance measurement and standards of service. The broker's role and the services you expect should be thoroughly reviewed including your and their post-occupancy performance review of how well the requirement was satisfied and any adjustments that should be made before the next assignment.

As with a design or construction project, the real estate requirement must be managed through strong lines of communication between all members of the team so that everyone understands the mission, what is to be accomplished, and who is responsible for specific actions based upon an agreed upon schedule. I recommend that you work primarily through one senior person from the brokerage firm you have selected who will be your prime contact and will be responsible for coordinating all activities with you.
**EXHIBIT 3.1**

**LEASE PROPERTY: MARKET SURVEY**

<table>
<thead>
<tr>
<th>Date: 06/25/20__</th>
<th>BLDG. 1</th>
<th>BLDG. 2</th>
<th>BLDG. 3</th>
<th>BLDG. 4</th>
<th>BLDG. 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MARKET SURVEY ITEMS</strong></td>
<td>Park Plaza</td>
<td>201 Union Tower</td>
<td>Westfield Place</td>
<td>Sutton Building</td>
<td>Crown Square</td>
</tr>
<tr>
<td>Building Name</td>
<td>A</td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>A</td>
</tr>
<tr>
<td>Building Quality (A, B, or C)</td>
<td>Main St. Ltd.</td>
<td>Wright &amp; Partners</td>
<td>Associated Developers</td>
<td>Metro Properties</td>
<td>Brown &amp; Thomas</td>
</tr>
<tr>
<td>Landlord</td>
<td>Major Life Insurance</td>
<td>Western Casualty</td>
<td>Chicago Nat'l. Bank</td>
<td>Metro Properties</td>
<td>Teacher's Pension Fund</td>
</tr>
<tr>
<td>Financial Partner</td>
<td>258,000</td>
<td>487,400</td>
<td>281,500</td>
<td>110,700</td>
<td>879,550</td>
</tr>
<tr>
<td>Total Building Rentable Sq. Ft.</td>
<td>78.3%</td>
<td>85.2%</td>
<td>67.8%</td>
<td>59.6%</td>
<td>62.4%</td>
</tr>
<tr>
<td>Building Occupancy %</td>
<td>55,986</td>
<td>72,137</td>
<td>00,562</td>
<td>44,723</td>
<td>330,711</td>
</tr>
<tr>
<td>Available Rentable Sq. Ft.</td>
<td>21,500</td>
<td>23,210</td>
<td>18,750</td>
<td>110,700</td>
<td>25,150</td>
</tr>
<tr>
<td>Floor Plate Size (R.S.F.)</td>
<td>12</td>
<td>21</td>
<td>15</td>
<td>6</td>
<td>35</td>
</tr>
<tr>
<td>Number of Floors</td>
<td>1.143</td>
<td>1.112</td>
<td>1.136</td>
<td>1.162</td>
<td>1.122</td>
</tr>
<tr>
<td>Efficiency Factor (rsf/usf)</td>
<td>$18.00</td>
<td>$20.50</td>
<td>$15.00</td>
<td>$12.00</td>
<td>$23.00</td>
</tr>
<tr>
<td>Rate Per Rentable Square Foot</td>
<td>5% / yr.</td>
<td>C.P.I.</td>
<td>3% / yr.</td>
<td>$1.5/rsf/yr</td>
<td>7% / yr.</td>
</tr>
<tr>
<td>Rent Escalation</td>
<td>$8.10</td>
<td>$7.05</td>
<td>$6.50</td>
<td>$7.73</td>
<td>$9.12</td>
</tr>
<tr>
<td>Operating Expense Cost Per RSF</td>
<td>Adjacent</td>
<td>2 North</td>
<td>1 South</td>
<td>3 East</td>
<td>2 West</td>
</tr>
<tr>
<td>Blocks From ABC Building</td>
<td>6 yrs.</td>
<td>7 yrs.</td>
<td>10 yrs.</td>
<td>14 yrs.</td>
<td>6 mos.</td>
</tr>
<tr>
<td>Building Age</td>
<td>9&quot; - 0&quot;</td>
<td>8&quot; - 6&quot;</td>
<td>8&quot; - 6&quot;</td>
<td>8&quot; - 3&quot;</td>
<td>9&quot; - 0&quot;</td>
</tr>
<tr>
<td>Floor to Ceiling Height</td>
<td>$22.00</td>
<td>Turnkey</td>
<td>$15.00</td>
<td>Work Ltr.</td>
<td>$27.50</td>
</tr>
<tr>
<td>Improvement Allowance/U.S.F.</td>
<td>12 months</td>
<td>9 months</td>
<td>10 months</td>
<td>5 months</td>
<td>12 mos.</td>
</tr>
<tr>
<td>Free Rent On Five Year Term</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Expansion Options</td>
<td>No</td>
<td>Unknown</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Cancellation Option Available</td>
<td>Card Access</td>
<td>Sign In/Out</td>
<td>Key and After Hrs.</td>
<td>After Hrs. Only</td>
<td>24 Hrs./On Site</td>
</tr>
<tr>
<td>Building Security</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Sprinklered</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Conference Room/Facility</td>
<td>On Site Parking Available</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Available Parking Cost/Space</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Available Parking Space</td>
<td>$3.15/day</td>
<td>$2.25/day</td>
<td>$2.75/day</td>
<td>No cost</td>
<td>$3.50</td>
</tr>
<tr>
<td>Food Service</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Computer Room Available</td>
<td>Yes/5th Fl.</td>
<td>No</td>
<td>Yes/Bsmnt.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Freight Elevator</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Loading Dock</td>
<td>Yes/3 bays</td>
<td>Yes/2 bays</td>
<td>Yes/2 bays</td>
<td>No</td>
<td>Yes/4 bays</td>
</tr>
</tbody>
</table>

**Additional Market Survey Information:**

**Building 1** - Landlord has been aggressively marketing the building as a number of the 1st five year tenants have left the building. Building includes a quality sit down sandwich shop and is frequented by building tenants and tenants from adjacent buildings. No asbestos.

**Building 2** - Landlord's Financial Partner has previously taken 3 to 6 months to review each proposal and 2 to 4 months to sign off on the lease for this quality building. A new property management company has been hired and building janitorial services have improved. No asbestos.

**Building 3** - A major corporation which occupies 4 floors will be moving out of the building in 60 days. This space includes a 3,000 square foot computer room with 12" raised floor and a 2 hour UPS System in the building basement. Landlord has been marketing the space and may be close to leasing 2 floors. No asbestos.

**Building 4** - Landlord has a good reputation and has numerous office properties throughout Chicago. Building is in good repair and lobby/elevator has recently been renovated. One of the tenants is a small competitor of ABC, Inc. and has three years remaining on there lease. Asbestos has been partially abated.

**Building 5** - This is a landmark design and is the newest office building in town. A major corporation has leased 50% of the building for 15 years. There is a lunch/dinner club on the top floor, the ground floor contains a number of food and retail shops, and the conference facility will accommodate 50 in a classroom setting.
EXHIBIT 3.2
PURCHASE PROPERTY: MARKET SURVEY

<table>
<thead>
<tr>
<th>Date: 07/12/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKET SURVEY ITEMS</td>
</tr>
<tr>
<td>Building Name</td>
</tr>
<tr>
<td>Prop./Bldg. Quality (A, B, or C)</td>
</tr>
<tr>
<td>Property Owner</td>
</tr>
<tr>
<td>Acreage Available</td>
</tr>
<tr>
<td>Site Terrain</td>
</tr>
<tr>
<td>Bldg. Size (Gross Sq. Ft.)</td>
</tr>
<tr>
<td>Number of Floors</td>
</tr>
<tr>
<td>Gross Square Feet Per Floor</td>
</tr>
<tr>
<td>Efficiency Factor (gsf/usf)</td>
</tr>
<tr>
<td>Blocks From ABC Building</td>
</tr>
<tr>
<td>Sale Price For Property/Sq. Ft.</td>
</tr>
<tr>
<td>Total Property Sale Price</td>
</tr>
<tr>
<td>Total Building Sale Price</td>
</tr>
<tr>
<td>Total Property/Building Sale Price</td>
</tr>
<tr>
<td>Building Age</td>
</tr>
<tr>
<td>Building Occupancy %</td>
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<td>Operating Cost Per GSF</td>
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<td>On Site Parking Spaces/1,000 GSF</td>
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<td>Number Of Mos. On The Market</td>
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<td>Computer Room</td>
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<tr>
<td>Food Service</td>
</tr>
<tr>
<td>Loading Dock</td>
</tr>
<tr>
<td>Freight Elevator</td>
</tr>
</tbody>
</table>

Additional Market Survey Information:

**Property 1** - Seller is slowly leasing the building after a major tenant moved out to Building 5. Majority of leases have 3 or less years until termination. Seller is very interested in selling for cash.

**Property 2** - A major corporation headquarters has left town and the building is vacant. This building includes a 5,000 square foot computer room with 18" raised floor, a 4 hour UPS System and an emergency generator in the building basement.

**Property 3** - Seller has a good reputation and has numerous office properties throughout Chicago. Building is in good repair and lobby/elevator has recently been renovated.

**Property 4** - A new brokerage company has just listed the building and is known for getting "top dollar" for sellers.

**Property 5** - This is an older landmark design and a major bank is in the process of relocating to a new building. There is a full service restaurant on the ground floor which also contains a number of retail shops, and a health facility which can accommodate 100 members at a time.
EXHIBIT 3.3

SUGGESTIONS FOR SELECTING THE REAL ESTATE BROKER

Your interview and selection process of a real estate brokerage firm could include the following:

- Be frank about what you or your client needs and answer the broker's ongoing questions during the interview and evaluation process.
- Respond as appropriate to a considered, well-thought out phone call or letter requesting an appointment.
- Be willing to make decisions on behalf of your client and company.
- Take responsibility for gathering project information and developing a complete program at the appropriate stage.
- Be straightforward as to selection procedure - is it an opportunity or not for the broker.
- Have a standard RFP and format for evaluating and interviewing brokers - have a set of rules that all competing brokerage firms must play by.
- Create a reference list of local, regional and national brokers firms; give a new brokerage firm a chance to sell him or herself as time permits.
- Understand the brokers role in the total team - to act as a bridge and facilitator between you, your client, the brokerage community and the landlord.
- Be an owner or tenant, not a broker or landlord.
- Be a constructive, technically competent team member dedicated to solving your client's real estate and facility requirements.
- Be honest about the reality of a possibility of working together.
- Be honest about what services you expect and the fees be charged.
- Where possible, stay with your decisions regardless of "corporate pressure."
- Spend sufficient time checking our references and the specific brokerage work that a firm had done which may relate to your client's work at hand.
- Be accessible, open and direct - treat everyone professionally.
- Offer the opportunity to conduct "generic interviews" involving several decision-makers from the corporation.
- Offer an opportunity to continue conversations over an extended period of time in order to get to know a brokerage firm better.
- Define what is unique about your organization, interests and your real estate requirements.
- Be willing to fully share information about needs and concerns with those you interview.
- Clarify - state as clearly as possible your needs, objectives and constraints, including budget and schedule demands.
- Be consistent - Establish and convey your priorities and job criteria consistently; you will then insure more responsive and comparable submissions.
- Define in advance the services you want, need and expect. If unsure, your real estate broker should be experienced and willing to help you define the scope of work.
- Allow sufficient time for you and your prospective brokers to exchange information. The broker will better understand your wants and needs and be in a position to clearly identify areas of their expertise that are most responsive.
EXHIBIT 3.3 (continued)

- Maintain continuity by having the same key staff in control/attendance on your behalf throughout the interview process and real estate project.

- Limit your interviews. Even if you have a great many firms under consideration, limit the number of interviews to approximately five.

- Even if a brokerage firm has had a substantial history of doing comparable real estate projects, check whether the people with that specific experience are still with the firm and will be available for your real estate requirement.

- Check references with prior clients, with chief executives, heads of real estate, facilities and users.

- If you are an owner or are going to be subleasing company office space, define the scope of work consistently to each firm. Your object is to select the brokerage firm that is most likely to effectively respond to your and your tenant's or subtenant's unique needs.

- Focus the negotiations on those firms which meet fully your stated criteria. The selection will result in a relationship which can either be rewarding to you, your client and company or will require a change if expectations are not met.

- If you are not sure about what the prospective broker has told you or if what they said gives you some anxiety or concern, ask for clarification.

- Before the selection process, be sure that your real estate requirement is really ready to go. As appropriate, verify market support, program definition, site acquisition and/or allocation of corporate funds. A false start can damage your credibility as well as that of your organization and your project.

- If you are faced with a once in a lifetime real estate requirement and are unsure how to proceed, following the above process can be a good starting point.
EXHIBIT 3.4

EXCLUSIVE RIGHT LETTER

(DATE)

(BROKER NAME)
(BROKER COMPANY NAME)
(BROKER COMPANY ADDRESS)
(BROKER COMPANY SUITE #)
(BROKER COMPANY CITY, STATE, ZIP)

Dear (BROKER NAME):

On behalf of ABC Company, the (BROKERAGE COMPANY NAME) is hereby appointed our sole broker and granted the exclusive right to obtain a lease (or sale and purchase) for approximately _________ rentable (or usable) square feet of ____________________ (general office) space on our behalf in the (city name) area, commencing on the date of this instrument, continuing through execution of a lease, or ending upon our written notification to you of our desire to terminate this arrangement.

You will enlist the best efforts of your firm to secure a location satisfactory to us, and if you deem it necessary, you will also solicit the cooperation of other real estate brokers. We will refer all inquiries and offerings received by us either from principals, brokers, agents or others to you, and all negotiations shall be conducted solely by you and under your direction, subject to our final approval.

You will acquire the details on all contemplated or presently available locations and carefully select and present to us, at a time convenient to us, those which in your opinion are the most suitable for our occupancy. If and when we decide on a location, you will negotiate the terms of the lease (or sale and purchase) on our behalf and in our interest, taking advantage of your knowledge of the real estate market and the terms of the numerous leases (or purchases) previously negotiated by your firm.

Unless otherwise agreed, you will look only to the landlord (or property owner), as the situation may be, for your commission or fee. Subsequent to the termination of this agreement, we shall continue to recognize you as our exclusive broker, in accordance with the terms hereof, with respect to any prospective locations which you have submitted to us during the term of this agreement.

Please signify your agreement to the terms set forth herein by executing the enclosed copy of this letter and returning it to the undersigned via courier and via e-mail as a pdf file to sstephens@abc.com

Sincerely,

(WRITER’S NAME)
(WRITER’S TITLE)
(WRITER’S E-MAIL ADDRESS)

cc: (as appropriate)
(Project file)

Accepted and Agreed to this ____ day of _________________, 20__

(Broker Company Name)

By: ______________________________

Title: ______________________________
### Exhibit 3.5

**Geographical Analysis**

**For ABC Company**

**June 18, 20__**

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<th>#</th>
<th>ZIP</th>
<th>City</th>
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<td>1, 2 &amp; 3</td>
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**Notes:**

1. Includes grading, utilities, yard fence, yard crusher run, Bldg. shell, paving & interior finish.
2. Land cost PSF is the estimated cost of an improved industrial site ready for Bldg. and Bldg. cost PSF assumes a base building cost for tilt-up construction.
3. $6.00 PSF of Bldg. cost are fees for: Legal costs, etc. ($5.00 PSF).
   Programming, Arch., Eng., Surveying, & Inspection ($2.50 PSF).
   General Contingency ($2.00 PSF).
   Landscaping and Irrigation ($1.00 PSF).
FOUR

NEGOTIATING STRATEGIES

- Negotiating Process
- Time
- Power
- Information

- Negotiating Process

In today's economy where sellers and landlords are seeking to identify corporate purchasers and tenants who can make long term lease commitments, the purchaser or tenant who can make such a commitment is able to realize considerable advantage if you and your customer are knowledgeable about your position and power in the market. An increasing number of corporations are developing detailed real estate and building Request For Proposals (RFPs) which are requiring sellers and landlords to more than ever meet the financial and facility needs of their corporate customers.

As the corporate facility professional, you should put together a negotiating team of in-house specialists including the corporate customer (purchaser or tenant), legal counsel, finance, and other departments who are intimately aware of the corporate culture and the details which the purchased or leased facility must address. This team may also include outside specialists including a real estate broker or tenant representative, a design and/or engineering consultant, outside legal counsel and others as required to ensure that your customer and the corporation are protected in all business and legal issues.

The team should review negotiation strategy, real estate, facility, and business issues before an RFP is produced and agree upon a model of expected purchase price, building costs, rental rates, free rent, upfit, operating expenses, cash incentives and other tangible values your customer should be able to obtain. A short list of prospective sites or buildings should be developed based upon an initial analysis of the responses to the RFP and using the agreed upon negotiation strategy, the corporate real estate manager and his/her broker will go back to the short listed sellers or landlords to negotiate to obtain the targeted model or better.

It is important to understand that the negotiating process often involves give and take by both sides and the team members must understand the strengths and weaknesses of their position and the sellers or landlords bargaining position. Within reason, your customer can achieve their expectations if the team is aware of their options, if they test their assumptions, if they take shrewdly calculated risks based on solid information, and if they believe they have power in the market. There are times when your customer may have to pass on a possible location because by rushing into a particular solution, legal or business items may not be addressed which could later adversely impact the seller's, landlord's, your customer's and/or the corporation’s bottom line and business plans.

Gone are the days where senior corporate managers can commit to major real estate decisions by themselves without input from others within the corporations. In today's uncertain economy, it is becoming more common for corporations to reduce the length of lease commitments to a five year (or less) initial commitment with one or more 3 to 5 year options to extend the lease. Corporations are beginning to spend the time necessary to understand the power their company has in the market place. With this and other negotiating information, corporations are obtaining favorable real
estate solutions which maximizes the value of your corporate customer's real estate and facilities, and increases shareholder value in the corporation.

Many real estate transactions are often complex because each purchase or lease is unique, and negotiation priorities vary from one transaction to the next. As a successful negotiator you should be able to identify and define your customer's requirements and business objectives, evaluate the seller's or landlord's position to determine strengths and weaknesses, be prepared to engage in mutual accommodations, and justify your team's position in reasonable terms. You should also be thoroughly prepared to offer and handle the compromises and concessions that are necessary to reach an agreement and close the purchase or secure the lease for your customer.

The following is a checklist you may wish to use in developing and during your real estate negotiations:

Achieving Acceptable Terms To Both Parties:

- Determine real estate market activity.
  - Is it a seller's or landlord's market?
  - Is it a purchaser's or tenant's market?
  - Is it a normal or balanced market?
- Understand local real estate and business terminology, cap rates, square foot prices, etc.
- Determine your customer's unique dilemmas and those of sellers and landlords.
- Use financial concepts such as market value, most probable purchase price, lease costs, ROI, ROE, investment value, etc.
- Evaluate in advance the range of the seller's or landlord's offers and your and their counteroffers.
- Consider and understand in advance the subjective factors that may affect your customer's selection process.

Negotiating Psychology:

- Know your customer and the seller or landlord.
  - Who are you trying to satisfy?
  - Who is the seller or landlord trying to satisfy?
  - Who are you, your customer, the seller or the landlord accountable to during this process?
  - Understand pertinent corporate, cultural and business traits and practices.
- Know the roles being performed by the negotiating parties.
- Know your and your customer's negotiation style.
  - Manage the desire to control others.
  - Avoid being overly confident, trusting or overly suspicious.
  - Avoid being overly manipulative or exploitive.
  - Recognize the need to win, succeed and close by both parties.
- Know your opponent's negotiation style.
- Be alert to flashy, steam roller or rigid types of negotiators who may convey:
  - "Trust me - I'm honest."
  - "Trust me - I only want what's right."
  - "Don't trust me. I'm out to get you."
- Consider and carefully plan the physical factors that can affect negotiations.
  - The location - your, your customer's, the seller's or landlord's or a neutral place?
  - The facility - table and chair types, where to sit, colors, breaks and refreshments, meals, HVAC and other comfort or distress factors?
  - Are there time limits to each session and to complete the process?
- Where appropriate, use professionals ("who care but not that much") to represent you in negotiations.
- Insure that during negotiations all parties know:
  - Who is the spokesperson for each side?
  - What are the limits of the spokesperson's authority and flexibility?
The Process Should Meet Corporate Objectives

- Use cooperative bargaining rather than confrontation.
  - Try to achieve a satisfactory and sound solution.
  - The goal is a basic meeting of the minds.
- Control the process based upon your negotiating strategy and model.
  - Use your negotiating model.
  - Determining essential facts are essential to defining business and negotiating issues.
  - Prudent preparation should result in understanding the assumptions.
  - Discover the strengths and weaknesses of both sides.
- Be prepared for reciprocal provisions.

Ensuring You Get What You Thought You Were Getting:

- What are the necessary requirements for your customer? Are they satisfied?
- What conditions does the seller or landlord require to close?
- Where possible, require specific remedies and liquidated damages.

Concluding The Negotiating Process: The Final Agreement and Closing The "Deal"

- Be ready to concede appropriate items or issues within your negotiating model.
- If you are purchasing, consider using a closing attorney whose experience includes closing where the acquisition is located.
  - Require the right to assign the purchase or lease without unreasonable restraint.
  - Do not waive essential contingencies, warranties and representations that must survive the closing.
  - Require an inspection as appropriate.
  - When rights and duties are indisputably clear in the real estate lease or purchase contract, take a firm position.
  - Support your leasing or closing attorney while achieving your business objectives.
  - Do not be forget that you can stop the lease process or reschedule a closing if required business terms and issues have not been achieved.
- Be gracious, civil and professional.
- If you decide to try to squeeze the last buck out of the deal, understand what this will mean to both parties to the deal. If it is a good deal, close the transaction.

Dr. Chester Karrass, a noted negotiator, author and speaker, states that "In business, you don't get what you deserve, you get what you negotiate". This is a basic business statement which you and your customer may choose to use as a key philosophy in the development of your negotiating strategy along with the negotiating principles of time, power and information.

Time

Time is a valuable component that is often overlooked in a real estate requirement. Sufficient time should be allotted to realistically review the market and negotiate the terms to ensure that your customer obtains the real estate required at or below market. If sufficient time is not allotted in this process, your customer may be in the undesirable position of having only a few sites to choose from, taking what is offered, and correspondingly you may not have adequate time to negotiate a good deal for your customer.
During the first meeting with your customer, review their perception of the market, what quality and what they require, expect to obtain, and can afford by using a "LEASE PROPERTY: SITE CRITERIA CONSIDERATIONS questionnaire (see Exhibit 4.1) or a "PURCHASE PROPERTY: SITE CRITERIA CONSIDERATIONS" questionnaire (see Exhibit 4.2). Their expectations may or may not be easily satisfied and may need to be revised in keeping with current space and furnishings standards, and corporate policies and procedures. The assessment of what they need must be supported by their management in order to provide all with a clear definition of the requirement before the real estate search begins.

If their current operation is support space for computer or clerical activities, you will be looking for space with certain characteristics vs. space for the chairman of the board. The timing, costs and terms of the lease or purchase, the location, quality, and the costs for constructing and furnishing the space will therefore vary according to your customer's needs and resources. The real estate broker will expect you to be the spokesperson for the corporation and your customer during the search and negotiating phase. You, your customer, the broker and other appropriate team members should agree upon a negotiating strategy before the RFP as discussed below is written.

You may ask your broker to do a "zip code" search of home addresses for all your customer's employees who will be relocating to determine a geographical area which appears reasonable to locate a site and conduct the real estate search. This well-tested approach provides a focus on a geographical area which will help the real estate broker provide a preliminary assessment of the market and the possible sites available. The resulting assessment may lead to expanding the geographical area of your search to increase the number of sites available especially if what is needed is not readily available or affordable.

The requirements within the RFP usually include a number of items which may not be negotiable such as usable square feet, geographical area, term, expansion options, parking, security, etc. A number of items within the RFP may be negotiable such as free rent, rate, escalations, base year operating expenses, option rate, upfit allowances or tenant work letter, space planning, general contractor, construction and property management fees, after hours HVAC costs, cash inducements, amenities, etc. Some items may not be negotiable and if not obtained, may kill the deal. Other items may be negotiable or are "throw aways" which could be modified or omitted from the requirement.

For example, your customer may not have capital funds and would be willing to pay the landlord a higher rental rate or lease the space for a longer term in order to receive a larger upfit allowance. Or a low rental rate may be needed where your customer would be willing to fund a part of the capital improvements and would like to have the free rent applied to lower the rental rate. These and other strategies are all part of putting together a financial model which provides your customer with the best solution for the smallest financial and legal exposure and commitment. Your corporate legal counsel, finance department and broker are resources you may wish to call upon to help in the development of the financial model and strategy.

- **Power**

It is important to understand that the negotiating process often involves give and take by both sides and you must understand the strengths and weaknesses of your bargaining position (see Exhibit 4.3). Herb Cohen, a noted negotiator, in his book *You Can Negotiate Anything* states that "...in order to influence an outcome...you must realistically analyze the other side's position, as well as your own, in light of three ever present tightly interrelated variables:

1. Time
2. Power
3. Information"
And he goes on to state that "Within reason, you can get whatever you want if you're aware of your options, if you test your assumptions, if you take shrewdly calculated risks based on solid information, and if you believe you have the power."

The negotiator's role requires that you remain focused on the requirement and keep in mind the words of Herb Cohen: "I care, but not that much". Your customer is often vitally concerned to locate a site, negotiate - quickly, and get the issue settled. You will need to keep the program moving at a quick pace, but you may also have to take a more detached view to ensure that your customer and your corporation get the best deal possible. There are times when you may have to pass on a possible site because you know that by rushing into that solution, legal or business items may not be addressed which could later adversely impact your customer's and the corporation's bottom line.

### Information

Please remember that it is your responsibility to seek to obtain what your customer needs during the negotiation of the real estate terms and commitment. Your broker can help, advise and assist you, but it remains your responsibility to obtain the best deal possible (see Exhibits 4.4 and 4.5). To do this, you need information. Information about the market, about the economy, about the area, about the work force available, where your customer lives, where his or her staff live, what are the immediate and long range plans for transportation, utilities, taxes, political and community events, natural resources such as clean air, water and soil, lease or purchase costs, operating expenses, common area maintenance costs, special assessments, hazardous waste or pollutants, schools, colleges, airports, parking, construction activity, leasing, subleasing and purchasing activity, free rent, work letter or upfit allowances, moving expenses, housing - single and multi-family, shopping, recreation, medical including hospitals and doctors, legal and banking services, religious activities, holidays, garbage disposal, day care centers, depressed or expanding local economy, etc. These are just some of the information items which you may need to attain in order to help your customer with the best real estate decision.

Spend the time necessary to understand the power your company and customer have in the marketplace. With this and other information, you and your team can begin the negotiating process to obtain a favorable real estate solution to your customer's requirements.
### LEASE PROPERTY: SITE CRITERIA CONSIDERATIONS

| Location: ______________________________ |
| Date: _________________________________ |
| Evaluator Name: ______________________ |

#### CRITERIA CONSIDERATIONS

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<td>Window Views, Staff</td>
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<td>Rental Rate Per R.S.F.: □ $12 □ $15 □ $18 □ $ ____/Yr.</td>
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<td>Interior Budget/U.S.F.: □ $10 □ $15 □ $20 □ $ ____</td>
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<td>Upfit Cost/U.S.F. By: Landlord □ $ ____; Tenant □ $ ____</td>
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<td>Rent Abatement - Free Rent: □ ____ Months</td>
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<td>Rent Escalation: □ Fixed % □ CPI □ % of CPI □ ____</td>
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<td>Options: □ 1 □ 2 For □ 3 Yrs. □ 5 Yrs. □ ____ Yrs. Ea.</td>
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<td>Expansion Options: □ ____ □ R.S.F. or □ U.S.F.</td>
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<td>Parking: □ Covered □ Reserved</td>
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<td>On Site Food Service Facility</td>
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**EXHIBIT 4.2**

**PURCHASE PROPERTY: SITE CRITERIA CONSIDERATIONS**

| Location: ___________________________ |
| Date: _______________________________ |
| Evaluator Name: _____________________ |

<table>
<thead>
<tr>
<th>CRITERIA CONSIDERATIONS</th>
<th>CRITERIA WEIGHTS</th>
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<td>NOT VERY</td>
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<td>IMPORTANT</td>
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<td>Acreage Required:</td>
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<td>Building Size/Gross Square Feet:</td>
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<td>Number Of Floors:</td>
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<td>Occupancy Date:</td>
<td>, 199</td>
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<td>Site Use/Zoning:</td>
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<td>Access To:</td>
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<td>Site Image/Landscaping</td>
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<td>Bldg. Quality Type:</td>
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<td>Interior Upfit (Type):</td>
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<td>Building Lobby Image</td>
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<td>Floor Plan Flexibility</td>
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<td>Purchase Price Per Acre:</td>
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<td>Purchase Price: Building/Improvements</td>
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<td>Deed/Clear Title</td>
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<td>Taxes</td>
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<td>Existing Easements</td>
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<td>Option For Additional Property:</td>
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<td>Number of Spaces of Parking Spaces:</td>
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<td>Building Security</td>
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<td>Loading Dock</td>
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<td>Freight Elevator</td>
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<td>Stand By Generator/Emergency Power</td>
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<td>Food Service Area</td>
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<td>Trained Local Work Force</td>
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<td>Other</td>
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EXHIBIT 4.3

CAPITAL IMPROVEMENT VS. REAL ESTATE INVESTMENT

Assume that today your company is looking for 17,500 Usable Square Feet (U.S.F.) of office space. What investments and legal obligations would your company have to live with over the term of the lease? This investment may include the following -

REAL ESTATE REQUIREMENTS AND TERMS:

- Rentable Square Feet: 20,000 R.S.F.
- Usable Square Feet: 17,500 U.S.F.
- Rental Rate: $18.00 PER R.S.F.
- Term: 5 YEARS.
- Escalation: 3% PER YEAR.
- Free Rent: 12 MONTHS
- Operating Expenses: NOT INCLUDED IN THIS ANALYSIS.
- Landlord Improve. Allow: $12.00 PER USABLE SQUARE FEET (U.S.F.)

CAPITAL INVESTMENT:

- Est. Total Capital Cost: 17,500 U.S.F. X $15.00/U.S.F. = $265,000
- Capital From Landlord: 17,500 U.S.F. X $12.00/U.S.F. = ($210,000)
- Capital Required From Your Co.: $55,000
- Furnishings: 17,500 U.S.F. X $20.00/U.S.F. = $350,000
- Total Initial Investment From Your Company: $405,000

REAL ESTATE INVESTMENT:

- Rental Investment For 5 Years: $1,012,400
- 1 Year of Free Rent: 20,000 R.S.F. X $18.00/R.S.F. = ($360,000)
- Total Real Estate Rental Investment: $1,552,400

Total Investment By Your Company: $1,057,400
LEASE PROPERTY: NEGOTIATING CHECKLIST

Items to consider while negotiating a lease. Other items should be included which are unique to your customer's requirements and corporate legal requirements.

PROPERTY INFORMATION:
- Property street address, county, city, zip code.
- Landlord (Lessor) name, address, city, zip code, telephone number and e-mail address.
- Property leasing agent, representative, telephone number, and e-mail address.
- Rent payments payable to, rent payment address.
- Landlord correspondence notification address.
- Does the landlord have a financial partner? If yes, Who?

TERMS OF THE LEASE:
- Effective or commencement date.
- Occupancy date.
- Termination date.
- Total initial term of lease in years/months.
- Holdover capability (can you stay on after the end of the lease on a month-to-month basis, and if yes for what additional % of rent?).
- Options - yes or no. If yes, number of options, years for each option period and dates options begin and end?
- Number of days required to notify landlord to take option.
- Option for other space within the property with amount of space being optioned.
- Amount of rent for option period - fixed, consumer price index (CPI), percentage per year, etc.
- Specific option information which may be unique to your location, landlord, Right of First Refusal of specific floors or space, etc.
- Rent or cancellation penalties.
- Deposit required (It may be your company's basic policy NOT to pay a deposit as the deposit represents risk which your company may not pose to a landlord). If a deposit cannot be negotiated out of the deal, ideally the deposit should be no more that one month's rent with interest to your company on the deposit.
- Free rent (with today's soft markets, free rent is an appropriate method to gain financial benefit and reduce the effective rate.
- Parking per 1000 rentable square feet.
- Parking for visitors.
- Reserved parking (ideally at no cost).
- Cost of parking (if not free for the term of the lease, try to lock in the rate for the term and option periods).
- Upfit allowance or work letter...what quality will this provide.
- Purchase option. If yes, cost and date to notify landlord or date of purchase.
- Floors to be leased and total # of floors to be leased
- Floor plan exhibits.
- Date the agreement is signed.
EXHIBIT 4.4 (continued)

- Density of employees restriction?
- Ability to sub-lease or assign the lease and what restrictions, if any?
- A contingency or special stipulation clause may be included to provide a requirement for:
  - Permitting of the work.
  - Obtaining a Certificate of Occupancy.
  - Approval of the parent company.
  - Existing required zoning permitting the proposed use.
  - Letter from local utility providers that the amount and quality of services are available for the specific project.
  - The Landlord and Tenant to meet certain key dates to complete preliminary plans, design development and construction and interior design documents, permits, order special materials, begin construction, % of construction progress, move-in, substantial completion, certificate of occupancy, etc.
  - A bonus/penalty which may be monetary, additional days of free rent, delay of the start of the lease effective date, etc.
  - Cost of the work within the specified work letter or landlord's allowance.

RENTAL INFORMATION:

- Total lease commitment over the initial term of the lease.
- Rental rate per rentable square foot.
- Base rent payment per month and total rent per year.
- Operating expenses per month (this can be a very complicated and expensive item which should be thoroughly detailed in the lease, especially with regard to the percentage of expense pass-thru, the base amount and base year, etc.).
- Common area maintenance (especially for properties where the site maintenance is managed by the landlord and you pay utilities, landscaping, etc.).
- Option period cost(s).
- Total rentable sq. footage (R.S.F.) being leased and how it is calculated by the landlord (as defined by BOMA, IFMA or the commonly accepted/recognized local method).
- R.S.F. per floor.
- Total usable sq. footage (U.S.F.) and how it is calculated by the landlord (as defined by BOMA, IFMA or the commonly accepted/recognized local method).
- U.S.F. per floor.
- Common area factors (as defined by BOMA, IFMA or the commonly accepted/recognized local method).
- Property area in sq. ft. and acres if this is a ground lease.
- Escalation clause (this is a very important aspect where the details establish future rents with specific information on what is being escalated).

TENANT/LANDLORD RESPONSIBILITIES:

- Property taxes (these may or may not be included depending on your market).
- Property Tax ID Number if you must pay the taxes directly to the taxing agency.
- Last year's, this year's and estimated taxes for next year.
- Occupancy or Use Tax (established by local government)
- Insurance (what coverage(s) are requested by the landlord or financial partner).
- Last year's, this year's and estimated taxes for next year.
EXHIBIT 4.4 (continued)

- Services included in the lease? Such as "None" or:
  - Janitorial
  - Signage
  - Grounds/CAM
  - Electricity
  - Exterior/Window Repair

- Window washing schedule.

- After hours HVAC and cost.

- Hours of normal HVAC service. Is Saturday morning included? Building holidays of property?

- Service elevator and hours of operation.

- Porter service and costs if any.

- Loading dock(s), hours of operation and trash disposal.

- Security: Guards, access card (cost), cameras, parking, after hour access, fire stair access, keys, police, etc.

- Fire and life safety, fire stations, hospitals, etc.

- Basement or tenant storage.

- Signage: Suite, lobby directory, building, building pylon, etc.

- Non-competitive tenants.

- Building rules and regulations.

- Smoking/no smoking policy in building.

- Written statement from Landlord that their building/site contains NO friable asbestos, mold, lead, harmful bacteria, radon, hazardous waste, soil pollutants, harmful chemicals or other harmful environmental contaminate in the site, air or soil, or building.

- AMENITIES:
  - Food service, type, location, hours of operation, etc.
  - Vending, location, serviced ___ times per week?
  - No smoking or smoking areas.
  - Tenant conference facility at no cost to tenant.
  - Health/fitness center, location, cost(s) if any.
  - Executive dining, type, location, hours of operation, etc.
  - Retail services: Bank, copy center, laundry, etc.
  - Mail or postal facility
  - Handicapped parking, access, rest rooms, etc.
  - Public transportation:
    - Roads
    - Interstates
    - Bus
    - Rapid transit/subway
    - Airlines
    - Ferry
    - Pedestrian sidewalks
  - Tax advantages
    - No local or business taxes
    - No local or state income taxes
    - State revenue bonds for historical restoration, etc.
  - Access to the building: Pedestrian, vehicular and services.
  - Shared telephone switch, telephone services, etc.
  - Normal building hours.
  - Adequate and clean rest room facilities.
EXHIBIT 4.5

PURCHASE PROPERTY: NEGOTIATING CHECKLIST

Items to consider while negotiating the sale and purchase of property. Other items should be included which are unique to your customer's requirements and corporate legal requirements.

PROPERTY INFORMATION:

- Property street address, county, city, zip code.
- Seller name, address, city, zip code, telephone number and e-mail address.
- Property leasing agent, representative, telephone number and e-mail address.
- First and/or second mortgage payments payable to, payment address.
- Does the seller have a financial partner? If yes, Who?

TERMS OF THE SALE AND PURCHASE:

- Letter of Intent.
- Date of the sale and purchase agreement.
- Date for closing of the sale.
- Occupancy date or certificate of occupancy date.
- Options to purchase additional property - yes or no. If yes, number of options, years for each option period and dates options begin and end?
- Number of days required to notify seller to take option.
- Option for other space within the property with amount of space being optioned.
- Amount of option period cost - fixed, consumer price index (CPI), percentage per year, etc.
- Specific option information which may be unique to your location, landlord, Right of First Refusal of specific floors or space, etc.
- Earnest money deposit required and refundable, non-refundable, applied to purchase price, etc.
- Seller or Purchaser to pay for all, share or part of the closing costs, attorney fees, prorated property taxes, prorated insurance, prorated municipal special assessments, boundary surveys, legal descriptions, easements, soil testing, soil borings, soil engineering, zoning fees, filing and recording fees.
- Purchase contingencies may include:
  - Closing to take place only after permitting of the work has been obtained from local governmental authorities.
  - Initial and final approval of the parent company.
  - Existing required zoning permits the proposed use.
  - Letter from local utility providers and local governmental authorities that the quantity and quality of utility and site services (water, sewer, natural gas, electricity, fire protection, etc.) are available for the specific Purchaser's project at the time required.
  - The Seller and Purchaser to meet certain key dates to complete preliminary plans, design development and construction permits, obtain construction or permanent financing or mortgage, etc.
  - A bonus/penalty which may be monetary, etc. if certain key dates or events are not met by either party.
  - Obtaining a General Warranty Deed.
  - The removal of liens, back taxes, easements or items which prohibit or cloud clear title to the property.
- Clear title and title insurance for the property.
- Written confirmation from an independent testing laboratory that the site on and below grade does not contain soil pollutants, hazardous waste, buried obstructions, etc.
- Soil investigation report stating that the site can support the proposed building and/or site use.
- Ability of the Purchaser to obtain insurance.
- Limit on Purchaser's initial property taxes for a specified period of time.
- Purchaser's ability to obtain a specified mortgage at a specified % rate.
- Purchaser's ability to obtain favorable financing or waiver of taxes from the local governmental authority.
- Acceptance of restrictive covenants and site developments including utilities, roads and services by the local governmental authorities before closing.
- Obtaining an inspection and a bond from a local pest control company that the facility is free from specific pests (termites, mice, rats, ants, etc.).
- Obtaining continued warranties for major building mechanical and electrical systems.

- Mortgage payment per month, mortgage % for a specified period of time and total mortgage per year.
- Availability of local municipal development bonds or industrial development revenue bonds.

**OPERATING INFORMATION:**

- Operating expenses per month.
- Common area maintenance (especially utilities, landscaping, etc.).
- Option period cost(s).
- Total square footage (S.F.) being purchased and how it is calculated by the seller (as defined by BOMA or the commonly accepted/recognized local method).
- R.S.F. per floor.
- Total usable sq. footage (U.S.F.) and how it is calculated by the landlord (as defined by BOMA or the commonly accepted/recognized local method).
- U.S.F. per floor.
- Common area factors (as defined by BOMA or the commonly accepted/recognized local method).
- Property area in sq. ft. and acres to 3 decimal places.
- Property taxes (these may or may not be included depending on your market).
- Property Tax ID Number.
- Last year's, this year's and estimated taxes for next year.
- Occupancy or Use Tax (established by local government).
- Insurance.

- Number of parking spaces available.
- Parking for visitors.
- Reserved parking.
- Cost for parking if there is no on-site parking (if not free, try to lock in a long term rate).
- Site, boundary and floor plan exhibits.
- Site covenants or restrictions, if any?

**MORTGAGE INFORMATION:**

- Total purchase commitment.
- Cost per square foot of property and/or building.
EXHIBIT 4.5 (continued)

- Porter service and costs if any.
- Loading dock(s), hours of operation and trash disposal.
- Security: Guards, access card (cost), cameras, parking, after hour access, fire stair access, keys, police, etc.
- Fire and life safety, fire stations, hospitals, etc.
- Basement or tenant storage.
- Signage: Suite, lobby directory, building, building pylon, etc.
- Nearest competitive company.
- Building rules and regulations.
- Building and/or municipal smoking/no smoking regulations.
- Written statement from Landlord that their building/site contains NO friable asbestos, mold, lead, harmful bacteria, radon, hazardous waste, soil pollutants, harmful chemicals or other harmful environmental contaminate in the site, air or soil, or building.

Tax advantages
- No local or business taxes
- No local or state income taxes
- State revenue bonds for historical restoration, etc.

Public transportation:
- Roads- Interstates
- Bus- Rapid transit/subway
- Airlines- Ferry
- Pedestrian sidewalks

Mail or postal facility

Access to the building: Pedestrian, vehicular and services.

Handicapped parking, access, rest rooms, etc.

Shared telephone switch, telephone services, etc.

Normal building hours.

Adequate and clean rest room facilities.

AMENITIES:

- Food service, type, location, hours of operation, etc.
- Vending, location, serviced ___ times per week?
- No smoking or smoking areas.
- Conference facility.
- Health/fitness center, location, cost(s) if any.
- Executive dining, type, location, hours of operation, etc.
- Retail services: Bank, copy center, laundry, etc.
NOTES
FIVE

THE REQUEST FOR PROPOSAL (RFP)

- Items to consider in the Lease or Sublease RFP
- Items to consider in the Sale and Purchase RFP


Your customer's need for space, fixyures, furnishings and equipment (FF&E) are often translated into a space forecast and design program. The real estate requirement can also be translated into a real estate document called a Request For Proposal (RFP - the definition for specific space, amenities, etc.) which states:

- Who will occupy the space or property?
- What kind of space or property is needed - leased or owned?
- What type or type(s) of space or property is needed?
- What growth space will be required now and when in the future?
- When the requirement is needed?
- How much space or property is needed?
- How long will your customer need use of the space or property?
- Where should the space or property be located?
- The requirements for a clean and safe environmental
- Any other pertinent data to enhance, clarify or describe your customer's and your corporation's specific requirements.

The RFP may be drafted by your real estate broker based upon your and your customer's specifications. It is tailored to particular real estate and facility requirements and should include any key item which your customer has requested which will be used in the evaluation and analysis of each response to the RFP.

Items To Consider In The Lease or Sublease RFP

Your lease or sublease RFP should state exactly what a landlord must know and include in their response to the following and/or additional items unique to your business and/or location and required by your corporation's legal counsel (see Exhibits 5.1, 5.3, 5.4 and 5.5):

PREMISES REQUIREMENTS:
# of rentable or usable square feet

TERMS OF THE LEASE:

RENTAL COMMENCEMENT DATE:

RENTAL RATE:

ESCALATION AND ANY OTHER RENTAL ADJUSTMENT CLAUSE(S):

IMPROVEMENT ALLOWANCE:

SPACE PLANNING AND DESIGN SERVICES:
IMPROVEMENT CONTRACTOR:

EXPANSION OPTION(S):

RENEWAL OPTION(S):

PROPERTY MANAGEMENT AND TENANTS:

OPERATING HOURS:

ADA COMPLIANCE AND ACCESS:

EXTENDED OR AFTER HOURS HVAC:

TELECOMMUNICATION, E-MAIL AND SHARED TENANT SERVICES:

SECURITY:

PARKING: on grade, structured, # per 1,000 R.S.F., etc.

ASBESTOS: test results and a written statement and from the landlord that the building and site contains NO friable asbestos.

AMENITIES: conference room(s), food service, health club/fitness center, postal services, child care, branch bank, stationary, etc.

NON-DISTURBANCE:

OTHER LANDLORD SERVICES:

SURCHARGES:

LANDLORD'S BROKER:

AGENCY DISCLOSURE:

RESPONSE TO RFP DUE DATE:

EXHIBITS: as applicable.

- Items To Consider In The Sale and Purchase RFP

Your purchase RFP should state exactly what a seller must know and include in their response to the following and/or additional items unique to your business and/or location and required by your corporation's legal counsel (see Exhibits 5.2 and 5.5):

PROPOSED PROPERTY STREET AND CITY ADDRESS:

SELLER NAME, ADDRESS, PHONE NUMBER AND E-MAIL ADDRESS:

PROPERTY DEVELOPER AND/OR DEVELOPER'S FINANCIAL PARTNER:

TOTAL ACREAGE, LAND, BUILDING, IMPROVEMENTS, SQ.FT., ETC.:

TOPO, SURVEY/LOT PLAN AVAILABLE:

SUB-SOIL & HAZARDOUS MATERIAL INVESTIGATION:

PURCHASE PRICE AND EARNEST MONEY:

DEED TYPE AVAILABLE: general warranty, special warranty, grant, or quitclaim.

EXISTING EASEMENT(S):

CLEAR TITLE AND EXISTING TITLE INSURANCE:

PHOTOGRAPHS REQUIRED:

ZONING JURISDICTION AND ZONED:

ADA COMPLIANCE:

APPLICABLE BUILDING CODE(S) AND FLOOR AREA RATIO (FAR):

SITE PLAN AGREEMENT OR SUBDIVISION OF PROPERTY AGREEMENT:

SIGNAGE RESTRICTIONS:

COVENANTS AND RESTRICTIONS:

ROADS DEDICATED TO THE MUNICIPALITY:

LANDSCAPING AND SITE LIGHTING REQUIREMENTS:
SITE DRAINAGE AND SITE STORM WATER RETENTION REQUIREMENTS:

MUNICIPAL WATER, SERVICE AND MUNICIPAL SEWER OR WELL WATER AND/OR SEPTIC SYSTEM INCLUDING FIRE HYDRANT SERVICE TO THE SITE:

ELECTRICAL SERVICE:

PROPERTY TAXES: last year, this year, & est. next year.

TAX ADVANTAGES: local or business taxes, local or state income taxes, local occupancy or use taxes, state or local development bonds, etc.

AIR RIGHTS:

MINERAL RIGHTS:

ENVIRONMENTAL ISSUES: asbestos, soil or air pollution contaminants, radon, etc.

AIR POLLUTION:

NOISE POLLUTION:

SECURITY: guards, access card (cost), cameras, parking, after hour access, fire stair access, keys, police, etc.

TRAINED LABOR FORCE AVAILABLE:

FIRE AND LIFE SAFETY, FIRE STATIONS, HOSPITALS, ETC.:

COMPETITION ADJACENT OR NEARBY:

ASBESTOS: test results and a written statement and from seller that the building and site contains NO friable asbestos.

LOCAL GOVERNMENT SMOKING POLICY:

CONTINGENCIES:

AMENITIES: food service, conference/health/fitness facilities, bank, copy center, postal service, and public transportation.

PARENT COMPANY APPROVAL:

SELLER'S BROKER:

AGENCY DISCLOSURE BY YOUR BROKER:

RESPONSE TO RFP DUE DATE:

EXHIBITS: when applicable.
ABC Company (Tenant), a Chicago, Il. based division of XYZ Corporation, is soliciting formal responses to this Request For Proposal for the leasing of office space as specified below. Tenant proposes to initially lease 15,000 rentable square feet of office space in the greater Chicago, Il. area to better serve its internal customers.

A. **PREMISES:**
   1. Approximately 15,000 rentable square feet initially with the option to lease approximately 15,000 contiguous rentable square feet within one year of the initial lease date.
   2. Approximately 400 to 600 usable square feet of the leased space will comprise a Computer Room. Is there a space within the proposed Building that would uniquely accommodate this use. Please identify proposed locations within your Building/Project.

B. **TERM:**
   1. Three (3) years.

C. **TERM COMMENCEMENT DATE:**

D. **RENTAL COMMENCEMENT DATE:**
   1. Please specify if, due to a period of rental abatement, it is different than the Term Commencement Date.

E. **RENTAL RATE:**
   1. Full-service rate with area calculations based on BOMA Whole Floor Rentable method and BOMA Multi-tenant Usable method. Provide Rentable to Usable conversion factor, as appropriate.

F. **ESCALATION AND ANY OTHER RENTAL ADJUSTMENT CLAUSES(S):**
   1. Specify and illustrate method(s). Provide your definition of Operating Expenses, or any expenses/costs that are reimbursable by Tenant to Landlord. All reimbursable-type expenses should be budgeted in the Base Year "peg", if a "peg" is proposed under your particular Lease.
G. **TENANT IMPROVEMENTS:**

1. Please furnish Landlord Work Letter or unit (if applicable) and dollar allowances and describe the materials quality and construction specifications of Building Standard Tenant Allowances. Distinguish between Base Building items (define) and Tenant Allowance items.

2. Is any such dollar allowance based upon "slab-to-slab" or "below-a-finished ceiling"? Specify.

H. **TENANT IMPROVEMENTS CONTRACTOR:**

1. Please specify the contractor proposed by the Landlord for the Tenant Improvement Work. If the Landlord does not propose to construct the Work, please specify Landlord's requirements.

2. If Landlord proposes to construct the Improvements, specify all fees associated with, but not limited to, overhead, profit, and supervision. Are such fees provided for in your Work Letter or Construction Allowance?

3. Who is responsible for Construction Management?

4. To what extent, if any does the Landlord and/or the Property Manager receive a fee for initial Tenant Improvements Work?

I. **SPACE PLANNING AND DESIGN SERVICES:**

1. Specify services provided by Landlord, at no additional expense to Tenant, and not chargeable against the Construction Allowance.

2. If Tenant were to employ a design firm for space planning and design purposes, including preparation of Construction Documents, is there a credit due Tenant? If so, what is it?

J. **EXPANSION OPTION(S):**

1. Specific options on additional contiguous space will be required. It is expected that a total of 15,000 r.s.f. will be required at the end of the initial lease year per item A1.

2. Specify location and amount of option space, notice requirements, rate determination method, rental commencement date, treatment of lease term, improvement/renovation allowance, responsibility for demolition (if required), and escalation. In the case of improvement/renovation allowance, distinguish between the treatment of same in regard to first and second generation space.

3. Any such additional space shall be added by amendment to the original Lease, and be identical in all respects to an original Lease.

K. **RENEWAL OPTION(S):**

1. Two (2) consecutive five (5) year renewal options.
EXHIBIT 5.1 (continued)

REQUEST FOR PROPOSAL TO LEASE OFFICE SPACE
ABC COMPANY
Page 3 of __
June 18, 20__

I. **PROPERTY MANAGEMENT AND TENANTS:**
   1. Who provides property management services? Provide a list of Building Tenants with your proposal.

M. **OPERATING HOURS:**
   1. Specify normal business hours for the Building - Monday through Friday, Saturday and Sunday.

N. **ACCESS:**
   1. Is 24-hour, seven-day per week access to Tenant's Leased Premises provided? Explain procedure.

O. **EXTENDED OR AFTER HOURS HVAC:**
   1. Specify hourly charge and method of determination for such extended/after-hours use of HVAC system and building services.

P. **TELECOMMUNICATION, E-MAIL, NETWORK, AND SHARED SERVICES:**
   1. Does your property offer shared Tenant services via a "switch"? Generally describe the services and costs associated with Tenant's use of such service(s).

Q. **SECURITY:**
   1. Describe the Security and Life Safety system(s) of the Building/Project.

R. **PARKING:**
   1. Indicate maximum number of parking spaces available. If applicable, is assigned Tenant parking available? What is the cost, if any, for Tenant parking. What are the provisions for visitor parking?

S. **CONFERENCE ROOM(S):**
   1. Do you provide conference facilities within the Building/Project? If so, please describe size, accommodation, procedures, and costs (if any) associated with its use.

T. **FOOD SERVICE:**
   1. Describe eating alternatives within the Building, Project and immediately surrounding area.

U. **HEALTH CLUB/FITNESS CENTER:**
   1. Describe facilities available within the proposed Building or Project. What are the arrangements required for the use by Tenant's employees of such facility?
V. POSTAL SERVICES:

1. Describe Postal Service Facilities available within the Building and Project. What are the current delivery/pick-up times?

W. OTHER LANDLORD SERVICES:

1. Specify all of the Landlord Services that are and are not provided to the Tenant by the Landlord under the proposed Lease (i.e. janitorial, electrical, taxes, etc.). Also, specify in your proposal that the Building/Floor(s) are free of friable asbestos.

X. SURCHARGES:

1. Will there be any additional charges to the Tenant for the use of facilities of the Building which will not be incorporated into your proposed rent structure? Such as, but not limited to, Move-in, Telecommunications, Freight Elevator, Loading Dock/Facility, After-Hours Building Standard Security, After-Standard Hours Access, etc. If so, please describe such additional charges.

Y. AGENCY DISCLOSURE:

1. Professional Brokerage Company is acting as Agent for the Tenant in this transaction and will be paid a commission by the Landlord of the office space should a transaction between the parties be consummated.

Z. PROPOSAL DUE DATE:

1. The response to this Request For Proposal is due not later than 10:00 AM (CST), July 15, 20__.

2. Please submit six (6) copies of your Proposal via courier or via an e-mail with an attached pdf file to:
   Ms. Sandra K. Broker
   Vice President
   Professional Brokerage Company
   304 East Wacker Drive
   Chicago, IL. 60631

   Telephone No. (312) 555-8067
   FAX No. (312) 555-0449
   E-mail Address: sbroker@pbc.com
ABC Company (Purchaser), a Chicago, Ill. based division of XYZ Corporation, is soliciting formal responses to this Request For Proposal for the sale and purchase of property as specified below.

Purchaser proposes to construct and operate a 50,000 square foot Regional Warehouse with 100,000 square feet of adjacent outside storage in the greater Chicago, Ill. area to better serve its internal XYZ Corporate customers. This Region Warehouse design shall be based upon a model Regional Warehouse currently under construction in San Francisco, Ca. This model will be used as a guide to provide a consistent design for site adaptation at the selected site in the greater Chicago, Ill. area.

Attachment "A" provides the Purchaser's specific site and project requirements and an outline of the model concepts and design criteria which will be incorporated at this facility.

Purchaser identified a Chicago, Ill. based Architectural Consultant to provide professional architectural, engineering, and interior design consulting services for all planning and construction documents necessary to enable the Purchaser to bid and construct this project and other similar projects around the U.S. Design and construction documents shall meet Federal, state and local code requirements.

Purchaser has also identified a General Contractor to provide site evaluation, value engineering, planning, estimating, permitting, construction and project close out services for this project and other similar projects around the U.S.

A. **PROPERTY:**

1. Approximately 9.5 acres zoned for the construction and operation of a warehouse with outside storage as required below and as described in Attachment "A".

2. Provide a plot plan of the proposed property showing the major access roads to the property, the proposed property's street address, legal description, existing covenants and restrictions, size in acres and square feet, and current owner's name, address and telephone number.

3. Provide a schedule of completion for all site improvements proposed and in progress, including roads within the warehouse park, landscaping, retail and service facilities.

4. Provide a list of other tenants in the park.
B. PROPERTY ZONING:
   1. State the governmental agency which has zoning jurisdiction for the property, current zoning of the proposed property and that this zoning permits the Purchaser's intended use of the property.

C. PURCHASE PRICE:
   1. Provide the per square foot cost, the number of square feet, and the total purchase price of the property exclusive of closing costs, taxes, commissions, title insurance or other fees.
   2. Address costs not included in item C.1.

D. PURCHASE OPTION FOR ADDITIONAL PROPERTY:
   1. Purchaser requires a sale and purchase option for approximately one and one-half (1 ½) adjacent acres to construct approximately 60,000 square feet of additional warehouse space. The option shall be available to the Purchaser for a period of four (4) months after the initial property Closing Date.
   2. State the proposed per square foot cost, the proposed number of square feet, and the total purchase price of the property exclusive of closing costs, taxes, commissions, title insurance or other fees.
   3. Provide a plot plan of the proposed option property, the proposed property's street address, legal description, size in acres and square feet, and current owner's name, address and telephone number.

E. PURCHASE CONTINGENCIES:
   1. Purchaser's obligation to purchase and close on the property is contingent upon but not limited to Purchaser being able to obtain:
      a. Written confirmation from governmental authorities of zoning, utilities available to the site, acceptance of covenants and restrictions, acceptance of the rights of way and streets, etc.;
      b. Written plan approval from development and construction permitting authorities;
      c. Written confirmation from an independent testing laboratory that the site does not contain soil pollutants or contaminants, etc.;
      d. Clear title and title insurance for the property; and
      e. Initial and final approval by the Purchaser's parent company.

F. PURCHASE AGREEMENT:
   1. Purchaser will review all responses to this RFP and subject to initial approval by the Purchaser's parent company, Purchaser expects to enter into a Purchase Agreement with the Seller by September, 20__.
G. **PURCHASE AND CLOSING DATE:**
   
   1. Purchaser recognizes that time is of the essence and will seek to obtain all necessary contingency items including permitting required in item E.1. toward a purchase and closing date of approximately January 15, 20__.

H. **CONSTRUCTION START DATE:**
   
   1. Purchaser recognizes that permitting is critical to the project and expects a construction start date of approximately February 1, 20__.

I. **OCCUPANCY DATE:**
   
   1. Approximately August 1, 20__.

J. **AGENCY DISCLOSURE:**
   
   1. Professional Brokerage Company is acting as Agent for the Purchaser in this transaction and will be paid a commission by the Seller of the property should a transaction between the parties be consummated.

K. **PROPOSAL DUE DATE:**
   
   1. The response to this Request For Proposal is due not later than 10:00 AM (CST), July 15, 20__.

   2. Please submit six (6) copies of your Proposal via courier or via an e-mail with an attached pdf file to:

      Ms. Sandra K. Broker  
      Vice President  
      Professional Brokerage Company  
      304 East Wacker Drive  
      Chicago, IL. 60631  

      Telephone No. (312) 555-8067  
      FAX No. (312) 555-0449  
      E-mail Address: sbroker@pbc.com
EXHIBIT 5.3

SAMPLE REQUEST FOR PROPOSAL TO GROUND LEASE PROPERTY

FOR

ABC COMPANY

June 18, 20__

ABC Company (Tenant), a Chicago, Il. based division of XYZ Corporation, is soliciting formal responses to this Request For Proposal for a ground lease with a Landlord with the Tenant having the option to purchase the ground leased property as specified below.

Tenant proposes to acquire a ground lease for property upon which the Tenant will construct and operate a 70,000 square foot Regional Warehouse with 250,000 square feet of adjacent outside storage in the greater Chicago, IL. area to better serve its internal XYZ Corporate customers.

Attachment "A" provides the Tenant's specific site and project requirements and an outline of the model concepts and design criteria which will be incorporated at this facility.

Tenant has identified a Chicago, Il. based Architectural Consultant to provide professional architectural, engineering, and interior design consulting services for all planning and construction documents necessary to enable the Tenant to bid and construct this project and other similar projects around the U.S. Design and construction documents shall meet Federal, state and local code requirements.

Tenant has also identified a General Contractor to provide value engineering, planning, estimating, permitting, construction and project close out services for this project and other similar projects around the U.S.

A. PREMISES:

1. Approximately 14 acres zoned for the construction and operation of a warehouse with outside storage as required below and as described in Attachment "A". (see Exhibit 5.5)

2. Provide a plot plan of the proposed property showing the major access roads to the property, the proposed property's street address, legal description, covenants and restrictions, size in acres and square feet, and current owner's name, address and telephone number.

3. Provide a schedule of completion for all site improvements proposed and in progress, including roads within the warehouse park, landscaping, retail and service facilities.

4. Provide a list of other tenants in the park.

B. PROPERTY ZONING:

1. State the governmental agency which has zoning jurisdiction for the property, current zoning of the proposed property and that this zoning permits the Tenant's intended use of the property.
C. **TERM:**
   1. Twenty (20) years.

D. **TERM COMMENCEMENT DATE:**
   1. Approximately July 1, 20__ to June 30, 20__.

E. **OPTION FOR ADDITIONAL PROPERTY:**
   1. Tenant requires a ground lease option for approximately two and one-half (2 1/2) adjacent acres to construct approximately 110,000 square feet of additional warehouse space. The Tenant shall have a period of five (5) months after the initial Term Commencement Date to elect to take the ground lease option.
   2. State the proposed per square foot ground lease cost per month, the proposed number of square feet, and the ground lease cost per year of the property exclusive of common area maintenance, taxes, commissions, or other fees.
   3. Provide a plot plan of the proposed option ground lease property, the proposed property's street address, legal description, size in acres and square feet, and current owner's name, address and telephone number.

F. **GROUND LEASE CONTINGENCIES:**
   1. Tenant's obligation to ground lease the property is contingent upon but not limited to Tenant being able to obtain:
      a. Written confirmation from governmental authorities of zoning, utilities available to the site, acceptance of covenants and restrictions, acceptance of the rights of way and streets, etc.;
      b. Written plan approval from development and construction permitting authorities;
      c. Written confirmation from an independent testing laboratory that the site does not contain soil pollutants or contaminants, etc.;
      d. Property owner's clear title and title insurance for the property; and
      e. Initial and final approval by the Purchaser's parent company.

G. **RENTAL ABATEMENT:**
   1. Specify the rental abatement offered for the initial term and option terms.

H. **RENTAL RATE:**
   1. Specify the ground lease rental rate per month, per year, per square foot per month and per square foot per year for the initial term and option periods.
   2. Specify the method by which the Landlord proposes the Tenant pay for services to the property by either a "Net" or "Net Net Net" for Common Area Maintenance, Taxes, etc.
I. ESCALATION AND OTHER RENTAL ADJUSTMENTS:
   1. Specify and illustrate method(s). Provide your definition of Operating Expenses, Common Area Maintenance or any expenses/costs that are reimbursable by Tenant to the Landlord.

J. TENANT IMPROVEMENT ALLOWANCE:
   1. Furnish a Landlord's site development and construction allowance to assist the Tenant for the improvements to the property.

K. RENEWAL OPTIONS:
   1. Two (2) consecutive renewal options:
      a. One (1) for Ten (10) years; and
      b. One (1) for Five (5) years.

L. PURCHASE OPTION:
   1. Tenant desires the option of purchasing the ground leased property from the Landlord, including the initial and expansion option if taken, at a future date.
   2. Specify a proposed future date the Tenant would have to notify the Landlord to execute the option and the proposed time requirements in working days for the Landlord and Tenant to close the sale and purchase.
   3. Specify a total purchase price for the improved property exclusive of closing costs, taxes, commissions, or other fees.
   4. Address costs not included in item L.3.

M. PROPERTY MANAGEMENT AND TENANTS:
   1. Specify who provides property management services.
   2. Provide a list of other Tenants in the development with your proposal.

N. SECURITY:
   1. Describe the proposed security for the development.

O. OTHER LANDLORD SERVICES:
   1. Specify all of the Landlord Services that are and are not provided to the Tenant by the Landlord under the proposed ground lease (i.e. grounds maintenance, property taxes, etc.).
EXHIBIT 5.3 (continued)
REQUEST FOR PROPOSAL TO GROUND LEASE PROPERTY
ABC COMPANY
Page 4 of __
June 18, 20__

P. AGENCY DISCLOSURE:

1. Professional Brokerage Company is acting as Agent for the Tenant in this transaction and will be paid a commission by the Landlord of the property should a transaction between the parties be consummated.

Q. PROPOSAL DUE DATE:

1. The response to this Request For Proposal is due not later than 10:00 AM (CST), July 15, 20__.

2. Please submit six (6) copies of your Proposal via courier or via an e-mail with an attached pdf file to:

   Ms. Sandra K. Broker  
   Vice President  
   Professional Brokerage Company  
   304 East Wacker Drive  
   Chicago, IL. 60631  

   Telephone No. (312) 555-8067  
   FAX No. (312) 555-0449  
   E-mail Address: sbroker@pbc.com
EXHIBIT 5.4

SAMPLE REQUEST FOR PROPOSAL FOR A BUILD TO SUIT

FOR

ABC COMPANY

June 18, 20__

ABC Company (Tenant), a Chicago, IL. based division of XYZ Corporation, is soliciting formal responses to this Request For Proposal for the leasing of a build to suit facility from a Landlord with the Tenant having the option to purchase the property and facility as specified below.

Tenant proposes to lease property and a 44,800 square foot Regional Distribution Center with 150,000 square feet of adjacent outside storage in the Chicago, IL. area to better serve its customers.

Attachment "A" provides the Tenant's specific site and project requirements and an outline of the model concepts and design criteria which will be incorporated at this facility which the Tenant desires that the Landlord construct and lease to the Tenant.

Tenant has identified a Chicago, IL. based Architectural Consultant to provide professional architectural, engineering, and interior design consulting services for all planning and construction documents necessary to enable the Tenant's Landlord to construct this project. Design and construction documents shall meet Federal, state and local code requirements. Tenant has also identified a Fee Developer to provide value engineering, planning, estimating, and project close out services for this project and other similar projects around the U.S.

A. PREMISES:

1. Approximately 12 acres zoned for the construction and operation of a warehouse with outside storage as required below and as described in Attachment "A". (see Exhibit 5.5)

2. Provide a plot plan of the proposed property showing the major access roads to the property, the proposed property's street address, legal description, covenants and restrictions, size in acres and square feet, and current owner's name, address and telephone number.

B. PROPERTY ZONING:

1. State the governmental agency which has zoning jurisdiction for the property, current zoning of the proposed property and that this zoning permits the Tenant's intended use of the property.

C. TERM:

1. Twenty (20) years.

D. TERM COMMENCEMENT DATE:

1. Approximately July 1, 20__ to June 30, 20__.
E. **OPTION FOR ADDITIONAL PROPERTY:**

1. Tenant requires a lease option for approximately two (2) adjacent acres for the construction of approximately 100,000 square feet of additional warehouse space. The Tenant shall have a period of six (6) months after the initial Term Commencement Date to elect to take the lease option.

2. State the proposed per square foot lease cost per month, the proposed number of square feet of property, and the lease cost per year exclusive of common area maintenance, taxes, commissions, or other fees.

3. Provide a plot plan of the proposed optional lease property, the proposed property's street address, legal description, size in acres and square feet, and current owner's name, address and telephone number.

F. **BUILD TO SUIT LEASE CONTINGENCIES:**

1. Tenant's obligation to lease the property and the facility is contingent upon but not limited to Landlord obtaining for the Tenant:
   
   a. Written confirmation from governmental authorities of zoning, utilities available to the site, acceptance of covenants and restrictions, acceptance of the rights of way and streets, etc.;
   
   b. Written plan approval from development and construction permitting authorities and a copy of the Landlord's construction permit;
   
   c. Written confirmation from an independent testing laboratory that the site does not contain soil pollutants or contaminants, etc.;
   
   d. Property owner's clear title and title insurance for the property; and
   
   e. Initial and final approval by the Purchaser's parent company.

G. **RENTAL ABATEMENT:**

1. Specify the rental abatement offered for the initial term and option terms.

H. **RENTAL RATE:**

1. Specify the lease rental rate per month, per year, per square foot per month and per square foot per year for the initial term and option periods.

2. Specify the method by which the Landlord proposes the Tenant pay for services to the property and facility either through a "Net" or "Net Net Net" for Operating Expenses, Common Area Maintenance, Taxes, etc.

I. **ESCALATION AND OTHER RENTAL ADJUSTMENT:**

1. Specify and illustrate method(s). Provide your definition of Operating Expenses, Common Area Maintenance or any expenses/costs that are reimbursable by Tenant to the Landlord.
EXHIBIT 5.4 (continued)

REQUEST FOR PROPOSAL FOR A BUILD TO SUIT
ABC COMPANY
Page 3 of __
June 18, 20__

J. TENANT IMPROVEMENTS:

1. Tenant requires the Landlord provide an estimate cost of the project to understand and approve the expenditures which will become part of the Landlord's basis for determining rent for the Tenant's capital lease and for the Tenant's purchase option price.

2. Furnish to the Tenant the Landlord's estimated site development and construction costs for the improvements to the property based upon the proposed site and the improvements specified herein. Cost estimate items shall include but are not limited to: site investigation, site and foundation engineering and design, general conditions, overhead and profit, permits, site work, foundations, structural, exterior skin, carpentry, finishes, dock equipment and specialties, sprinkler, HVAC, plumbing, electrical, landscaping, clean-up, etc.

K. RENEWAL OPTIONS:

1. Two (2) consecutive renewal options:
   a. One (1) for Ten (10) years; and
   b. One (1) for Five (5) years.

L. PURCHASE OPTION:

1. Tenant desires the option of purchasing the property and the facility from the Landlord, including the initial and expansion option if taken, as a package at a future date.

2. Specify a proposed future date the Tenant would have to notify the Landlord to execute the option and the proposed time requirements in working days for the Landlord and Tenant to close the sale and purchase.

3. Specify a separate and total purchase price of the improved property and the facility exclusive of closing costs, taxes, commissions, or other fees.

M. PROPERTY MANAGEMENT AND TENANTS:

1. Specify who provides property management services.

2. Provide a list of other Tenants in the development with your proposal.

N. TENANT'S BUILD TO SUIT EVALUATION CRITERIA:

Address the following in your response to this RFP -
1. Contact Person Name & Title
2. Firm Name
3. Address
4. Telephone #
5. Fax #
EXHIBIT 5.4 (continued)

REQUEST FOR PROPOSAL FOR A BUILD TO SUIT
ABC COMPANY
June 18, 2002

6. E-mail Address

7. Year Firm was Established

8. Branch Offices:

<table>
<thead>
<tr>
<th>Location</th>
<th>Year Established</th>
<th>No. of Employees</th>
</tr>
</thead>
</table>

9. Development Specialization (based on # of Sq. Ft. constructed)

<table>
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</thead>
<tbody>
<tr>
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<tr>
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</tr>
<tr>
<td>Banks</td>
<td>____%</td>
</tr>
<tr>
<td>Hospitals</td>
<td>____%</td>
</tr>
<tr>
<td>Other</td>
<td>____%</td>
</tr>
</tbody>
</table>

10. Financial Data (furnish one or more of the following for the two most recent years).

b. Profit and Loss d. Statement of Changes in Financial
                  Statement Position

11. Client References - Furnish tenant references for projects similar in size and scope. Provide names and telephone numbers of contacts who will be familiar with your firm's expertise. The Tenant may choose to visit and review relevant completed projects as part of the selection process.

12. Number of employees (do not include contract personnel).

<table>
<thead>
<tr>
<th>Discipline</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principals</td>
<td></td>
</tr>
<tr>
<td>Project Directors</td>
<td></td>
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<tr>
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<tr>
<td>Clerical</td>
<td></td>
</tr>
<tr>
<td>Others (identify)</td>
<td></td>
</tr>
</tbody>
</table>

13. Describe your firm's philosophy and approach to accomplishing the scope of work.

14. Identify the one contact person the Landlord will assign to the Tenant's Project Team, provide an organization chart proposed for this Project, and provide a description of applicable experience and capabilities of Landlord's team members with names, titles and percentage of time for each who will work on each project.
15. Provide a description of applicable development and construction experience, and the value of construction completed since 20__.

16. Specify the Landlord's team which will accomplish permitting and coordination meetings with all local authorities and building trades.

17. Current projects (list projects currently assigned to the proposed team members and expected completion dates.)

18. List projects currently under contract or projected within next twelve months.

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>SQ. FT.</th>
<th>Completion Date</th>
</tr>
</thead>
</table>

19. Define your firm's plan that will demonstrate savings to this build to suit project and your firm's method of project control, project documentation, schedule control and how the schedule will be met.

20. Provide samples of forms for budget preparation, programming records, field changes, conversation/meeting records and change orders.

21. Identify the type(s) of outside consultant and by firm name (primary and secondary) consultants which you will require for this project.

22. Provide a detailed listing of the Build To Suit services you believe should be provided for this type of facility.

23. Schedule - Describe the scheduled time required for each phase of the project:
   a. Preliminary design, value engineering and preliminary estimates;
   b. Code review, site investigation and construction documents;
   c. Permitting;
   d. Construction;
   e. "Punch list" and occupancy permitting;
   f. Project close out.

24. The Landlord and his/her consultants shall state, acknowledge and recognize in the response to this proposal that the Tenant shall have ownership of all designs, completed project construction documents, and originals derived from the selection of their proposal for the Work described herein.

O. TENANT'S ADDITIONAL BUILD TO SUIT CRITERIA: Address the following in your response to this RFP where Landlord shall:

1. Retain a local registered survey firm to prepare a legal description, boundary and topographic survey drawings including but not limited to the following information: main access street to the site, site street or highway address, benchmarks, flood plain, surface rock, set backs, easements, encroachments, rights of way, overhead and underground utilities (electricity, natural gas, water,
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EXHIBIT 5.4 (continued)

REQUEST FOR PROPOSAL FOR A BUILD TO SUIT
ABC COMPANY
Page 5 of __
June 18, 20__

fire main, fire hydrants, telephone, etc.), major trees and types over 6" in dia., water retention, ground water, storm sewer, culverts, pipes, existing structures, telephone/ power poles, curb and curb cuts, paved and unpaved roads, etc. Also, provide the Tenant with a copy of all Work and provide an "as built" survey of the completed project;

2. Retain a local soils testing engineering firm to perform soil testing, testing for toxic waste, and provide recommendations for soils and foundation design. If the site is not served by gravity sanitary sewer and will require a septic tank and drain field system, provide the required perk tests and tank and system design. Provide the Tenant with a copy of all Work and testing results;

3. Retain a local civil engineer to review all code requirements, and provide civil engineering design and site plans and site details, foundation design, plans and details, and specifications. The Landlord shall ensure coordination between the civil engineer and the Tenant's Architectural Consultant for the site design, foundation design, plans and details, and specifications. Provide the Tenant with a copy of all Work and testing results;

4. Retain a local material testing firm to provide testing of material placed on the site during construction including but not limited to: fill soil, concrete, asphalt, etc. Provide the Tenant with a copy of all Work and testing results;

5. Retain a local landscape architect to provide landscaping design and plans. Provide the Tenant with a copy of all plans and specifications;

6. All site, foundation, and landscape design and construction document plans provided through the Landlord's Consultants shall be drawn and be capable of being printed on 24" x 36" blue line printer paper. Original drawings shall be 24" x 36" and all blue line prints for the Tenant's project shall be 24" x 36". Title blocks shall include the ABC Co. logo and shall include this statement "These designs and plans are the property of ABC Company". and provide a AutoCadd file of all plans including the survey and site plan including a pdf file of all plans to the Tenant.

7. The Landlord's Consultants shall prepare their specification documents in accordance with the Tenant's Project Manual requirements which shall be prepared by the Tenant's Architectural Consultant, be printed on both sides of each sheet where appropriate, shall be bound and shall be printed on 8 1/2" x 11" white paper with an appropriate front and back cover as approved by the Tenant, and provide a pdf file of all specification documents to the Tenant.

8. Obtain all governmental permits including but not limited to:
   a) plan review     d) utilities
   b) excavation      e) occupancy
   c) construction

9. Hold monthly progress meetings (or more often if needed) to provide the Tenant with a detailed and itemized monthly review and progress schedule that monitors construction schedule against the approved schedule;

10. Provide a construction safety and security program acceptable to the Tenant. Tenant may request a periodic safety and/or a security audit from ABC Co. divisional safety/security personnel.
11. Provide and manage a quality assurance program which meets the Tenant's approval;

12. Assist the Tenant as requested in the installation of Tenant furnished items which includes but are not limited to: furniture, open plan furniture, signage, conveyor system, pallet shelving, security, computer, fire and telephone systems, warehouse equipment, trash dumpster, etc.

13. Close out the project to include but is not limited to:
   a) General site and facility clean-up;
   b) Removal of all debris, temporary utilities, and construction material and equipment from the site;
   c) Requesting and passing all necessary governmental and Tenant inspections;
   d) Testing of all systems and utilities to the Tenant's satisfaction;
   e) Acquiring and turning over to the Tenant three sets of keys;
   f) Completion of all "punch list" items before final payment is made by the Landlord;
   g) Provide the Tenant with a set of "as built" blueprints.
   h) Obtaining and turning over the Certificate of Occupancy to the Tenant;
   i) Reconciling all accounts with approved budgets and payments made including providing the Tenant with a listing of work and costs by the Tenant's Asset Code; and
   j) Review the final request for payment, ensure that all lien waivers have been received, and that all general contractor and sub-contractor obligations have been met.

14. The Landlord shall be prepared to work with and assist the Tenant and the Tenant's Architectural Consultant as requested during all phases of the project.

15. The Tenant intends to provide a quality and safe work environment for its employees which will also provide a sound investment that is economical in all aspects of performance. Particular attention must be paid by the Landlord and especially his General Contractor, Sub-contractors and consultants to evaluate their designs and proposed site development construction and engineering systems based on practical, hands-on knowledge.

16. Selection by the Tenant of the Landlord shall be based upon but not limited to a combination of the following criteria:
   a) The Rental Rate, Rent Abatement, Upfit Allowance, Project Cost, Option(s), and Option To Purchase
   b) Proposal completed as required.
   c) History and experience of Build To Suit Landlord.
   d) Project philosophy, and perceived Quality of the Landlord's Development and of the Build To Suit Project.
   e) Project team members, education, training, and experience in similar warehouse distribution facilities and their systems.
   f) Professional attitude, reputation and perceived relationship with Tenant's staff and Tenant's Architectural Consultant to meet project time, schedule and budget requirements.
**EXHIBIT 5.4 (continued)**

**REQUEST FOR PROPOSAL FOR A BUILD TO SUIT**

**ABC COMPANY**

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June 18, 20__

P. **INSURANCE COVERAGE:**

1. Provide amount of insurance coverage for the Landlord and general contractor, and proposed consultants as follows:

<table>
<thead>
<tr>
<th></th>
<th>Workers' Compensation Comprehensive Liability</th>
<th>Automobile Liability</th>
<th>Umbrella Liability**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LANDLORD &amp;</strong></td>
<td>$500,000</td>
<td>$1,000,000/OCC.-B.I.</td>
<td>NOT LESS THAN -0-</td>
</tr>
<tr>
<td><strong>GENERAL CONTRACTOR</strong></td>
<td>$500,000/OCC.-P.D.</td>
<td>$500,000/OCC.-P.D.</td>
<td>$10,000,000</td>
</tr>
<tr>
<td></td>
<td>$1,000,000-CSL*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>COMMERCIAL GENERAL LIABILITY POLICY FORM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,000,000/OCC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$3,000,000 GENERAL ANNUAL AGGREGATE &amp;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$3,000,000 PRODUCTS COMPLETED OPERATIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AGGREGATE</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CONSULTANTS</strong></td>
<td>$500,000/OCC.-B.I.</td>
<td>$500,000/OCC.-B.I.</td>
<td>$5,000,000</td>
</tr>
<tr>
<td></td>
<td>$250,000/OCC.-P.D.</td>
<td>$250,000/OCC.-P.D.</td>
<td>$10,000,000</td>
</tr>
<tr>
<td></td>
<td>$500,000-CSL*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>COMMERCIAL GENERAL LIABILITY POLICY FORM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,000,000 GENERAL ANNUAL AGGREGATE &amp;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,000,000 PRODUCTS COMPLETED OPERATIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AGGREGATE-EXCLUDING PROFESSIONAL E &amp; O</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*CSL - COMBINED SINGLE LIMIT

Either General Liability Form must contain coverage for Products/Completed Operations, Contractual Liability, Broad Form Property Damage, Independent Contractors, and Explosion, Underground and Collapse Hazards.

**ABC COMPANY SHOULD BE INCLUDED AS AN ADDITIONAL INSURED.**

**PROFESSIONAL LIABILITY INSURANCE SHALL BE ACTIVE FOR THE PROJECT AND EXPIRE AT THE END OF FIVE (5) YEARS FROM THE DATE OF OWNER'S OCCUPANCY OF THE FACILITY.**

Q. **SECURITY:**

1. Describe the proposed security services for the park.
R. **OTHER LANDLORD SERVICES:**

1. Specify all of the Landlord Services that are and are not provided to the Tenant by the Landlord under the proposed build to suit lease (i.e. grounds maintenance, property taxes, etc.).

S. **AGENCY DISCLOSURE:**

1. Professional Brokerage Company is acting as Agent for the Tenant/Purchaser in this transaction and will be paid a commission by the Owner of the property should a transaction between the parties be consummated.

T. **PROPOSAL DUE DATE:**

1. The response to this Request For Proposal is due not later than 10:00 AM (CST), July 15, 20__.

2. Please submit six (6) copies of your Proposal via courier or via an e-mail with an attached pdf file to:

   Ms. Sandra K. Broker  
   Vice President  
   Professional Brokerage Company  
   304 East Wacker Drive  
   Chicago, IL. 60631  
   
   Telephone No. (312) 555-8067  
   FAX No. (312) 555-0449  
   E-mail Address: sbroker@pbc.com
SITE CONCEPTS

A. SITE CONSTRAINTS

1. Identify any site constraints such as rights-of-way, flood plains, easements, set backs, zoning, etc.

B. SITE DESIGN CONCEPTS

1. Provide 150,000 square feet of secured, lighted site storage yard lay down area for cable reels, telephone poles, etc.

2. Provide adequate maneuverability for ingress and egress to the receiving and shipping dock areas and within the storage yard area.

3. Provide a stand-alone concrete ramp in the storage yard for cable reel unloading;

4. Provide adequate lighted, paved parking as a minimum for:
   a. Employee Parking 30 Spaces
   b. Visitor Parking 5 Spaces
   c. Truck Parking 2 Spaces

5. Provide future expansion for the warehouse, storage yard and parking.

C. DISTRIBUTION CENTER SITE PLAN CONCEPTS

1. From the main ingress/egress road, visitors, employees and truck and van drivers will access parking areas and roadways to the loading docks and storage yard.

2. The Distribution Center shall be located on the site with designated warehouse expansion. A drive to the receiving and shipping docks shall be shown.

3. The Distribution Center should permit a frontal image to the main access street with a lighted monument sign at the main access street/ingress-egress road.

4. A curb-side loading zone shall be provided for the use of vans.

5. The storage yard will be secured by a 6'-0" high chain link fence with manual sliding gates.

6. There will be no requirement for on-site storage of truck fuel or motor oil.

7. The site may require a designated area for the temporary storage of hazardous waste products.
EXHIBIT 5.5 (continued)

ATTACHMENT "A"
ABC Company
Page 2 of __
June 18, 20__

CIVIL DESIGN CONCEPTS

A. SITE DRAINAGE:

1. Address site drainage and water detention requirements.

B. SITE UTILITIES:

1. Identify size, location and service of existing water, sanitary sewer or septic tank system, electrical, natural gas, telephone, etc.

2. All utilities shall be underground from the site boundary or main access street into the facility.

C. SITE IMPROVEMENTS:

1. The functional layout is very similar to the model site plan drawing shown on page __ and modification/changes to the layout will be required as defined below.

2. Asphalt paving shall be provided in the automobile areas.

3. Pavement subject to heavy truck or tractor trailer loads shall have a base with a wearing surface of asphalt.

4. At turn-around areas and at the Receiving & Shipping Loading Dock areas, concrete paving shall be provided over a base designed for heavy truck and tractor trailer loads.

5. In the site storage yard, a granular base will be designed to meet local soil and code requirements for heavy truck or tractor trailers.

6. All curbs and sidewalks will be concrete with gravel base.

7. All exposed sub-grade will be scarified to a 6" depth and re-compactected.

FLOOR PLAN CONCEPTS

A. FUNCTIONAL LAYOUT:

1. The functional layout is very similar to the model floor plan drawing shown on page __ and modification/changes to the layout will be required as defined below:
## ATTACHMENT "A"

### ABC Company

**Page 3 of ___**  
**June 18, 20___**  

<table>
<thead>
<tr>
<th>AREA</th>
<th>SQ. FT.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Warehouse Area</strong></td>
<td>33,600</td>
</tr>
<tr>
<td><strong>b) Repair and Return</strong></td>
<td>6,400</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>40,000</td>
</tr>
<tr>
<td><strong>c) Office Area</strong></td>
<td></td>
</tr>
<tr>
<td>1) Office(s)</td>
<td></td>
</tr>
<tr>
<td>2 x 200 sq. ft.</td>
<td>400</td>
</tr>
<tr>
<td>2) Open Plan area</td>
<td>2,700</td>
</tr>
<tr>
<td>3) Conference</td>
<td>500</td>
</tr>
<tr>
<td>4) Break Room</td>
<td>200</td>
</tr>
<tr>
<td>5) Storage</td>
<td>400</td>
</tr>
<tr>
<td>6) Clerical</td>
<td>200</td>
</tr>
<tr>
<td>7) Rest Rooms</td>
<td>400</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>4,800</td>
</tr>
</tbody>
</table>

**Building Total 44,800 Square Feet**

2. Warehouse area shall include:

   a) "Cross dock" Warehouse design with linear flow -

   1) Overhead Receiving Doors
      - Dock High Min. 4 each
      - Drive-In Min. 1 each

   2) Overhead Shipping Doors
      - Dock High Min. 4 each
      - Drive-In Min. 1 each

   b) Provide three pallet high stacking initially in the warehouse;

   c) Use racking in bulk storage to optimize cube;

   d) Utilize automation at Flow Racks for shipping,

   e) Mezzanine in intermediate storage (expansion)

   f) Re-locatable storage components to achieve flexibility;

   g) Battery charging area for electric forklift trucks.

3. Repair and Return shall require heating and cooling for the warehouse and mezzanine levels.

4. The Distribution Center Manager's office shall be designed adjacent to a door directly accessing the warehouse and include appropriate windows looking into the warehouse from the Manager's office.
ARCHITECTURAL/STRUCTURAL CONCEPTS

A. BUILDING STRUCTURE:

1. The facility shall be based on 40' x 40' bays. The steel columns will support beams with bar joists which will have a minimum of 24' (high bay) clear to the concrete floor. The Chicago, IL. high bay area will include the Warehouse and the Repair and Return and will be 200' x 200' which is 5 bays by 5 bays. The Office area should also be based on a 40' module and may be high or low bay. Skylights, where appropriate, with security bars will be installed to provide natural light in the warehouse area.

2. The building walls will be tilt-up concrete, precast concrete or reinforced concrete block bearing walls with structural pilasters based upon cost and experience to determine the best exterior building wall material for the Chicago, IL. location.

3. An expansion wall will be included in the architectural and building structure design.

4. The warehouse floor will be clear epoxy sealed concrete.

5. The loading docks will be equipped with overhead doors, dock seals, dock levelers and canopies.

6. The Owner shall furnish and the contractor shall assist in the installation of a number of items which includes but are not limited to: open plan furniture, signage, conveyor system, pallet shelving, computer equipment and cabling, security, fire and telephone system, warehouse equipment, trash dumpster, etc.

ARCHITECTURAL FINISHES

A. EXTERIOR:

1. Combinations of color and texture in concrete or concrete block will be the predominant finish.

2. Aluminum storefront with insulating glass will be utilized at the public entry (reception/office areas).

3. Roof will be designed to pitch rain water to down spouts located as required within the facility at the inside face of the exterior wall, and shall be designed to meet code and provide insulation as required. An elastomeric or equal roof membrane system is desired.

4. Hollow metal doors and frames will be painted and utilized for the Warehouse exterior entry doors.

B. INTERIOR:

1. Offices, Conference Room, Clerical and Open Plan Areas will have furring and painted drywall mounted on the exterior walls, metal studs and painted drywall on interior walls, painted metal door frames and stained wood solid core doors, lay-in ceilings, and carpet tile with 4" vinyl cove base.
2. Break Room walls to have vinyl wall covering with a 4” cove base with carpet tile and a vinyl tile floor at the base cabinet area. Break Room to have plastic laminate counter top and plastic laminate base cabinets with a two bowl S.S. sink, space for a 20.0 cu. ft. refrigerator, space for a drink machine, a coffee maker and a microwave oven area with plastic laminate wall cabinets below a lay-in ceiling.

3. Conference Room to have a movable, sound attenuating partition which will enable the division of the Conference Room into two equal small conference rooms.

4. Rest rooms will meet handicapped requirements and will have a lay-in ceiling. Rest room walls to have vinyl wall covering, a ceramic tile base with ceramic tile floor and a mirror above a plastic laminate counter top over plastic laminate base cabinets. Toilet partitions shall be floor supported plastic laminate.

5. Open plan office systems provided by the Owner will be used for work stations in open areas.

6. Return and Repair and Storage will have furring and painted drywall mounted on the exterior walls, metal studs and painted drywall on interior walls, painted metal door frames and stained wood solid core doors, lay-in ceilings, and vinyl tile floor with 4” vinyl cove base.

7. The interior floor finish in the Warehouse will be epoxy paint on concrete with color to be selected by Tenant.

8. Hollow metal doors and frames will be painted and utilized for the Warehouse interior doors.

MECHANICAL DESIGN CONCEPTS

A. HEATING VENTILATING AND AIR CONDITIONING:

1. The Warehouse areas will be heated and ventilated by multiple gas fired or electric rooftop heating and ventilating units. Multiple relief fans will be provided for summer ventilation. The battery charging area will have a process exhaust.

2. The Repair and Return and the Office areas will each be served by a separate package rooftop air conditioner with gas heat or electric heat. Exhaust fans will be provided for toilet rooms.

B. PLUMBING:

1. A domestic water main and a sanitary sewer main will serve the building. Where public sewer is not available, a septic tank and system will be designed by the civil engineer to serve the facility. Building roof drains will be served by storm sewers. Domestic hot water will be provided to all lavatories by a gas fired or electric water heater.

2. Emergency eye wash/shower will be provided in the Warehouse at the battery charging area.
C. FIRE PROTECTION:

1. The entire building will be fully sprinklered. The office areas will be served by a light hazard wet pipe sprinkler.

2. The warehouse areas are to be served by an ordinary hazard wet pipe sprinkler system. If research and discussions with Factory Mutual reveal that an extra hazard wet pipe system would be required, an in rack sprinkler system and with multiple hose stations may be required.

3. A sprinkler main will be brought into the building from an existing water main. If the building is located at the end of the existing water main, there may not be sufficient water pressure without a fire pump. Therefore, if this case occurs, a fire pump may be required to boost the sprinkler system pressure.

ELECTRICAL DESIGN CONCEPTS

A. SERVICE:

1. Electricity will be from a pad mounted transformer. Service capacity requirements will be designed for this specific location and is not expected to exceed 800 amperes at 277/480 volts, three-phase, four wire. Entrance will be in an underground duct bank to the main switchboard located in the electrical closet.

2. Telephone service will be underground encased in PVC conduits.

B. POWER DISTRIBUTION:

1. The main switchboard will include the metering current transformers and will distribute radially. Space will be provided in the switchboard for the future expansion.

2. Lighting and HVAC equipment will be fed at 277/480 volts, and receptacle panel boards will be fed through dry type transformers at 120/208 volts.

3. A separate feeder (120/208 volts) will be provided for the warehouse conveyor panel.

C. GROUNDING:

1. A ground grid will be provided in the green area adjacent to the electrical closet.

2. The main switchboard will be grounded to a ground grid and to the cold water service.

3. The metal conduit system will serve as the equipment grounding conductor. If PVC conduits are used, a separate green ground conductor will be installed with the circuit conductors.

4. A copper grounding strap will be provided at the telephone service and will be connected to the ground grid.
D. LIGHTING:

1. The office lighting will be 35 to 40 foot candles with 1/2 x 1/2 x 1/2 chrome plated plastic louvers in a 2 x 4 lay in fixture. This lighting will be supplemented with task lights located in open office furniture.

2. Entry lighting will be recessed LED fixtures.

3. Toilet and Break Room lighting will be recessed LED fixtures.

4. Repair and Return (50 foot candles) and Warehouse office lighting (70-75 foot candles) will be with LED fixtures.

5. Pallet storage (30 vertical foot candles) and conveyor lighting (20 foot candles) will be with LED fixtures.

6. Wall mounted telescoping LED dock lights will be provided for all dock doors.

7. Emergency lighting will be provided in the corridors, and office area with inverter ballasts located in the fluorescent fixtures.

8. Exit lighting will be provided by battery powered red on white exit lights.

E. EXTERIOR LIGHTING:

1. Parking lot lighting will be .150 foot candle with pole mounted LED fixtures.

2. Driveway and roadway (.75 foot candles) lighting will be with pole mounted :LED fixtures.

3. Entry way lighting will be with bollards.

4. LED flood lighting will be provided for the sign.

5. Van and semi parking and storage yard lighting will be 1.0 foot candle with pole mounted LED floodlights.

F. RECEPTACLES:

1. Duplex convenience outlets will be provided as required to fit the space.

2. Ground fault receptacles will be provided in toilets.

3. Weatherproof duplex convenience outlets will be provided outdoors at the main entry, truck docks, Exterior Doors, and at the rooftop equipment.
G. MOVABLE OPEN PLAN FURNITURE WIRING:

1. Branch circuits for the movable open plan furniture will be provided in boxes located in the furred columns. The final connections will be provided with the open plan furniture.

H. TELEPHONE:

1. Telephone outlets will be provided, which will include a box and empty conduit into the accessible ceiling. All telephone wiring will be provided and installed by the Tenant, and will be plenum rated cable.

I. FIRE ALARM:

1. The fire alarm system will be a low voltage, zoned, non-coded supervised system with battery back-up.

2. Ceiling mounted smoke detectors will be provided for the room cavities. Duct mounted smoke detectors will be provided for the air handling equipment in accordance with NFPA codes.

3. Manual fire alarm pull stations will be provided at all exits or in the path of egress, in accordance with NFPA codes.

4. Combination horn/flashers will be provided for audible/visual alerting.

5. The fire alarm system will be tied to the local fire department via leased telephone line.

J. PAGING/SOUND SYSTEM:

1. A voice paging system integrated with the phone system will be provided for the complete complex.
   a) Office area - ceiling speakers with wall-mounted volume control switches.
   b) Warehouse, conveyors and storage areas - horn type speakers.
   c) Truck parking and storage yard - pole mounted weatherproof horn type speakers.

2. AM/FM tuner will be provided for music source.

3. Provisions will be provided for a future CD player.

4. Paging will be accessed through the telephone system.

K. SECURITY SYSTEM:

1. Door access into the building will be by card and card reader. The system shall be a ________ microprocessor controlled system approved by the Tenant with the PC located in the office area.

2. The security system will be connected through a high speed communications line over a leased Internet system.

3. Door monitoring will also be included with an annunciator located locally at the reception area.
L. MOTOR CONTROL:

1. Packaged mechanical equipment will be provided with built-in motor controls.

2. Individual motors will be controlled by combination magnetic motor starters or manual motor starters, as required.

M. GENERAL:

1. The electrical system will be designed to allow an expansion of two tiers of (2) bays. This will add approximately 24,400 square feet of warehousing and storage space.

2. If the Owner elects to add 100,000 square feet of Warehouse space, the electrical system will be designed to allow for that expansion including the expansion stated in item M.1.
SIX

ANALYZING THE RESPONSE TO THE RFP

- Cost issues and items to review and analyze
- Your site selection criteria
- Your customer's site selection criteria

Cost Issues and Items To Review and Analyze

There are times when management could choose either to own or lease a facility. Within the corporation, the decision is often a factor of corporate policy, politics, operational need and financial resources. Outside of the corporation, the financial, real estate and construction market place may provide a financial opportunity to choose owning vs leasing as an alternative. Interest rates may be low, rental rates may be low and construction costs may be lower than recent historical costs. Changing conditions may dictate a financial opportunity or may confirm previous policies.

Therefore, should you be faced with a slumping real estate market, low interest rates, low inflation and lower construction costs, your financial own versus lease feasibility analysis may show that the net cost/breakeven point may be over 10 years. In this case, it may not make financial sense to own when it is less expensive to lease a facility for 10 years. But it may make better business sense to own because of the on-going capital investments that will be made in the facility over the next 10 years that may be lost at the end of a 10 year lease term. But if interest and inflation rates are high and rental rates are moderate, the breakeven point for leasing may be at 5 years and the advantage to a long term lease would be readily apparent.

A shorter time frame breakeven point for owning versus leasing may make owning very attractive financially, especially with low interest rates and if there is a substantial cash difference after the breakeven point when this cash could be used for other business or operational purposes. The longer the time frame to the breakeven point, the closer either decision could prove to be acceptable assuming the corporation has the financial resources and time to select either alternative. But some corporations will not consider a lease scenario unless a 15 year or longer lease term with options can be obtained.

There are a number of variables to consider in the own versus lease comparison. An analysis completed today can be quite different from an analysis made 5 years ago or 5 years in the future depending on variables such as the cost of financing, rent payments, operating expenses, escalations, and construction costs. These numbers will not be exactly the same for two similar corporations and should be based upon your corporations financial condition and particular financial leverage in the financial, real estate and construction market place.

Remember to include in your analysis the value of the facility at the end of its asset life (31.5 years) compared to the value of the property or lease. In some market places, the value of the building at the end of its asset life may have appreciated substantially if it has been well maintained, kept clean, current with enhanced building systems and has been kept aesthetically competitive. The market value of the asset above its book value in an appreciating real estate market at the end of its asset life or sooner could provide an opportunity for substantial capital gain and non-operational income to improve your corporation's bottom line. Your corporate finance and operations management will undoubtedly be very careful with how such a capital gain and income are treated and reported internally and externally.
The financial analysis should be provided in a format which you and your customer can recognize and understand. All responses should be listed with each item quantified and responses addressed in the same comparative format (see Exhibits 6.3, 6.4, and 6.5).

**Present Value Analysis**

1. **Annual Weighted Cost Factors**
   - **Effective Level Rent** - Translates a net present value of periodic lease payments into an annualized dollar amount per square foot. A net present value calculation is one of the few ways in which all the dollar values of the concession package are taken into account while allowing for the alternative cost of money leasehold. The advantage of using a constant payment as the net effective rent is that it is easier to compare in different transactions and is close to the actual rent that would be paid on an annualized basis.

**Example.** The mechanics of this calculation would be the best way to explain the concept of Effective Level Rent:

- **Alternative 1** -
  - 1,000 square feet.
  - On year free rent.
  - $10.00 per square foot for Years 2 - 5.
  - 9% discount rate.
  
  **Solution** - The net present value at 9% equals $29,722.20. The level annual payment for five years at 9% using this net present value equals $7,641.35. Thus, the Effective Level Rent per square foot equals $7.64.

- **Alternative 2** -
  - 1,000 square feet.
  - No free rent.
  - $8.00 per square foot for five years.
  - 9% discount rate.
  
  **Solution** - The net present value at 9% equals $31,117.21. The level annual payment for five years at 9% using this net present value equals $8,000.00. Thus, the Effective Level Rent per square foot equals $8.00.

Both alternatives would yield the same amount of gross dollars, $40,000 and, as quoted by the landlords, the same effective rent at $8.00. However, because the present value impact of the timing of the lease payments, Alternative 1 has as lower Effective Level Rent. Please note that this lease analysis computes the present value using monthly lease payments with the payment made at the beginning of the month.

**Your Site Selection Criteria**

You may choose to have your real estate broker receive and deliver the responses to the RFP to you (see Exhibit 6.1 and 6.2). Unless you have the time and resources to perform the more complex financial evaluations, your broker should have and can provide this capability and service to you.

The responses to your Request For Proposal (RFP) to lease property or space may not follow the requested response format or provide the requested information. You will need to develop an "apples to apples" comparative financial analysis of the responses. Depending on the size of the requirement, and the complexity of the RFP, the "apples to apples" financial analysis may be very straight forward or may be very complex.

As shown in the example below, you may find that each response quotes different rentable square feet (R.S.F.) while the usable square feet (U.S.F.) number which is a function of the efficiency (EFF.) of the floor and building design is quoted as requested:
<table>
<thead>
<tr>
<th>LOCATION</th>
<th>U.S.F.</th>
<th>EFF.</th>
<th>RENT/ R.S.F</th>
<th>RENT RENT/YR</th>
<th>RENT FOR 5 YRS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building A</td>
<td>13,500</td>
<td>10.0%</td>
<td>15,000 x $15.00</td>
<td>$225,000</td>
<td>$1,125,000</td>
</tr>
<tr>
<td>Building B</td>
<td>13,500</td>
<td>12.5%</td>
<td>15,429 x $15.00</td>
<td>$231,435</td>
<td>$1,157,175</td>
</tr>
<tr>
<td>Building C</td>
<td>13,500</td>
<td>15.0%</td>
<td>15,882 x $15.00</td>
<td>$238,230</td>
<td>$1,201,150</td>
</tr>
</tbody>
</table>

This analysis easily shows that based on rentable square feet (R.S.F.) alone and assuming that all landlords quoted a $15.00/R.S.F. rental rate, your customer would be paying over $6,000 more per year at Building B than at Building A and over $13,000 more per year at Building C than at Building A. The total rent for the 5 year term assuming a constant $15.00 per R.S.F. would amount to an over $30,000 savings at Building A over Building B and an over $66,000 at Building A over Building C.

But your analysis must also look at many additional items such as:

- The upfit allowance;
- What it includes in real dollars based on new or existing space;
- Comparing and equating floor to ceiling or floor to bottom of structure costs vs. versus landlord's improvement allowance or workletter;
- In place or to be installed mechanical, electrical, ceiling, and sprinkler systems, etc.;
- The rental rate;
- Escalations;
- Free rent;
- Parking costs;
- ADA compliance, operating expenses; etc.

As you see there can be a number of variables to compare to reach an "apples to apples" analysis to determine the Net Present Value (NPV) and Effective Level Rent for each analysis. Based upon your NPV and Effective Level Rent analysis, the reputation of the landlord and their response to the RFP, you will be in a position to make a site recommendation.

Exhibit 6.3 is a Site Evaluation Matrix which shows three sites which have been evaluated. This spreadsheet format provides an objective ranking of site evaluation criteria which have been weighted. Each criteria is then scored by the customer and other member of the site identification team and the average ratings and scores for each criteria are shown. The analysis provides a total score for each site and notes are provided at the bottom of the page for weighing, site upfit and general site selection notes and information to assist in the decision making process. In any event, your line operating executives should concentrate on "making their plan" by manufacturing and marketing product lines -not by real estate sales.

Exhibit 6.4 provides a comparative analysis of 5 different buildings and the lease and capital costs for each location. The notes section at the bottom of the page provides subjective information which was provided as part of the proposals from the various landlords and from research on each location. This analysis provides objective bottom line comparisons which become part of the information to use in making a selection.

### Your Customer's Site Selection Criteria

When the initial analysis is complete you may find that your customer is very interested in two or three locations. A preliminary space plan for each location should be completed to demonstrate which building shape and floor layout most efficiently meets the RFP and design program requirements for the least cost and the most value to your customer.
At this point in the process, it is not unusual to go back to each selected landlord and begin the negotiation process through your broker by either telling the landlord what lease/upfit/concession package you are looking for or by asking them to improve on their initial response. Some may drop out at this time and others may come back with alternatives that may or may not be acceptable.

Based upon the above revised NPV and Effective Level Rent analysis, the reputation of the landlord and their response to the RFP, you will be in a position to formally present your recommended site to your customer. The customer may or may not agree with your recommendation as they may have other objective or subjective concerns which they feel are valid. For example, your RFP specifically requested that the landlord provide a Conference Room to accommodate 30 people at the location at no initial cost or on-going use fee. If your customer has repeatedly stressed their concern about this item in their operation, then you should expect that the location that provides the requirement may strongly influence your customers choice above other locations with a lower rental rate, etc. which cannot provide the Conference Room requirement.
EXHIBIT 6.1
SAMPLE LEASE: PROPOSAL LETTER

WEST WACKER TOWERS, L.P.
4425 West Wacker Drive
Suite 2100
Chicago, IL 60630
(312) 555-3400

June 30, 20__

Ms. Sandra K. Broker
Vice President - Brokerage
Professional Brokerage Company
304 E. Wacker Drive
Suite 2210
Chicago, IL  60630

Re:  West Wacker Towers
Second Floor Lease Proposal
4425 W. Wacker Drive
Chicago, IL 60630

Dear Ms. Broker:

In response to your Request For Proposal dated June 18, 20__ I have been authorized by Westland Development Company, Inc. (Landlord) to submit the following proposal to your client, ABC Company (Tenant), for the leasing of new office space at the referenced location:

**PREMISES:** Approximately 16,535 rentable square feet (15,683 usable square feet) on the second (2nd) floor known as Suite 200 and as shown in the enclosed Exhibit "A".

**COMMENCEMENT:** October 1, 20__.

**LEASE TERM:** Five (5) years - October 1, 20__ to September 30, 20__.

**RENEWAL OPTIONS:** Two (2) options for five (5) years for each option. Landlord must be notified in writing one hundred eighty (180) days in advance of the end of the current lease term if Tenant elects to remain in the lease space.

**RENTAL RATE:** $21.00 per rentable square feet which includes a Base Rental component of $13.41 per rentable square foot and an Operating Expense component (expense stop) of $7.59 per rentable square foot.

**ESCALATION:** On the first day of each lease year, commencing October 1, 20__, the Base Rental component shall be increased by four and one half percent (4.5%). Option period Base Rent and Operating Expense component shall be market.

**IMPROVEMENTS:** Landlord shall provide to the Tenant an allowance of $17.00 per rentable square feet toward the Tenants improvement of the space. Should Tenant elect to take the option to extend the lease term, Landlord shall provide Tenant an allowance of $ 8.00 per rentable square feet at the beginning of each option period for painting, carpeting and minor alterations.
EXHIBIT 6.1 (continued)

Ms. Sandra K. Broker
June 30, 20__
Page 2

RENT ABATEMENT: Tenant shall receive twelve (12) free months of Base Rent abatement starting on October 1, 20__ and will begin Base Rental payments effective October 1, 20__. Operating Expenses shall be paid for the term of the lease.

PARKING: Landlord shall provide to the Tenant three (3) parking spaces per thousand rentable square feet at $10 per month per space through September 30, 20___. Landlord shall provide Tenant five (5) reserved and free spaces for the initial term of the lease on the 1st parking level.

CONF. FACILITIES: Landlord's 600 square feet conference facilities on the first floor shall be available for reservation by the Tenant at no additional cost.

HEALTH FACILITY: Landlord shall provide five (5) Executive memberships in the West Wacker Towers Health Club at no cost to the Tenant through the end of the initial term of the lease. Landlord shall provide up to seventy-five (75) Standard memberships for Tenant employees in the Health Club at $40 per month per member through September 30, 20__ when these memberships are paid by the Tenant.

SECURITY DEPOSIT: One (1) month's rent to be held for the term of the lease.

ASBESTOS: Landlord warrants to the Tenant that the space, building systems and the building contain no friable asbestos.

If the terms and conditions set forth in this proposal are acceptable, please have the proposal executed by your client where indicated below and return one executed copy to my attention not later than 5:00 P.M. (CT), July 6, 20__. Should you have any questions please do not hesitate to contact me.

Sincerely,

Robert A. Smith
Vice President
Property Management
E-mail: rsmith@wbc.com

enclosures

cc: Linda B. Stone (w/enclosures)
W. Wacker/ABC Co. file (w/enclosures)

AGREED AND ACCEPTED:

ABC Company

By:_________________________ Date:____________________. 20__

Title:_________________________
EXHIBIT 6.1 (continued)

Exhibit "A"

**FLOOR PLAN**

---

**LOBBY**

**SUITE 200**

- MEN
- MECH
- ELECT
- TELE.
- WOMEN
EXHIBIT 6.2

SAMPLE PURCHASE: LETTER OF INTENT

This Letter of Intent is made and entered into this 15th day of September, 20__, by and between ABC Company ("Purchaser") and Warehouse Developers, Inc. ("Seller").

In consideration of the agreements herein after set forth, the parties hereto mutually agree as follows:

1. Seller agrees to sell and Purchaser agrees to purchase the property located at 2548 West Wacker Drive, Chicago, IL 60638, in the County of Cook, State of Illinois, as more specifically described in Exhibit A, which is attached hereto and incorporated herein by this reference, together with all rights and appurtenances thereto and all rights, title and interest of Seller in and to any and all roads and streets bounding such property. A more definitive description shall be provided by the Seller to the Purchaser from an accurate boundary and topographic survey acceptable to the Seller and Purchaser, at Seller's cost to be reimbursed by Purchaser at closing.

2. The purchase price shall be as agreed to by the Seller and Purchaser based upon an appraisal of the property not later than 00 days from the date of this Letter of Intent by a minimum of three (3) appraisers retained by the Purchaser and approved by the Seller. Seller and Purchaser agree that the purchase price shall not exceed USD $6.60 nor be less than USD $5.15 per square foot of the appraised and surveyed property. Failure to agree on a reasonable purchase price shall render this Letter of Intent null and void.

3. Conveyance of the property shall be by general warranty deed and shall be covered by a fully paid title insurance policy.

4. Purchaser proposes to use the property for the construction and operation of a free-standing warehouse distribution center with outside storage. In the event that the property is restricted in any way which prohibits, limits or restricts the use of the property for such purpose, Seller shall obtain appropriate authorization so that the property may be used for the purposes described above. In the event Seller is unable to secure the authorization necessary for utilizing the property within 180 days from the date of this Letter of Intent, Purchaser may so notify Seller in writing, whereupon this Letter of Intent shall become null and void.

5. Further, Purchaser's obligation to purchase is also subject to the following within 180 days from the above date:
   a. Purchaser's obtaining approval and funding of the purchase of the property and construction of the warehouse distribution center from their parent company, XYZ Corporation;
   b. Seller's acquisition of clear title to an entrance way to the property from the adjacent property owner (whereby the adjacent property owner will exchange a portion of the adjacent property to create an entrance way to the subject property in exchange for a portion of the subject property which borders West Wacker Drive and 4th Avenue and the adjacent property);
   c. Seller's obtaining results of soil borings and tests of the entrance way and the property stating that the property can be used by the Purchaser as intended without requiring major additional soil, subsoil, drainage, or structural improvements to the site or to the construction;
   d. Purchaser's obtaining the necessary licenses, permits and other authorizations, including curb cuts for reasonable traffic access;
e. Seller's obtaining letters of service and supply from the appropriate agencies for water, gas, electricity, sanity sewer, storm sewers, and any other necessary public utilities stating that the services and supply are immediately on or contiguous to the subject property and are available to the Purchaser for a connection fee for all such utilities; and

f. Seller's obtaining title insurance binder.

6. Real estate taxes for the current year shall be prorated as of the date of closing.

7. The closing of the herein described purchase and sale shall be subject to the conditions set forth in this Letter of Intent and shall be scheduled at a mutually agreeable time and date on or after 180 days following the date of this Letter of Intent.

In WITNESS WHEREOF, the Seller has caused this Letter of Intent to be executed on the date noted above.

Witness: SELLER:

_____________________        By: ________________________
Walter H. Simpson
Its: President

WAREHOUSE DEVELOPERS, INC.

In WITNESS WHEREOF, the Purchaser has caused this Letter of Intent to be executed on the date noted above.

Witness: PURCHASER:

_____________________        By: ________________________
Robert C. Wilson
Its: President

ABC COMPANY
## Evaluation Matrix

### ABC Company Relocation - Northern Chicago, IL

**Evaluation Date:** JUNE 18, 2019  
**Evaluation By:** BILL ROBERTS, SUSAN ADAMS, AND WALTER LITTLE.

**Evaluation Notes:**
1. Weights are between 0 and 10 (10 being best)  
2. Rates are between 0 and 10 (10 being best)  
3. Ratings x weights = score

**Upfit Notes:**
1. Full Turnkey Construction. $38.00 Per Sq. Ft. Full Turnkey Construction.  
2. For Office & $05.00 Construction. For Computer Room.

**Information Notes:**
1. **TAXES:**  
   - Real Estate: $1.38/$100 + Fire & Rescue Levy $0.88/$100  
   - Personal Property: $3.75/$100  
   - No Merchants Capital Tax  
   - Gross Receipts Tax In Effect  
2. **HOUSING COSTS**  
   - $570 per month  
   - $600 per month  
   - $690 per month  
   - $720 per month

### Site Evaluation Matrix

<table>
<thead>
<tr>
<th>Office Location/Landlord</th>
<th>SUMMERFIELD/GLENVI</th>
<th>RICHLAND/NILES</th>
<th>WESTLAKE/SKOKIE</th>
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<td>EVALUATION CRITERIA</td>
<td>WEIGHT</td>
<td>RATING</td>
<td>SCORE</td>
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<td>Amenities (Food Service, )</td>
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<td>Free Parking</td>
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<td></td>
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<td>85.5</td>
<td>9.5</td>
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<td>Building Services &amp; Security</td>
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<td>9.5</td>
<td>76.0</td>
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<td>Bus Route To &amp; From Site</td>
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<td>Real Property, etc. Taxes</td>
<td>6.0</td>
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<td>Human Resources Issues</td>
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<td>Ability To Meet Schedule</td>
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<tr>
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<td>85.5</td>
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<tr>
<td>Overall Landlord Exper.</td>
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<tr>
<td></td>
<td>9.5</td>
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</tr>
</tbody>
</table>

**TOTAL SCORE:**  
| 1379.0 | 1316.5 | 1242.0 |

**TOTAL SCORE:**
- 1379.0
- 1316.5
- 1242.0

**Notations:**
- [1] Weighted average of specific rating criteria.
- [4] NILES (City & County) and GLENVIEW (City) and SKOKIE (City).
- [5] NILES (City & County) and GLENVIEW (City) and SKOKIE (City).

**Notations:**

**Notations:**

**Notations:**
- [16] Full Turnkey Construction.

**Notations:**
- [18] Full Turnkey Construction.
## EXHIBIT 6.4
### RELOCATION ANALYSIS

**FOR ABC COMPANY HEADQUARTERS IN NORTHERN CHICAGO, IL.**

---

### 1. Operating Expense

<table>
<thead>
<tr>
<th>Year</th>
<th>SUMMERFIELD</th>
<th>RICHLAND OFFICE PARK</th>
<th>WESTLAKE TERRACES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$4,000</td>
<td>$7.00 /S.F.</td>
<td>$6.50 /RSF</td>
</tr>
<tr>
<td>2020</td>
<td>$48,180</td>
<td>$6.55 /RSF</td>
<td>$6.55 /RSF</td>
</tr>
<tr>
<td>2021</td>
<td>$50,348</td>
<td>$6.35 /RSF</td>
<td>$6.35 /RSF</td>
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<tr>
<td>2022</td>
<td>$52,614</td>
<td>$8.88 /S.F.</td>
<td>$8.88 /S.F.</td>
</tr>
<tr>
<td>2023</td>
<td>$54,981</td>
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<td>$8.75 /S.F.</td>
</tr>
<tr>
<td>2024</td>
<td>$52,471</td>
<td>$7.42 /S.F.</td>
<td>$7.42 /S.F.</td>
</tr>
<tr>
<td>Total</td>
<td>$262,514</td>
<td>$9.20 /S.F.</td>
<td>$9.20 /S.F.</td>
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### 2. Building Rent Expense

<table>
<thead>
<tr>
<th>Year</th>
<th>SUMMERFIELD</th>
<th>RICHLAND OFFICE PARK</th>
<th>WESTLAKE TERRACES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
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<td>$7.70 /S.F.</td>
<td>$7.00 /S.F.</td>
</tr>
<tr>
<td>2020</td>
<td>$227,413</td>
<td>$8.69 /S.F.</td>
<td>$8.69 /S.F.</td>
</tr>
<tr>
<td>2021</td>
<td>$266,213</td>
<td>$8.12 /S.F.</td>
<td>$8.12 /S.F.</td>
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<tr>
<td>2022</td>
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<td>$7.67 /S.F.</td>
<td>$7.67 /S.F.</td>
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<tr>
<td>2024</td>
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<td>$8.67 /S.F.</td>
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<td>Total</td>
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<td>$9.20 /S.F.</td>
<td>$9.20 /S.F.</td>
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### 3. Parking Expense

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<th>Year</th>
<th>SUMMERFIELD</th>
<th>RICHLAND OFFICE PARK</th>
<th>WESTLAKE TERRACES</th>
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<tbody>
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<td>2019</td>
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<tr>
<td>2024</td>
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</tr>
<tr>
<td>Total</td>
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<td>$0</td>
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### 4. Total Expenses

<table>
<thead>
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<th>SUMMERFIELD</th>
<th>RICHLAND OFFICE PARK</th>
<th>WESTLAKE TERRACES</th>
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<tbody>
<tr>
<td>2019</td>
<td>$22,667</td>
<td>$227,413</td>
<td>$229,514</td>
</tr>
<tr>
<td>2020</td>
<td>$275,513</td>
<td>$266,213</td>
<td>$268,127</td>
</tr>
<tr>
<td>2021</td>
<td>$316,561</td>
<td>$266,213</td>
<td>$268,127</td>
</tr>
<tr>
<td>2022</td>
<td>$332,960</td>
<td>$266,213</td>
<td>$268,127</td>
</tr>
<tr>
<td>2023</td>
<td>$340,368</td>
<td>$266,213</td>
<td>$268,127</td>
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<tr>
<td>2024</td>
<td>$326,444</td>
<td>$266,213</td>
<td>$268,127</td>
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<tr>
<td>Total</td>
<td>$1,614,514</td>
<td>$1,275,340</td>
<td>$1,300,500</td>
</tr>
</tbody>
</table>

---

### 5. Leonard Company

- **Address:** 3298 Summers Ct., Suite 100, GLENVIEW, IL 60026
- **City, St. & Zip:** GLENVIEW, IL 60025
- **Lease Starts:** DECEMBER 1, 2019
- **Lease Ends:** NOVEMBER 30, 2024

- **Operating Expense:** $6.50 /RSF
- **Building Rent Expense:** $230,400
- **Parking Expense:** $0
- **Total Expenses:** $1,033,125

---

### 6. PKG

- **Address:** 0100 Bakers Avenue, Suite 120, NILES, IL
- **City, St. & Zip:** NILES, IL 60744
- **Lease Starts:** DECEMBER 1, 2019
- **Lease Ends:** NOVEMBER 30, 2024

- **Parking Expense:** $0
- **Total Expenses:** $1,300,500

---

### 7. West Terrace

- **Address:** Building 200, Suite 105, SKOKIE, IL 60076
- **City, St. & Zip:** SKOKIE, IL 60076
- **Lease Starts:** DECEMBER 1, 2019
- **Lease Ends:** NOVEMBER 30, 2024

- **Parking Expense:** $0
- **Total Expenses:** $1,569,332

---

### 8. Summary

- **Total Leased Area:** 32,500 Square Feet
- **Parking Area:** 50,000 Square Feet
- **Lease Ends:** NOVEMBER 30, 2024
- **City, St. & Zip:** GLENVIEW, IL 60025
- **Development Name:** SUMMERFIELD
- **Lease Starts:** DECEMBER 1, 2019
- **Lease Ends:** NOVEMBER 30, 2024
- **Parking Area:** 50,000 Square Feet
- **Lease Ends:** NOVEMBER 30, 2024
- **City, St. & Zip:** NILES, IL 60744
- **Address:** 0100 Bakers Avenue, Suite 120
- **City, St. & Zip:** SKOKIE, IL 60076
- **Address:** Building 200, Suite 105
- **Lease Ends:** NOVEMBER 30, 2024
- **City, St. & Zip:** SKOKIE, IL 60076
- **Address:** Building 200, Suite 105

---

### Development Name

- **SUMMERFIELD**: 3298 Summers Ct., Suite 100
- **RICHLAND OFFICE PARK**: 0100 Bakers Avenue, Suite 120
- **WESTLAKE TERRACES**: Building 200, Suite 105

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### Lease Information

- **Year 1 Lease Rate**: $7.00 /S.F.
- **Year 1 Total Rate**: $8.88 /S.F.
- **Year 2 Lease Rate**: $8.28 /S.F.
- **Year 2 Total Rate**: $8.87 /S.F.
- **Year 3 Lease Rate**: $8.75 /S.F.
- **Year 3 Total Rate**: $8.12 /S.F.
- **Year 4 Lease Rate**: $9.34 /S.F.
- **Year 4 Total Rate**: $8.10 /S.F.
- **Year 5 Lease Rate**: $9.34 /S.F.
- **Year 5 Total Rate**: $8.46 /S.F.

---

### Parking Information

- **Year 5 Parking Rate**: $0.00 /S.F.
- **Year 4 Parking Rate**: $1.32 /S.F.
- **Year 3 Parking Rate**: $1.28 /S.F.
- **Year 2 Parking Rate**: $1.25 /S.F.
- **Year 1 Parking Rate**: $1.21 /S.F.

---

### Additional Information

- **Purchase Option**: $3,305,000 @ YEAR 5
- **Total Rent Inc.**:
  - Year 1: 106.69% Per Year
  - Year 2: 112.09% Per Year
  - Year 3: 100.00% Per Year
  - Year 4: 100.00% Per Year
  - Year 5: 100.00% Per Year
  - Total: 106.69% Per Year

---

### Preparation Details

- **Prepared By**: BILL ROBERTS
- **Date**: JUNE 18, 2019
### EXHIBIT 6.5
### ANALYSIS OF 24 MONTH PROPOSALS
#### For The Relocation Of ABC Company

<table>
<thead>
<tr>
<th>Proposed Location/Term</th>
<th>Total Years</th>
<th>Total Rent + Improve.</th>
<th>Total Allow./ Total Improve.</th>
<th>Total Cost Paid By XYZ Co.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1245 Wacker Avenue, 3rd &amp; 4th Floor&lt;br&gt;24 Months</td>
<td>$17.75 4%</td>
<td>$50,000 $44,000 $875,500</td>
<td>$5.00 $250,000</td>
<td>$480,000</td>
<td>$1,179,500 $2,278,000</td>
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<tr>
<td>2. 769 Michigan Drive, 4th Floor &amp; partial 2nd, 5th &amp; 8th Fls.&lt;br&gt;24 Months</td>
<td>$20.50 3%+</td>
<td>45,000 40,284 $877,500</td>
<td>$8.00 $322,272</td>
<td>$445,000</td>
<td>$1,782,000 $2,227,000</td>
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<tr>
<td>3. 849 Wacker Avenue, 5th &amp; 6th Floors&lt;br&gt;18 Months</td>
<td>$12.00 Fixed</td>
<td>47,743 45,481 $572,016</td>
<td>$1.00+ $45,481</td>
<td>$446,600</td>
<td>$1,160,200 $1,606,800</td>
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<tr>
<td>4. 982 Michigan Drive, 14th &amp; 15 Floors, with Basement/Computer Rm.&lt;br&gt;18 Months</td>
<td>$15.00 Fixed</td>
<td>49,439 44,754 $741,585</td>
<td>$4.47 $200,000</td>
<td>$380,400</td>
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<td>5. 1200 Richards Street, 8th &amp; 9th Floors&lt;br&gt;18 Months</td>
<td>$14.66Net Market</td>
<td>47,000 43,520 $806,500</td>
<td>$8.00 $348,152</td>
<td>$522,300</td>
<td>$1,397,100 $1,120,400</td>
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</tbody>
</table>

### Notes:
1. 1245 Wacker Avenue did not make an 18 month proposal, but they stated that this would not be a deal-breaker. Proposal provided an option for an additional 18 months and included the Landlord providing preliminary and working drawings.
2. 769 Michigan Drive did not make an 18 month proposal, and again, they expressed a serious interest in ABC Co. If 18 months is required, the upfit allowance would be $0.00 (i.e. that cost would be totally ABC Co.’s). Rent would be $20.10 for year 2 and $20.70 for year 3.
3. 849 Wacker Avenue proposal provides for re-carpeting and repainting and an additional upfit allowance of $1.00 per usf. The lease term may be extended to a total of 60 months at a rental rate of $13.00/rsf at the end of the initial lease term.
4. 982 Michigan Drive proposal recognized the possible need to alter 60% of the space and has provided for a renewal term of 36 or 42 months at $16.00/rsf. This is the only proposal to include a computer room which meets ABC Co.’s needs without having to build one from scratch. This proposal includes our subleasing and using the current major tenant’s facilities including food service, catering, vending, parking, security, and card access, and includes space planning, construction drawings, building permits, and certificate of occupancy. The above yearly rental includes an existing Computer Room of 3,878 rsf and not all of this space has to be leased.
5. 1200 Richards Street proposal is a net of janitorial and utilities which are estimated to be $2.00 to $2.50/rsf. Existing space will be vacated by Jan. 15, 2013 by the current tenant and because of the age of the building and wear on the space, the entire inside of the existing office/warehouse will require gutting and is included in the $8.00/rsf. Proposal includes one preliminary drawing and on completed set of construction documents.
SITE SELECTION

- The site selection process
- The lease agreement
- The sale and purchase agreement

The Site Selection Process

A site has been identified and management approval has been obtained. A proposal letter (often prepared by the landlord or seller) which includes all of the main and important negotiated business and legal points and exhibits has been reviewed and signed by both parties and your customer is ready to move forward with a lease or purchase agreement. The landlord or seller will usually provide completed copies of their standard lease or purchase agreement with the business and legal points and exhibits included for review and signature. This phase can be time consuming and can be the most critical part of the real estate assignment. It is your responsibility to ensure that during this phase your customer's and the corporation's legal and business interests will be protected.

All contingencies items must be satisfied before closing on or leasing the property would take place. Once title changes hands and the deed is recorded for owned property, your corporation has very little recourse to return the property to the seller. Purchasing property is a serious undertaking and your corporate legal department must be part of the acquisition to insure that corporate property acquisition policies and requirements and that all legal issues have been addressed before closing takes place. In the event you are unable to obtain all necessary licenses, permits, and other authorizations within a specific number of days, you should ensure that your sale and purchase agreement provides that either party can terminate the contract and all earnest money deposit and any additional funds in escrow will be returned to you.

A diligent and detailed review of the lease or purchase agreement should be made together with your customer, legal counsel, and real estate broker. The review comments should be transmitted to the landlord or the seller by your real estate broker or legal counsel. These comments should be followed up to ensure that the comments and requested revisions have been included in the next draft and if not, what further business or legal negotiations need to be completed. Depending on the complexity of the requirement, the review process could take a week to months depending of the legal and/or business issues which remain to be resolved. There are times, even though all parties felt they had a meeting of the minds, when this review process can bring out a legal or business issue or issues such as subleasing or assignment, asbestos or major structural damage which one side cannot accept. When an impasse is reached, your customer should be prepared to walk away from the deal.

The lease approval process can take from a few weeks to many months. A number of critical phases have been identified as follows:

- Process Phases ¹ (See Exhibit 7.1) include:
  - Lease Document Prepared By The Landlord or Tenant.
  - Queue Time with a focus on reducing iterations and changes to the signature process.
  - Business Terms with a focus on a more detailed RFP.

- Normal Coordination with Legal.
- Transfer of Documents, Automation, Communication and Word Processing.
- Cycle of the lease document process including the number of iterations.
- External & Internal Requirements which the Tenant and Landlord must address.
- Process Time with a focus on the development and use of a Lease Document Log to record and document process time.

**Lease Document Steps** ² (See Exhibit 7.2) include:

- Pre-Negotiated Document or Model Lease which would include a business Term Sheet. This could be developed between the Tenant and the Landlord and/or could be developed for the real estate industry similar to other standard contract documents which other business areas have developed and use regularly (i.e. engineering, design, architectural services, general construction, etc.). The Model Lease may pose a problem with some corporate legal counsel who may insist that each document have their "imprint". Corporate legal may want a say in the drafting of the document, no matter how minor. If this happens, the use of a Model Lease by corporate real estate may not be beneficial.

- Administration of the lease through word processing, communications via electronic mail, modem or corporate network, the ability via software to red line changes to the lease, and a readability index where the lease can be read and understood before and after the lease is signed.

- Local Legal Requirements which are unique and could impact the rights and responsibilities of either or both parties to the lease.

- Landlord or Tenant Driven business, legal and contingencies to complete the lease.

- Lender or financial partner whose financial interest may become a major obstacle or opportunity to completing the lease agreement. The lender's legal and business requirements should be ideally understood before all business terms are agreed upon.

- Local Market Conditions where the local real estate economy or business terms of the lease reflect local real estate values concerning such items as concessions, rents, operating expenses, upfit and free rent.

- Process Time includes all the steps and time required to develop the lease document from the agreement of the business terms to the execution of the lease document. Process time is one of the key items to address and reduce where possible to improve productivity and obtain a signed lease.

- Format would provide standardization of the business and lease terms, contents and wording, arrangement, and the ability to make and receive changes to the lease document manuscript electronically.

**Exhibit 7.3** ³ provides a flow chart of the office lease approval process from the tenant's perspective.

**Exhibit 7.4** ⁴ provides a process flow chart of the office lease approval process from the landlord's perspective.

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An Ideal Flow Chart for the office lease approval process is shown in Exhibit 7.5. The flow chart includes the queue time before the next activity (step) and the time to review the document at the activity is included within the activity box. The Ideal Flow Chart (Exhibit 7.5) incorporates the use of a Model Lease document with a business terms document, and an attached boiler plate legal requirements document which would provide the opportunity for both parties to spend their time focusing on the business aspects of the lease. Legal issues unique to local requirements would be addressed as revisions only to those boiler plate items which need to be revised. When the processing time is reduced by almost 80 days with only two iterations, the tenant and the landlord can execute the lease sooner and provide (ideally with a Model Lease) a quality product where both parties are protected.

During your review of the Lease document, the following **OFFICE BUILDING LEASE CHECKLIST** may be used to ensure that all items and issues have been addressed. Other items should be considered and may be added by your corporation's legal counsel which are unique to your business and/or location.

- **Name of Landlord and Tenant**
  - Individual, Partnership, Corporate
- **Address of Parties For**
  - Rent Payments
  - Notices
  - copies of Notices to Others
- **Name, Street, City, State and Zip Code Address of Building**
- **Description of Premises**
  - Suite number; Floor(s)
  - Approximate area in Rentable and Usable Square Feet
- **Term**
  - Number of Years, Months and Days
  - Lease Commencement Date
  - Lease Expiration Date
- **Options**
  - Renew
  - Number of Options
  - Term Per Option
  - Rental Rate Per Option
  - Upfit Allowance Per Option
  - Additional Space
  - When Available
  - Notice Required
- **Rent**
  - How Much/Payable To Whom In (U.S. Or Other Funds)
  - When Is Payment Due
  - What Is Included In The Payment
  - Escalations

---

- Access to the Premises
- Definition of Substantial Completion Tied to Receipt of Certificate of Occupancy
- Improvement Schedule/Milestone Dates
- Change Order Procedures
- Insurance
- Lien Waivers
- Permitting and Certificate of Occupancy
- Bonus/Penalty or Late Penalty Clause

- Parking
  - Employee/How Many/Free or at Mo. Fee
  - Reserved/How Many/Free or at Mo. Fee
  - Visitor/How Many

- Use of the Premises

- Services Furnished By Landlord
  - Landlords Obligations
  - Hours of Operation
  - Charges For After-Hours Services

- Maintenance and Repair
  - Landlords Obligations
  - Tenants Obligations

- Assignment and Subleasing
  - Restrictions
  - Recapture
  - Landlord Approval Process

- Transfer By Landlord
  - Release of Landlord

- Subordination

- Attornment

- Estoppel Certificate

- Notice of Mortgager

- Right of Entry

- Alterations
  - By Landlord
  - By Tenant
  - Ownership of Alterations and When Ownership Occurs

- Liens

- Signs

- Insurance - Evidence
  - Landlord
  - Tenant
  - Subrogation

- Indemnification

- Damage
  - Caused By Landlord
  - Caused By Tenant
  - Major or Minor
  - Cancellation Rights/Landlord/Tenant
  - Abatement of Rent
  - Delays in Repairs
  - To Premises vs. non-premises

- Condemnation
  - Total
  - Partial
  - To Other than Premises
  - Cancellation Rights
  - Sharing of Award
  - Sale in Lieu of Condemnation

- Surrender of Premises
  - Condition
  - Repairs Due to Removal
  - What Can Be Removed/Required/Optional
  - Abandonment

- Default
  - Events
  - Remedies

- Arbitration
  - What is Subject to Arbitration
  - Method to be Used

- Building Regulations

- Miscellaneous
  - Food Service Facility
  - Fitness Facility
  - Conference Facility
  - After-Hours HVAC Costs
  - Security Services
  - Waiver
  - Hold Over
  - Notices
  - Hazardous Materials/Asbestos/Radon
  - Noise Pollution
  - Air Quality
  - Phase I/Phase II Environmental Audit
  - Option to Purchase/Date/Price
  - Lease Cancellation/Date(s)/Costs
- Attorneys Fees
- Designated Parties
- Joint and Several Liability/Merger
- Severability
- Commissions
- Force Majeure
- Right to Change Building Name
- Entire Agreement/Captions
- Recording of the Lease
- Corporate or Partnership Authority
- Governing Law
- Exhibits/Addendum

The Lease Agreement

The following are items that should be considered while negotiating a lease agreement to ensure that your customer, the Tenant, is equally represented and protected. Other items should be considered and may be required by your corporation's legal counsel which are unique to your business and/or location (see Exhibits 7.1, 7.2, 7.3, 7.4, 7.5 and 7.6).

Lease agreement date:

Landlord (Lessor) name, a (State) corporation or limited partnership, etc.:

Tenant (Lessee) name, a (State) corporation:

Rental agreement: Total rentable sq. footage (R.S.F.), R.S.F. per floor being leased, and how it is calculated by the landlord (as defined by BOMA, IFMA or the commonly accepted/recognized local method). Total usable sq. footage (U.S.F.), U.S.F. per floor, and how it is calculated by the landlord (as defined by BOMA, IFMA or the commonly accepted/recognized local method). The common area factors (as defined by BOMA, IFMA or the commonly accepted/recognized local method). The property area in sq. ft. and acres if this is a ground lease. The property st. address, suite #(s), county, city, zip code.

Location of premises: Where the premises are located (often the legal description of the property included as Exhibit "B").

Parking: Parking that is provided by the landlord is often expressed _________ (___) per 1000 square feet of usable office space. Parking for visitors, reserved parking (ideally at no cost), and the cost of parking (if not free for the term of the lease, try to lock in the rate for the term and option periods) should be included here.

Term: Effective or commencement date, occupancy date, termination date and total initial term of lease in years/months/days.

Base rental: Rental rate per rentable square foot, total rent per year and monthly amount ________ and _______/100 dollars ($__________.____) due to the landlord usually by the first day of the month including the name the rent check is to made payable to and the rent payment address.

Operating and common area maintenance expenses: Operating expenses per month are often expressed to an amount per square foot for a specific year as a "peg" or "expense stop" and can be a very complicated and expensive item which should be thoroughly detailed in the lease, especially with regard to the percentage of expense pass-thru, the base amount and base year, etc. Common area maintenance expenses per month are often found at warehouse properties where the site maintenance is managed by the landlord and you pay utilities, janitorial, etc. for your space.

Rental adjustment: Sometimes called rent escalation, these increases are very important as they establish future rents with specific information on what is being escalated. These increases usually occur yearly and may include increases to the base rent and/or to the operating expenses by:

- A specific % increase or
- The CPI or a % of the CPI with a minimum and a maximum increase or
- An additional $______ cost per rentable square foot or
- A set amount based on a specific $______ cost per rentable square foot or
- A combination of the above or
- Whatever you negotiate.
**Use:** What your customer will be legally doing in the space.

**Landlord repairs and services included in the lease:**
Such as:

- None
- Janitorial
- Plumbing Repair
- HVAC
- Grounds /CAM
- Lightning
- Electricity
- Roof
- Exterior/Window Repair
- Snow Removal
- Window Washing Schedule
- Parking Lot Repair
- After hours HVAC and cost.
- Hours of normal HVAC service. Is Saturday morning included?
- Building holidays of property?
- Service elevator hours.
- Porter service and costs.
- Loading dock hours and trash disposal.
- Security: Guards, access card (cost), cameras, parking, after hour access, fire stair access, keys, etc.
- Fire and life safety.
- Basement or tenant storage.
- Interior Signage: Suite, lobby directory, etc.

**Repairs by the tenant:** Such as repair of construction within the tenant's premises.

**Possession:** Lessor may or may not warrant that your customer can occupy the space on the commencement date of the lease.

**Inspection:** Usually require that the landlord give the tenant 24 hour prior notice to enter the premises at reasonable hours to inspect the premises to see that the tenant is complying with all of the tenant's obligations.

**ADA Compliance:** The lease property (site and building) meets the requirements of the federal Americans with Disability Act (ADA) and any other state and local rules and regulations.

**Default:** States what will happen if the tenant fails to pay the rent within a specific time period thereby defaulting on the terms of the lease.

**Reletting by landlord and other remedies:** Usually states that if tenant is in default the landlord can rent the space to another tenant and that by doing so the landlord has not waived the right to seek further legal action against the original tenant.

**Exterior signs:** States whether or not the tenant can place an exterior sign on the building wall, roof or grounds. If this is permitted, then a description of what can be installed and where, the approval process, and who will pay for the sign would be included.

**Removal of fixtures:** Tenant is usually permitted at the end of the lease term to remove tenant owned furnishings and removable items not included as part of the base building. This should be carefully reviewed especially if your customer will be spending their capital funds to install a computer room and associated systems to ensure that they can take the raised floor, HVAC units, fire suppression, alarm system, etc. when they move.

**Assignment and subletting:** Ability to assign or sublease the lease and what restrictions by the landlord approval if any? Your customer should be able to sublease the space to any similar operation division without having to secure the landlord's approval.

**Destruction or damage:** Addresses what happens to the lease agreement if the building is destroyed or damaged by fire.

**Condemnation by governmental authorities:** Addresses what happens to the lease if the premises or the building is permanently taken or condemned by a governmental authority.

**Alterations and improvements:** Often stipulates that the tenant can make no alterations in or to the premises without first obtaining the landlord's prior written consent. This can also be less restrictive where the tenant can redecorate, repaint, move a partition, re-carpet, make non-structural changes and changes which to do not affect the building mechanical, electrical, plumbing, and life safety systems of the space and building without first obtaining the landlord's prior written consent. Some landlords are using this section to try to "require" tenant's to use the landlord's construction services and charge a management fee for any alterations or improvements to the space.
**Attorney's fee:** Requires that the tenant agrees to pay all attorney's fees and expenses the Landlord incurs in enforcing any of the tenant's obligations of the lease.

**Waiver of subrogation:** Briefly, the landlord and tenant waive all rights to recover against each other or against any other tenant or occupant of the building for any loss or damage arising from any cause covered by any insurance required to be carried by each of the parties or any other insurance actually carried by the landlord or the tenant.

**Indemnification:** Briefly, this usually provides that the tenant will indemnify the landlord, its agents, and employees against, and hold the landlord, its agents and employees harmless from, any and all demands, claims, causes, fines, damages, etc. arising from the tenant's occupancy of the premises arising at any time unless damage or injury results from the negligence of the landlord where the tenant is negligent, or violates the terms of the lease causing harm to any party. If any action or proceeding is brought against the landlord, it agents, or employees by reason of any such claim, tenant, upon notice from the landlord, will defend the claim at tenant's expense with counsel reasonably satisfactory to the landlord.

**Rules and regulations:** Landlords adopt rules and regulations for the building operation and safety of their tenants and are usually attached as an Exhibit to the lease. These can be fairly restrictive, should be carefully reviewed, and changes or modifications should be requested and approved by the landlord in writing before or when the lease is executed. For example, the rules and regulations may prohibit drink machines in tenant suites. If your customer plans to have a drink machine for the exclusive use of their employees in their break room, an exception in writing should be requested for approval by the landlord during lease negotiation.

**Holding over:** Can the tenant stay on in the premises after the end of the lease on a month-to-month basis and if yes, will the monthly rental increase and if yes by how much? This can range from no increase to 200% of the monthly rental.

**Surrender of the premises:** At the termination of the lease, the tenant shall surrender the premises and keys to the landlord in the same condition as at the commencement of the term, natural wear and tear, fire or other casualty only excepted. This can be used by the landlord to withhold the return of a deposit where when the tenant vacated the premises, substantial abuse to the space became readily apparent and would need major repair.

**Notice:** Tenant and Landlord correspondence notification address are the legal addresses where each party must send their formal notices when informing the other party of an issue that is informational or legal in nature.

**Parties:** The Landlord or "Lessor" is usually used in the lease as the first party. The Tenant or "Lessee" is usually used in the lease as the second party.

**Mortgages:** The tenant's rights shall be subject to any bona fide mortgage or deed to secure debt which may be placed upon the building by the landlord. The tenant has a right to remain at the premises under the terms of the lease regardless of default on the mortgage by the landlord.

**Late charges:** If the tenant is late in the payment of rent, a specific late charge is often required in the form of the greater of a minimum dollar amount or a maximum % of the amount due would be due for every __________(____) days the rent payment was late.

**Cancellation penalties:** If your customer (the tenant) desires to cancel the lease at a specific time(s) during the term of the lease, an amount should be negotiated with the landlord and included in this section.

**Tenant's insurance:** Landlord's require that their tenant's provide a certificate of insurance for minimum amounts of coverage specified in the lease with the landlord named as an insured in the tenant's public liability policies

**Options:** If your customer believes they would like to have a specific option to stay in their space a number of options with years for each option period and dates that the options will begin and end including the number of days required to notify landlord to take option, option for other space within the property with amount of space being optioned, the amount of rent for the option period(s) either fixed, consumer price index (CPI), percentage per year, or market, specific option information which may be unique to your location, and the Right of First Refusal of specific floors or space, etc. should be included in the lease.
Deposit: Is a deposit required? Your company may adopt or have a policy **NOT** to pay a deposit as the deposit represents risk which your company may not pose to a landlord. If a deposit cannot be negotiated out of the deal, ideally the deposit should be no more than one month’s rent with interest to your company on the deposit.

Rent abatement: In today’s rental markets, a number of months of free rent is an appropriate method to gain financial benefit and reduce the effective rate to your company/customer.

Improvements to the premises: The design and construction of the premises your customer will occupy will often require some work to get it ready before it can be occupied. The cost of this work will either be paid for by the landlord, the tenant or the cost will be prorated between the landlord and the tenant. As part of the negotiating process, who will pay and is responsible for what work, at what cost and within what design and construction schedule must be identified in writing before the lease is executed. The cost, responsibility, design and construction schedule often take one of the following forms of an Exhibit attached to the lease as:

- A landlord’s work letter and construction schedule which includes design and construction completion dates, cost, and work the landlord will pay for before the premises is delivered to the tenant, the cost and work which the landlord will do but the tenant will pay for, and the work which the tenant will pay for and do during or after the landlord finishes its work.

- A dollar allowance per usable square foot provided by the landlord where the landlord will schedule all design and construction work to provide the space as requested, pay all design and permit fees, pay for all construction work, and the tenant will reimburse the landlord for any costs over the total allowance amounts.

- A dollar allowance per usable square foot provided by the landlord where the tenant will be responsible for all design work, permits and fees, scheduling the work, hiring a general contractor, completing and paying for all work, and requesting reimbursement from the landlord for all costs up to the total allowance amounts.

Contingencies or special stipulations: There may be items which are unique to your business or this lease which may be included such as:

- Purchase option. If yes, cost and date to notify landlord or date of purchase.

- Density of employees restriction where for example the landlord requires that your customer’s premises can only accommodate one employee for every 200 rentable square feet. If additional employees are assigned to the premises that reduce the ratio then the landlord could find your customer in default of the lease terms.

- Prorata share of property taxes if these are not included in the operating expenses.

- Occupancy or Use Tax that have been established by local governments that you must pay either to the local government or to the landlord and is not included in the operating expenses.

- Business non-competitive tenants where the landlord cannot lease space within the building to your customer’s competition without their approval.

- The Landlord and Tenant to meet certain key dates to complete preliminary plans, design development and construction permits, obtain construction or permanent financing or mortgage, etc.

- A bonus/penalty which may be monetary, etc. if certain key dates or events are not met by either party.

- Written confirmation from an independent testing firm that the site, building, and adjacent sites (subsurface, surface and airborne) do not contain soil pollutants, hazardous waste, buried obstructions, etc.

- Obtaining continued warranties for major building mechanical and electrical systems.

- Food service, type, location, hours of operation, etc. which the landlord agrees to provide in the building or site.

- Change and vending machines provided by the landlord by type and location to be serviced ____ times per week?
Commissions: Any and all commissions, compensations or other broker or finder fee expenses as part of this lease shall be paid by the landlord.

Changes to the agreement: No term or condition of the agreement will be considered to have been waived or amended unless expressed in writing, agreed to by both parties and shall be binding upon the parties, their heirs, successors or assigns.

Execution of the lease agreement: Space should be provided for the:

- Signature(s) of the landlord, and a witness signature, a notary public seal and signature and the landlord's corporate seal if appropriate.
- Signature(s) of the landlord's agent if required, and a witness signature, a notary public seal and signature, and the agent's corporate seal where appropriate.
- Signature(s) for the tenant's corporate officer(s), and a witness signature, a notary public seal and signature, and the tenant's corporate seal.

Exhibits: Attached.

You may wish to include a Table of Contents at the front end of your lease document. This would help you and those who will be managing and administering lease terms to easily find specific items during the lease development process and later after your customer has moved in. The following is a sample office Table of Contents which may assist you during the development and management of your real estate lease development process. The Lease Agreement Sample For ABC Company (see Exhibit 7.6) follows the basic Table of Contents format and includes additional items unique to the specific lease requirement.
SAMPLE Office Lease

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EXHIBIT C - Heat, Ventilation and Air Conditioning Specifications
EXHIBIT D - Cleaning and Janitor Services
EXHIBIT E - Building Parking Area
EXHIBIT F - Rules and Regulations
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EXHIBIT H - Security Services
EXHIBIT I - Floor Plan of Tenant Option Space
EXHIBIT J - The Land
EXHIBIT K - List of Holidays
EXHIBIT L - List of Landlord's Partners/Stockholders

EXHIBIT A1 to A__ - Floor Plans of the Leased Premises
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Section 57.01  Rules of Interpretation
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Article 58 - MEMORANDUM OF LEASE

EXHIBIT C - Heat, Ventilation and Air Conditioning Specifications
EXHIBIT D - Cleaning and Janitor Services
EXHIBIT E - Building Parking Area

■ The Sale and Purchase Agreement

The following are items that should be considered while negotiating a purchase agreement to ensure that your customer, the Purchaser, is equally represented and protected. Other items should be considered and may be required by your corporation's legal counsel which are unique to your business and/or location (see Exhibit 7.6).

Seller name, address, city, zip code:

Purchaser name, address, city, zip code:

Property address including street, county, city, zip code:

Site information: Total acreage, frontage, dimensions and square footage of land, building (sometimes attached as Exhibit "A").

Property legal description (often attached as Exhibit "B"): Boundary and topographic surveys: Purchaser to obtain an accurate boundary and topographic survey acceptable to Purchaser (this cost may be paid by the Purchaser or negotiated to be reimbursed by the Seller at closing). This may be attached as an Exhibit.

Purchase price: State the purchase price __________ and ________/100 dollars ($__________) and that earnest money deposit __________ and ________/100 dollars ($__________) shall be considered as a portion of the purchase price.
**Mortgage:** If applicable, mortgage term, monthly payments, payable to, payment address and mortgage correspondence notification address.

**Conveyance of the deed:** The deed will usually be in the form of a general warranty, special warranty, grant, quitclaim or other deed.

**Taxes:** Payment of prorated taxes at closing by the Seller.

**Recording of the deed:** Usually at the Purchaser's expense.

**Zoning jurisdiction:** What city or county has authority for zoning.

**Zoned:** state the zoning of the affected area. Occasionally, a community will impose prohibitive restrictions on signage, building set-backs, and curb cuts. Local sign and building codes vary, site density's vary, so it is important to examine all applicable ordinances prior to acquiring a property. You may need to consult with an attorney, architect and/or engineer prior to selecting and closing on a site. It is a good idea to buy a copy of your community's zoning code/ordinances to study all site requirements. You may find it appropriate to include a clause in your purchase contract to require that the closing of the sale is contingent upon your obtaining a construction permit (see below).

**Site plan agreement or subdivision of property agreement:** This may be attached as an Exhibit.

**Property covenants and restrictions:** These may be attached as an Exhibit.

**Roads and site improvements dedicated to the municipality:** This may be a statement or attached as an Exhibit.

**Proposed use of the property:** State purchaser's proposed use of the property and authorization and agreement by the Seller to cooperate fully with the Purchaser in providing access to the property, application for and obtaining any necessary rezoning, variances, permits, utilities, etc. If the Purchaser can not obtain use of the property for its proposed use, the Purchaser may notify the Seller in writing of the fact and the Agreement shall become null and void.

**Purchase contingencies:** Purchaser's obligation to purchase is contingent on being able to obtain licenses, permits, and other authorizations, including (include additional requirements). In the event Purchaser is unable to obtain all necessary licenses, permits, and other authorizations within ________ (____) days either party may terminate the contract and the Purchaser shall be entitled to the return of the earnest money deposit and any additional funds in escrow.

Contingency items may include but are not limited to:

- Closing to take place only after permitting of the work has been obtained from local governmental authorities.
- Initial and final approval of the parent company.
- Existing required zoning permits the proposed use.
- Letter from local utility providers and local governmental authorities that the quantity and quality of utility and site services (water, sewer, natural gas, electricity, fire protection, etc.) are available for the specific Purchaser's project at the time required.
- The Seller and Purchaser to meet certain key dates to complete preliminary plans, design development and construction permits, obtain construction or permanent financing or mortgage, etc.
- A bonus/penalty which may be monetary, etc. if certain key dates or events are not met by either party.
- The removal of liens, back taxes, easements or items which prohibit or cloud clear title to the property.
- Obtaining a General Warranty Deed, clear title and title insurance for the property.
- Written confirmation from an independent testing firm that the site, building, and adjacent sites (subsurface, surface and airborne) do not contain soil pollutants, hazardous waste, buried obstructions, etc.
- Soil investigation report stating that the soil beneath the proposed improvements can support proposed traffic and building loads and/or site use.
o Ability of the Purchaser to obtain insurance.
o Limit on Purchaser's initial property taxes for a specified period of time.
o Purchaser's ability to obtain a specified mortgage at a specified % rate.
o Purchaser's ability to obtain favorable financing or waiver of taxes from the local governmental authority.
o Acceptance of restrictive covenants and site developments including utilities, roads and services by the local governmental authorities before closing.
o Obtaining an inspection and a bond from a local pest control company that the facility is free from specific pests (termites, mice, rats, ants, etc.).
o Obtaining continued warranties for major building mechanical and electrical systems.

Closing: Closing shall take place within _________ (___) days after all the contingencies of the contract have been fulfilled and vacant possession of the property shall be delivered to the Purchaser at the time of closing.

Condemnation: Condemnation of the property by a public authority before closing can at the election of the Purchaser cause the Agreement to become null and void.

ADA Compliance: The property meets the requirements of the federal American Disability Act (ADA) and any other state and local rules and regulations.

Utilities: Seller representation that water, gas, electricity, sanitary sewers, storm sewers, site drainage and site storm water retention, and other necessary public utilities are immediately on or contiguous to the subject property and are available to the Purchaser of a connection fee. If these utilities are not available the Purchaser has the right to terminate the Agreement and receive the earnest money deposit.

Title insurance: Purchaser to order a title binder on the property. At closing the Seller will convey a good and marketable title to the property free, clear and unencumbered. If title insurance binder reflects title defects, Seller shall immediately and diligently proceed to cure these defects. If Seller is unable to cure the defects, the Purchaser may accept the title and defects or may terminate the Agreement. The title insurance policy should be issued and on hand at closing.

Commissions: Any and all commissions, compensations or other broker or finder fee expenses as part of this sale shall be paid by the Seller.

Taxes and liens: Real estate taxes for the current year shall be prorated as the date of closing and Seller shall pay all current and pending certified liens.

Affidavit of vacant possession: Seller shall deliver to Purchaser at closing an affidavit of vacant possession stating that there are no unrecorded leases or agreements upon the property and that there are no mechanic's or statutory liens against the property.

Changes to the agreement: No term or condition of the agreement will be considered to have been waived or amended unless expressed in writing, agreed to by both parties and shall be binding upon the parties, their heirs, succors or assigns.

Competitive business in an adjacent or contiguous property: If your corporation is sensitive as to who your adjacent neighbor businesses are or might be you may wish to consider including a clause where the Seller covenants that no property presently owned or hereafter acquired by the Seller will be used or occupied by a business activity which is in competition with the Purchaser. The covenant on the part of the Seller shall survive the closing for a period of ___________ (___) years.

Special stipulations: There may be items which are unique to your business.
Parent company approval: Closing of the purchase shall be subject to final approval by ____________________________, the parent company. This provides your customer and your corporation a final out if business or strategic plans change before closing.

Execution of the purchase agreement: Space should be provided for the date, signature(s) of the seller(s), two witness signatures with a seller's corporate seal if appropriate and space for the date, signature(s) for the purchaser's corporate officer(s), and two witness signatures with the purchaser's corporate seal.

Exhibits: These are attached to the sale and purchase agreement and often some or all of the following depending on the complexity of the business terms and legal requirements by both parties:
  o Site, plot, and floor plan(s)
  o Legal description
  o Easements
  o Purchase contingency requirements
  o Title binder, title insurance and closing requirements
  o Definition of the environmental audit process and seller and purchaser requirements
  o Payoff of existing mortgage(s)
    - Closing date definition and agreement
    - Common area maintenance definitions, agreement and example
    - Approval by parent company including corporate resolution, appraisal, financing, deed, title and title insurance requirements
    - Option to purchase additional property schedule, description, plan(s) and specifications

NOTES
EXHIBIT 7.1

OFFICE LEASE APPROVAL PROCESS – PROCESS PHASES

Source for Exhibits 7.1, 7.2, 7.3, 7.4 and 7.5: Benchmarking Research Study by the Author for the International Development Research Foundation (IDRF), June 2002.
EXHIBIT 7.2

OFFICE LEASE APPROVAL PROCESS – LEASE DOCUMENT STEPS

- Value of Local Real Estate
- Local Market Conditions
- Process Time
- Format
- Change Lease Doc. Manuscript Electronically
- Pre-Negotiated Document or Model Lease
- Lender
- Landlord or Tenant Driven
- Administration
- Local Legal Requirements
- WP Communication
  - Red Lining
  - Readability
EXHIBIT 7.3
OFFICE LEASE APPROVAL PROCESS
ACTUAL FLOW CHART FOR ABC COMPANY
Lease Prepared By Landlord
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OFFICE LEASE APPROVAL PROCESS

ACTUAL FLOW CHART FOR ABC COMPANY

Lease Prepared By Landlord

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EXHIBIT 7.3 (continued)
OFFICE LEASE APPROVAL PROCESS
ACTUAL FLOW CHART FOR ABC COMPANY
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EXHIBIT 7.4
OFFICE LEASE APPROVAL PROCESS
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EXHIBIT 7.5
OFFICE LEASE APPROVAL PROCESS

IDEAL FLOW CHART

Lease Prepared By Tenant

Page 1 of 1

10,000 RENTABLE SQUARE FEET - 40 PAGE LEASE
NOTES
LEASE AGREEMENT SAMPLE FOR ABC COMPANY

LEASE AGREEMENT

This Lease Agreement is made and entered into this 10th day of August, 20__, by and between West Wacker Towers, L.P. an Illinois Limited Partnership ("Landlord"), and ABC Company, a Delaware Corporation ("Tenant").

In consideration of the agreements hereinafter set forth, the parties here to mutually agree as follows:

1. DEMISED PREMISES. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, certain space (the "demised premises") on the second floor of the Building (the "Building") situated at 4425 West Wacker Drive, Chicago, Cook County, Illinois 60630, assigned Suite #200 (outlined on Exhibit A attached hereto). The demised premises constitute approximately 16,535 square feet of net rentable area.

2. TERM. This lease agreement shall be for a term of five (5) years and no (0) months beginning of the Lease Commencement Date, which shall be October 1, 20__, and ending on September 30, 20__ (the "Expiration Date"), provided, however, that in the event the demised premises are not substantially completed in accordance with the provisions of Article 6 by said date, for any reason or cause, then the Lease Commencement Date shall be earlier of (i) the date the demised premises are occupied by Tenant or (ii) the day which is fifteen (15) days after Landlord has certified in writing to Tenant that all work to be performed by Landlord pursuant to Article 6 has been substantially completed, in which event Landlord shall not be liable or responsible for any claims, damages, or liabilities by reason of such delay, nor shall the obligations of Tenant hereunder be affected. In the event the demised premises are occupied by Tenant prior to the Lease Commencement Date, such tenancy shall be deemed to be by the day, and Tenant shall be responsible for payment of monthly rental, for each day of such occupancy prior to the Lease Commencement Date. Within thirty (30) days after the Lease Commencement Date, Landlord and Tenant shall execute Exhibit H attached hereto and made a part hereof by reference confirming the dates of commencement and expiration of the term of this Lease Agreement in accordance with the provisions of this Article 2.

3. USE. Tenant will use and occupy the demised premises solely for general purposes, such other purposes as Landlord consents to in writing in advance, and as a part of its present business operations and for uses incidental thereto in accordance with the use permitted under applicable zoning regulations, and for no other purpose. Tenant will not use or occupy the demised premises for any unlawful, disorderly, or hazardous purpose, and will not manufacture any commodity or prepare or dispense any food or beverage therein, without Landlord's written consent. Tenant shall comply with all present and future laws, ordinances, regulations and orders of all governmental authorities having jurisdiction over the demised premises.

4. RENTAL. Tenant shall pay to Landlord an annual rental, payable in monthly installments of Twenty-Eight Thousand Nine Hundred Thirty-Seven and 25/100 Dollars ($28,137.25), in advance, on the first day of each calendar month during the term of this Lease, equal to Three Hundred Forty-Seven Thousand Two Hundred Forty-Seven and 00/100 Dollars ($347,247.00) per year for the period beginning with the Lease Commencement Date through September 30, 20___. Beginning on the first anniversary date of the Lease Commencement Date and at each anniversary date thereafter, the annual rental due each year shall be increased by 4.5%. If the Lease Commencement Date occurs on a day other than the first day of a month, rent from the Lease Commencement Date until the first day of the following month shall be prorated at the rate of one-thirtieth (1/30th) of the monthly rental for each such day, payable in advance on the Lease Commencement Date. Tenant will pay said rent without demand, deduction, set-off or counter-claim by check to Landlord at 4425 West Wacker Drive, Suite 2100, Chicago, IL. 60630 or to such other party or address as Landlord may designate by written notice to Tenant.
5. DEPOSITS. Upon execution of this Lease, Tenant shall deposit with Landlord the sum of Twenty-Eight Thousand Nine Hundred Thirty-Seven and 25/100 Dollars ($28,137.25), as a deposit to be applied against the first month's rent. In addition, Tenant shall pay to Landlord as a security deposit the sum of Twenty-Eight Thousand Nine Hundred Thirty-Seven and 25/100 Dollars ($28,137.25). Such security deposit (which shall bear interest at the then market rate) shall be considered as security for the performance by Tenant of all of Tenant's obligations under this Lease. Upon expiration of the term hereof, Landlord shall (provided that Tenant is not in default under the terms hereof) return and pay back such security deposit including interest to Tenant, less such portion thereof as Landlord shall have appropriated to cure any default by Tenant. In the event of any default by Tenant hereunder, Landlord shall have the right, but shall not be obligated, to apply all or any portion of the security deposit to cure such default, in which event Tenant shall be obligated to deposit with Landlord upon demand therefor the amount necessary to restore the security deposit to its original amount and such amount shall constitute additional rent hereunder. In the event of the sale or transfer of Landlord's interest in the Building, Landlord shall have the right to transfer the security deposit to such purchaser or transferee, Tenant shall look solely to the new Landlord for the return of the security deposit and the transferor Landlord shall thereupon be released from all liability to Tenant for the return of such security deposit.

6. WORK LETTER AGREEMENT. Landlord will finish the demised premises in accordance with the provisions set forth in Exhibit B attached hereto and made a part hereof. Landlord shall have no obligation to make any alterations or improvements to the demised premises except as set forth in Exhibit B.

7. REIMBURSABLE EXPENSES.
   a. Reimbursable Expenses Defined: Reimbursable Expenses are based on certain mutually agreed concepts as herein defined. There is established under this Lease a Base Year that is the first full calendar year of the Lease Term ("Base Year"). All subsequent calendar years shall constitute a comparison year ("Comparison Year") for Reimbursable Expense calculation purposes. The terms "Reimbursable Expenses" and "Operating Expenses" are interchangeable for purposes of this Article. Building Operating Expenses are comprised of two (2) cost categories for purposes of this Lease:

   1) Controllable Costs ("Controllable Costs") include all Reimbursable Expense items other than Noncontrollable Expenses described below.

   2) Noncontrollable Costs ("Noncontrollable Costs") include taxes, insurance and utility charges. Controllable and Noncontrollable Costs when combined, comprise Operating Expenses ("Reimbursable Expenses"/ "Operating Expenses"). Allowable Operating Expenses shall be limited to the line item categories and amounts provide by Landlord as estimated Operating Expenses for the first calendar year of occupancy ("Commencement Year"), said estimate being attached hereto and incorporated herein by reference as part of Exhibit F. Base Year Operating Expenses shall equal annualized actual expenses incurred for Building operation by the Landlord during the Commencement Year and shall serve thereafter as the basis for Comparison Year calculations per Exhibit F in accordance with the methodology set forth therein.

   b. Controllable Costs: In the event that the Controllable Costs for each Comparison Year of this Lease shall be greater than Controllable Costs for the Base Year, Tenant shall, pay to Landlord, as Reimbursable Expenses, adjusted amounts calculated in accordance with Article 7e. Provided, however, that Tenant's pro rata share of the amount of the increase of the Controllable Costs for any Comparison Year shall be subject to the limitations and methodologies set forth herein.
Exhibit 7.6 (continued)

c. Noncontrollable Costs: In the event that the Noncontrollable Costs for each Comparison Year of this Lease shall exceed the amount of the Noncontrollable Costs fixed for the Base Year, Tenant shall pay to Landlord as Reimbursable Expenses for Noncontrollable Cost categories the amounts as calculated in accordance with the methodologies stipulated below and the applicable pro-rations per Article 7e.

1) Real Property Taxes and Assessments. Taxes payable as Reimbursable Expenses as used herein, shall mean any form of assessment imposed by any authority having the direct power to tax, including any city, county, state or federal government, or an school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Premises ("Ad Valorem Taxes and Assessments") to include the following:

a) Any assessment, tax, fee levy, partially or totally, of any assessment, and /or tax included within the definition of Ad Valorem Tax. It is the intention of Tenant and Landlord that new and/or increased assessments and taxes included within the definition of Ad Valorem taxes and Assessments be allowable as a Reimbursable Expense for the purposes of this Lease.

b) An assessment or tax allocable bases on area measurement of the Premises that increases Ad Valorem Taxation shall be allowable as a Reimbursable Expense for purposes of this Lease.

In addition to the above limitations, reimbursable tax expenses shall not include revenue taxation, Landlord's federal, state or local income, franchise, inheritance, estate taxes, nor sundry charges, fees or levies in substitution thereof. Allowable Tax increases occurring between Comparison Years shall be included as Reimbursable Expenses under the provisions of this Article provided that a minimum occupancy of 80% has been achieved for the taxable parcel upon which the Premises are included.

2) Insurance amounts payable as Reimbursable Expenses shall be limited to the types and coverages insured as of the Commencement Date and applicable pro-rations of any cost increases for said insurance occurring between any Comparison Years shall be included as Reimbursable Expenses payable under the provisions of this Article.

3) Utility amounts payable as Reimbursable Expenses shall be limited to increases in rates and consumption between Comparison Years and applicable pro-rations thereof shall be included as Reimbursable Expenses payable under the provisions of the Article.

d. Proration Calculation:

1) Tenant's pro rata share of Controllable Costs and Noncontrollable Costs is the percentage which the rentable area of the Demised Premises bears to the total Premises.

2) For Operating Expense calculation purposes all costs shall be computed based upon 05% occupancy with Landlord bearing all cost and expenses for vacant building space excluding the Demised Premises. Accordingly, allowable Reimbursable Expenses to which the pro rata share calculation from (1) above are applied shall not exceed actual allowable expenses incurred during any full or partial Lease Year times the appropriate pro rata share.

e. Calculation and Payment of Cost Increases:

1) Landlord shall provide to Tenant within thirty (30) days after the close of any Comparison Year
EXHIBIT 7.6 (continued)

an accounting of Landlord's actual Operating Expenses. Thereafter, Tenant shall have thirty (30) days to review Landlord's expense in order to verify Landlord's calculation and to assess the appropriateness of amounts claimed. For purposes of this review Tenant shall have access to Landlord's cost records as provided in Article 7f.

2) Subject to the limitations of Sections 7b and 7c, and within thirty (30) days of Tenant's receipt of Landlord's annual Operating Expense statement for the first Comparison Year, Tenant shall pay to Landlord a lump sum amount for that portion of allowable annual operating expense increases, representing the period from the close of the first Comparison Years to the date respective (which shall be on or about the sixtieth (60th) day of the then current Lease Year).

3) With each monthly payment of Base Rent for the remainder of the current Lease Year, one twelfth (1/12) of the amount of the prior Lease Year's Operating Expenses as increased in accordance with the foregoing shall be remitted to Landlord as Reimbursable Expenses.

4) Operating Expense increases shall be calculated in accordance with Exhibit F and with the provisions of this Article throughout the Base Year and any extension years of this Lease.

f. Operating Expenses Inclusions:

Operating Expenses shall include all reasonable and necessary costs of operations and maintenance consistent with the definitions of this article and Exhibit F, as determined by a Certified Public Account ("Accountant") in accordance with Generally Accepted Accounting Practices (GAAP) to include the following costs:

1) Real property (ad valorem) taxes and assessments;

2) Water and sewer charges;

3) Insurance premium;

4) Utilities;

5) Janitorial services;

6) Labor;

7) Costs incurred by the direct management of the building;

8) Air-conditioning and heating;

9) Elevator maintenance;

10) Supplies, materials, equipment and tools;

11) Maintenance, costs and upkeep of all parking areas and common areas, including landscaping;

12) Costs incurred in compliance with applicable laws, regulations and ordinances.
EXHIBIT 7.6 (continued)

The foregoing notwithstanding, Operating Expenses shall be limited to the amounts shown and increase methodologies stipulated as part of Exhibit F.

g. Operating Expense Exclusions:

The following items shall be expressly excluded from Operating Expenses:

1) Cost incurred in connection with the construction of the project;

2) Cost of (including increased real estate taxes and other Operating Expenses related to) any additions to the Building after the original construction;

3) Cost (to the extent such cost constitute capital costs under Generally Accepted Accounting Principles) of correcting defects in or inadequacy of the construction of the project, the building equipment, major systems, or the improvements in any rentable area of the project (including the Leased Premises);

4) To the extent such cost constitute capital cost under Generally Accepted Accounting Principles the cost of replacement of HVAC, mechanical, security, electrical, plumbing systems, or of any substantial component of sub systems beyond the scope of routine maintenance and repair, replacement or repair of the foundations, floor, walls, roofs, and structural elements of the building outside the scope of routine maintenance and repair; resurfacing of the parking area or of the driveways or roads on the project or any other cost which is capital in nature;

5) Cost of Leasehold/Construction Improvements, for Tenant or any other tenants including alterations, painting or decorating of the Leased Premises, and the Premises of other tenants or in preparation for a tenant's occupancy;

6) Salaries and benefits of Building Manager, officers, directors and executive personnel and leasing agents of Landlord;

7) Legal fees (other than those relating to the general operation of the project) for specific Tenant matters, space planning fees, architectural fees, engineering fees (other than those relating to the general operation of the project), real estate commissions, marketing and advertising expenses incurred in connection with the development and leasing of the Building or any improvements on the project;

8) Any cost included in Operating Expenses including management fees, representing an amount paid to a person, firm, corporation, or other entity related to Landlord unless it is demonstrated that an "arms-length" transaction based on the lowest cost of at least three documented and competitively secured bids served as the basis for selection and it is concurred in writing by the Tenant that cost arising from said selection are no more that said costs would be in absence of such relationship;

9) Costs of selling, syndicating, financing, mortgaging, or hypothecating any of Landlord's interest in the project or the improvements located on the project;

10) Cost associated with the operation of the business of the legal entity which constitutes Landlord as the same is separate and apart from the cost and operation of the Building including legal entity formation, internal entity accounting and legal matters;
EXHIBIT 7.6 (continued)

11) Cost of disputes between Landlord and any third party regarding matters not related to the project;

12) The cost of any disputes between Landlord and any employee or agent of Landlord;

13) Cost of defending any lawsuits with mortgagees or ground lessors;

14) Cost for which Landlord is reimbursed whether by insurance, by its carriers or otherwise to the extent to which Landlord is entitled to be reimbursed;

15) The cost of any work or service performed for any tenant (including Tenant) at such tenant's costs;

16) Charges (including applicable taxes) for electricity or any other utilities for which Landlord is entitled to reimbursement from any tenant;

17) The cost of any HVAC, janitorial or any other service provided to other tenants during other than normal business hours;

18) Insurance premiums to the extent Landlord is entitled to reimbursement other than through the Operating Expenses;

20) Any late fees, penalties, interest charges or similar fees incurred by Landlord;

20) Interest, principal payments, and other costs of any indebtedness encumbering the project;

21) Any bad debt losses, rent losses or reserves for bad debt or rent losses;

22) The proceeds of all amounts received by Landlord as fees, rent or other considerations for use of any public portions of the project (including but not limited to shows, promotions, kiosks, lockers, advertising, etc.) shall be deducted from and reduce the total Operating Expenses; and

23) Lease payments for rented equipment, the cost of which equipment constitute a capital expenditure if the equipment were purchased.

24) New items of maintenance not included in Landlord's statement to respect of the Base Year Operating Expenses.

25) Any expense for repairs or maintenance which would have been covered by warranties and service contracts.

26) Building and equipment depreciation.

27) Taxes of any nature (excluding Ad Valorem Taxes) and interest and penalties for late payment of taxes.

28) Rent payable under any lease to which this Lease subject.

29) Managing agent's commissions in excess of rates customarily charged by managing agents for building in the area.
30) Expenses resulting from any violation by Landlord of the terms of any lease of space in the building or any ground or underlying lease or mortgage to what this lease is subordinate.

31) Costs associated with the replacement of HVAC and other building equipment due to the unavailability, excess cost or statutory ban on the use of chloro-flourocarbon in such equipment.

h. Right to Audit: Tenant reserves the right to inspect Landlord's books and records and Accountant's materials in order to verify the applicability and calculations of amounts claimed as Reimbursable Expenses. Tenant or Tenant's representative shall have full access to said materials at Landlord's and Accountant's place of business during normal business hours and be provided workspace, access to a telephone and duplication equipment at no charge to Tenant for purposes of this audit.

8. ASSIGNMENT AND SUBLETTING. Tenant may not assign, transfer, mortgage or encumber this Lease, nor shall any assignment or transfer of this Lease be effectuated by operation of law or otherwise, without the prior written consent of Landlord which consent shall not be unreasonably withheld. Tenant may not sublet (or permit occupancy or use of demised premises, or any party thereof) without the prior written consent of Landlord which shall not be unreasonably withheld. If at any time during the term of the Lease, the legal or beneficial ownership in Tenant of fifty percent or more of any of the stockholders, partners or other beneficial owners of Tenant should change, or if the legal entity through which Tenant does business should change, by reason of sale, assignment, transfer, encumbrance, operation of law, reorganization, merger, consolidation, bankruptcy, other disposition or other event, such change shall be deemed and shall constitute an assignment, transfer, mortgage or encumbrance of the Lease, and shall require the prior written consent of the Landlord. If such change of ownership is done without the prior written consent of the Landlord, then Tenant expressly agrees that such change shall be deemed and shall constitute a default of Tenant under the Lease and Landlord may, at its sole option, elect to pursue any of the remedies set forth in Article 20 of this Lease. In the event that Tenant defaults hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant of Tenant and hereby authorizes each such subtenant to pay said rent directly to Landlord. The consent by Landlord to any assignment, transfer, or subletting to any party shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any such assignee, transferee, subtenant or occupant constitute a waiver or release of any covenant or obligation contained in this Lease, nor shall any assignment or subletting be construed to relieve Tenant from obtaining the consent in writing of Landlord to any further assignment or subletting.

9. MAINTENANCE BY TENANT. Tenant shall keep the demised premises and the other fixtures and equipment therein in clean, safe and sanitary condition, will take good care thereof, will suffer no waste or injury thereto, and will, at the expiration or other termination of the term of this Lease, surrender the same, broom clean, in the same order and condition in which they are on the commencement of the term of this Lease, except for ordinary wear and tear and damage by the elements, fire and other casualty not due to the negligence of the Tenant, its employees, invitees, agents, contractors and licensees; and upon such termination of this Lease, Landlord shall have the right to re-enter and resume possession of the demised premises. Tenant shall make all repairs to the demised premises caused by any negligent act or omission of Tenant, or its employees, invitees, agents, contractors and licensees.

10. ALTERATIONS. Tenant will not make or permit anyone to make any alterations, additions or improvements, structural or otherwise (hereinafter referred to as "Alterations"), in or to the demised premises or the Building, without the prior written consent of Landlord which consent shall not be unreasonably withheld. If any mechanic's lien is filed against the demised premises, or the Building for work or materials done for, or furnished to, Tenant (other than for work or materials supplied by Landlord), such mechanic's lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by the filing of any bond required by law. If Tenant shall fail to discharge any such mechanic's lien, Landlord may, at its option, discharge the same and treat the cost thereof as additional rent hereunder, payable with the
EXHIBIT 7.6 (continued)

monthly installment of rent next becoming due and such discharge by Landlord shall not be deemed to waive the default of Tenant in not discharging the same.

Tenant will indemnify and hold Landlord harmless from and against any and all expenses, liens, claims or damages to person or property which may or might arise by reason of the making by Tenant or any Alterations. If any Alteration is made without the prior written consent of Landlord, Landlord may correct or remove the same, and Tenant shall be liable for all expenses so incurred by Landlord. All Alterations in or to the demised premises or the Building made by either party shall immediately become the property of the Landlord and shall remain upon and be surrendered with the Demised Premises as a part thereof at the end of the term hereof; provided, however, that if Tenant is not in default in the performance of any of its obligations under this Lease, Tenant shall have the right to remove, prior to the expiration of the term of this Lease, all movable furniture, furnishings or equipment installed in the demised premises at the expense of Tenant, and if such property of Tenant is not removed by Tenant prior to the expiration or termination of this Lease, the same shall at Landlord's option, become the property of the Landlord and shall be surrendered with the demised premises as a part thereof. Should Landlord elect that Alterations installed by Tenant be removed upon the expiration or termination of this Lease, Tenant shall remove the same at Tenant's sole cost and expense, and if Tenant fails to remove the same, Landlord may remove the same at Tenant's expense and Tenant shall reimburse Landlord for the cost of such removal together with any and all damages which Landlord may sustain by reason of such default by Tenant, including cost of restoration of the premises to their original state, ordinary wear and tear excepted.

11. SIGNS, SAFES AND FURNISHINGS. No sign, advertisement or notice shall be inscribed, painted, affixed or displayed by Tenant on any part of the outside or the inside of the Building except on the doors of offices, and then only in such place, number, size, color and style as is approved by Landlord, and if any such sign, advertisement or notice is exhibited, without Landlord's approval which approval shall not be unreasonably withheld, Landlord shall have the right to remove the same and Tenant shall be liable for any and all expenses incurred by Landlord by said removal. Any such permitted use, including directories and name plates, shall be at the sole expense of Tenant. Landlord shall have the right to prescribe the weight and position of safes and other heavy equipment or fixtures that Tenant desires to install in the demised premises. Any and all damage or injury to the demised premises or the Building caused by moving the property of Tenant into or out of the demised premises, or due to the same being on the demised premises, shall be repaired by and at the sole cost of Tenant. No furniture, equipment or other bulky matter of any description will be received into the building or carried in the elevators except as approved by Landlord. All moving of furniture, equipment and other material within the public areas shall be at such times and conducted in such manner as Landlord may reasonably require in the interests of all tenants in the Building. Tenant agrees to remove promptly from the loading docks and sidewalks adjacent to the Building any of Tenant's furniture, equipment or other property.

12. ENTRY FOR REPAIRS AND INSPECTION. Unless due to an emergency, Landlord will provide reasonable notice for Tenant to permit Landlord, or its representatives, to enter the demised premises, without diminution of the rent payable by Tenant, to examine, inspect and protect the same, and to make such alterations and/or repairs as in the judgment of Landlord may be deemed necessary, or to exhibit the same to prospective tenants during the last one hundred twenty (120) days of the term of this Lease.

13. INSURANCE RATING. Tenant will not conduct or permit to be conducted any activity or place any equipment in or about the demised premises, which will, in any way, increase the rate of insurance premiums on the Building; and if any increase in the rate of insurance premiums is stated by the insurance company or by the applicable Insurance Rating Bureau to be due to any activity or equipment in or about the demised premises, such statement shall be conclusive evidence that the increase in such rate is due to such activity or equipment and as a result thereof, Tenant shall be liable for such increase, as additional rent hereunder, and shall reimburse Landlord therefore.
14. **TENANT'S EQUIPMENT.** Tenant will not install or operate in the demised premises any electrically operated equipment or other machinery, other than electric typewriters, adding machines, radios, televisions, tape and VCR recorders, calculators, phones systems, computers, printers, network equipment, and clocks, without first obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, who may condition such consent upon the payment by Tenant of additional rent in compensation for such excess consumption of utilities (including additional air conditioning costs) and for the cost of additional wiring, if any, as may be occasioned by the operation of said equipment or machinery. Tenant shall not install any other equipment of any kind or nature whatsoever which may necessitate any changes, replacements or additions to, or in the use of, the water, heating, plumbing, air conditioning, or electrical systems of the Building without first obtaining the prior written consent of Landlord which consent shall not be unreasonably withheld. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to any part of the Building to such a degree as to be objectionable to Landlord or to any tenant in the Building shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate such noise and vibration.

15. **INDEMNITY AND PUBLIC LIABILITY INSURANCE.** Tenant will indemnify and hold harmless Landlord from and against any loss, damage or liability occasioned by or resulting from any default hereunder or any willful or negligent act on the part of Tenant, its agents, employees, contractors, licensees, or invitees. Tenant shall obtain and maintain in effect at all times during the term of this Lease, a policy of comprehensive public liability insurance naming Landlord and any mortgagee of the Building as additional insureds, protecting Landlord, Tenant and any such mortgagee against any liability for bodily injury, death or property damage occurring upon, in or about any part of the Building or the demised premises arising from any of the items set forth in this Article 14 against which Tenant is required to indemnify Landlord with such policies to afford protection to the limit of not less than Five Hundred Thousand Dollars ($500,000) with respect to bodily injury or death to any one person, to the limit of not less than One Million Dollars ($1,000,000) with respect to any one accident, and to the limit of not less than Five Hundred Thousand Dollars ($500,000) with respect to damage to the property of any one owner. Such insurance policies shall be issued by responsible insurance companies licensed to do business in the State of Illinois. Neither the issuance of any insurance policy required under this Lease, nor the minimum limits specified herein with respect to Tenant's insurance coverage, shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease. The term "Landlord" as used in this Article 14, shall be deemed to include in all instances not only West Wacker Towers, L.P., but also Universal Financial Life, Inc. and its assigns as the owner of the Building.

16. **SERVICES AND UTILITIES.** As long as Tenant is not in default under any of the provisions of this Lease, Landlord shall provide the following facilities and services to Tenant without additional charge to Tenant (except as otherwise provided herein):

1) Automatically operated elevator service.

2) Rest room facilities and necessary lavatory supplies, including hot and cold running water, at those points of supply provided for general use of other tenants in the Building, and routine maintenance, cleaning, painting, and electric lighting service for the Building in the manner and to the extent that is standard for first-class office buildings in the Chicago, Illinois metropolitan area.

3) Heating, ventilating, air conditioning and electricity as is customary in first-class office buildings in the Chicago, Illinois metropolitan area, provided that it is understood that heating, air conditioning and ventilation may be operated only during the hours from 7:30 A.M. to 6:00 P.M (CT) Monday through Friday, exclusive of generally recognized holidays and on Saturdays from 7:30 A.M. to 12:30 P.M. (CT).
EXHIBIT 7.6 (continued)

4) Access to the demised premises on a full-time, twenty-four hour basis, subject to such reasonable regulations Landlord may impose for security purposes.

(5) Provide janitorial services after 5:00 P.M. weekdays exclusive of generally recognized holidays.

Any failure by Landlord to furnish the foregoing services as a result of governmental restrictions, energy shortages, equipment breakdowns, maintenance, repairs, strikes, scarcity of labor or materials, or from any cause beyond the control of Landlord, shall not render Landlord liable in any respect for damages to either person or property, nor be construed as an eviction of Tenant nor work an abatement of rent, nor relieve Tenant from Tenant's obligations hereunder. If the Building equipment should cease to function properly, Landlord shall use reasonable diligence and make best efforts to repair the same promptly.

17. RESPONSIBILITY FOR DAMAGE TO DEMISED PREMISES. All injury or damage to the demised premises or the Building caused by Tenant or its agents, employees, contractors, licensees, and invitees, shall be repaired by Tenant at Tenant's sole expense. If Tenant shall fail to do so upon reasonable demand, Landlord shall have the right to make such repairs or replacements, and any cost so incurred by Landlord shall be paid by the installment of rent next becoming due under the terms of this Lease. All injury or damage to the demised premises or the Building caused by the willful or negligent act of Landlord, or its agents or employees, shall be the responsibility of Landlord and shall be repaired with due diligence and as soon as practicable, at Landlord's sole expense, and in no event shall Tenant be liable for any such injury or damage caused by the willful or negligent act of Landlord.

18. LIABILITY FOR DAMAGE TO PERSONAL PROPERTY AND PERSON. All personal property of Tenant, its employees, agents, contractors, licensees, and invitees in the demised premises shall be and remain at their sole risk. Landlord shall not be liable for any damage to or loss of such personal property arising from any act or negligence of any person, or from any cause other than any damage or loss resulting directly from the negligence of Landlord. Landlord shall not be liable for any interruption of loss to tenant's business, and shall not be liable for any personal injury to Tenant, its employees, agents, contractors, licensees, or invitees, arising from the use, occupancy and condition of the demised premises other than from the negligence of Landlord. Notwithstanding the foregoing, Landlord shall not be liable to Tenant for any loss or damage to personal property, or injury to person, whether or not the result of Landlord's negligence to the extent that Tenant is compensated therefore by Tenant's insurance.

20. FIRE AND OTHER CASUALTY DAMAGE TO DEMISED PREMISES. If the demised premises shall be damaged by fire or other casualty, other than the willful fault or neglect of Tenant, Landlord shall as soon as practical after such damage occurs repair such damage (taking into account the time necessary to effectuate a satisfactory settlement with any insurance company) at the expense of Landlord, and the rent shall be reduced in proportion to the extent the demised premises are rendered un-tenantable until such repairs are completed. No compensation or reduction of rent will be allowed or paid by Landlord by reason of inconvenience, annoyance, or injury to business arising from the necessity of repairing the demised premises or any portion of the Building.

20. BANKRUPTCY OR INSOLVENCY. If a petition shall be filed, either by or against Tenant, in any court or pursuant to any federal, state or municipal statute, whether in bankruptcy, insolvency, for reorganization or arrangement, for the appointment of a receiver of Tenant's property or because of any general assignment made by Tenant of Tenant's property for the benefit of Tenant's creditors, then after the happening of any such event or in the case of an involuntary petition, then (if such petition is not discharged within sixty (60) days from the filing thereof), Landlord shall have the right, at its option, to terminate this Lease by sending written notice to Tenant, in which event Landlord shall be entitled to immediate possession of the demised premises and to recover damages from Tenant in accordance with Article 21 thereof.
21. **DEFAULT OF TENANT.** If Tenant shall fail to pay any monthly installment of rent as aforesaid or shall violate or fail to perform any of the other conditions, covenants or agreements herein made by Tenant, and if such violation or failure shall continue for a period of ten (10) days after written notice thereof to Tenant by Landlord, or if Tenant shall abandon or vacate the demised premises before the Expiration Date of this Lease, then and in any of said events Landlord shall have the right, at its election, then or at any time thereafter while such event of default shall continue, either:

(i) To give Tenant written notice that Landlord has elected to terminate this Lease on the date of such notice or on any later date specified therein, and on the date specified in such notice Tenant's right to possession of the demised premises shall cease and this Lease shall thereupon be terminated; or

(ii) Without demand or notice, to re-enter and take possession of the demised premises, or any part thereof, and repossess the same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant and remove the effects of both or either, by summary proceedings, or by action at law or in equity or by force (if necessary) or otherwise, without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or breach of covenant. If Landlord elects to re-enter under this clause, Landlord may terminate this Lease, or from time to time, without terminating this Lease, may relet the demised premises, or any part thereof, as agent for Tenant for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord may deem advisable, with the right to make alterations and repairs to the demised premises. No such re-entry or taking of possession of the demised premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant under clause (i), above, or unless the termination thereof be decreed by a court of competent jurisdiction at the instance of the Landlord. Tenant waives any right to the service of any notice of Landlord's intention to re-enter provided for by any present or future law.

If Landlord terminates this Lease pursuant to this Article 21, Tenant shall remain liable (in addition to accrued liabilities) for (i) the (A) rent and all other sums provided for in this Lease until the date this Lease would have expired had such termination not occurred, and (B) any and all reasonable expenses incurred by Landlord in re-entering the demised premises, repossessing the same, making good any default of Tenant, painting, altering or dividing the demised premises, putting the same in proper repair, protection and preserving the same by placing therein watchmen and caretakers, reletting the same (including any and all attorney's fees and disbursements and brokerage fees incurred in so doing), and any and all expenses which Landlord may incur during the occupancy of any new tenant; less (ii) the net proceeds of any reletting prior to the date when this Lease would have expired if it has not been terminated. Tenant agrees to pay to Landlord the difference between items (i) and (ii) of the foregoing sentence with respect to each month during the term of this Lease, at the end of such month. Any suit brought by Landlord to enforce collection of such difference for any one month shall not prejudice Landlord's right to enforce the collection of any difference for any subsequent month. In addition to the foregoing, and without regard to whether this Lease is terminated, Tenant shall pay to landlord all costs incurred, including reasonable attorney's fees with respect to any successful lawsuit or action taken instituted by Landlord to enforce the provisions of this Lease. Landlord shall have the right, at its sole option, to relet the whole or any part of the demised premises for the whole of the unexpired term of this Lease, or longer, or from time to time for shorter periods, for any rental then obtainable, giving such concessions of rent and making such repairs, alterations, decorations and paintings for any new tenant as Landlord, in its sole and absolute discretion, may deem advisable. Tenant's liability as foresaid shall survive the institution of summary proceeding and the issuance of any warrant thereunder. Landlord shall be under no obligation to relet the demised premises but agrees to use reasonable efforts to do so. If Landlord terminates this Lease pursuant to this Article 21, Landlord shall have the right, at any time, at its option, to require tenant to pay Landlord, on demand, as liquidated and agreed final damages in lieu of Tenant's liability for damages hereunder, the rent and all other charges which would have been payable from the date of such demand to the date when this Lease would have expired the demised premises for the same period. If the demised premises shall have been relet for all or part of the remaining balance of the term by Landlord after a default but before presentation of proof of such liquidated damages, the amount of rent reserved upon such reletting

EXHIBIT 7.6 (continued)
EXHIBIT 7.6 (continued)

absent proof to the contrary, shall be deemed the fair rental value of the demise premises for purposes of the forgoing determination of liquidated damages. Upon payment of such liquidated and agreed final damages, Tenant shall be released from all further liability under this Lease with respect to the period after the date of such demand. For purposes of this Article 21, the term rent shall include monthly rental, additional rent and all other charges to be paid by Tenant under this Lease. All rights and remedies of Landlord under this Lease shall be cumulative and shall not be exclusive of any other rights and remedies provided Landlord under applicable law.

22. WAIVER. If under the provisions hereof Landlord shall institute proceedings and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of any covenant herein contained nor of any of Landlord's rights hereunder. No waiver by Landlord of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of such covenant, condition, or agreement itself, or of any subsequent breach thereof. No payment by Tenant or receipt by Landlord or a lesser amount than the monthly installments of rent stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or letter accompanying a check for payment of rent or any other amounts owed to Landlord be deemed an accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's rights to recover the balance of such rent or other amount owed or to pursue any other remedy provided in this Lease. No re-entry by Landlord, and not acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease.

23. ATTORNMENT. Tenant understands that Universal Financial Life, Inc., as Owner of the Building, has mortgaged the Building to the Fidelity National Bank, Limited (Mortgagor), San Francisco Branch. Tenant further understands that Owner and any future mortgagee will agree not to disturb Tenant's rights and possession so long as Tenant is not in default hereunder, and that any purchaser and of said property under foreclosure of other suit or proceeding shall take said property subject to this Lease. Tenant further agrees to execute such subordination and attornment agreements or other similar instruments as may be required by Landlord or such mortgagee. It is further understood and agreed that in the event of default of Owner under its mortgage with Mortgagor, Mortgagor or any other party who becomes landlord hereunder by virtue of any such default may, at such party's sole option, require Tenant to pay as additional rent for each year of the lease commencing with the year of default its proportionate share (being the percentage that the square feet of net rentable space occupied by it bears to the entire rentable space in the Building) of any increase in operating expenses and real estate taxes for the base year. For this purpose, the base year is defined to be the calendar year 2012, and such base year costs and rental year costs shall be as determined by Owner's accountant. In the event the final lease year does not coincide with the base year, Tenant shall pay a percentage of such proportionate part equal to the number of days occupancy divided by the number of days in the year.

23. CONDEMNATION. If the whole or a substantial part of the demised premises shall be taken or condemned by any governmental authority for a public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the date when title vests in such governmental authority, or if earlier, the date of occupancy by such authority, and the rent shall be abated on such date. If less that a substantial part of the demised premises is taken or condemned by any governmental authority for any public or quasi-public use or purpose, the rent shall be equitably adjusted on the date when title vests in such governmental authority and this Lease shall otherwise continue if full force and effect. For purposes hereof, a substantial part of the demised premises shall be considered to have been taken if more than fifty percent (50%) of the demised premises are unusable by Tenant. In the case of any such taking or condemnation, whether or not involving the whole or a substantial part of the demised premises. Tenant shall have no claim against Landlord or the condemning authority for any portion of the amount that may be awarded as damages as a result of such taking or condemnation or for the value of any unexpired term of this Lease, and Tenant hereby assigns to Landlord all its rights, title and interest in and to any such award; provided, however, that Tenant may assert any claim that it may have against the condemning authority for compensation for any fixtures owned by Tenant and for any relocation expenses compensable by statute, and receive such awards therefore as may be allowed in the condemnation
proceeding if such awards shall be made in addition and state separately from the award made for the land and the Building or the part thereof so take.

25. **RULES AND REGULATIONS.** Tenant, its agents, employees, invitees, contractors, and licensees shall abide by and observe the rules and regulations attached hereto as Exhibit C. Tenant, its agents, employees, invitees, contractors, and licensees shall abide by and observe such other rules or regulations as may be promulgated from time to time by Landlord for the operation and maintenance of the Building provided that the same are in conformity with common practice and usage in similar buildings and are not inconsistent with the provisions of the Lease and a copy thereof is sent to Tenant. Nothing contained in the Lease shall be construed to impose upon Landlord any duty or obligation to enforce such rules and regulations, or the terms, conditions or covenants contained in any other lease, as against any other tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, contractors, invitees, or licensees.

26. **RIGHT OF LANDLORD TO CURE TENANT'S DEFAULT: LATE PAYMENTS.** If Tenant defaults in the making of any payment or in the doing of any act herein required to be made or done by Tenant, then after ten (10) days' notice from Landlord, Landlord may, but shall not be required to, make such payment or do such act, and the amount of the expense thereof, if made or done by Landlord, with interest thereon at the rate of the prime interest rate charged by the Chicago National Bank during the period of such default plus two percent (2%) per annum (hereinafter referred to as the "Default Interest Rate"), from the date paid by Landlord, shall be paid by Tenant to Landlord and shall constitute additional rent hereunder due and payable with the next monthly installment of rent; but the making of such payment or the doing of such act by Landlord shall not operate to cure such default or to estop Landlord from the pursuit of any remedy to which Landlord would otherwise be entitled. If Tenant fails to pay any installment of rent on or before the first day of the calendar month when such installment is due and payable, such unpaid installment shall bear interest at the rate of the Default Interest Rate, from the date such installment became due and payable to the date of payment thereof by Tenant. Such interest shall constitute additional rent hereunder due and payable with the next monthly installment of rent. In addition, Tenant shall pay to Landlord, as a "late charge", five percent (5%) of any payment herein required to be made by Tenant which is more than ten (10) days late or cover the costs of collecting amounts past due.

27. **NO PARTNERSHIP.** Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Landlord and Tenant or to create any other relationship between the parties hereto other than that of Landlord and Tenant.

28. **NO REPRESENTATION BY LANDLORD.** Neither Landlord nor any agent or employee of Landlord has made any representations or promises with respect to the demised premises or the building except as herein expressly set forth, and no rights, privileges, easements or licenses are granted to Tenant except as herein set forth. Tenant, by taking possession of the demised premises, shall accept the same "as is" and such taking of possession shall be conclusive evidence that the demised premises are in good and satisfactory condition at the time of such taking or possession.

29. **BROKERS.** Tenant represents and warrants that it has not employed any broker other than Professional Brokerage Company in carrying on the negotiations relating to this Lease. Tenant shall indemnify and hold Landlord harmless from and against any claim for brokerage or other commission arising against any claim for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty. Any representation or statement by a leasing company or other third party (or employee thereof) engaged by Landlord as an independent contractor which is made with regard to the demised premises or the Building shall not be binding upon Landlord or serve as a modification of this Lease and Landlord shall have no liability therefore, except to the extent such representation is also contained herein or is approved in writing by Landlord.
EXHIBIT 7.6 (continued)

30. **NOTICE.** All notices or other communications hereunder shall be in writing and shall be deemed duly given if delivered in person or sent by certified or registered mail, return receipt requested, first class, postage prepaid, (i) if to Landlord:  
West Wacker Towers, L.P.  
4425 West Wacker Drive  
Suite 2100  
Chicago, IL 60630  
Attention: Vice President - Property Management

and (ii) if to Tenant:  
ABC Company  
4425 West Wacker Drive  
Suite 200  
Chicago, IL 60630  
Attention: Facility Manager

unless notice of change of address is given pursuant to the provisions of this Article 30.

31. **ESTOPPEL CERTIFICATE.** Tenant agrees, at any time and from time to time, upon not less than five (5) days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing (i) certifying that this Lease has been unmodified since its execution and is in full force and effect (or if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (ii) stating the dates, if any, to which the rent and sums hereunder have been paid by Tenant, (iii) stating whether or not to the knowledge of Tenant, there are then existing any defaults under this Lease (and, if so, specifying the same), and (iv) stating the address to which notices to Tenant should be sent. Any such statement delivered pursuant hereto may be relied upon by Landlord or any prospective purchaser or mortgagee of the Building or any part thereof or estate therein. Tenant also agrees, at any time or times after Tenant has assumed possession of the demised premises, upon not less than five (5) days' prior written notice by Landlord, to execute, acknowledge and deliver to West Wacker Towers, L.P. an "estoppel statement" in the form attached hereto as Exhibit D inserting the appropriate information in the blank spaces therein and making any changes thereto (if any) that are necessary to make the statements contained therein letter correct.

32. **COVENANTS OF LANDLORD.** Landlord covenants that it has the right to make this Lease and that if Tenant shall pay the rental and perform all of Tenant's obligations under this Lease, Tenant shall, during the term hereof, freely, peaceably and quietly occupy and enjoy the full possession of the demised premises without molestation or hindrance by Landlord or any party claiming through or under Landlord. In the event of any sale or transfer of Landlord's interest in the demised premises, the covenants and obligations of Landlord hereunder accruing after the date of such sale or transfer shall be imposed upon such successor-in-interest (subject to the provisions of Article 23 hereof) and any prior Landlord shall be freed and relieved of all covenants and obligations of Landlord hereunder accruing after the date of such sale or transfer.

33. **LIEN FOR RENT.** Tenant hereby grants to Landlord a lien on all property of Tenant now or hereafter placed in or on the demised premises (except such part of any property as may be exchanged, replaced, or sold from time to time in the ordinary course of business) and such property shall be and remain subject to such lien of Landlord for payment of all rent and all other sums agreed to be paid by Tenant herein or for services or costs relating to the demised premises that Tenant may hereafter agree to pay to Landlord. Said lien shall be in addition to and cumulative of the Landlord's lien rights provided by law.

34. **HOLDOVER.** In the event that Tenant continues to occupy the demised premises after the expiration of the term of this Lease, with the written consent of Landlord, such tenancy shall be from month to month at 125% of the yearly rental at the end of the term of the Lease and shall not be a renewal of the term of this Lease or a tenancy from year to year.
35. **PARKING.** Landlord grants to Tenant the right to park fifty (50) automobiles for no additional monthly rental for the first year of the Lease term and Landlord grants to Tenant the right to park five (5) automobiles for no additional rental for the balance of the Lease term on parking levels 1, 2 and 3 as set forth in Exhibit E. Starting October 1, 20 through the balance of the term of the Lease, Landlord grants to Tenant the right to park forty-five (45) automobiles for additional rent which shall be the then market rate for comparable parking in a Class A office building in the Chicago, IL metropolitan area. Nothing herein shall be construed to grant to tenant the exclusive right to a particular parking space, and at such appropriate, Landlord may rearrange parking spaces or may provide assigned spaces, and may provide attendant parking or such other system of management of parking as it deems necessary. Landlord shall not be liable to Tenant, its invitees, employees or guests because of failure to promptly remove snow, ice or water from the parking area and/or structure or because of any injury or damage that may be sustained due to holes of defects that may develop or arise in the parking areas or due to any inconvenience that may arise due to temporary closure of parking areas for repair, maintenance or snow, ice or water removal.

36. **GENDER.** Feminine or neuter pronouns shall be substituted for those of masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

37. **BENEFIT AND BURDEN.** The provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and each of their permitted successors and assigns. Landlord may freely and fully assign its interest hereunder.

38. **ENTIRE AGREEMENT.** This Lease, together with the Exhibits and any Addenda attached hereto, contain and embody the entire agreement of the parties hereto, and no representations, inducements, or agreements, real or otherwise, between the parties not contained in this Lease, Addenda (if any) and Exhibits, shall be of any force or effect. This Lease may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by both parties hereto.

39. **SPECIAL STIPULATIONS.** Landlord and Tenant agree to the following special stipulations to this Lease which shall take precedence over other Articles in this Lease:

1) Tenant shall pay to Landlord as additional monthly rent the direct cost of additional of operating and providing above Building standard air conditioning and electrical services to the Tenant's Computer Room in Space 231. This additional rent shall be determined by multiplying the gallons of additional chilled water provided to Tenant's Computer Room air conditioning units times a cost of chilled water not to exceed $0.05 per gallon for the first year of the Lease and electrical usage within the Computer Room for all items except general purpose lighting and general purpose electrical wall outlets shall be on a separate electrical meter and billed to Tenant at the Landlord's cost.

2) Landlord shall provide to the Tenant, at no additional rental for the term of the Lease, use of the Building's 250 square foot Conference Room which Landlord shall construct at no additional cost to the Tenant. The Conference Room shall be located on the first floor of the Building adjacent to the public rest rooms, as shown and specified on Exhibit F, and shall be available for Tenant use on a first come basis from 7:30 AM to 6:00 PM Monday through Friday and from 7:30 AM to 12:30 PM on Saturday.

3) Landlord shall provide to the Tenant, at no additional rental for the term of the Lease, use of the Buildings unattended Fitness Facility which shall be available for Tenant use on a first come basis from 6:00 AM to 8:00 PM Monday through Friday and from 7:00 AM to 4:30 PM on Saturday and Sunday. The Fitness Facility is located on the ground floor of the Building as shown on Exhibit J.
4) Landlord shall provide the Tenant with one (1) Option to renew the Lease for an additional five (5) year term which shall commence on October 1, 20__ and terminate on September 30, 20__. Tenant shall notify the Landlord a minimum of 180 calendar days in advance of the beginning of the Option date should Tenant choose to exercise this Option to extend the Lease. Should Tenant choose to exercise this Option, Tenant shall pay a monthly rental equal to the then market rate for a Class A office building with a one mile radius of the Building. Should Tenant choose to exercise this Option, Landlord shall provide to Tenant a painting and carpet allowance of $5.00 per usable square foot to be completed by Tenant within one year of the Option date.

5) Landlord shall provide the Tenant with nine (9) months of Rental Abatement commencing on October 1, 20__ and ending on June 30, 20__. Tenant shall pay as monthly rental during this Rent Abatement period Tenant's share of 20__ Operating Expenses which are $6.45 per rentable square feet which shall be Eight Thousand Eight Hundred Eighty-Seven and 56/100 Dollars ($8,887.56).

In WITNESS WHEREOF, Tenant and Landlord have each executed this Lease as of the day and year first above written.

TENANT:
ABC Company

Attest: _________________________________
By: ____________________________________

Its: Vice President
(Corporate Seal)

LANDLORD:
WEST WACKER TOWERS, L.P.

Attest: _________________________________
By: ____________________________________

Its: General Partner
(Corporate Seal)
EXHIBIT 7.6 (continued)

Exhibit A

FLOOR PLAN
WORK LETTER AGREEMENT

In consideration of the terms and conditions of the Lease, the work shown in Exhibit "A" to this Lease Agreement and in the terms and conditions hereinafter contained, Landlord and Tenant agree as follows:

A. **Landlord's Standard Work**

1. Landlord has selected certain building standard materials and building standard designs for the Premises (hereinafter "Landlord's Standard Work"). Except as provided in Section B of this Work Letter Agreement, Landlord shall furnish and install Landlord's Standard Work in the Premises. Landlord's Standard Work shall include the following:

   a. **Partitions** - (number of) lineal feet of floor-to-finished-ceiling drywall partitions with 5/8" gypsum board and 4" vinyl cove base molding.

   b. **Painting** - Two (2) coats on partitions throughout the Public Areas, Core and Premises, in colors selected by Tenant from Landlord's standard paint colors and not more than two (2) colors in any one (1) room or space.

   c. **Ceilings** - Suspended 2' x 2' tegular acoustical ceiling installed in accordance with the building standard design. Ceiling height 9' - 0".

   d. **Lighting Fixtures** - (number of) recessed 2' x 4' fluorescent lighting fixtures installed in accordance with the building standard lighting design with three (3) fluorescent tubes per fixture.

   e. **Sprinkler System** - A sprinkler system including recessed sprinkler heads in accordance with the building standard sprinkler design and with City of Chicago Bureau of Buildings requirements.

   f. **Heating, Ventilating and Air-Conditioning (HVAC)** - A heating, ventilating and air conditioning system, including ducts, supply distribution and return air plenum. The Building Standard mechanical and electrical system is designed to accommodate loads generated by lights and equipment up to a maximum of 3.5 watts per square foot in specific areas (e.g. word and data processing areas, copying rooms, mail rooms, kitchens, special equipment areas) in the Premises.

   g. **Doors** - (number of) 3' - 0" wide x 8' - 6" high x 1 3/4" thick full height, solid core, oak veneer faced doors with frames, hinges, doorstops and latch sets. The entrance door to the Premises and all public corridor doors shall each have a lock set and closer.

   h. **Electrical, Network and Telephone Outlets** - (number of) 120 volt duplex electrical outlets and (number of) network and telephone outlets not including wiring, equipment or fixtures customarily furnished by network and telephone suppliers. A single floor mounted device may contain one duplex electrical outlet, one network, one telephone outlet, two duplex electrical outlets, two network, two telephone outlets, or one duplex electrical outlet, one network and one telephone outlet. Although provided through a single device, each shall be counted separately for purposes of determining the number of outlets Landlord is obligated to provide. Network and telephone conduit provided by Landlord is minimum 3/4" and maximum 1" in diameter. Landlord has not included any work, outlets or
EXHIBIT 7.6 (continued)

conduit in this Work Letter for Tenant's network or computer cabling. Should Tenant require additional outlets for network and/or computer cabling, Landlord shall charge Tenant a separate fee for such outlets. Tenant or Tenant's independent contractor shall provide and install network and computer cabling and where such cabling is in the return air plenum, Tenant shall ensure that such network and computer cable meets the City of Chicago's fire and smoke rating requirements.

i. **Carpeting** - Carpeting throughout the Premises shall be of a type and color selected by the Tenant from Landlord's standard types and colors.

j. **Sun Control** - Landlord shall provide 1" aluminum horizontal blinds on all exterior windows. All such blinds shall be manufacturer's standard design, style and color as selected by the Landlord.

k. **Public and Core Areas** - Landlord shall provide public and core areas within the Building as outlined in Exhibit "A", and finished in accordance with plans and specifications for the Building.

l. **Floor** - Landlord shall provide finished concrete prepared to receive floor covering. Floor loading capacities: 50 pounds per square foot live load, 20 pounds per square foot partition load or per square foot in non-partitioned areas.

**B. Tenant's Non-Standard Work**

1. Tenant may request work in addition to or different from Landlord's Standard Work (hereafter "Tenant's Non-Standard Work").

2. Landlord shall, upon Tenant's request in accordance with Sections C and D of this Work Letter Agreement, install the following Tenant's Non-Standard Work:

   a. Quantities and qualities of Landlord's Standard Work in excess of those provided by Landlord.

   b. Lighting fixtures, sprinklers and/or any mechanical equipment in other than Building standard design locations due to the location of partitions.

   c. Additional mechanical and electrical equipment and controls required by Tenant's design or use of the Premises generating loads in excess of those described in subparagraph A.1.f. of this Work Letter Agreement.

   d. Tenant's computer, printer, network, and telecommunication equipment, cabinets, modems, switching units, consoles and terminal boards.

   e. Tenant may request Landlord to install any other Tenant's Non-Standard Work in accordance with Section C and D of this Work Letter Agreement including by not limited to substitution of materials or change in design from Landlord's Standard Work. Any such request shall be subject to the written approval of Landlord, which Landlord may reasonably withhold.

   f. Landlord shall, upon Tenant's request and at Tenant's expense, alter, remove and/or replace acoustical ceiling tiles or exposed mechanical suspension system after initial installation due to installation of Tenant's computer, telephone or intercommunication system.
EXHIBIT 7.6 (continued)

g. All Tenant's Non-Standard Work shall be located within the Premises except were permitted by the Landlord in writing.

3. Improvements Constructed by Tenant: If any Work is to be performed in connection with improvements to the Premises by Tenant or Tenant's contractor:

   a. Such work shall proceed upon Landlord's written approval of (i) Tenant's contractor, (ii) public liability and property damage insurance carried by Tenant's contractor, and (iii) detailed plans and specifications for such work.

   b. All work shall be done in conformity with a valid building permit when required, a copy of which shall be furnished to Landlord before such Tenant's work is commenced, and in any case, all such work shall be performed in accordance with all applicable governmental regulations. Notwithstanding any failure by Landlord to object to any such work, Landlord shall have no responsibility for Tenant's failure to meet all applicable regulations.

   c. All work by Tenant or Tenant's contractor shall be done with Union labor in accordance with all Union Labor agreements applicable to the trades being employed.

   d. All work by Tenant or Tenant's contractor shall be scheduled through Landlord.

   e. Tenant or Tenant's contractor shall arrange for necessary utility, hoisting and elevator service with Landlord's Contractor and shall pay such reasonable charges for such services as may be charged by Landlord's Contractor.

   f. Tenant's entry to the Premises for any purpose, including without limitation, inspection or performance of Tenant construction by Tenant's agents, prior to the Lease Commencement Date as specified in Paragraph 2 of the Lease shall be subject to all the terms and conditions of the Lease except the payment of Rent. Tenant's entry shall mean entry by Tenant, its officers, contractors, licensees, agents, employees, guests, invitees or visitors.

   g. Tenant shall promptly reimburse Landlord upon demand for any extra expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, or by reason of any delays caused by such work, or by reason of inadequate clean-up.

C. Responsibilities Of Landlord And Tenant

1. Time is of the essence with regard to the responsibilities of Landlord and Tenant under this Work Letter Agreement.

2. On or before ( month, day, year ) hereinafter known at the Preliminary Plan Delivery Date, Tenant shall provide Landlord with all necessary information, including all specifications and requirements for any Tenant's Non-Standard Work, to enable Landlord and/or Landlord's Architect to prepare a fully dimensioned floor plan and a reflected ceiling plan showing the location of the following:

   a. Partitions, doors, electrical, telephone and computer outlets;

   b. Equipment requiring electrical power, such as copiers, appliances, word processors, computers, printers, computer related equipment, and clocks;
c. Furniture, fixtures, including trade fixtures, refrigerators, ice makers, coffee makers, microwave ovens, ovens, range hoods, can openers, water coolers, disposers, stoves, vending machines, cabinets and counters;

d. Plumbing fixtures;

e. Lighting;

f. Special finishes to floors, walls and ceilings; and

g. Special mechanical, electrical, or structural requirements, special features, facilities or additions.

3. From the information provided by Tenant, Landlord and/or Landlord's Architect shall prepare a fully dimensioned preliminary floor plan and reflected ceiling plan which Landlord shall submit to Tenant.

4. Tenant shall have ten (10) calendar days to review and approve the preliminary plans. Tenant shall also, at or prior to the time of approval, select paint color(s) and carpet type(s) and color(s) from Landlord's standard types and colors, and provide Landlord with any additional information Landlord needs in order to prepare working drawings and specifications.

5. Following Tenant's approval of the above preliminary plans and selections, and Landlord's receipt of necessary information, Landlord and/or Landlord's Architect and Engineer shall prepare working drawings and specifications which Landlord shall submit to Landlord.

6. Tenant shall have five (5) calendar days to review and approve the working drawings and specifications. Tenant shall also, at or prior to the time of approval, select paint color(s) and carpet type(s) and color(s) from Landlord's standard types and colors, and provide Landlord with any additional information Landlord needs in order to prepare working drawings and specifications.

7. Following Tenant's approval of the above working drawings and specifications and if Tenant has not requested Tenant's Non-Standard Work, Landlord shall, authorize Landlord's Contractor to commence construction.

8. If Tenant has requested and Landlord has granted necessary approvals for Tenant's Non-Standard Work, Landlord have the requested work incorporated into the working drawings and specifications and Landlord shall obtain a firm price for the Tenant's Non-Standard Work from the Landlord's Contractor. Landlord will provide Tenant the firm price for the above Work and Tenant shall review and approve Landlord's Contractor's price within five (5) calendar days. Upon Tenant's written approval of Landlord's Contractor's price, Landlord shall authorize Landlord's Contractor to commence construction. In the absence of such written approval, Landlord shall not be required to authorize commencement of construction.

9. Tenant shall be responsible for delays in completion of the Premises and additional costs in Landlord's Standard Work and Tenant's Non-Standard Work caused by:

a. Tenant's failure to provide information or approvals in a timely manner;

b. Request for materials, finishes or installations other than Landlord's Standard Work;

c. Tenant's changes in any plans, drawings or specifications; and
d. Inaccuracies, omissions, or changes in any information provided by Tenant.

Delay in completion of Landlord's Standard Work or Tenant's Non-Standard Work for any of the foregoing reasons shall be considered the fault of Tenant and shall not serve to extend the Commencement Date under Paragraph 2 of the Lease.

10. If Tenant shall request any change after construction commencement, Tenant shall request in writing to Landlord and such request shall be accompanied by all plans and specifications necessary to show and explain changes from the approved working drawings and specifications. After receiving this information, Landlord shall give Tenant a written estimate of the maximum cost of engineering and design services to prepare working drawings and incorporate the changes in accordance with such request. If Tenant approves such estimate in writing, Landlord shall have such working drawings prepared and Tenant shall reimburse Landlord for the cost thereof not in excess of such estimate. Promptly upon completion of such working drawings, Landlord shall obtain a cost, if any, for the change from Landlord's Contractor and Landlord shall notify Tenant in writing of the cost, if any, which will be chargeable or credited to Tenant for such change, addition or deletion. Tenant shall within five (5) calendar days notify Landlord in writing to proceed with such change addition or deletion. In the absence of such notice, Landlord shall proceed in accordance with the working drawings and specifications prepared pursuant to the previously approved working drawings and specifications.

11. No Landlord's Standard Work or Tenant's Non-Standard Work shall be performed by Tenant or Tenant's contractor unless approved in writing by Landlord.

D. Financial

1. If Tenant does not request any Tenant's Non-Standard Work, Landlord shall install and furnish Landlord's Standard Work at Landlord's expense, including expense related to preparation of the fully dimensioned preliminary floor plan, reflected ceiling plan, and the working drawings and specifications.

2. If Tenant requests Tenant's Non-Standard Work, Tenant shall pay Landlord all costs related to Tenant's Non-Standard Work, including but not limited to:

   a. The cost of professional services (including services of architects, interior designers, engineers and consultants) required to incorporate Tenant's Non-Standard Work into the working drawings and specifications;

   b. The cost of materials other than Landlord's Standard Work materials and the cost of installing such materials; and

   c. The cost of structural changes in the Building.

Whether or not Tenant requests Tenant's Non-Standard Work, Tenant shall not be entitled to any credits whatsoever for Landlord's Standard Work not utilized by Tenant.

3. Following commencement of construction, Landlord shall bill Tenant monthly for the cost of Tenant's Non-Standard Work. Tenant shall pay Landlord the entire amount of each statement within ten (10) calendar days after receipt.
EXHIBIT 7.6 (continued)

4. Notwithstanding Paragraphs 6 and 9 of the Lease, any sums payable by Tenant to Landlord under this Work Letter Agreement which shall not be paid upon the due date shall bear interest at a rate equal to the Prime Rate as determined by First Bank of Chicago plus one (1) percentage point, as the rate may vary from time to time.

TENANT: ABC COMPANY
By: ____________________________
Title: Vice President
Date: ____________________________

LANDLORD: WEST WACKER TOWERS, L.P.
By: ____________________________
Title: General Partner
Date: ____________________________
EXHIBIT C

RULES & REGULATIONS

1. Common Areas. The sidewalks, halls, passages, exits, entrances, elevators, and stairways of the Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators and stairways are not intended for use by the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation or interest of the Building, Landlord or tenants, provided that nothing herein contained shall be construed to prevent access by persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities.

2. Use and Occupancy of Premises. For the safety, efficiency and protection of the tenants and the Building, Tenant shall not, nor permit any employee, agent, or invitee of Tenant to use its Premises for:
   a. Storage of merchandise held for sale to the general public;
   b. Lodging;
   c. Cooking except for private use by Tenant or its employees with Underwriters Laboratory approved equipment for brewing coffee, tea or hot chocolate. Such limited quantities shall be only stored in containers approved by appropriate regulatory agencies;
   d. Use or keeping or storing any kerosene, gasoline or inflammable or combustible fluid or material other that limited quantities thereof reasonably necessary for the operation or maintenance of office equipment, foul or noxious gas or substance;
   e. The business of stenography, typewriting, printing or photocopying or any similar business for the service or accommodation of occupants of any other portion of the Building, unless specifically authorized in the Lease;
   f. Any use which would be reasonably offensive to other tenants or Landlord or which would tend to create a nuisance or damage the reputation of the Premises or Building.

3. Prohibited Activities. Tenant shall not, nor permit any employee, agent or invitee of Tenant to:
   a. Interfere in any way with other tenants or those having business in the Building;
   b. Use in its Premises of ice, drinking water, beverages, or catering service except at such reasonable hours and under such reasonable regulations as may be fixed by Landlord;
   c. Bring into the Building or keep within its Premises any birds or animals other than seeing eye dogs and like animals;
   d. Load any floor beyond the point considered safe by a competent engineer or architect selected by the Landlord.
   e. Use any method of heating or air conditioning other than that provided by the Landlord;
EXHIBIT 7.6 (continued)

f. Attach or install curtains, draperies, blinds, shades, sun control devices, screens on or adjacent to any window or glass situated within its Premises without Landlord's written consent which shall not be unreasonably withheld.

g. Use in the Building or its Premises any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment without Landlord's prior written consent;

h. Operate any television, radio, recorder, CD or DVD player, I-POD or similar device, telephone and/or cell phone, computer or related Internet website, printer, or sound system in such a manner as to cause a nuisance to any other tenant of the Building;

i. Engage in any activity which would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent Landlord from taking advantage of any ruling of the State and local regulatory insurance agencies and Landlord's insurance company, unless Tenant pays the additional cost of insurance.

4. Tenant Requirements. Tenant shall, and shall require its employees and agents to:

a. Keep window coverings in its Premises closed when the effect of sunlight or cold weather would impose unnecessary loads on the Building's heating or air conditioning system;

b. Keep the doors to Building corridors closed at all times except for ingress and egress and ensure that the doors of its Premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before leaving the Premises each day; and

c. Store all its trash and refuse within its Premises. No material shall be placed in trash boxes of receptacles if such material is of such nature that it may not be safely disposed of in the customary manner of removing and disposing of office build trash and refuse in the City of Chicago without being in violation of any law or ordinance governing such disposal. All trash and refuse disposal shall be made only through entrances and elevators provided for such purposes and at such times as Landlord shall designate.

5. Keys and Locks. Landlord will furnish each tenant two keys to each entry door lock to its Premises. Landlord may make a reasonable charge for any additional keys. Tenant shall not have any such keys duplicated. Tenant shall not alter any lock, install a new or additional lock or any bolt on any door of its Premises. Upon the Termination of the lease, Tenant shall deliver to Landlord all keys to doors in the Premises.

6. Janitorial Service. Tenant shall not employ, authorize or permit any person, persons or firm other that the janitor of the Landlord for the purpose of cleaning its Premises. Landlord shall not be responsible to any tenant for any loss of property on the premises, however occurring, or for any damage done to the effects of any tenant by the janitor or any other employee or any other person. Janitor service will not be furnished on nights when rooms are occupied after 6:00 P.M. unless, by prior agreement in writing, service is extended to a later hour for specifically designated rooms.

7. Use of Service Elevator. The Landlord shall designate appropriate entrances and a "service" elevator for deliveries or other movement to or from the Premises of equipment, materials, supplies, furniture or other property, and Tenant shall not use any other entrances or elevators for such purposes. The service elevator shall be available for use by all tenants in the Building, subject to such reasonable scheduling as Landlord at its discretion shall deem appropriate.
8. **Movement of Equipment.** All persons employed by the Tenant who have the means or methods to move equipment, materials, supplies, furniture or other property in or out of the Building must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the method of protection to the Building, lobbies, corridors, elevator and Premises to be provided by the Tenant before such movement and prescribe the maximum weight, size and positions of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining such property shall be repaired at the expense of the Tenant.

9. **Building Services.** Landlord establishes the hours 8:00 A.M. to 6:00 P.M. (CST) of each weekday and 8:00 A.M. to 1:00 P.M. (CST) on Saturdays, as reasonable and usual business hours for the purposes of this Lease. If Tenant requests heat or air conditioning during any hours other than the above and if Landlord is able to provide the same, Tenant shall pay Landlord such charges as Landlord shall establish from time to time for providing such services during such hours. Any such charges which Tenant is obligated to pay shall be deemed to be additional rent under this Lease, and should Tenant fail to pay the same within twenty (20) days after demand invoice, such failure shall be a default by Tenant under this Lease.

10. **Access to Building After Hours.** Landlord reserves the right to exclude from the Building all persons who do not present identification acceptable to Landlord between the hours of 6:00 P.M. and 7:00 A.M. (CST) and at all hours on Saturdays, Sundays and legal holidays. Tenant shall provide Landlord with a list of all persons authorized by Tenant to enter its Premises and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the same by such action as Landlord may deem appropriate.

11. **Building Directory.** A building directory will be provided for the display of the name and location of tenants and a reasonable number of the principal officers and employees of tenants. Landlord reserves the right to restrict the amount of directory space utilized by any tenant.

12. **Rest Room Use.** Rest rooms and all fixtures and apparatus located therein shall not be used for any purpose other than that for which they were constructed.

13. **Tenant's Requests.** Special requests of tenants will be considered only upon receipt of a written and signed application on Tenants letterhead stationary addressed to the Landlord. Landlord reserves the right to deny and such special requests. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

14. **Canvassing in the Building.** Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building are prohibited, and Tenant shall cooperate to prevent the same.

15. **Signs.** No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Building without the prior written consent of Landlord. Landlord will adopt and furnish to tenants general guidelines relating to signs inside the Building. Tenant agrees to conform to such guidelines. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of the Tenant by a person approved by Landlord. Material visible from outside the Building will not be permitted without the prior written consent of Landlord.
16. **Building Name and Street Address.** Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Building.

17. **Landlord Access.** Landlord shall, at reasonable hours, have the right to enter premises leased to tenants, to examine same or to make such alterations and repairs as may be deemed necessary, or to exhibit the same to prospective tenants.

18. **Noise and Building Utilization.** Tenants shall not make or permit any improper noises in the Building, or otherwise interfere in any way with other tenants, or person having business with them.

20. **Rules and Regulations.** Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, or prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of premises in the Building. Landlord reserves the right to make such other rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building, for the preservation of good order therein, and to meet and require tenants to observe and comply with additional Federal, State and local regulations as they pertain to the tenant's occupancy of the Building and the tenant's Premises.
EXHIBIT D

ESTOPPEL CERTIFICATE

________________________________________________________________________________________, of _____________________________________________, the Tenant, gives this estoppel certificate to _____________________________________________, of _____________________________________________, the Purchaser.

The Tenant has entered into a lease dated _____________________________________________, with _____________________________________________, as Landlord, for the following space: _____________________________________________

The Purchaser has requested the information and representations in this certificate with regard to the Lease because it wishes to acquire an interest in the property known as _____________________________________________, which includes the property that is subject to the Lease. The Tenant acknowledges that the Purchaser intends to rely on the information and representations the Tenant makes in this certificate in Purchaser's acquisition of the property.

The Tenant stated as follows:

1. A copy of all documents that constitute its Lease are attached to this certificate, and there are no understandings or verbal agreements that affect or amend the terms of the Lease.

2. The monthly Base Rate payments under the Lease are $ _____________________________________________, with additional rent due under the Lease as follows: _____________________________________________

3. The Lease term ends on _____________________________________________, with the following renewal options _____________________________________________

4. To the best knowledge of Tenant, no notice has been received by Tenant of any default which has not been cured.

5. The Lease is in full effect.

Dated: _____________________________________________, 20____________

Tenant
EXHIBIT E

COMMENCEMENT DATE AGREEMENT

An Agreement made this _____ day of ________________, 20__, by and between ____________________________ (hereinafter called "Landlord") and __________________________________________ (hereinafter called "Tenant").

WITNESSETH:

WHEREAS on ________________________, 20__, Landlord and Tenant entered into a lease (the "Lease") relating to certain office premises located at _____________________________________________________; and

WHEREAS the term of the Lease has commenced, pursuant to Section ____ of the Lease; and

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Landlord and Tenant agree as follows:

1. The Term Commencement Date of the Lease is ______________________________________________.

2. Tenant's obligation to pay Rent under the Lease commenced on _______________________________.

3. The Term Expiration Date of the Lease is ___________________________________________________.

4. The execution of this Agreement shall not constitute the exercise by Tenant of any option it may have to extend the term of the Lease.

5. The Lease is in full force and effect and is hereby ratified and confirmed.

IN WHEREAS WHEREOF, Landlord and Tenant have caused this Agreement to be duly executed on the date first written above.

Landlord: __________________________________ Tenant: ___________________________________________
EXHIBIT 7.6 (continued)

(Applicable to Gross and Modified Gross Leases Only)

EXHIBIT F

OPERATING EXPENSES AND CALCULATIONS

Operating Expenses for the base period are expressly limited to the items and amounts shown in the matrix shown below as guided by the following general principles to include, the reasonable and necessary cost of building management, labor, superintendents, and their administrative fees not to exceed 5% of Controllable Costs and all reasonable and necessary costs for equipment, personnel, material and supplies for maintenance, repair and operation of the Project.

Expressly excluded from Operating Expenses are replacement of capital investment items, general expenses of Landlord's building office, executive salaries, rental and similar commissions, advertising and legal expenses except those expenses arising from property tax litigation resulting in savings to the Tenant, building and equipment depreciation, specific costs billed to and paid by Tenant and other tenants, appraiser's fees and expenses and accountant's fees and expenses which do not relate to the operation of the building and principal, interest and other costs directly related to financing.

With regard to the foregoing, Tenant shall have the right to inspect Landlord's books, records and other information for purposes of verifying the appropriateness of Operating Expense Charges.
EXHIBIT G

LANDLORD COVENANTS: BUILDING SERVICES

Landlord agrees to provide the following services to Tenant under the Base Rental amounts under Article ___ of the Lease:

1. Heating, ventilation and air conditioning sufficient to meet the criteria set forth in the ASHRAE Applications Handbook, latest edition, "General Design Criteria for Office Buildings", for the city in which the Demised Premises are located in order to maintain temperature and humidity with a constant range of 70 d/f to 74 d/f and 45% to 60% humidity respectively. Outdoor design temperatures are to be as set forth in ASHRAE Fundamentals Handbook and should meet the 97.5% design dry-bulb winter and 2.5% design dry-bulb and mean coincident wet bulb, summer. Design considerations must take into account partitioning and special occupancy requirements as shown on approved floor plans in order to maintain uniform heating/air conditioning and lighting levels throughout. Special provisions for conference rooms shall include remote low velocity exhaust fans for smoke removal providing a minimum of twelve (12) circulation air changes per hour.

2. Electrical energy to provide a minimum of 4 watts per square feet illumination and 5 watts per square feet service throughout the Demised Premises. Lighting plan shall provide a minimum of 70 foot candles at all locations except corridors and rest rooms that shall be provided a minimum of 40 foot candles illumination. Electrical design shall exceed these minimums if necessary to accommodate heat and power loads from the operation of all business machines and other equipment used by Tenant in the conduct of its business excepting operation of any computer room that may be separately metered.

3. Hot and cold domestic water and sewer capacity for office requirements to meet the design occupancy included in the attached Tenant improvement plans and specifications.

4. Removal of snow and ice from driveways, parking areas and sidewalks. If snow and/or ice conditions develop during normal business hours, Landlord agrees to keep said areas as clear as weather conditions permit, to allow ingress and egress to and from public roads and to minimize hazards. If snow and/or ice conditions develop or prevail during other than normal business hours, Landlord agrees to have said areas cleared of snow and/or ice by 7:30 A.M. of the next business day.

5. Maintenance of any lawns, planters or other plantings surrounding the Building in which Demised Premises are located, including prompt replacements as needed to maintain quality standards of a first-class office building.

6. Supply, install and replace lighting lamps, tubes, starters, ballasts and fixtures as required; service and clean all lighting fixtures at the end of each lease year.

7. Within 45 days prior to the commencement of the first Option Term, refurbish the Demised Premises as follows:
   o Repaint painted surfaces (two coats) in colors to be selected by Tenant;
   o Clean and refinish natural wood surfaces;
   o Clean, repair or replace wall covering;
   o Replace defaced, discolored or broken floor or ceiling tiles; and
   o Replace carpeting which has become worn or damaged through normal wear and tear.

Tenant shall have no repair and replacement obligation under this Lease, however, Tenant shall cooperate with Landlord in Landlord’s performance of duties as established herein. Landlord's failure to perform or to comply with the foregoing shall constitute a material default under this Lease subject to the provisions of Article ___.

EXHIBIT 7.6 (continued)
EXHIBIT H
PARKING PLAN FOR LEVELS 1, 2 AND 3

EXHIBIT I
CONFERENCE ROOM PLAN

EXHIBIT J
FITNESS FACILITY PLAN

EXHIBIT K
BUILDING OWNERS AND MANAGERS ASSOCIATION
METHOD FOR SPACE MEASUREMENT

EXHIBIT L
SCHEDULE OF RENTAL AND ALLOWABLE OPERATING EXPENSES

EXHIBIT M
BUILDING HOLIDAY SCHEDULE
EXHIBIT 7.6 (continued)

EXHIBIT N
JANITORIAL SPECIFICATION AND CLEANING SCHEDULE

EXHIBIT 7.6 (continued)

EXHIBIT O
BUILDING SECURITY SPECIFICATIONS

EXHIBIT 7.6 (continued)

EXHIBIT P
ENVIRONMENTAL PROVISIONS

EXHIBIT 7.6 (continued)

EXHIBIT Q
SUBORDINATION AGREEMENT
EXHIBIT 7.7

SALE AND PURCHASE AGREEMENT SAMPLE FOR ABC COMPANY

SALE AND PURCHASE AGREEMENT

Rayson Development Company, hereinafter "Seller," whose address is 550 South Madison Avenue, Suite 100, New York, NY 10246-1234, hereby agrees to sell, and ABC Company, hereinafter "Purchaser," whose address is 235 East Wacker Drive, Suite 1700, Chicago, IL 60634-6578, or its assigns, agrees to purchase the following described property at 334 East Wacker Drive, Chicago, IL 60634-6578 in the County of Cook, State of Illinois, and as more commonly described in Exhibit A (Site Plan) and legally described by frontage, dimensions and square footage as shown on Exhibit B (Legal Description) together with all rights and appurtenances thereto belonging or in anywise appertaining and all right, title and interest of Seller in and to any and all roads, streets, alleys and ways, bounding such property.

A more definite description as shall be obtained by Purchaser from an accurate boundary and topographic survey acceptable to Purchaser, at Purchaser's cost to be reimbursed by Seller at closing.

1. The purchase price shall be Eight Million Sixty-Five Thousand Four Hundred Thirty-Two and 01/100 Dollars ($8,065,432.01), with an earnest money deposit in the amount of Fifty Thousand and 00/100 Dollars ($50,000.00) at the time of the execution of this Agreement by the Purchaser, which shall be considered as a portion of the purchase price. The balance of the purchase price shall be payable in cash at closing. In the event Purchaser fails or refuses to consummate the subject sale for any reason whatsoever, and through no fault of the Seller, then all earnest money shall be paid to the Seller as full, complete and final liquidated damages sustained by the Seller and Seller shall have no other recourse or remedy.

2. Conveyance shall be by deed of general warranty. All municipal, county, state and federal transfer taxes shall be paid by Seller at the time of closing. The conveyance shall be free from dower or statutory rights, taxes, assessments and all other liens and encumbrances of any kind, without exceptions, unless otherwise specified herein, so as to convey to the Purchaser good and marketable title. Recording of the deed will be at Purchaser's expense.

3. Purchaser proposes to use the property for the constructions and operation of a free standing office building, including off-street parking incident thereto and the erection of its standard identification sign. In the event that the property is restricted by any state, county, municipal or other government ordinance, rule or regulation, including limited access rules, restrictions or regulations (hereinafter collectively called "zoning") which prohibit, limit or restrict the use of the property for such purposes Purchaser shall undertake at Seller's expense to be reimbursed at closing, to make good faith effort to secure rezoning, special use permits or variances hereinafter "Authorizations", so that the property may be used for the purposes hereinabove set forth. Seller hereby agrees to cooperate fully with Purchaser in securing such Authorizations and hereby grants permission to Purchaser to make application for such Authorizations in the name of Seller. In the event Purchaser is unable to secure the Authorizations necessary for utilizing the property for the purposes hereinabove set forth within the prescribed time, Purchaser may notify Seller in writing of such fact, whereupon this Agreement shall become null and void, Purchaser shall not be obligated to complete the purchase of the property and Seller shall promptly return to Purchaser the consideration paid to Seller. The determination of the necessity for obtaining such Authorizations or the adequacy of the Authorizations granted shall be within the sole discretion of Purchaser.
EXHIBIT 7.7 (continued)

4. Purchaser's obligation to purchase is contingent on Purchaser being able to obtain the necessary licenses, permits, and other authorizations, including curb cuts for reasonable traffic access. Reasonable traffic access shall include:

   (a) two accesses to a major highway at least one of which shall be a left turn access;

   (b) one access for each secondary highway. Access in each instance shall be for ingress and egress.

In the event Purchaser is unable to obtain all the necessary licenses, permits, curb cuts, or authorizations within 180 days, or as may have been extended, from the last date of execution by Purchaser and Seller, either party may terminate the contract and the Purchaser shall be entitled to the return of the earnest money deposit and additional funds in escrow, and the Seller shall be entitled to the return of his deed or other instruments placed in escrow and the parties shall be released from further liability. Closing shall take place within ten (10) days after all of the contingencies of the contract have been fulfilled and vacant possession of the property shall be delivered to Purchaser at time of closing. Risk of loss to said property and improvements thereon prior to closing shall remain with Seller.

5. Within 180 days from the date of last execution of this contract Seller shall permit Purchaser to enter upon the subject property to make a topographic and boundary survey; determine the location of utilities; perform engineering studies, and to conduct soil tests and borings on the property (except where buildings if any, are now located) to determine the property's suitability for Purchaser's proposed improvements. If such survey, studies, soil borings or tests indicate conditions unsuitable to Purchaser for such proposed improvements or Purchaser's contemplated use, then Purchaser may terminate this Agreement whereupon both parties shall be released from further performance hereunder and the earnest money deposit shall be returned to Purchaser.

6. If prior to closing any part of the property is condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or if the buildings and improvements on the above-described property shall be destroyed or materially damaged by fire, windstorm, explosion or other casualty, then this Agreement shall, at the election of Purchaser, become null and void, whereupon the consideration paid by the Purchaser to or for the benefit of the Seller shall be promptly repaid. Should the Purchaser elect not to terminate this contract the purchase price shall be reduced by the amount of the Seller's award.

7. As a material inducement to Purchaser entering into this Agreement Seller represents that water, gas, electricity, sanitary sewers, storm sewers, and other necessary public utilities are immediately on or contiguous to the subject property and are available to Purchaser for a connection fee not to exceed Twelve Thousand Dollars ($12,000) for all such utilities. In the event that any of such utilities are not so available Purchaser shall have the right to terminate this Agreement and the earnest money deposit returned.

8. (a) Purchaser shall order a title insurance binder on the property prepared by a title insurance company acceptable to Purchaser. Seller shall provide a current abstract of title to the title insurance company, if required, and shall pay for any costs incurred in title searches. At closing Seller will convey a good and marketable title to the property, and except as provided for herein, free, clear and unencumbered.

   (b) In the event the title insurance binder shall reflect title defects or other conditions which were not as represented by Seller, then upon notification of such defects or conditions, the Seller shall immediately and diligently proceed to cure same and shall have a reasonable time within which so to do. If after the exercise of all reasonable diligence Seller is unable to clear the title or defects of the property, then Purchaser may accept the title and defects in its then condition or Purchaser may terminate this Agreement, whereupon both parties shall be released from further performance hereunder and the earnest money deposit shall be returned to Purchaser.
9. Any and all commissions, compensations or other broker or finder fee expenses incident to this sale shall be paid by the Seller to Professional Brokerage Company and Simpson Realty, Inc.

10. Real estate taxes for the current year shall be prorated as of the date of closing. Seller shall pay all certified liens and make allowance for all pending liens which represent work which is actually in progress or completed on the date of closing, but which have not as yet been certified as a lien. Purchaser shall assume all pending liens representing improvements which have not as yet commenced. Seller shall give the Purchaser at closing credit for future assessments, even if called in the nature of "taxes" for improvements completed.

11. Seller shall deliver to Purchaser at closing an affidavit of vacant possession stating that there are not unrecorded leases or agreements upon the property, and an affidavit certifying that there are no mechanic's or statutory liens against the property. Seller will execute as Purchaser's request as many deeds as Purchaser deems desirable to divide the property into more than one parcel.

12. No term or condition of this Agreement will be deemed to have been waived or amended unless expressed in writing, and the waiver of any condition or the breach of any term will not be a waiver of any subsequent breach of the same or any other term or condition. This Agreement constitutes the entire Agreement of the parties which incorporates prior written or oral understandings. This Agreement shall be binding upon the parties, their heirs, successors or assigns.

13. As a material inducement for the Purchaser to enter into this Agreement the Seller covenants that no property presently owned or hereafter acquired by the Seller contiguous or adjacent to the within described property shall be used or occupied for a business activity which consists of the sale, for on premises consumption, of so called retail automotive items. This covenant on the part of the Seller shall survive the closing for a period of ten (10) years.

14. Closing of the herein described purchase shall be subject to final acceptance by the Purchaser's parent company, XYZ Corporation.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed and sealed this 4th day of January, 20__. 

Witness:  
_____________________________________   By: ______________________________________
Phillip A. Goodman, President  
Attest: ____________________________________  
Richard D. Rayson, Secretary  
SELLER  (SEAL)

STATE OF ILLINOIS  
COUNTY OF COOK  

BEFORE ME, the undersigned authority, personally appeared __________________________ to me well known and known to me to be the individuals described in and who executed the foregoing instrument as __________ President and __________ Secretary of __________ corporation, and severally acknowledged to and before me that they executed such instrument as such __________ President and __________ Secretary respectively of said corporation and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of WITNESS my hand and official seal this ____ day of ________, 20__.  
(SIGNED) ____________________________________________________________  
(SEAL) Notary Public  
My Commission Expires:_________________________________
IN WITNESS WHEREOF, the Purchaser has caused this instrument to be executed and sealed this 5th day of January, 20__.

Witness:

_____________________________________   By: ______________________________________

Jane M. Simpson, President

Attest: ____________________________________

Phillip S. Miller, Secretary

PURCHASER (SEAL)

STATE OF ILLINOIS
COUNTY OF COOK

BEFORE ME, the undersigned a Notary Public in and for said County and State, on this day personally appeared to me known and known to me to be the person(s) whose name(s) is (are) subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and considerations therein expressed.

WITNESS my hand and official seal this _____ day of _______, 20__.

__________________________
(SEAL)                       Notary Public

My Commission Expires:
EXHIBIT 7.7 (continued)

EXHIBIT A

SITE PLAN

N 300.00'  2.072 ACRES  300.00'

300.00'

EAST WACKER DRIVE

300.00'
EXHIBIT B

LEGAL DESCRIPTION
NOTES
EIGHT

SITE ACQUISITION

- Contingencies and Environmental Issues
- Deposit or Earnest Money
- Design, Construction Documents, etc.
- Closing, Costs and Insurance

Contingencies

Lease negotiations are complete, the lease agreement has been signed and the insurance certificate, 1st months rental payment, and deposit if required has been delivered to the landlord. Or if property was acquired, purchase negotiations are complete, the purchase agreement has been signed and the earnest money has been deposited. You filed your copy of the agreement in your lease or deed file and abstracted the lease or purchase agreement information into your real estate data base.

For purchased property and for certain leased property, you will be using this time to either work with the Seller or Landlord on the contingency items to obtain zoning, permits, confirm utilities and the quality and quantity of services that meet your requirements, financing, total project costs, legal documentation, title binder and title insurance, closing time, date and location, due diligence inspection and audit of the site for hazardous materials including toxic waste, asbestos, radon, etc. Only after these contingencies have been met should you close on the sale and purchase of the property or proceed with the lease.

An increasingly important contingency issue that you and your management must take into account in your site acquisition plan is the physical condition of the site and surrounding environment. Failure to understand and heed environmental laws could result in fines, penalties, or enforced cleanups costing your company millions of dollars. To protect your company, you must be aware of the requirements in the federal government's 1969 National Environmental Policy Act and the regulations developed by the Environmental Protection Agency, state, county and local regulatory agencies. The focus of this Act and these regulations is to preserve the environment by addressing:

- Asbestos
- Radon
- Lead
- PCB's
- UST's
- Hazardous Waste
- Hazardous Materials
- Solid Waste
- Indoor Air
- Water Pollution
- Air Pollution

Environmental/legislative regulations as developed at the national level since 1969 includes:

- 1969 Nat'l. Environmental Policy Act (NEPA)
- Comprehensive Environmental Response Compensation and Liabilities Act (CERCLA), Superfund
- Resource Conservation and Recovery Act of 1984 (RCRA)
- Superfund Amendments and Reauthorization Act of 1986 (SARA) plus Title III
- Safe Drinking Water Act of 1986 (SDWA)
- Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)
- Toxics Substance Control Act (TSCA)
- Clean Water Act (CWA)
- Water Quality Act of 1987
- Pollution Prevention and Recycling Act of 1990
- Clean Air Act of 1990 (CAA)

This issue has become more important since the passage of the Comprehensive Environmental Response Compensation and Liabilities Act (CERCLA), Superfund, and the Superfund Amendments and Reauthorization Act (SARA). These
acts basically provide a framework to the Federal Government to require building owner of real property, operators and
others designated as responsible parties to clean-up contaminated soil, polluted water and other discharges to the
environment. These acts also establish the ability of the government to require responsible parties to participate actively
in the cleaning up of hazardous waste sites.

It is imperative to your company that a due diligence environmental audit be made for any site you are proposing to
purchase or will be long term tenant or will be the tenant in a build to suit lease. The due diligence environmental audit
is designed for the protection and the health and safety of the people purchasing the property or occupying it, protection
from having to conduct expensive environmental cleanups, protection from liability claims of individuals, tenants or
customers for health hazards associated with the environmental situation, and finally the ability to remarket the property
or use it as collateral for a loan.

Three types of due diligence audits can be made to attain the innocent landowner/purchaser status:

ENVIRONMENTAL AUDIT PROCESS

<table>
<thead>
<tr>
<th>WINDSHIELD AUDIT</th>
<th>DEAL KILLER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visual inspection turned up no apparent environmental concerns; History of use is satisfactory.</td>
<td>Obvious visual detection of environmental problems; Substantial cost to remedy problems; Adjacent property problems; No further interest in the site.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PHASE I ENVIRONMENTAL AUDIT</th>
<th>DEAL KILLER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Records review revealed no problem compliance issues; Evaluation is good; Visual inspection acceptable; Sampling results are favorable; and operation review is acceptable. If there is concern with waste, UST, adjacent property activities or groundwater contamination, then recommend PHASE II ENVIRONMENTAL AUDIT.</td>
<td>Previous use is unacceptable; There are compliance problems; Analytical testing results are unsatisfactory, previous disposal practices are unacceptable, and current operations are unacceptable.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PHASE II ENVIRONMENTAL AUDIT</th>
<th>DEAL KILLER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sampling indicates no problems or sampling indicates property not source of the problem or result indicates a problem that can be solved at a cost that still makes the deal profitable or affordable.</td>
<td>Major problem in clean-up procedures and cost is revealed through sampling results. Potential liability is unacceptable.</td>
</tr>
</tbody>
</table>

Due diligence completed. Innocent landowner and/or purchaser provision established.
You may also find that an **ENVIRONMENTAL AUDIT SITE ASSESSMENT CHECKLIST** may be helpful during the due diligence phase of your site review. The Checklist may include the following:

**0 General Information**
- Owner
- Contact Person
- Location
- Age
- Size of Facility
- Site Plot Plan
- Prior Uses of Site
- Number of Buildings & Size
- Building Construction Type
- Building Construction Staging

**0 Asbestos**
- Location
- Tests, Dates and Results
- Condition(s)
- Disposition/Disposal Costs, Contractor & Records
- Removal Permits

**0 PCB Equipment**
- Location
- Size
- Type
- Test Results For Equipment
- Inspection Reports
- Annual Reports
- Disposition/Disposal Costs, Contractor & Records
- Removal Permits

**0 Underground Tanks**
- Past/Present Location(s)
- Size
- Age
- Tank Construction Type(s)
- Permits
- Registration
- Contents
- Testing Results and When
- Monitoring Results
- Removed When/How/By Whom
- Inspection Reports
- Closure Plans and Follow-up Testing

**0 Process Operations**
- Principal Products
- How Much/How Many
- Processes Used
- Chemicals Used/How
- Maintenance Chemicals
- Time of Present Operations

**0 Air Emission Sources**
- Sources of Emission
- Flow/Characteristics
- Emission Control and Points
- Permit(s) and Status
- Monitoring Requirements
- Notice(s) of Violation(s)
- Compliance History
- Regulatory Contact(s)/Federal/State/Local
- Compliance Schedules
- Other Enforcement Actions/Citizens Groups, etc.

**0 Wastewater Sources**
- What Are Sources
- Flow/Characteristics
- How Managed/Treated/Past/Present
- Where Is Discharge
- On-Site or Off-Site Treatment and What Kind
- Sludge Removal Process and To Where/How
- Permits
- Wetlands Issues and Permits
- Spill History
- SPCC Plan
- Regulatory Contacts
- Notice of Violation
- Compliance Schedules
- Other Enforcement Actions/Citizen Groups, Law Suits, etc.

**0 Solid/Hazardous Waste**
- Sources of Waste
- Quantities and Characteristics
- Treatment, Storage, and Disposal (Past/Present)
- On-Site or Off-Site Disposal (Past/Present)
- Manifests, Carriers, and RCRA Permits
- Corrective Action/Solid Waste Management Units
- State and Local Solid Waste Permits
- Compliance Reports and Compliance History
- Regulatory Contacts
- Notices of Violations
- Compliance Schedules
o Solid/Hazardous Waste (continued)
  - Other Enforcement Actions/Citizens Groups, etc.
  - Federal Superfund Actions
  - Private Party Superfund Actions

o Fuels Management
  - What Is Used
  - Seasonal and How Much
  - Storage Facility

A SITE INSPECTION CHECKLIST may also be used during the due diligence phase of your site review. This Checklist may include the following:

o Physical Features
  - Parking Areas/Paved or Unpaved/Under Roof
  - Roads
  - Power Lines and Transformers
  - Water Retention Pond(s)
  - Public Buildings
  - Dwellings, Fences, Wells, Structures, Improvements, etc.
  - Rights-of-Way
  - Fencing

o Adjacent Land Use
  - Surface Water
  - Vacant Land
  - Terrain
  - Roads and Utilities
  - Use (Housing, Commercial, Industry, etc.)
  - Vegetation Types
  - Water Retention Pond(s)
  - Fencing

o Buildings
  - Number, Location, Size
  - Type of Construction
  - Age and General Condition
  - Flooring Materials
  - Floor Drains and To Where
  - Spill Evidence and Clean Up

o Site Utilities
  - Electricity
  - Natural Gas
  - Propane Gas
  - Oil
  - Diesel
  - Telephone
  - Storm Water Sewer and Drains

o Hazardous Communication
  - Labeling
  - Training
  - MSDS

o Community Right To Know Compliance
  - Toxic Chemical Release Reporting
  - Other State and Local Regulatory Requirements

o Geological Features
  - Rock Out-crops
  - Sink Holes
  - Excavations
  - Topography/Site Slope
  - Soil Type and Characteristics
  - Mining Activity and Type

o Geological Features (continued)
  - Quarry or Pit and Type
  - Spoil Piles
  - Diversion Ditches
  - Soil Stockpiles
  - Earthquake Activity

o Pits, Ponds and Lagoons
  - Size and Location
  - Purpose or Use and Contents
  - Material Construction
  - Above or Below Grade
  - Lined or Unlined
  - Leaks and General Condition
  - Fill/Drain Pipes
  - Level

o Catch Basins, Manholes, Drains and Fill Pipes
  - Location(s)
  - Use
  - Appearance (Usual or Unusual)
  - Odors
**Waste Evidence**
- Discolored or Unnatural Soil
- Odor(s)
- Ash or Blackened Area
- Barrels, Container and/or Drums
- Waste Materials
- Discolored Soil
- Construction and/or Demolition Debris

**Security Features**
- Access Roads, Trails and Paths
- Natural (Water, Cliffs and Canyons) and Vegetation Barriers
- Fencing and Gates/Location, Size and Materials
- Boat Docking and Launching Areas

**Vegetation**
- Type
- Maturity
- Density
- Condition (Healthy or Stressed)

**Water Features**
- Ponds, Streams or Rivers
- Springs, Seeps, Wells or Swamps
- Wetlands
- Direction of Runoff
- Direction of Runon
- Water Table
- Underground Water
- Surface Erosion
- Flood Plain Location and 100 Year Flood Plain Elevation

**Disposal Areas**
- Age and General Condition
- Location
- Size
- Contents

---

**Deposit or Earnest Money**

The size of your company, its net worth, sales, and reputation can influence the amount (if any) of deposit for a lease or earnest money for a sale and purchase that your company will be required to pay before the lease or sale and purchase agreement will be effective.

A deposit for leased property or space (usually equal to one or more months rent) is one of the Landlord's method of protecting their investment. If your company has the sales volume, reputation, name presence, and history of business in the community, you may be able to require the Landlord to waive the deposit requirement as the deposit equals risk, and your company would provide no payment risk to the Landlord's investment. Wherever possible, try to negotiate with the Landlord to waive the deposit thereby helping your customer and corporation's cash outlay.
Remember that every dollar that your customer does not have to pay up front could be very important to their meeting their overall cash objectives for the year. If your customer has to pay a deposit, ensure that it is placed in a separate, interest bearing account, that your customer understands what has to be done to get the deposit back and when they can get it back with the earned interest.

The Purchaser's earnest money payment for the purchase of property is the Seller's method of insuring that the Purchaser is serious, has financial resources, and will make a commitment which will take the property off of the market for a specified period of time. The amount of earnest money is negotiable and it may be deposited with the Seller, Seller's brokerage company or better yet, the title insurance company. The conditions of where (bank or savings and loan) the earnest money will reside can be negotiated. The sale and purchase agreement should detail who will receive the interest, how the earnest money will be applied to the purchase price, and how the earnest money will be refunded should the Seller not be able to satisfy all the contingency items. You and your customer must be very careful to ensure that all contingency items have been met before agreeing to close on the sale. After closing, the property belongs to your customer and unless there is fraud, any problems that are discovered are usually the Purchasers to live with. You should keep your real estate broker involved in this process to act as a facilitator especially when dealing with zoning, permits and financing issues.

**Design, Construction Documents, etc.**

During lease negotiations, preliminary design work was completed and now you will continue with your customer and the landlord into the design development, construction documents, construction, occupancy permit, move-in, and project close-out phases. Your lease or purchase agreement should include a schedule of completion and review of your plans and you be ensuring that these dates are met as you would normally do in your facility manager role. You may find that the cost of the project is exceeding the amounts stated in the lease and this may need to be revised and brought back into budget. This work should be monitored to ensure that all conditions of the lease documents are being met. Your real estate broker should continue to be involved and help to facilitate the flow of meetings, the schedule and understanding of the terms of the lease agreement.

**Closing, Costs and Insurance**

If property was purchased, the purchase agreement will often require that you and the seller proceed with certain contingency work such as: obtaining rezoning; completing construction documents; obtaining utility, building and use permits; dedication and acceptance by the local government of covenants and restrictions, streets, right of ways and utilities installed by the seller, etc. Many corporations have a very strict policy that the closing will take place only when all contingency items are acceptable to the Purchaser and the Purchaser has obtained all zoning and permits required for the work. When the contingency items are complete then the closing can take place, the deed can be recorded, and possession of the property and construction or renovation can begin.

After closing or after your customer has moved into their leased space, you may consider sending out a Customer Satisfaction Survey (see Exhibits 8.1 and 8.2) to receive feedback on your services and performance from your customer. This Survey could be part of the **Service Level Agreement** process as discussed in Section I. You and Your Customer.
MEMO

FROM: Bill Roberts                      DATE: November 14, 20__

TO: Carol Rogers                      SUBJECT: Customer Satisfaction Survey

The Corporate Real Estate Department has an on-going Quest For Quality program which includes a formal review of services to our customers. This process requires us to look at everything we do on a service and product basis with an eye toward improvement.

Only those people who we work with can give us a true sense as to whether we are meeting their needs in a timely and efficient manner.

If you would take a couple of minutes and complete the attached customer satisfaction survey, it would greatly assist us in developing continual improvement in our activities and, consequently, make progress toward our quality goals.

Thank you for your help and continued support.

WR: bw
E-mail: wroberts@abc.com

Attachments

cc: Customer Satisfaction Survey file (w/Attachments)
EXHIBIT 8.2

Customer Name: Carol Rogers  
Vice President  
Address: ABC Company  
Retail Operations  
2538 North Michigan Ave.  
Suite 710  
Chicago, IL 60632  
Telephone: (312) 555-1700  
E-mail: crogers@abc.com

QUEST FOR QUALITY

CUSTOMER SATISFACTION SURVEY

Corporate Facility Management Department

A. The mission of the Corporate Facility Management Department is to serve ABC Company and our customers by providing and delivering timely, quality, professional real estate analysis and consulting support services. Doing so enhances ABC Company's long-term competitive position through the acquisition and management of efficient, cost effective real estate. We provide high quality real estate services essential to productive work and support environments.

The major services we provide are categorized in the general areas listed below. Please check those services that you requested or used in the past 12 months.

CHECK ALL THAT APPLY.

[] Strategic Real Estate Planning

[] Broker Selection

[] Lease Negotiation

[] Lease and Construction Document Review and Execution

[] On-Going Management of Existing Leases

[] Real Estate Consulting on Request

[] Real Estate Management System

[] Other - Write In:  
__________________________________________________________________________________________
__________________________________________________________________________________________
__________________________________________________________________________________________
EXHIBIT 8.2 (Continued)

Real Estate Customer Satisfaction Survey
Corporate Facility Management and Planning Department

B. Please circle the performance NUMBER rating (Poor = P, Fair = F, Excellent = E or N/A for Not Applicable) and complete the following comments and/or issues as desired for the most recent service provided:

1. Do you feel the leasing process for office space at 1265 East Wacker Drive, Suite 345, Chicago, IL. addressed all areas of your real estate needs?

<table>
<thead>
<tr>
<th></th>
<th>P</th>
<th>F</th>
<th>G</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

Comments and/or Issue:
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

2. Do you feel the information prepared to quantify your preliminary leasing requirements adequately met your quality, price, and space needs?

<table>
<thead>
<tr>
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<td>4</td>
<td>6</td>
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</table>

Comments and/or Issue:
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

3. Do you feel you were provided with a sufficient number of sites, review opportunities and information to make an informed location decision?

<table>
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<tbody>
<tr>
<td>N/A</td>
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<td>6</td>
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</tbody>
</table>

Comments and/or Issue:
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

4. Regarding the lease to the XYZ Group, do you feel the lease negotiations were accomplished with:

<table>
<thead>
<tr>
<th></th>
<th>P</th>
<th>F</th>
<th>G</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Professionalism by the Broker Representing ABC Company?</td>
<td>N/A</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>B. Professionalism by the Corp. Facility Dept.?</td>
<td>N/A</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>C. Minimum Problems?</td>
<td>N/A</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>D. Maximum R. E. Assistance?</td>
<td>N/A</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>
EXHIBIT 8.2 (continued)

Real Estate Customer Satisfaction Survey
Corporate Facility Management and Planning Department

E. Maximum Legal Assistance?

<table>
<thead>
<tr>
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<td>2</td>
<td>4</td>
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</tbody>
</table>

Comments and/or Issue:
________________________________________________________________________
________________________________________________________________________

5. Are you satisfied with the lease agreement as executed?

<table>
<thead>
<tr>
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<th>P</th>
<th>F</th>
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<th>E</th>
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<tbody>
<tr>
<td>N/A</td>
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<td>2</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

Comments and/or Issue:
________________________________________________________________________
________________________________________________________________________

6. Are there any problems with the lease agreement that are still unresolved?

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<th></th>
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<th>E</th>
</tr>
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<tbody>
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<td>N/A</td>
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<td>4</td>
<td>6</td>
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</table>

Comments and/or Issue:
________________________________________________________________________
________________________________________________________________________

7. Do you feel the handling of your Real Estate requirements have been:

A. Professionally managed and presented?

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<thead>
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<tbody>
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<td>N/A</td>
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<td>6</td>
</tr>
</tbody>
</table>

B. Handled in a timely manner?

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<td>N/A</td>
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<td>4</td>
<td>6</td>
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</table>

C. The services you expected?

<table>
<thead>
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<th>P</th>
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<td>6</td>
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</table>

D. Sensitive and attentive to your needs?

<table>
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<tr>
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<th>E</th>
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<tbody>
<tr>
<td>N/A</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

Comments and/or Issue:
________________________________________________________________________
EXHIBIT 8.2 (continued)

Real Estate Customer Satisfaction Survey
Corporate Facility Management and Planning Department

8. How do you rate our overall performance? P F G E
   A. Orientation of Real Estate Services N/A 0 2 4 6 8 10
   B. Site Specifications N/A 0 2 4 6 8 10
   C. Sites Located N/A 0 2 4 6 8 10
   D. Sites Reviewed N/A 0 2 4 6 8 10
   E. Site Recommendations N/A 0 2 4 6 8 10
   F. Lease Negotiations N/A 0 2 4 6 8 10
   G. Service Quality N/A 0 2 4 6 8 10
   H. Response Time N/A 0 2 4 6 8 10
   I. Professionalism N/A 0 2 4 6 8 10
   J. Real Estate Expertise N/A 0 2 4 6 8 10
   K. Building/Landlord Services N/A 0 2 4 6 8 10

Comments and/or Issue:
_________________________________________________________________________________________
_________________________________________________________________________________________
_________________________________________________________________________________________

9. From the listing of major services shown on page 1, in what area(s) do you feel we need to improve. Please be specific:
_________________________________________________________________________________________
_________________________________________________________________________________________
_________________________________________________________________________________________

10. What other Real Estate services do you feel are needed that you would use if available?:
_________________________________________________________________________________________
_________________________________________________________________________________________
_________________________________________________________________________________________
C. Other comments and/or issues you wish to share: __________________________________________________
   ______________________________________________________________________________________
   ______________________________________________________________________________________
   ______________________________________________________________________________________

Thank you for your help. Please return a completed copy of this Customer Satisfaction Survey to Corporate Real Estate via interoffice mail or via an e-mail with this completed Survey as a pdf file to wroberts@abc.com, ATTN: Bill Roberts.

WR: bw
   Initials: __________
   Date: __________
NINE

MANAGING THE ASSET

- Certificate of Occupancy and utilities
- Rent or mortgage payments, operating expenses, escalations, etc.
- Taxes and Insurance

**Certificate of Occupancy and Utilities**

Your customer has moved into their leased facility, the punch list items and project close-out has been completed and you or your Landlord have received a Certificate of Occupancy from the local permitting authority. The Certificate of Occupancy should be a key document to obtain whereby the Lease should be tied to that date as being the Lease Commencement Date where your customer can operate his or her business from this new address. You may also wish to tie the Lease Commencement Date with the acquisition of all or certain utilities that your customer must have in order to meet his or her business requirements. If, for example, your customer requires two feeders of main electrical power to the facility and only one has been installed, your customer may not want to begin operation without the second feeder.

Depending on how your corporation is organized, your real estate work may continue. Or the Landlord may have difficulty in providing the parking space your customers staff require. The space may be ready, but the site may not be completed. You may be required to monitor the support services provide by the landlord's property management group, ensure that the free rent period is taken, and that all terms and conditions of the lease are being met. This may also include follow-up on customer and building budgets, signage, parking, keys, janitorial and maintenance services, that the correct monthly rent payment, rent and/or operating expense escalations, rent payment address is transmitted to the accounts payable department and that the Landlord is notified in writing when the customer chooses to take an option for an additional term (see Exhibit 9.4) and/or additional space or to execute a purchase option.

**Rent, Mortgage Payments, etc.**

The lease rent annual increase will usually take effect after a year and the operating expense adjustment is often based on a calendar year (see Exhibit 9.3). The landlord's annual rent and operating expense escalation statements should be reviewed in detail and the statements should include back-up information. You should review back up information for justification in the amount of change to the CPI (if applicable), operating expenses for the previous year, and check all mathematical calculations including increases to the operating expenses. When you and your customer are satisfied that the increase(s) are in accordance with the terms and conditions of the lease, accounts payable should be advised accordingly with the new rent payment amount.

If you have acquired property, then depending on how your corporation is organized, your real estate work may continue after your customer has moved into the facility and project close-out has been completed. You may be required to work with the local fire department, develop building budgets (see Exhibit 9.2), and provide facility and maintenance services. This may also include review and monitoring of operating expenses, monitoring facility and maintenance services and costs provided by others, ensuring that an appropriate insurance policy is in place, reviewing property tax invoices, and being aware of zoning, development and property values in the local area.
A careful review should be made of all lease escalation clauses and you should review the lease escalation invoices from your Landlord to ensure that your company is only paying for those items and expenses which are subject to escalation. With many tenants and leases to monitor and manage, the Landlord's property management agent or company may inadvertently or as a matter of policy send invoices out without specifically reviewing each or your lease escalation clauses. It is important that you understand the invoice and challenge any item or amount which your company is not obligated to pay. The following are items which you should consider in your review of the lease escalation clauses and associated invoices from your Landlord:

**Operating Expenses:**
- Maintenance Costs
  - Maintenance Contracts
    - Elevator
    - Filter Service
    - Electrical
    - Mechanical
    - Snow Removal
    - Controls Service
    - Emergency Power
    - Building Automation
    - Trash Removal
- Salaries for Employees
  - Fringe Benefits
  - Uniforms

- Repairs and Replacements
  - Normal Repairs
    - Electrical
    - Mechanical
    - Painting
    - Carpeting
    - Sun Control (Drapes, Blinds, etc.)
    - Re-lamping
    - Filters
  - Landscaping (Exterior and Building Common Area)
    - Leasing and/or Purchase Costs
    - Plants
    - Plant Replacement
    - Containers
    - Regular Maintenance

**Utilities:**
- Natural Gas
- Fuel Oil
- Water
- Sewer
- Electricity
- Propane

**Janitorial/Housekeeping Contract:**
- Janitorial Salaries
  - Fringe Benefits
  - Uniforms

**Capital Costs:**
- Amortized Capital Expenditures
- Term of Amortization
- Interest
- Financing Costs

**Miscellaneous Expenses:**
- Entertainment
- Tax Consultant
- Bad Debts
- Taxes
- Dues to Related Organizations
- Meetings
- Travel
Taxes and Insurance

Your lease may require you to pay property, solid waste, etc. taxes directly to the local governmental authorities or you may be required to pay a pro-rata share depending on the ratio of the rentable square foot of space you are leasing to the total rentable square footage in the Building. The amount of taxes can be substantial or minor depending upon your location and the type of facility. With today's increasing property and related taxes, many corporations will hire consultants who will research current tax rates being paid by similar businesses to ensure that their corporation is not paying more than they should be paying. These consultants will also assist the corporation in reviewing bills, payments and petitions for review of the current appraised values.

Insurance is a very important requirement for leased and purchased property. The Landlord will require a Certificate of Insurance before allowing a Tenant to move-in. Your Risk Management Manager should be kept informed of the projects that are being started, when they will be completed, and when they will be occupied. The Risk Management Manager should also review lease insurance requirements before the lease is signed to ensure that there are no unfavorable insurance requirements in the lease. Also, the Risk Management Manager will often request a Replacement Cost estimate for owned facilities from you to ensure that the corporation's assets are fully protected to include full replacement costs (see Exhibit 9.1).

Taxes and insurance can be very expensive operating expenses which should be reviewed before the project is approved by the parent company and your customer.
NOTES
MEMO

FROM: Bill Roberts  DATE: June 18, 20__

TO: Risk Management  SUBJECT: Replacement Cost

The ABC Building is approximately 97% occupied and per your request, the following is our estimated replacement cost for this building:

<table>
<thead>
<tr>
<th>Construction Cost Method</th>
<th>Lost Income Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Building = 130,000 Gross S.F.</td>
<td>o 2002 Lease Income = $2,035,000</td>
</tr>
<tr>
<td>o Land = 5.57 Acres</td>
<td>o Income Value = $156.50/G.S.F.</td>
</tr>
<tr>
<td>o Land &amp; Bldg. Cost = $150/G.S.F.</td>
<td>o 10 Year Value = $20,350,000</td>
</tr>
<tr>
<td>o Land &amp; Bldg. Cost = $20,500,000</td>
<td>o Less Land Cost = $1,100,000</td>
</tr>
<tr>
<td>o Less Land Cost = $1,100,000</td>
<td>o Lost Income = $20,250,000</td>
</tr>
<tr>
<td>o Construction Cost = $18,400,000</td>
<td></td>
</tr>
</tbody>
</table>

We feel that for insurance purposes, the minimum replacement cost in 20__ would be $18,400,000.

cc: ABC Building file
## ABC Building Income and Operating Budget - 2019

**ABC Building (Account No. 1456)**

### INCOME AND OPERATING PLAN

#### 2003

<table>
<thead>
<tr>
<th>CODE</th>
<th>ACCOUNT</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>42260</td>
<td>RENTAL INCOME</td>
<td>163,014.00</td>
<td>163,269.00</td>
<td>167,112.00</td>
<td>169,972.00</td>
<td>170,126.00</td>
<td>172,248.00</td>
<td>172,362.00</td>
<td>172,362.00</td>
<td>172,362.00</td>
<td>173,480.00</td>
<td>173,608.00</td>
<td>2,043,145.00</td>
<td>178,371.00</td>
</tr>
<tr>
<td>42264</td>
<td>Utilities</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gas/Fuel Oil</td>
<td>4,042.00</td>
<td>4,417.00</td>
<td>4,716.00</td>
<td>2,705.00</td>
<td>1,152.00</td>
<td>679.00</td>
<td>35.00</td>
<td>35.00</td>
<td>35.00</td>
<td>150.00</td>
<td>2,079.00</td>
<td>4,725.00</td>
<td>24,860.00</td>
</tr>
<tr>
<td></td>
<td>Electric</td>
<td>9,559.00</td>
<td>8,869.00</td>
<td>9,009.00</td>
<td>10,078.00</td>
<td>10,622.00</td>
<td>15,359.00</td>
<td>14,323.00</td>
<td>15,215.00</td>
<td>15,878.00</td>
<td>14,744.00</td>
<td>10,207.00</td>
<td>7,978.00</td>
<td>141,121.00</td>
</tr>
</tbody>
</table>

### OPERATING INCOME

#### JAN

- **Total Utilities**
  - **Gas/Fuel Oil**: 4,042.00
  - **Electric**: 9,559.00

#### FEB

- **Total Utilities**
  - **Gas/Fuel Oil**: 4,417.00
  - **Electric**: 8,869.00

#### MAR

- **Total Utilities**
  - **Gas/Fuel Oil**: 4,716.00
  - **Electric**: 9,009.00

#### APR

- **Total Utilities**
  - **Gas/Fuel Oil**: 2,705.00
  - **Electric**: 10,078.00

#### MAY

- **Total Utilities**
  - **Gas/Fuel Oil**: 1,152.00
  - **Electric**: 10,622.00

#### JUN

- **Total Utilities**
  - **Gas/Fuel Oil**: 679.00
  - **Electric**: 15,359.00

#### JUL

- **Total Utilities**
  - **Gas/Fuel Oil**: 35.00
  - **Electric**: 14,323.00

#### AUG

- **Total Utilities**
  - **Gas/Fuel Oil**: 35.00
  - **Electric**: 15,215.00

#### SEP

- **Total Utilities**
  - **Gas/Fuel Oil**: 35.00
  - **Electric**: 15,878.00

#### OCT

- **Total Utilities**
  - **Gas/Fuel Oil**: 150.00
  - **Electric**: 14,744.00

#### NOV

- **Total Utilities**
  - **Gas/Fuel Oil**: 2,079.00
  - **Electric**: 10,207.00

#### DEC

- **Total Utilities**
  - **Gas/Fuel Oil**: 4,725.00
  - **Electric**: 7,978.00

| EXHIBIT 9.2 |

**ABC BUILDING INCOME AND OPERATING BUDGET - 2019**

**SEPTEMBER 5, 2019**

**PREPARED BY: STEVEN ADAMS**

### EXPENSES

#### Electric

<table>
<thead>
<tr>
<th>CODE</th>
<th>ACCOUNT</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
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<th>JUL</th>
<th>AUG</th>
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</tr>
<tr>
<td></td>
<td>Gas/Fuel Oil</td>
<td>4,042.00</td>
<td>4,417.00</td>
<td>4,716.00</td>
<td>2,705.00</td>
<td>1,152.00</td>
<td>679.00</td>
<td>35.00</td>
<td>35.00</td>
<td>35.00</td>
<td>150.00</td>
<td>2,079.00</td>
<td>4,725.00</td>
<td>24,860.00</td>
</tr>
<tr>
<td></td>
<td>Electric</td>
<td>9,559.00</td>
<td>8,869.00</td>
<td>9,009.00</td>
<td>10,078.00</td>
<td>10,622.00</td>
<td>15,359.00</td>
<td>14,323.00</td>
<td>15,215.00</td>
<td>15,878.00</td>
<td>14,744.00</td>
<td>10,207.00</td>
<td>7,978.00</td>
<td>141,121.00</td>
</tr>
</tbody>
</table>

### SWITCH EXPENSES

#### Maintenance

<table>
<thead>
<tr>
<th>CODE</th>
<th>ACCOUNT</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>TOTAL</th>
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<tr>
<td>42260</td>
<td>RENTAL INCOME</td>
<td>163,014.00</td>
<td>163,269.00</td>
<td>167,112.00</td>
<td>169,972.00</td>
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<td>172,362.00</td>
<td>172,362.00</td>
<td>172,362.00</td>
<td>173,480.00</td>
<td>173,608.00</td>
<td>2,043,145.00</td>
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<td>42264</td>
<td>Utilities</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Gas/Fuel Oil</td>
<td>4,042.00</td>
<td>4,417.00</td>
<td>4,716.00</td>
<td>2,705.00</td>
<td>1,152.00</td>
<td>679.00</td>
<td>35.00</td>
<td>35.00</td>
<td>35.00</td>
<td>150.00</td>
<td>2,079.00</td>
<td>4,725.00</td>
<td>24,860.00</td>
</tr>
<tr>
<td></td>
<td>Electric</td>
<td>9,559.00</td>
<td>8,869.00</td>
<td>9,009.00</td>
<td>10,078.00</td>
<td>10,622.00</td>
<td>15,359.00</td>
<td>14,323.00</td>
<td>15,215.00</td>
<td>15,878.00</td>
<td>14,744.00</td>
<td>10,207.00</td>
<td>7,978.00</td>
<td>141,121.00</td>
</tr>
</tbody>
</table>
EXHIBIT 9.3

LEASE: ESCALATION LETTER

WEST Wacker TOWERS, L.P.
4425 West Wacker Drive
Suite 2100
Chicago, IL 60630
(312) 555-3400

March 3, 20__

Mr. Bill Roberts
Real Estate Manager
ABC Company
4425 W. Wacker Drive
Suite 200
Chicago, IL  60630

Re: 2002 Escalations for
West Wacker Towers
4425 W. Wacker Drive, Suite 200
Chicago, IL 60630

Dear Mr. Roberts:

Enclosed are the calculations and invoice which represent your proportionate share of the 20__ expenses for the above referenced address.

Please feel free to call me if you have any questions concerning this matter.

Sincerely,

Robert A. Thompson
Vice President
Property Management
E-mail: rthompson@wbc.com

enclosures

cc: Linda B. Stone (w/enclosures)
W. Wacker/ABC Co. file (w/enclosures)
EXHIBIT 9.3 (continued)

WEST WACKER TOWERS, L.P.
4425 West Wacker Drive
Chicago, IL 60630

20__ Building Operating Expenses:

Bldg. Sq. Ft.: 122,432
Run date: 3/01/03

I. OPERATING EXPENSES:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>$24,860</td>
</tr>
<tr>
<td>Electricity</td>
<td>141,121</td>
</tr>
<tr>
<td>Water &amp; Sewer</td>
<td>11,500</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>200,888</td>
</tr>
<tr>
<td>Electrical</td>
<td>15,663</td>
</tr>
<tr>
<td>Housekeeping/Janitorial</td>
<td>112,614</td>
</tr>
<tr>
<td>Landscaping</td>
<td>16,160</td>
</tr>
<tr>
<td>Snow Removal</td>
<td>5,800</td>
</tr>
<tr>
<td>Fire Protection</td>
<td>9,224</td>
</tr>
<tr>
<td>Security</td>
<td>10,644</td>
</tr>
<tr>
<td>C/A Improvements</td>
<td>9,352</td>
</tr>
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</table>

Total Operating Expenses $548,316

II. TAXES:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>$135,671</td>
</tr>
<tr>
<td>City</td>
<td>30,172</td>
</tr>
<tr>
<td>School</td>
<td>32,657</td>
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</table>

Total Taxes $208,500

III. INSURANCE $ 22,700

IV. TAX CONSULTANT'S FEE $ 000

V. PROPERTY MANAGEMENT FEE $ 80,000

TOTAL EXPENSES $850,816
EXHIBIT 9.3 (continued)

WEST WACKER TOWERS, L.P.
4425 West Wacker Drive
Chicago, IL 60630

**20__ - Suite 200 Operating Expenses:**

Run date: 3/01/20__

ABC Company
Suite 200
Suite Sq. Ft. 16,535 Rentable

ABC Company Prorata Share: 16,535 Sq.Ft. ÷ 122,432 Sq. Ft. = .13505

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. OPERATING EXPENSES</td>
<td>$74,050</td>
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<tr>
<td>II. TAXES:</td>
<td>$26,807</td>
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<tr>
<td>III. INSURANCE</td>
<td>$3,066</td>
</tr>
<tr>
<td>IV. TAX CONSULTANT'S FEE</td>
<td>$122</td>
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<tr>
<td>V. PROPERTY MANAGEMENT FEE</td>
<td>$10,804</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>$114,849</td>
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</tbody>
</table>

TOTAL EXP. PAID BY ABC CO. IN 2002 $112,531

TOTAL DUE $2,318

New Monthly 2003 Operating Expense Payment: $114,849 x 7% Increase = $122,888 ÷ 12 Months = $10,241 Per Month Due April 1, 20__ through March 31, 20__.
February 2, 20__

Mr. Robert A. Thompson
Vice President - Property Management
West Wacker Towers, L.P.
4425 West Wacker Drive
Suite 2100
Chicago, IL 60630

Re: West Wacker Towers
4425 W. Wacker Drive
Suite 200
Chicago, IL 60630

Dear Mr. Thompson:

An option was included in a five (5) year lease dated May 1, 1997 by and between West Wacker Towers, L.P., an Illinois Limited Partnership, with a place of business in Chicago, IL (the "Landlord"), and ABC Company, a Delaware Corporation with a place of business in Chicago, IL (the "Tenant").

As Tenant, ABC Company does hereby exercise its Option to renew the above lease for an additional term of five (5) years commencing (May 1, 20__) at the expiration of the initial five (5) year term of this lease (April 30, 20__) as stated in Article V of the lease.

The terms for the additional five (5) year period are as describe in the original lease that was referenced in the first paragraph including an additional renovation allowance of $5.00 per rentable square feet provided by the Landlord to the Tenant to paint and re-carpet Suite 200.

In Witness Whereof, the parties have executed this Option of a lease renewal on the following dates:

WITNESS

ABSTRACT COMPANY

By: _________________________ Date ______________ ___, 20__

Raymond A. Samulson
Its: Vice President
West Wacker Towers  
4425 W. Wacker Drive  
Suite 200  
Chicago, IL 60630  
Option Letter  
February 2, 20__  
Page 2

State of Illinois  
County of Cook

The foregoing instrument was acknowledged before me this ___ day of ____________, 20__, by Raymond A. Samulson, Vice President, ABC Company, a Delaware Corporation on behalf of the Corporation.

_________________________________  
(Notary Public)

My Commission Expires:

WITNESS  

WEST WACKER TOWERS, L.P.

_________________________________  BY: _________________________ DATE ______________ ___, 20__  
Vincent C. Comer  
ITS: General Partner

State of Illinois  
County of Cook

The foregoing instrument was acknowledged before me this ___ day of ____________, 20__, by Vincent C. Comer, West Wacker Towers, L.P., an Illinois Limited Partnership on behalf of the Limited Partnership.

_________________________________  
(Notary Public)

My Commission Expires:

Please sign, have both copies notarized and return one copy to me.

Sincerely,

William S. Roberts  
Real Estate Manager

cc:  Raymond A. Samulson  
West Wacker Towers/ABC Co. Suite 200 Lease File
Corporations change management, direction, grow or decline. As your corporation goes through these cycles, you may find that leased space has been vacated or owned property is now surplus and the space or property is currently not required to meet the corporation's immediate business plans. Your corporation or customer may wish to keep the vacant leased space or surplus owned property and is willing to carry the ongoing costs as there is or will be a business need for it in the near future.

If there are no business plans to use the vacant leased space or surplus owned property, the large monthly carrying expenses and the accompanying legal issues will usually dictate timely disposal of the space or property. You and your customer should review the financial, legal and market issues with your legal counsel and real estate broker and then adopt a disposal marketing strategy which could include one of the following:

- Locate another in-house division or department which could use the space and/or property and is willing to take over all or part of the remaining obligation.
- Sublease all or part of the space or property if leased.
- Negotiate a buy-out of the remaining lease obligation.
- Sell if owned.
- Lease property if owned.
- Donate if owned to a governmental agency, a non-profit organization, or a university or college where a tax credit could benefit your corporation and customer.

If another in-house user cannot be located, listing the space and/or property with a real estate broker may be chosen as part of the disposal strategies. The listing real estate broker should be chosen with the same care as the choice of the leasing or purchase real estate broker as your corporation or customer has now become a landlord or seller with the space or property competing with landlords and/or sellers in the local market. A subleasing model of before tax income or loss or an acceptable sales price should be developed according corporate policies and procedures and what you, your customer and listing broker agree is realistic based on market conditions (see Exhibits 10.1 and 10.2).

The timing and associated economic/real estate activity will indicate whether this is a "sellers" or a "buyers" market. When you are subleasing, leasing, or selling space or property, market conditions and how anxious your customer is to divest the space or property will often be a function of the time it will take to dispose of the asset.
The expense items to be considered for subleasing space or leasing property will include items such as: the lease or mortgage payments for the remaining term of the obligation; insurance; a % commission for the listing real estate broker; space planning fees; permits; construction and depreciation costs; income taxes; The expense items to be considered for selling a property will include items such as: the mortgage payments; the cost of capital or interest; taxes and insurance; maintenance and operating costs; service contracts; a % commission to the listing real estate broker; and often a part of the closing costs. Once you have found a Tenant to Sublease your surplus leased property, a Sublease Agreement (see Exhibit 10.3) should be prepared based upon your Prime Lease and your Landlord's approval.

A buy-out of the lease is another option that is viable should your Landlord need your space for an existing tenant or for a new tenant. If the Landlord has too much vacant space, if there is an over abundance of similar space or if you are currently paying market or above rent, the Landlord would not usually consider a lease buy-out.

But, if the Landlord needs cash, has a very qualified tenant ready to take over your space at a rate more than you are paying, or if the Landlord can provide a more marketable space or contiguous floor area to sign a new tenant, the Landlord may consider a buy-out of your lease. There must be an economic benefit to the Landlord to buy-out your lease and it is usually up to the Tenant (you or your customer) who must make the initial offer on the buy-out amount. This cash buy-out should take into account the:

- Remaining value of the space at the current rate x the time remaining on the lease;
- Plus or minus the remaining value of the space at today's market rate x the time remaining on the lease;
- Plus a recapture of the value of the remaining un-depreciated improvements made by the Landlord;
- Plus a recapture of a value for a prorata amount of any other costs or cash inducements (moving costs, etc);
- Plus a recapture of the value on the prorata number of months of free rent (if any);
- Plus a recapture of a prorata value of design and project management fees;
- Plus a recapture of a prorata value of the real estate commissions paid by the Landlord; and
- Plus an estimated marketing cost to acquire a new tenant, and is added to the above and totaled.

The Net Present Value (NPV) of the above total will tell you or the Landlord what is today's value or "Time Value of Money" of the above total and is the BREAK EVEN POINT in the proposed buy out. To obtain the Net Present Value, you will need to determine the financial value of money today. This financial value of money is the percentage of interest that your company or the Landlord would usually have to pay to borrow money from a financial institution.

The BREAK EVEN POINT amount can provide a beginning point whereby your initial buy-out offer may be higher or lower than the break even amount. The landlord may or may not accept your initial offer depending on the market, their need for cash now and how much they feel your company is willing to pay to get out of the lease. Again, your negotiation skills, strategy and help from your real estate broker can help to establish your initial offer, subsequent offers, and final offer.

A lease buy-out can be very beneficial to your customer and corporation in removing a legal and financial obligation from today's balance sheet. It is important that you and your legal counsel review this document carefully to ensure that the buy-out amount is the final payment and your customer will have no further obligations to the Landlord for this space. This document should remove all liability from your customer for ALL past or future additional rents, costs, expenses, liens, fees, taxes, or assessments. After the buy-out is complete, it is not unusual to receive a bill(s) later for additional operating expenses, fees or taxes for the space and your buy-out document should protect your customer from any further legal or financial requirements to the space or to the Landlord.

**Example.** ABC Company currently is a tenant in the XYZ Building - a downtown mid-rise building. The company is planning to relocate the operation in the XYZ Building to another city and believes the relocation will provide considerable marketing and income opportunities. But the company realizes that at the time it will relocate the operation there will be 36 months remaining on the current five (5) year lease. They do not want to sublease the space, but wish to buy-out the remaining lease commitment. The local real estate market surrounding the XYZ Building is soft...
and the XYZ Building is 30% vacant. But you understand that the Landlord of the XYZ Building needs cash and may consider a buy-out of the lease, but will not make you an offer. What offer could (should) you make to the Landlord?

Before making an offer, you will need to take into account the issues that the Landlord will consider as described above. Based on the lease agreement, the following is one approach to looking at your and the Landlord's the remaining investment in the lease space:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Leased Area</td>
<td>25,550 RSF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Lease Rate</td>
<td>$18.00/RSF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Rent Increase</td>
<td>3% Per Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPV Rate</td>
<td>8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABC Company Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upfit/Depreciation</td>
<td>$24,388</td>
<td>$32,518</td>
<td>$32,518</td>
<td>$8,130</td>
<td>$97,554</td>
</tr>
<tr>
<td>Rent &amp; Oper Expense</td>
<td>$374,165</td>
<td>$513,852</td>
<td>$529,268</td>
<td>$133,288</td>
<td>$1,550,573</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>$398,553</td>
<td>$546,371</td>
<td>$561,786</td>
<td>$141,417</td>
<td>$1,648,127</td>
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<tr>
<td>Recapture Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recapture of Un-depreciated Improvements</td>
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<td>$32,518</td>
<td>$32,518</td>
<td>$8,130</td>
<td>$81,205</td>
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<tr>
<td>Recapture of 6 Mos. Free Rent &amp; 4 Mos. Marketing Exp</td>
<td>$337,357</td>
<td>$337,357</td>
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<td>$337,357</td>
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<tr>
<td>Recapture of Fees &amp; Commissions</td>
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<td>$27,252</td>
<td>$27,097</td>
<td>$8,858</td>
<td>$70,783</td>
</tr>
<tr>
<td>36 MO. RECAPTURE COSTS</td>
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<td></td>
<td>$409,435</td>
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<tr>
<td>TOTAL POSSIBLE BUY-OUT OBLIGATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,137,562</td>
</tr>
</tbody>
</table>

As you see from the above, the remaining rent and depreciation on premises improvement due to the Landlord over the 36 month period is $1,648,127. The recapture of prior expenses and projects expenses totals $409,435. So we know that the total possible obligation may be approximately $2,137,562 in future dollars to buy out the lease obligation. If we take a Net Present Value Rate of 8% of the cash requirements for each year, we can determine the current total dollar value which the future $2,137,562 represents today.

Once we have the possible buy-out break even number, this becomes the basis for the initial buy-out offer to the Landlord. It is not uncommon to offer the Landlord 1/2 or less of the breakeven number as an initial buy-out offer and then based upon the Landlord's response, continue with negotiations or call off the buy-out process. Some landlords will negotiate and some will not depending on what you are paying, their vacancy rate, cash flow situation, current debt service requirements, relationship with their mortgage lender or financial partner, and marketing prospects for the building and leasing the space you propose to vacate at a higher rate than you are currently paying.
EXHIBIT 10.1

SUBLEASE ANALYSIS

INTRODUCTION

This Sublease Analysis is designed as a companion guide in the use of the MS Excel spreadsheet file name "09 XYZBLDG1.XLS". The Sublease Analysis spreadsheet is specifically designed to be used as a tool with a computer using the latest version of Excel software to help develop a model income or (loss) for a sublease property based on the local real estate market, competition, and the size/remaining time left on the current lease. The model can then be used to run numerous iterations against the model to help you (sublandlord) develop a subleasing strategy and run a proforma against each particular proposal for each proposed subtenant to help make an informed management and real estate decision.

As this is a spreadsheet file within Excel, you should take care not to make changes to this spreadsheet but to a copy. The copy can then be used to test your understanding of the sublease analysis, the results and create your sublease analysis spreadsheets tailored to your company's current sublease requirements.

To use this spreadsheet, you must have a basic knowledge of MS Excel and of the modification and/or development of the spreadsheet formula's. Also, you should be familiar with the real estate terminology used and with lease and sublease analysis techniques.

The spreadsheet is set up based on subleasing office space. You must be able to provide all the variables in the items in the upper part of the spreadsheet.

- If some of the items do not apply to a particular analysis, a "0" (zero) should be entered in the variable cell in lieu of leaving a blank.

- If an item or items do not appear on this spreadsheet and the user wants to include them as a separate line item (i.e. electricity or real estate taxes), new items can be added. The user must be aware of how these items will impact the existing formula's and the analysis results. Items in the spreadsheet below the line of ***** should also be modified to suit each particular analysis.

- If the sublease term is less that six years which most are, it will be necessary to modify the initial year (Cell D23) formula to reflect the specific starting month and date of the sublease. The sixth year (Cell K23) formula assumes a partial year which will need to be modified to meet the particular sublease termination date.

- Each year of the analysis starting with Cell D20 may need to be modified manually to reflect the particular lease term.

Based on the variable items and the modifications to the cell formulas, the spreadsheet analysis will take place automatically as the input variables are entered. It is recommended that initial results be checked manually to ensure that modifications to the formulas reflect the correct sublease terms and expected results of income or (loss).

The spreadsheet formula's use the variable information that is contained within the variable "unprotected" cell that appears "green" when using a color monitor. The "protected" cells appear "white" and are the headings for variable or non-variable items. Please note that the variable information must be entered within the cell width and in the proper Excel format for formula use to obtain a meaningful analysis.
EXHIBIT 10.1 (continued)

The following includes:

- A print out of the Excel spreadsheet "09 XYZBLDG1.XLS"

- A print out of the Excel spreadsheet "09 XYZBLDG1.XLS" with each input field and analysis output numbered for reference.

- A print out of the Excel spreadsheet "09 XYZBLDG1.XLS" showing the formulas and partial formulas.

- A listing of the Input Fields with the corresponding numbers relating to the above print out, a cell location, the input field name, the requirement for that field and comments where appropriate.

- A listing of the Analysis Output with the corresponding numbers relating to the above print out, a cell location, the Analysis Output item name, the output associated with that item and comments where appropriate.

The Subleasing Analysis spreadsheet provides you with an organized methodology to establish a subleasing program for each property to be subleased and to help understand the impact of each sublease against the cash flow and income or (loss) that will impact the bottom line of your company. The spreadsheet is not fully automated and you will need to spend some time reviewing how the spreadsheet works, the formula's and how best to tailor modifications to take advantage of the power and speed of this computer aided real estate tool.
EXCEL SUBLICENSE ANALYSIS SPREADSHEET

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>$56,742</td>
<td>$342,435</td>
<td>$354,421</td>
<td>$366,825</td>
<td>$379,664</td>
<td>$312,052</td>
<td>$336,056</td>
<td>$2,229,096</td>
</tr>
<tr>
<td>Parking Income</td>
<td>$2,700</td>
<td>$16,205</td>
<td>$16,865</td>
<td>$17,455</td>
<td>$18,066</td>
<td>$18,698</td>
<td>$16,034</td>
<td>$106,112</td>
</tr>
<tr>
<td>Less Rent Abatement</td>
<td>($56,742)</td>
<td>($283,708)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>($340,449)</td>
</tr>
<tr>
<td>EFFECTIVE RENT $20.54 /R.S.F.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ABC COMPANY EXPENSES:

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space Planning, Etc.</td>
<td>$12,767</td>
<td>$12,767</td>
<td>$12,767</td>
<td>$12,767</td>
<td>$12,767</td>
<td>$12,767</td>
<td>$12,767</td>
</tr>
<tr>
<td>Brokage Fee</td>
<td>$113,373</td>
<td>$113,373</td>
<td>$113,373</td>
<td>$113,373</td>
<td>$113,373</td>
<td>$113,373</td>
<td>$113,373</td>
</tr>
<tr>
<td>Rent &amp; Oper Expense</td>
<td>$53,004</td>
<td>$325,853</td>
<td>$340,516</td>
<td>$355,839</td>
<td>$371,852</td>
<td>$388,585</td>
<td>$353,874</td>
</tr>
<tr>
<td>Parking Expense</td>
<td>$2,700</td>
<td>$16,205</td>
<td>$16,865</td>
<td>$17,455</td>
<td>$18,066</td>
<td>$18,698</td>
<td>$16,034</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>$381,477</td>
<td>$354,421</td>
<td>$366,825</td>
<td>$379,664</td>
<td>$312,052</td>
<td>$336,056</td>
<td>$2,229,096</td>
</tr>
<tr>
<td>NET REVENUES</td>
<td>$2,700</td>
<td>$75,122</td>
<td>$371,285</td>
<td>$384,280</td>
<td>$397,730</td>
<td>$411,651</td>
<td>$352,900</td>
</tr>
<tr>
<td>NPV (THRU 10/31/08)</td>
<td>($107,010)</td>
<td>($107,010)</td>
<td>($107,010)</td>
<td>($107,010)</td>
<td>($107,010)</td>
<td>($107,010)</td>
<td>($107,010)</td>
</tr>
</tbody>
</table>

CUM. BEFORE TAX INC. (LOSS): ($126,140) ($187,137) ($496,818) ($525,470) ($557,040) ($501,784) ($629,973) ($664,354)

CUM. YEARLY INCOME (LOSS): $0 ($187,137) ($309,681) ($28,652) ($31,570) ($34,744) ($38,109) ($34,382)

BEFORE TAX INCOME OR (LOSS): ($664,354)

INCOME TAXES: $225,880
NET INCOME OR (LOSS): ($438,474)
Tenant Improvements: ($255,337)
NET CASH FLOW: ($255,337) ($7,013) $42,556 $42,556 $42,556 $42,556 $42,556 $35,463 ($183,137)

NPV (THRU 10/31/08) = ($107,010)

PROJECTED INCOME OR (LOSS) = ($664,354)
INITIAL MODEL FOR 7TH FLOOR PROJECTED INCOME OR (LOSS) = ($670,354)
ADDITIONAL INCOME OR (LOSS) = $6,000
EXHIBIT 10.1 (continued)

Page 1

찍고자 하는 문서의 내용은 다음과 같습니다.

**Costs**

- **BEFORE TAX INCOME O**: 52
- **CUM. YEARLY INCOME**: 0, 187,137, 309,681, 28,652, 31,570, 34,744, 38,109, 34,382
- **CUM. BEFORE TAX INC**: 126,140, 187,137, 309,681, 28,652, 31,570, 34,744, 38,109, 34,382
- **CUM. YEARLY INCOME**: 52

**Total Expenses**

- **NET EFF. RENT /R.S.F.**
- **TOTAL EXPENSES**: $381,477, $63,697, $384,703, $309,137, $415,851, $432,474, $449,840, $387,371, $2,660,013

**Upfit/Depreciation**

- **Total Leased Area**: 25,250 R.S.F.
- **Rent & Oper Expen**: $381,477
- **Upfit/Depreciation**: $255,337
- **Brokers Commission**: $0.75 /R.S.F.

**Brokerage Fee**

- **Space Planning, E**
- **ABC COMPANY EXPENSE**: $12,767

**Tenant Improvements**

- **Effective Rent /R.S.F.**

**Tenant Part Of Upfi**

- **$0**

**ABC COMPANY EXPENSE**

- **$12,767**

**Space Planning, E**

- **$113,373**

**Upfit/Depreciation**

- **$255,337**

**Rent & Oper Expen**

- **N/A**

**Parking Expense**

- **$2,700**

**TOTAL EXPENSES**

- **$381,477**

**NET EFF. RENT /R.S.F.**

- **$381,477**

**CUM. BEFORE TAX INC**

- **$126,140**

**CUM. YEARLY INCOME**

- **$0**

**BEFORE TAX INCOME O**

- **$664,354**

**INCOME TAXES**

- **$225,900**

**NET INCOME OR LOSS**

- **$438,474**

**Tenant Improvements**

- **($255,337)**

**ADD BACK Depreciation**

- **$7,013**

**NET CASH FLOW**

- **$255,337**

**NPV (THRU 10/31/08)**

- **($157,010)**

**PROJECTED INCOME OR (LOSS)**

- **($664,354)**

**INITIAL MODEL FOR 7TH FLOOR PROJECTED INCOME OR (LOSS)**

- **($670,354)**

**ADDITIONAL INCOME OR (LOSS)**

- **$6,000**
EXHIBIT 10.1 (continued)
**EXHIBIT 10.1 (continued)**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>INPUT FIELDS</th>
</tr>
</thead>
</table>
| (1) | **SPREADSHEET NAME**  
   o Enter your Spreadsheet name in cell A2. |
| (2) | **PAGE**  
   o Enter the consecutive Page number of the iterations you are working on for the particular Subtenant analysis. This is optional. |
| (3) | **SUBTENANT:**  
   o Enter the name of the proposed subtenant which is the name of the organization which is seeking to sublease your space. |
| (4) | **SUBLANDLORD:**  
   o Enter the name of the sublandlord which is the name of your organization that is subleasing the space to another organization and is legally responsible for the leased space and lease payments to the Landlord. |
| (5) | **FINANCIAL ANALYSIS #**  
   o Enter the consecutive number of this financial analysis iteration.  
   **Comments:** As you create different iterations within each proposed sublease, this number will help to keep track of how many iterations have been made. |
| (6) | **(NAME OF PREPARER)**  
   o Enter your name or the name of the person who prepared the sublease analysis. |
| (7) | **(DATE ANALYSIS MADE)**  
   o Enter the date of the analysis. |
| (8) | **Building & Address:**  
   o Enter the Building Name and Street Address of your leased property which you are planning to sublease. |
### EXHIBIT 10.1 (continued)

#### INPUT FIELDS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9) City, St. &amp; Zip:</td>
<td>A6</td>
</tr>
<tr>
<td>o Enter the City name, State name and Zip code for the property which you are planning to sublease.</td>
<td></td>
</tr>
<tr>
<td>(10) (COMPANY NAME) Lease Information:</td>
<td>F5</td>
</tr>
<tr>
<td>o Enter the name of the company which has the lease on the space to be subleased.</td>
<td></td>
</tr>
<tr>
<td>(11) Lease Ends:</td>
<td>H6</td>
</tr>
<tr>
<td>o Enter the date the sublandlord's lease will end.</td>
<td></td>
</tr>
<tr>
<td>(12) Total Leased Area:</td>
<td>H7 &amp; H8</td>
</tr>
<tr>
<td>o Enter the total Rentable Square Feet (R.S.F.) (CELL H7) and Usable Square Feet (U.S.F.) (CELL H8) the sublandlord has available to sublease.</td>
<td></td>
</tr>
<tr>
<td>Comments: You will note that the comma is automatically placed and does not need to be entered.</td>
<td></td>
</tr>
<tr>
<td>(13) Rentable To Usable Factor:</td>
<td>H9</td>
</tr>
<tr>
<td>o The factor is computed automatically by dividing the rentable square footage by the usable square footage.</td>
<td></td>
</tr>
<tr>
<td>Comments: This number represents the loss in square footage used by the sublandlord/subtenant due to common areas, elevators, etc.</td>
<td></td>
</tr>
<tr>
<td>(14) Current Lease Rate:</td>
<td>H10</td>
</tr>
<tr>
<td>o Enter the amount of current rental per Rentable Square Foot the sublandlord is paying to the landlord for the space being subleased.</td>
<td></td>
</tr>
<tr>
<td>Comments: Include known or estimated operating expenses.</td>
<td></td>
</tr>
<tr>
<td>(15) LEASE RENT INCREASE:</td>
<td>H11</td>
</tr>
<tr>
<td>o Enter the percentage of the known or estimated rent increase per lease year.</td>
<td></td>
</tr>
<tr>
<td>Comment: Should the sublandlord's rent increase be a function of the increase of the CPI, use an estimate or historical average based on past CPI's or past increases. If operating expenses increases are separate from rent increases, include an estimated operating expense increase in the lease rent increase.</td>
<td></td>
</tr>
</tbody>
</table>
## INPUT FIELDS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(16) INCOME TAX RATE:</td>
<td>H12</td>
</tr>
<tr>
<td>o Enter the total percentage of income tax your organization usually pays on before tax income.</td>
<td></td>
</tr>
<tr>
<td>(17) NET PRESENT VALUE:</td>
<td>H13</td>
</tr>
<tr>
<td>o Enter the percentage rate by which the Net Income or (Loss) will be discounted.</td>
<td></td>
</tr>
<tr>
<td>(18) SUBLANDLORD UPFIT:</td>
<td>H14</td>
</tr>
<tr>
<td>o Enter the amount of $ per rentable square the sublandlord will need to furnish for multi-tenant construction that will not be included in the subtenant upfit allowance shown in Item 29.</td>
<td></td>
</tr>
<tr>
<td>(20) BROKERAGE COMMISSION:</td>
<td>H15</td>
</tr>
<tr>
<td>o Enter the total brokerage commission percentage the sublandlord will pay as the broker's fee.</td>
<td></td>
</tr>
<tr>
<td>(20) SPACE PLANNING, ETC.</td>
<td>H16</td>
</tr>
<tr>
<td>o Enter the total cost per rentable square feet the sublandlord will contribute for space planning, architecture, engineering, scheduling and other consulting fees.</td>
<td></td>
</tr>
<tr>
<td>(21) PARK. SP. COST INCR.</td>
<td>H17</td>
</tr>
<tr>
<td>o Enter the increase or estimated increase for the sublandlord's parking space cost per lease year.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong> If the sublandlord does not pay for parking, enter a &quot;0&quot;.</td>
<td></td>
</tr>
<tr>
<td>(22) # OF PARKING SPACES:</td>
<td>H18</td>
</tr>
<tr>
<td>o Enter the <strong>total</strong> number of parking spaces which are available to the sublandlord for the entire leased space.</td>
<td></td>
</tr>
<tr>
<td>(23) COST/SP./MO.:</td>
<td>J18</td>
</tr>
<tr>
<td>o Enter the cost per parking space per month which the sublandlord pays for parking thru an initial month and year after which the cost of parking will increase.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong> If the sublandlord does not pay for parking, enter a &quot;0&quot;.</td>
<td></td>
</tr>
</tbody>
</table>
### EXHIBIT 10.1 (continued)

**INPUT FIELDS**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(24) SUBLEASE FL.(S):</strong></td>
<td>B7</td>
</tr>
<tr>
<td>o Enter the floor number(s) and suite number(s) of the space being considered in the sublease analysis.</td>
<td></td>
</tr>
</tbody>
</table>

| **(25) SUBLEASED AREA:**                  | B8 & B9 |
| o Enter the total Rentable Square Feet (R.S.F.) (CELL B8) the sublandlord proposes to sublease to the subtenant. The Usable Square Feet (U.S.F.) (CELL B9) will be automatically computed using the "Rentable to Usable Factor" shown in Item 13 (Cell H9) |
| **Comments:** If the "Rentable to Usable Factor" shown in Cell H9 was computed for a full floor and the proposed sublease space is for a part of the floor, a multi-tenant floor factor will need to be computed based on the existing common area and the proposed multi-tenant corridor that will need to be constructed. |

| **(26) SUBL. START DATE:**               | B10     |
| o Enter the month, date and year the sublease will begin. |

| **(27) SUBL. TERM/END DATE:**            | B11     |
| o Enter the proposed number of months of the sublease term and the end date (month/date/year) of the sublease. |

| **(28) SUBLEASE RATE:**                  | B12     |
| o Enter the initial rate per rentable square foot the subtenant will pay for the subleased space. |

| **(29) SUBL. ALLOWANCES:**              | B13     |
| o Enter the construction upfit allowance per rentable square feet the sublandlord will provide for the construction, renovation and finishing of the space to meet the subtenant's requirements. **Comments:** This allowance can include moving, telephone and other allowances per rentable square feet that the sublandlord proposes to induce the subtenant to sublease the space. |
### EXHIBIT 10.1 (continued)

#### INPUT FIELDS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(30) <strong>SUBL. RENT INCREASE:</strong></td>
<td>B14</td>
</tr>
<tr>
<td>o Enter the percentage of the known or estimated rent increase per sublease year.</td>
<td></td>
</tr>
<tr>
<td><strong>Comment:</strong> Should the subtenant's rent increase be a function of the increase of the CPI, use an estimate or historical average based on past CPI's or past increases. If operating expenses increases are separate from rent increases, include an estimated operating expense increase in the lease rent increase.</td>
<td></td>
</tr>
<tr>
<td>(31) <strong>SUBL. RENT ABATEMENT:</strong></td>
<td>B15 &amp; C15</td>
</tr>
<tr>
<td>o Enter the number of months of free rent (Cell B15) and enter the month, day and year the rent will start after the end of the free rent term (Cell C15).</td>
<td></td>
</tr>
<tr>
<td>(32) <strong>SUBL. RENT ABATEMENT:</strong></td>
<td>B16 &amp; C16</td>
</tr>
<tr>
<td>o Enter the number of months of free rent for a specific year (Cell B16) and enter the year of the free rent (Cell C16).</td>
<td></td>
</tr>
<tr>
<td>(33) <strong>SUBL. RENT ABATEMENT:</strong></td>
<td>B17 &amp; C17</td>
</tr>
<tr>
<td>o If the number of months of free rent exceeds the number of months entered in Item 31 less the number entered in Item 32, enter the number of months of free rent in the next year (Cell B17) and enter the year of the free rent (Cell C17).</td>
<td></td>
</tr>
<tr>
<td>(34) <strong># OF PARKING SPACES:</strong></td>
<td>B18</td>
</tr>
<tr>
<td>o Enter the number of parking spaces which are available to the sublandlord to assign to the subtenant for this subleased space.</td>
<td></td>
</tr>
<tr>
<td>(35) <strong>COST/SP./MO.:</strong></td>
<td>D18</td>
</tr>
<tr>
<td>o Enter the cost per parking space per month thru an initial month and year after which the cost of parking will increase.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong> If the subtenant will not pay for parking, enter a &quot;0&quot;.</td>
<td></td>
</tr>
<tr>
<td>(36) <strong>TENANT PART OF UPFIT COST:</strong></td>
<td>C29</td>
</tr>
<tr>
<td>o Enter the amount of upfit cost which the subtenant will be responsible to pay or reimburse the sublandlord for the cost work not covered by the sublandlord's upfit allowance.</td>
<td></td>
</tr>
</tbody>
</table>
### INPUT FIELDS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(37) <strong>SUBLANDLORD EXPENSES:</strong></td>
<td></td>
</tr>
<tr>
<td>o Enter the name of the sublandlord's company.</td>
<td>C30</td>
</tr>
</tbody>
</table>

### ANALYSIS OUTPUT

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(38) <strong>RENT INCOME:</strong></td>
<td></td>
</tr>
<tr>
<td>o This is the total of rent income including all escalations in rent and operating expenses for the entire term of the sublease the subtenant will pay to the sublandlord. The yearly amounts reflect the $ per rentable square foot (Cell B12) multiplied by the sublease area (Cell B8) times the yearly increase in rental (Cell B14).</td>
<td>K23</td>
</tr>
<tr>
<td><strong>Comments:</strong> If the terms of the sublease includes rent abatement, include all rent income for the rent abatement period. The rent abatement will be included in &quot;Less Rent Abatement&quot; starting in Cell D25.</td>
<td></td>
</tr>
<tr>
<td>(39) <strong>PARKING INCOME:</strong></td>
<td></td>
</tr>
<tr>
<td>o This is the sum of parking income including all escalations in parking costs the subtenant will pay for parking to the sublandlord.</td>
<td>K24</td>
</tr>
<tr>
<td><strong>Comments:</strong> If the subtenant will not be paying for parking, enter a &quot;0&quot; in Cells D24 thru J24.</td>
<td></td>
</tr>
<tr>
<td>(40) <strong>LESS RENT ABATEMENT:</strong></td>
<td></td>
</tr>
<tr>
<td>o This is the sum of the total free rent the sublandlord is providing to the subtenant for the term of the sublease.</td>
<td>K25</td>
</tr>
<tr>
<td><strong>Comments:</strong> If the sublandlord will not be providing any free rent to the subtenant, enter a &quot;0&quot; in Cells D25 thru J25.</td>
<td></td>
</tr>
<tr>
<td>(41) <strong>NET REVENUES:</strong></td>
<td></td>
</tr>
<tr>
<td>o This is the sum of the total income the sublandlord will receive from the subtenant through the term of the sublease.</td>
<td>K27</td>
</tr>
<tr>
<td><strong>Comments:</strong> Based upon the NET REVENUES number, the sublandlord can then compare it to the TOTAL EXPENSES number in Cell K37 to determine if this proposal will result in income, (loss) or a break even sublease to the sublandlord.</td>
<td></td>
</tr>
</tbody>
</table>
### EXHIBIT 10.1 (continued)

**ANALYSIS OUTPUT**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(42) <strong>EFFECTIVE RENT:</strong></td>
<td>B28</td>
</tr>
<tr>
<td>o This is the $ per rentable square foot of the Net Revenues (Cell K27) divided by the total Term (Cell B11).</td>
<td></td>
</tr>
<tr>
<td>(43) <strong>SPACE PLANNING, ETC.:</strong></td>
<td>B31 &amp; K31</td>
</tr>
<tr>
<td>o This is the total fee the sublandlord will pay to the space planning, architectural, engineering or other consultants. The fee is automatically computed by multiplying the rentable square feet (Cell B8) times the space planning fee (Cell H16).</td>
<td></td>
</tr>
<tr>
<td>(44) <strong>BROKERAGE FEE:</strong></td>
<td>B32 &amp; K32</td>
</tr>
<tr>
<td>o This is the total fee the sublandlord will pay to the brokerage company representing the sublandlord. The brokerage company will in turn usually pay the brokerage company representing the subtenant a part of this fee. The fee is automatically computed by multiplying the Net Revenues (Cell K27) times the brokerage fee (Cell H15).</td>
<td></td>
</tr>
<tr>
<td>(45) <strong>UPFIT/DEPRECIATION</strong></td>
<td>B33 &amp; K33</td>
</tr>
<tr>
<td>o This is total amount of upfit costs the sublandlord will be spending to construct or renovate the space the subtenant will be occupying. The upfit cost is automatically computed by multiplying the Sublease Area in Rentable Square Feet (Cell B8) times the Sublease Allowance (Cell B13). If the sublandlord will also have to spend funds separately to create multi-tenant space including corridors, the cost will be included here from Cell H14.</td>
<td></td>
</tr>
<tr>
<td>o The Depreciation is a straight line formula which must be modified to reflect the months in the first and last years of the sublease term. When this modification is completed the depreciation is automatically computed.</td>
<td></td>
</tr>
<tr>
<td>(46) <strong>RENT &amp; OPER EXPENSES</strong></td>
<td>K34</td>
</tr>
<tr>
<td>o This is the total rent including operating expenses the sublandlord must pay to the landlord over the term of the sublease. The yearly amounts reflect the $ per rentable square foot (Cell H10) multiplied by the sublease area (Cell B8) times the yearly increase in rental (Cell H11).</td>
<td></td>
</tr>
<tr>
<td>(47) <strong>PARKING EXPENSE</strong></td>
<td>K35</td>
</tr>
<tr>
<td>o This is the sum of parking expenses including all escalations in parking costs the sublandlord will pay for parking to the landlord.</td>
<td></td>
</tr>
<tr>
<td>Comments: If the sublandlord will not be paying for parking, enter a &quot;0&quot; Cell J18.</td>
<td></td>
</tr>
</tbody>
</table>
### EXHIBIT 10.1 (continued)

#### ANALYSIS OUTPUT

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(48) TOTAL EXPENSES</td>
<td>K37</td>
</tr>
<tr>
<td>o This is the sum of the total expenses the sublandlord will pay through the term of the sublease to improve the space for the subtenant and in rent and operating expenses to the landlord.</td>
<td></td>
</tr>
<tr>
<td>Comments: Based upon the TOTAL EXPENSES number, the sublandlord can then compare it to the NET REVENUES number in Cell K27 to determine if this proposal will result in income, (loss) or a break even sublease to the sublandlord.</td>
<td></td>
</tr>
<tr>
<td>(49) NET EFF. RENT</td>
<td>B39</td>
</tr>
<tr>
<td>o This is the $ per rentable square foot of the Net Revenues (Cell K27) less Space Planning, Brokerage and Upfit divided by the total Term (Cell B11).</td>
<td></td>
</tr>
<tr>
<td>(50) CUM. BEFORE TAX INC.(LOSS):</td>
<td>C41 THRU J41</td>
</tr>
<tr>
<td>o This is the amount of total cumulative income or (loss) by year. The amount shown in Cell J41 should match the amount shown in Cell K44.</td>
<td></td>
</tr>
<tr>
<td>(51) CUM. YEARLY INCOME (LOSS):</td>
<td>D42 THRU J42</td>
</tr>
<tr>
<td>o This is the amount of yearly income or (loss) by year.</td>
<td></td>
</tr>
<tr>
<td>(52) BEFORE TAX INCOME OR (LOSS):</td>
<td>K44</td>
</tr>
<tr>
<td>o This is the total before tax income or (loss) the sublandlord will realize based upon this sublease proposal. This amount is automatically computed by subtracting the Net Revenues (Cell K27) from Total Revenues (Cell K37).</td>
<td></td>
</tr>
<tr>
<td>(53) INCOME TAXES:</td>
<td>K46</td>
</tr>
<tr>
<td>o This is the total amount of income taxes the sublandlord will have to pay on the income received for this sublease. The income tax is automatically computed by multiplying the BEFORE TAX INCOME OR (LOSS) (Cell K44) times the sublandlord's Income Tax Rate (Cell H12).</td>
<td></td>
</tr>
<tr>
<td>(54) NET INCOME OR (LOSS):</td>
<td>K47</td>
</tr>
<tr>
<td>o This is the total after tax income or (loss) the sublandlord will realize based upon this sublease proposal. This amount is automatically computed by subtracting the BEFORE TAX INCOME OR (LOSS) (Cell K44) from INCOME TAXES (Cell K46).</td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT 10.1 (continued)

ANALYSIS OUTPUT

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CELL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(55)  NET CASH FLOW:</td>
<td>K51</td>
</tr>
<tr>
<td>o This is total amount of depreciation less the NET INCOME OR (LOSS) which is the Net Cash Flow for this sublease proposal. This is automatically computed by subtracting the Net Income or (Loss) (Cell K47) from the Depreciation of upfit allowance (Cell 49).</td>
<td></td>
</tr>
<tr>
<td>(56)  NPV (THRU THE END OF THE SUBLEASE TERM):</td>
<td>C52</td>
</tr>
<tr>
<td>o This is the net present value of the net cash flow back to the start of the sublease.</td>
<td></td>
</tr>
<tr>
<td>(57)  PROJECTED INCOME OR (LOSS):</td>
<td>K54</td>
</tr>
<tr>
<td>o This is the total before tax income or (loss) from Cell K44 which the sublandlord will realize based upon this sublease proposal.</td>
<td></td>
</tr>
<tr>
<td>(58)  INITIAL MODEL FOR THE FLOOR PROJECTED INCOME OR (LOSS)</td>
<td>K55</td>
</tr>
<tr>
<td>o Before beginning any sublease activity, it is recommended that a model projected income or (loss) be developed by the sublandlord to establish the initial and subsequent negotiating plateaus. This will help the sublandlord and the listing broker to use the model as a benchmark to develop sublease proposals and easily see how each iteration meets the model.</td>
<td></td>
</tr>
<tr>
<td>(59)  ADDITIONAL INCOME OR (LOSS) =</td>
<td>K57</td>
</tr>
<tr>
<td>o This is the total amount of additional income or (loss) the sublandlord will realize more or less than the model income or (loss). This amount is computed automatically be subtracting the Projected Income or (loss) (Cell K54) from the Initial Model (Cell K55).</td>
<td></td>
</tr>
</tbody>
</table>
EXHIBIT 10.2

**ABC BUILDING SUBLEASING/SUBTENANT CASH FLOW ANALYSIS**

Date: ________________ ___, 2___
Floor: ___; Suite: _____
Area: _________ R.S.F. _________ U.S.F.
Subtenant: ___________________________
Commencement Date: ________________ ___, 2___
Termination Date: ________________ ___, 2___
Initial Rent: $___.___ R.S.F.
Rent Abatement: ___ Months

<table>
<thead>
<tr>
<th></th>
<th>20</th>
<th>20</th>
<th>20</th>
<th>20</th>
<th>20</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Rent Payment To Landlord</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>2. Pro-Rata Operating Expenses</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>3. (Expenses Per R.S.F.)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>4. Total Yearly Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Initial Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>1. Tenant Upfit Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Administrative Expenses</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>3. Total Initial Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Rent Abatement ( ___ Months):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Total Expenses (A + B + C):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Yearly Income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. (Rent Per R.S.F.)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>2. Rent from Subtenant</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>F. Yearly Profit Or (Loss):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G. Cumulative Profit or (Loss):</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>(Total D - Total E)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H. Net Effective Income Over Term (Total E - Total B):</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Notes:
EXHIBIT 10.3

SUBLEASE AGREEMENT SAMPLE FOR ABC COMPANY

AGREEMENT OF SUBLEASE

This Sublease Agreement is made and entered into this 5th day of December, 20__, by and between ABC Company, a Delaware corporation, ("Landlord"), and Ross, Jones and Smith, Inc., a Delaware corporation ("Tenant").

WITNESSETH:

WHEREAS, Landlord is itself a tenant under that certain Lease dated August 10, 2001 entered into between ABC Company and West Wacker Towers, L.P. (Prime Landlord);

WHEREAS, Article 7 of the Prime Lease permits Landlord to sublease all or a portion of the demised premises on the prior express written consent of the Prime Landlord; and

WHEREAS, Tenant and Landlord desire to obtain the Prime Landlord's consent hereto:

NOW THEREFORE, in consideration of the agreements hereinafter set forth, the parties hereto mutually agree as follows:

1. DEMISED PREMISES. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, certain space (the "demised premises") on the second floor of the Building (the "Building") situated at 4425 West Wacker Drive, Chicago, Cook County, Illinois 60630, assigned Suite #201 (outlined on Exhibit A attached hereto). The demised premises constitute approximately 2,000 square feet of net rentable area which constitutes approximately 1,800 square feet of net usable area.

2. TERM. This Sublease agreement shall be for a term of two (2) years and three (3) months beginning on the Sublease Commencement Date, which shall be January 1, 20__, and ending on March 31, 20__ (the "Expiration Date"), provided, however, that in the event the demised premises are not substantially completed in accordance with the provisions of Article 6 by said date, for any reason or cause, then the Sublease Commencement Date shall be earlier of (i) the date the demised premises are occupied by Tenant or (ii) the day which is fifteen (15) days after Landlord has certified in writing to Tenant that all work to be performed by Landlord pursuant to Article 6 has been substantially completed, in which event Landlord shall not be liable or responsible for any claims, damages, or liabilities by reason of such delay, nor shall the obligations of Tenant hereunder be affected. In the event the demised premises are occupied by Tenant prior to the Sublease Commencement Date, such tenancy shall be deemed to be by the day, and Tenant shall be responsible for payment of monthly rental, for each day of such occupancy prior to the Sublease Commencement Date. Within thirty (30) days after the Sublease Commencement Date, Landlord and Tenant shall execute Exhibit D attached hereto and made a part hereof by reference confirming the dates of commencement and expiration of the term of this Sublease Agreement in accordance with the provisions of this Article 2.

3. USE. Tenant will use and occupy the demised premises solely in accordance with the terms of the Prime Lease. Tenant will not use or occupy the demised premises for any unlawful, disorderly, or hazardous purpose, and will not manufacture any commodity or prepare or dispense any food or beverage therein, without Landlord's and Prime Landlord's written consent. Tenant shall comply with all present and future laws, ordinances, regulations and orders of all governmental authorities having jurisdiction over the demised premises.
4. RENTAL. Tenant shall pay to Landlord an annual rental of Forty Thousand Dollars ($40,000.), payable in monthly installments, in advance, on the first day of each calendar month during the term of this Sublease, equal to Three Thousand Three Hundred Thirty-Three and 33/100 Dollars ($3,333.33) per month for the period beginning with the Sublease Commencement Date through September 30, 20__. Beginning on the first anniversary date of the Sublease Commencement Date and at each anniversary date thereafter, the annual rental due each year Shall be increased by 4.5%. If the Sublease Commencement Date occurs on a day other than the first day of a month, rent from the Sublease Commencement Date until the first day of the following month shall be prorated at the rate of one-thirtieth (1/30th) of the monthly rental for each such day, payable in advance on the Sublease Commencement Date. Tenant will pay said rent without demand, deduction, set-off or counter-claim by check to Landlord at 4425 West Wacker Drive, Suite 200, Chicago, IL 60630 or to such other party or address as Landlord may designate by written notice to Tenant. If Landlord shall at any time or times accept said rent after it shall become due and payable, such acceptance shall not excuse delay upon subsequent occasions, or constitute a waiver of any or all of Landlord's rights hereunder.

5. DEPOSITS. Upon execution of this Sublease, Tenant shall deposit with Landlord the sum of Three Thousand Three Hundred Thirty-Three and 33/100 Dollars ($3,333.33) as a deposit to be applied against the first month's rent. In addition, Tenant shall pay to Landlord as a security deposit the sum of Three Thousand Three Hundred Thirty-Three and 33/100 Dollars ($3,333.33). Such security deposit (which shall bear interest at the then market rate) shall be considered as security for the performance by Tenant of all of Tenant's obligations under this Sublease. Upon expiration of the term hereof, Landlord shall (provided that Tenant is not in default under the terms hereof) return and pay back such security deposit including interest to Tenant, less such portion thereof as Landlord shall have appropriated to cure any default by Tenant. In the event of any default by Tenant hereunder, Landlord shall have the right, but shall not be obligated, to apply all or any portion of the security deposit to cure such default, in which event Tenant shall be obligated to deposit with Landlord upon demand therefor the amount necessary to restore the security deposit to its original amount and such amount shall constitute additional rent hereunder.

6. WORK LETTER AGREEMENT. Landlord will finish the demised premises in accordance with the provisions set forth in Exhibit B attached hereto and made a part hereof. Landlord shall have no obligation to make any alterations or improvements to the demised premises except as set forth in Exhibit B.

7. MAINTENANCE BY TENANT. Tenant shall keep the demised premises and the other fixtures and equipment therein in clean, safe and sanitary condition, will take good care thereof, will suffer no waste or injury thereto, and will, at the expiration or other termination of the term of this Sublease, surrender the same, broom clean, in the same order and condition in which they are on the commencement of the term of this Sublease, except for ordinary wear and tear and damage by the elements, fire and other casualty not due to the negligence of the Tenant, its employees, invitees, agents, contractors and licensees: and upon such termination of this Sublease, Landlord shall have the right to re-enter and resume possession of the demised premises. Tenant shall make all repairs to the demised premises caused by any negligent act or omission of Tenant, or its employees, invitees, agents, contractors and licensees.

8. ALTERATIONS. Tenant will not make or permit anyone to make any alterations, additions or improvements, structural or otherwise (hereinafter referred to as "Alterations"), in or to the demised premises or the Building, without the prior written consent of Landlord and Prime Landlord which consent shall not be unreasonably withheld. If any mechanic's lien is filed against the demised premises, or the Building for work or materials done for, or furnished to, Tenant (other than for work or materials supplied by Landlord), such mechanic's lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the
payment thereof or by the filing of any bond required by law. If Tenant shall fail to discharge any such mechanic's lien, Landlord may, at its option, discharge the same and treat the cost thereof as additional rent hereunder, payable with the monthly installment of rent next becoming due and such discharge by Landlord shall not be deemed to waive the default of Tenant in not discharging the same.

Tenant will indemnify and hold Landlord and Prime Landlord harmless from and against any and all expenses, liens, claims or damages to person or property which may or might arise by reason of the making by Tenant or any Alterations. If any Alteration is made without the prior written consent of Landlord and Prime Landlord, Landlord may correct or remove the same, and Tenant shall be liable for all expenses so incurred by Landlord. All Alterations in or to the demised premises or the Building made by either party shall immediately become the property of the Landlord and shall remain upon and be surrendered with the Demised Premises as a part thereof at the end of the term hereof; provided, however, that if Tenant is not in default in the performance of any of its obligations under this Sublease, Tenant shall have the right to remove, prior to the expiration of the term of this Sublease, all movable furniture, furnishings or equipment installed in the demised premises at the expense of Tenant, and if such property of Tenant is not removed by Tenant prior to the expiration or termination of this Sublease, the same shall at Landlord's option, become the property of the Landlord and shall be surrendered with the demised premises as a part thereof. Should Landlord elect that Alterations installed by Tenant be removed upon the expiration or termination of this Lease, Tenant shall remove the same at Tenant's sole cost and expense, and if Tenant fails to remove the same, Landlord may remove the same at Tenant's expense and Tenant shall reimburse Landlord for the cost of such removal together with any and all damages which Landlord may sustain by reason of such default by Tenant, including cost of restoration of the premises to their original state, ordinary wear and tear excepted.

9. INDEMNITY AND PUBLIC LIABILITY INSURANCE. Tenant will indemnify and hold harmless Landlord from and against any loss, damage or liability occasioned by or resulting from any default hereunder or any willful or negligent act on the part of Tenant, its agents, employees, contractors, licensees, or invitees. Tenant shall obtain and maintain in effect at all times during the term of this Sublease, a policy of comprehensive public liability insurance naming Landlord, Prime Landlord and any mortgagee of the Building as additional insureds, protecting Prime Landlord, Landlord, Tenant and any such mortgagee against any liability for bodily injury, death or property damage occurring upon, in or about any part of the Building or the demised premises arising from any of the items and coverage as set forth in the Prime Lease against which Tenant is required to indemnify Landlord with such policies to afford protection to the limits and coverage as set forth in the Prime Lease.

10. RIGHT OF LANDLORD TO CURE TENANT'S DEFAULT: LATE PAYMENTS. If Tenant defaults in the making of any payment or in the doing of any act herein required to be made or done by Tenant, then after ten (10) days' notice from Landlord, Landlord may, but shall not be required to, make such payment or do such act, and the amount of the expense thereof, if made or done by Landlord, with interest thereon at the rate of the prime interest rate charged by the Chicago National Bank during the period of such default plus two percent (2%) per annum (hereinafter referred to as the "Default Interest Rate"), from the date paid by Landlord, shall be paid by Tenant to Landlord and shall constitute additional rent hereunder due and payable with the next monthly installment of rent; but the making of such payment or the doing of such act by Landlord shall not operate to cure such default or to estop Landlord from the pursuit of any remedy to which Landlord would otherwise be entitled. If Tenant fails to pay any installment of rent on or before the first day of the calendar month when such installment is due and payable, such unpaid installment shall bear interest at the rate of the Default Interest Rate, from the date such installment became due and payable to the date of payment thereof by Tenant. Such interest shall constitute additional rent hereunder due and payable with the next monthly installment of rent. In addition, Tenant shall pay to Landlord, as a "late charge", five percent (5%) of any payment herein required to be made by Tenant which is more than ten (10) days late or cover the costs of collecting amounts past due.
11. NO REPRESENTATION BY LANDLORD. Neither Landlord, Prime Landlord nor any agent or employee of Landlord or Prime Landlord has made any representations or promises with respect to the demised premises or the building except as herein expressly set forth, and no rights, privileges, easements or licenses are granted to Tenant except as herein set forth. Tenant, by taking possession of the demised premises, shall accept the same "as is" and such taking of possession shall be conclusive evidence that the demised premises are in good and satisfactory condition at the time of such taking or possession.

12. BROKERS. Tenant represents and warrants that it has not employed any broker other than Professional Brokerage Company and Mid-Town Realty, Inc. in carrying on the negotiations relating to this Sublease. Tenant shall indemnify and hold Landlord harmless from and against any claim for brokerage or other commission arising against any claim for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty. Any representation or statement by a leasing company or other third party (or employee thereof) engaged by Landlord as an independent contractor which is made with regard to the demised premises or the Building shall not be binding upon Landlord or serve as a modification of this Lease and Landlord shall have no liability therefore, except to the extent such representation is also contained herein or is approved in writing by Landlord.

13. NOTICE. All notices or other communications hereunder shall be in writing and shall be deemed duly given if delivered in person or sent by certified or registered mail, return receipt requested, first class, postage prepaid, (i) if to Landlord: ABC Company

4425 West Wacker Drive
Suite 200
Chicago, IL 60630
Attention: Real Estate Department

and (ii) if to Tenant: Ross, Jones and Smith, Inc.

4425 West Wacker Drive
Suite 201
Chicago, IL 60630
Attention: President

unless notice of change of address is given pursuant to the provisions of this Article 13.

14. COVENANTS OF LANDLORD. Landlord covenants that it has the right to make this Sublease and that if Tenant shall pay the rental and perform all of Tenant's obligations under this Sublease, Tenant shall, during the term hereof, freely, peaceably and quietly occupy and enjoy the full possession of the demised premises without molestation or hindrance by Landlord or any party claiming through or under Landlord. In the event of any sale or transfer of Landlord's interest in the demised premises, the covenants and obligations of Landlord hereunder accruing after the date of such sale or transfer shall be imposed upon such successor-in-interest (subject to the provisions of Article 22 of the Prime Lease) and any prior Landlord shall be freed and relieved of all covenants and obligations of Landlord hereunder accruing after the date of such sale or transfer.

15. LIEN FOR RENT. Tenant hereby grants to Landlord a lien on all property of Tenant now or hereafter placed in or on the demised premises (except such part of any property as may be exchanged, replaced, or sold from time to time in the ordinary course of business) and such property shall be and remain subject to such lien of Landlord for payment of all rent and all other sums agreed to be paid by Tenant herein or for services or costs relating to the demised premises that Tenant may hereafter agree to pay to Landlord. Said lien shall be in addition to and cumulative of the Landlord's lien rights provided by law.
16. **PARKING.** Landlord grants to Tenant the right to park six (6) automobiles for no additional monthly rental for the first year of the Prim Lease term and Landlord grants to Tenant the right to park one (1) automobile for no additional rental for the balance of the Sublease term on parking levels 1, or 2 as set forth in Exhibit E. Starting October 1, 2003 through the balance of the term of the Sublease, Landlord grants to Tenant the right to park five (5) automobiles for additional rent which shall be the then market rate for comparable parking in a Class A office building in the Chicago, IL metropolitan area. Nothing herein shall be construed to grant to tenant the exclusive right to a particular parking space, and at such appropriate, Landlord may rearrange parking spaces or may provide assigned spaces, and may provide attendant parking or such other system of management of parking as it seems necessary. Landlord shall not be liable to Tenant, its invitees, employees or guests because of failure to promptly remove snow, ice or water from the parking area and/or structure or because of any injury or damage that may be sustained due to holes of defects that may develop or arise in the parking areas or due to any inconvenience that may arise due to temporary closure of parking areas for repair, maintenance or snow, ice or water removal.

17. **ENTIRE AGREEMENT.** This Sublease, together with the Exhibits and any Addenda attached hereto, contain and embody the entire agreement of the parties hereto, and no representations, inducements, or agreements, real or otherwise, between the parties not contained in this Sublease, Addenda (if any) and Exhibits, shall be of any force or effect. This Sublease may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by both parties hereto.

18. **DEFINED TERMS.** All terms used herein which are defined in the Prime Lease shall have the same meaning as in the Prime Lease.

20. **ASSUMPTION OF OBLIGATIONS BY TENANT.** Tenant hereby expressly assumes each and every obligation of Landlord set forth in the Prime Lease (Exhibit G) with respect to the demised premises to the same extent as if Tenant had directly entered into a lease with the Prime Landlord for said demised premises. Notwithstanding the foregoing, Landlord acknowledges its continuing obligation to the Prime Landlord under the Prime Lease with respect to the demised premises.

20. **LANDLORD'S CONSENT REQUIRED.** Notwithstanding anything to the contrary contained herein, this Sublease shall be null and void, and of no force and effect whatever, unless executed by the Prime Landlord in the space provided. Prime Landlord's execution of the Sublease signifies its consent to every provision contained herein and permits Landlord to sublease the demised premises in accordance with its rights to do so under the Prime Lease.

21. **SPECIAL STIPULATIONS.** Landlord and Tenant agree to the following special stipulations to this Sublease which shall take precedence over other Articles in this Sublease:

1. With Prim Landlord's consent, Landlord shall provide to the Tenant, at no additional rental for the term of the Sublease, use of the Building's 250 square foot Conference Room which Landlord shall construct at no additional cost to the Tenant. The Conference Room shall be located on the first floor of the Building adjacent to the public rest rooms, as shown and specified on Exhibit F, and shall be available for Tenant use on a first come basis from 7:30 AM to 6:00 PM (CST) Monday through Friday and from 7:30 AM to 12:30 PM (CST) on Saturday.

2. Landlord shall provide the Tenant with one (1) Option to renew the Sublease for an additional two (2) year and Nine (9) month term which shall commence on April 1, 20__ and terminate on December 31, 20__. Tenant shall notify the Landlord a minimum of 180 calendar days in advance of the beginning of the Option date should Tenant choose to exercise this Option to extend the Sublease.
EXHIBIT 10.3 (continued)

(3) Landlord shall provide the Tenant with one (1) month of Rental Abatement commencing on January 1, 20__ and ending on January 31, 20__. Tenant shall pay as monthly rental during this Rent Abatement period Tenant's share of 2012 Operating Expenses which are $6.45 per rentable square feet which shall be One Thousand Seventy-Five and 00/100 Dollars ($1,075.00) per month.

In WITNESS WHEREOF, Tenant and Landlord have each executed this Lease as of the day and year first above written.

TENANT:
Ross, Jones and Smith, Inc.

Attest:                  By: ______________________________________
__________________________________________  Title: President
(Corporate Seal)

LANDLORD:
ABC Company

Attest:                  By: ______________________________________
__________________________________________  Title: Vice President
(Corporate Seal)

ACCEPTED AND AGREED TO THIS ______ DAY OF ___________, 20__

PRIME LANDLORD:
West Wacker Towers, L.P.

By: ________________________________
Name: ______________________________
Title: General Partner
EXHIBIT A

FLOOR PLAN - SUITE 201
EXHIBIT 10.3 (continued)

EXHIBIT B

WORK LETTER AGREEMENT

----------------------------------------------------------------------

EXHIBIT 10.3 (continued)

EXHIBIT C

RULES AND REGULATIONS

----------------------------------------------------------------------

EXHIBIT 10.3 (continued)

EXHIBIT D

ADDENDUM TO LEASE COMMENCEMENT DATE

----------------------------------------------------------------------

EXHIBIT 10.3 (continued)

EXHIBIT E

LEVELS 1 AND 2 PARKING PLAN

----------------------------------------------------------------------

EXHIBIT 10.3 (continued)

EXHIBIT F

CONFERENCE ROOM PLAN

----------------------------------------------------------------------

EXHIBIT 10.3 (continued)

EXHIBIT G

PRIME LEASE
ELEVEN

THE NEXT STEPS

- Hands-on experience
- Real Estate education

Hands-on Experience

I trust this Manual has provided you with helpful basic corporate real estate information and an appreciation of the profession. With this information and hands-on experience you will be recognize that:

- Lease and purchase negotiating can be a tough business;
- Leases and sale-purchase agreements can be complex and they routinely require review by your corporate or outside legal department;
- Sound analytic techniques exist and should be used for evaluating lease and purchase alternatives; and
- The lease agreement and the sale-purchase agreement are the end products of operational decisions.

Leasing space or purchasing property, subleasing or selling property will provide you with detailed, hands-on experience beyond the scope of this Manual (see Exhibit 11.1). You will find it helpful to learn the terminology and negotiation strategies, the financial models and analysis techniques, and some of the major legal issues that are typical to most leases or purchase agreements. Based upon the size of community where your company is located, you may find a number of other corporate real estate or facility management professionals who have experience in your real estate markets who you should contact and get to know.

The International Facility Management Association (IFMA) Real Estate Council was chartered in 1992 and may be another source of information and assistance you may choose to join to help provide and share business and real estate knowledge with other real estate professionals.

You may also choose to join CoreNet Global which was formed in 2003 with the merger of the International Development Research Council (IDRC) and the National Corporate Real Estate Council (NACORE). Both of these associations were over 40 years old at the time of the merger.

IFMA (www.ifma.org) and CoreNet Global (www.corenteglobal.org) have chapters in North America, Asia, Australia, Europe and Latin America and IFMA has chapters in Africa. Your real estate broker should be able to help with additional information and publications, and you may want or need to obtain detailed real estate training in financial, legal and business areas.

Real Estate Education

You may wish to take commercial real estate courses offered by a local college, your state real estate commission or from a local real estate association (see Exhibit 11.2). There are also a number of negotiation and real estate self help books that provide basic and advanced negotiation and real estate information which will help to serve as a basis for acquiring, managing and disposing of corporate real estate. CoreNet Global, the Industrial Asset Management Council
(IAMC), the Institute for Real Estate Management (IREM), the Building Owners and Managers Institute (BOMI) Association, and the International Facility Management Association (IFMA) are a few associations which offer commercial and corporate real estate educational programs which you may want to investigate.

A number of universities in North America and Europe which offer an undergraduate or graduate degrees in real estate are considering including a Corporate Real Estate course in their curriculum which may include:

- Basic Real Estate Management
- Finance and Budgeting
- Appraisal and Purchase Skills
- Negotiating and Leasing Skills
- Master Planning
- Special Topics in Real Estate Management
- Disposition of Surplus and Under Utilized Property
- Computer Assisted Real Estate Analysis
- Fundamentals of the HP-12C
- Property Appraisal Skills

CoreNet Global offers a certificate program with a number of two and three day corporate real estate seminars:

- Introduction to Corporate Real Estate
- Real Estate and the Environment
- Contracts in Corporate Real Estate
- Corporate Leasing
- Corporate Leasing in Europe
- Acquisition of Corporate Real Estate
- Managing the Construction Process
- Administration of a Corporate Real Estate Department
- Corporate Property Sale and Divestment
- Corporate Property Management
- Corporate Real Estate Finance
- Advanced Negotiation

Obviously this Manual has not covered in detail all the information which the basics of corporate real estate encompass. Your challenge as you continue into corporate real estate is to apply your business and corporate skills and abilities to this position just as you have with other opportunities.
EXHIBIT 11.1

OUTLINE FOR STANDARD DOCUMENTS

STANDARD REAL ESTATE DOCUMENTS:

A. Acquire - Leased Property
   1. Representation Letter to Assisting Broker
   2. Request for Proposal
   3. Lease Agreement Items
   4. Office Lease Agreement - Sample
      a. Long Form
      b. Short Form
   5. Industrial Lease Agreement - Sample
      a. Long Form
      b. Short Form
   6. Ground Lease Agreement - Sample
      a. Long Form
      b. Short Form
   7. Boiler Plate Items

B. Acquire - Purchased Property
   1. Representation Letter to Assisting Broker
   2. Site Evaluation Form
   3. Request for Proposal
   4. Purchase Agreement Items
   5. Land Purchase
      a. Long Form
      b. Short Form
   6. Land and Building Purchase Agreement
      a. Long Form
      b. Short Form
   7. Building Purchase Agreement
      a. Long Form
      b. Short Form
   8. Boiler Plate Items
   9. Title Binder - Sample
   10. Soil Boring Specifications
   11. Boundary and Topo Survey Specifications
   12. Closing Documents - Sample
      a. Closing Statement
      b. Insurance Premium & Policy
      c. Taxes
      d. Purchase Price
      e. Earnest Money
      f. Contingency Items
      g. Legal Description
      h. Boundary Survey
      i. Title Insurance
      j. Deed w/Exhibits
      k. Release of Mortgage
      l. Recording

C. Lease - Owned Real Estate
   1. Listing Agreement with Real Estate Broker
   2. Commission Agreement with Real Estate Broker
   3. Marketing Plan Prepared by Real Estate Broker
   4. Response to an RFP
   5. Office Lease Agreement
      a. Long Form
      b. Short Form
   6. Industrial Lease Agreement
      a. Long Form
      b. Short Form
   7. Ground Lease
      a. Long Form
      b. Short Form
   8. Property Management Agreement
   9. Design Consultant Agreement
   10. Construction Agreement
   11. Boiler Plate Items

D. Sell - Owned Real Estate
   1. Listing Agreement with Real Estate Broker
   2. Commission Agreement with Real Estate Broker
   3. Marketing Plan prepared by Real Estate Broker
   4. Response to an RFP
   5. Land Purchase Agreement
      a. Long Form
      b. Short Form
   6. Land and Building Purchase Agreement
      a. Long Form
      b. Short Form
   7. Building Purchase Agreement
      a. Long Form
      b. Short Form
   8. Boiler Plate Items
   9. Closing Documents
      a. Closing Statement
EXHIBIT 11.1 (continued)

b. Taxes  
c. Purchase Price  
d. Earnest Money  
e. Contingency Items  
f. Deed  
g. Legal Description  
h. Boundary Survey  
i. Signature of Corporate Officer(s)  
j. Witnesses  
k. Notary Public  
l. Seal  
m. Release of Mortgage  
n. Recording

E. Donate - Owned Real Estate
1. Agreement  
2. Boiler Plate Items  
3. Closing Documents  
   a. Closing Statement  
   b. Taxes  
   c. Purchase Price  
   d. Earnest Money  
   e. Contingency Items  
   f. Deed  
   g. Legal Description  
   h. Boundary Survey  
   i. Signature of Corporate Officer(s)  
   j. Witnesses  
   k. Notary Public  
   l. Seal  
   m. Release of Mortgage  
   n. Recording

F. Sublease - Leased Real Estate
1. Existing lease  
2. Landlord Contact  
3. Listing Agreement with Real Estate Broker  
4. Commission Agreement with Real Estate Broker  
5. Marketing Plan prepared by Real Estate Broker  
6. Design Consultant Agreement  
7. Construction Agreement with General Contractor  
8. Sublease Agreement  
9. Property Management Agreement  
10. Boiler Plate Items
EXHIBIT 11.2

REFERENCES

EDUCATIONAL RESOURCES -

- American Society of Real Estate Counselors of the National Association of Realtors
  430 North Michigan Avenue
  Chicago, IL  60611
  (312) 329-8257
  Library of Titles -
  "Real Estate: A Hidden Corporate Asset"
  "The Internal Rate of Return in Real Estate Investments"
  "Statistical Primer for Real Estate Problem Solving"
  Real Estate Issues, published semiannually

- Institute of Real Estate Management (IREM) of the National Association of Realtors
  430 North Michigan Avenue
  Chicago, Illinois 60610-4000
  (312) 661-2030
  www.irem.org

- American Real Estate Society
  The Journal of Real Estate Research

- Building Owners and Manager Association (BOMA)
  1201 New York Avenue, NW,   Suite 300
  Washington, DC 20005
  (202) 408-2662
  Fax: 202-326-6377
  www.boma.org

- Building Owners and Managers Institute (BOMI) International
  1521 Ritchie Highway
  Arnold, Maryland 21012
  (410)974-1410, or 1-800-235-BOMI
  Fax: (410)974-0544
  www.bomi-edu.org

- CoreNet Global
  CoreNet Global, Inc.
  133 Peachtree Street NE
  Suite 3000
  Atlanta, GA 30303 USA
  Phone: 404.589.3200
  www.corenetglobal.org
EXHIBIT 11.2 (continued)

- **International Facility Management Association (IFMA)**
  800 Gessner Road
  Suite 900
  Houston, TX 77024 USA
  Phone: 713-623-6124
  www.ifma.org

- **Industrial Asset Management Council (IAMC)**
  6625 The Corners Parkway, Suite 200
  Norcross, Georgia 30092 USA
  Phone: (770) 325-3461 • Fax: (770) 263-8825 •
  www.iamc.org

**MAGAZINES AND JOURNALS** -

- Facility Management Journal
- National Real Estate Investor magazine
- Real Estate Forum magazine
- Real Estate Appraiser & Analyst magazine
- Real Estate Finance Journal
- Real Estate Leader
- Area Development magazine (Site and Facility Planning)
- Site Selection

**BOOKS, ARTICLES AND INFORMATION** -


- "To Move or Not to Move? How to Get the Answer", The Office, October, 1990.


- "Superfund Whacks the Banks", The Wall Street Journal, August 28, 1990, Dennis R. Connolly


EXHIBIT 11.2 (continued)

- "Valuation, management of corporate real estate heats up as business cools", *National Real Estate Investor*, Jan Jaben, August, 1990
- "Selecting the right inventory software", *National Real Estate Investor*, Kenneth B. Parker, August, 1990
- "Principles of Corporate Real Estate", IFMA Seminar, Edmond P. Rondeau, Boston, Ma., June, 1990.
- "Basics of Corporate Real Estate", IFMA'09 Proceedings, Edmond P. Rondeau, Seattle, Wa., October, 1989
- "Contel Finds Great Way To Manage Real Estate", *IFMA Journal*, Edmond P. Rondeau, March/April, 1990
- “Real estate experts: Tenants in charge”, October 2009 from Hethcock, B., Dallas Business Journal
- *Commercial Real Estate Leases - Preparation and Negotiation*, John Wiley & Sons, Inc., 1985, Mark A. Senn
- *Managerial Real Estate - Corporate Real Estate Asset Management*, Prentice-Hall, Inc., 1990, Hugh O. Nourse, Professor of Real Estate, University of Georgia
- *Corporate Real Estate: Executive Strategies for Profit Making*, Homework, IL, Dow-Jones Irwin, 1979 Robert K. Brown
EXHIBIT 11.2 (continued)

- In The Age of The Smart Machine - The Future of Work and Power, Shoshana Zuboff
- Running Things - The Art of Making Things Happen, Philip B. Crosby
- Quality is Free, Philip B. Crosby
- You Can Negotiate Anything, Herb Cohen
- The Negotiating Game - How to Get What You Want, Dr. Chester L. Karrass
- Give & Take - The Complete Guide to Negotiating Strategies and Tactics, Dr. Chester L. Karrass
- Leaders - The Strategies for Taking Charge, Warren Bennis and Burt Nanus
- Time Power, Charles R. Hobbs
- Thriving on Chaos - Handbook for a Management Revolution, Tom Peters
- The Critical Edge - How To Criticize Up and Down Your Organization and Make It Pay Off, Hendrie Weisinger, Ph.D.
- Beware The Naked Man Who Offers You His Shirt, Harvey MacKay
- The Facility Managers Guide to Finance and Budgeting, 2004, David G. Cotts PE, CFM IFMA Fellow and Edmond P. Rondeau AIA, CFM, IFMA Fellow
EXHIBIT 11.3

STRATEGIC REAL ESTATE/FACILITY & MARKET POLICY

Policy:

1. The organization shall adopt a policy and a procedure to identify and designate which real estate and markets shall be declared strategic and non-strategic.

2. Every facility in the organization’s real estate portfolio shall be designated as non-strategic unless designated as strategic.

3. A strategic facility will be designated as such by the Business Operations Committee and approved by the Finance Committee. The criterion of the Business Operations Committee shall use in such designation is set out below.

4. It shall be the duty of the Real Estate Department to track such designation in the organization Real Estate database.

Purpose:

1. Provide a consistent and rational process for the identification of strategic market locations and whether a facility should be recommended as a strategic (own/lease) or a non-strategic facility (lease) in a specific market.

2. Provide the Business Operations Committee with a process with a detailed and analytical procedure to recommend if a facility should be considered strategic or non-strategic to the Finance Committee.

3. Provide a recommendation to organization’s Finance Committee that may or may not support the strategic ownership or long-term lease, or non-strategic lease of a facility in a specific market.

4. Provide a related investment strategy for strategic facility development versus an investment strategy for non-strategic facility development.

Designation:

The procedure and schedule for such designation shall be as follows:

1. For all real estate acquired in the future:
• At such time as a new facility is acquired, the appropriation form shall indicate the recommended designation of the Business Operations Committee. Unless the Finance Committee disagrees, the recommendation of the Business Operations Committee shall apply.

2. For such real estate currently in the real estate portfolio the schedule shall be as follows:

• Until such time as all existing real estate are designated (as set out below), when a lease is extended or renewed a designation shall be recommended by the Business Operations Committee (with a statement that the District or Region agrees or disagrees with such designation), unless rejected by the Finance Committee such designation shall apply.

3. Designation of strategic or non-strategic shall be designated by the Business Operations Committee and presented to the Finance Committee for approval under a schedule to be determined.

4. The implications of such designation is as follows:

• A strategic facility is one that the organization would choose to keep irregardless if the organization lost the customer(s) for which that facility was acquired (owned or leased). Example: A facility in a strategic market location or a facility that would have unique characteristics that could help to draw new customer(s)

• A non-strategic facility is one that the organization would not want to keep if the organization lost the customer(s) for which that facility was acquired (leased). Example: A facility in a non-strategic market location or a facility that does not meet long-term use, access, labor market, etc. requirements and may or may not be in a strategic market location

5. Strategic real estate will be more likely to:

• Be owned if in a strategic Market and if owned is not available, obtained in a long term lease – 10+ years
• Be obtained to meet the needs of a number of customer(s) – consider a multi-facility site
• Where leased, obtain multiple lease renewal options and expansion options
• Where leased, obtain a purchase option where possible
• Be located on purchased property and build a new facility where purchasing an existing facility or leasing may not be the best organization business option
• Include the planning for facility expansion as the organization business grows in a strategic market
• Have excess lease hold improvements (above standard)

6. Strategic Real Estate/Facility Considerations/Recommendations:

• Purchase real estate and/or a facility in a strategic Market and if not available, obtain a long term lease – 10+ years
• Lease the real estate/facility to meet the needs of a number of customer(s) – consider a multi-facility site
- Obtain multiple lease renewal options and expansion options where leased
- Obtain a purchase option if leased where possible
- Purchase real estate and build facility requirements where purchasing real estate and/or a facility or leasing may not be the best organization business option
- Plan for facility expansion as organization business grows at strategic Market location

7. Non-Strategic Real Estate/Facility Considerations/Recommendations
   - Where possible do not develop a one-off facility for one customer in a non-strategic market location
   - Lease as small a facility as possible to meet the customer(s) needs
   - Obtain a short term lease – 3 to 5 years
   - Obtain buy-out clause in lease if possible
   - Spend minimal capital on lease hold improvement and site improvements
   - Spend minimal capital on equipment – consider used

8. A facility may be in a strategic or a non-strategic geographic Market:
   - Geographically a significant Market location and a location where organization can secure a number of major customers
   - Customer(s) want/need/will agree to be housed in this Market location
   - The long-term business/political/environmental climate in this Market location will support the organization business model
   - The organization can profitably secure business, operatelogistically and grow the business from this Market location
   - The organization can obtain (purchase/lease) existing real estate or purchase/build new real estate/facilities for a reasonable price in this Market location

9. Within a geographic Market, the eventual real estate/facility recommendation may be to own or to lease for a long term based on financial recommendations in conjunction with the above.

   Example: The organization would most likely choose to own a facility in a strategic Market. If owning were not possible, then a long-term lease would be sought.

10. Within a geographic Market, a site/facility may be recommend by the Business Operations Committee to be a strategic or a non-strategic site/facility based on specific market and facility criteria shown below.

**Designation Guidelines:**

While the criteria utilized by the Business Operations Committee in determining a recommended status is somewhat subjective, the following decision procedure and criteria guidelines shall be followed as shown below and on the following pages: (Add more information on the process and procedures for the Business Operations to implement the policy…process owners, etc.)
Strategic/Non-Strategic Decision Process – Market and Facility Criteria

Either Own or Lease

Strategic

Yes

Strategic or Non-Strategic Recommendation

No

Non-Strategic

Facility Criteria

Term

Market Criteria

Customer Churn

Facility Improvements

Term

Facility Criteria

# of Customer(s)

Services(s) Performed

Facility Attributes

Geo Risk

Network Value

SCS Growth

Facility Improvements

Facility Attributes

Services(s) Performed

# of Customer(s)

Term

Start the process
SCS Strategic/Non-Strategic Facility & Market Criteria

Facility Criteria

<table>
<thead>
<tr>
<th>INDEX</th>
<th>EXPLANATION</th>
<th>RELATIONSHIP</th>
<th>EXAMPLE</th>
<th>PROCESS OWNER</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
<td>Number of years planned occupancy of facility</td>
<td>Longer term = higher strategic value</td>
<td>One year = low. Ten years = high</td>
<td>IE</td>
<td></td>
</tr>
<tr>
<td># of Customer &amp; Churn</td>
<td>Number &amp; distribution of customers in facility</td>
<td>Higher # of customers &amp; more even distribution = higher strategic value</td>
<td>Ontario DC bldg # 3 = high. Hebron Honeywell DC = low.</td>
<td>IE</td>
<td>A facility dedicated to a single client doesn't have a strategic value to the SCS network</td>
</tr>
<tr>
<td>Service(s) Performed</td>
<td>Number &amp; type of services performed within facility</td>
<td>Greater number of services = higher strategic value</td>
<td>New Orleans FSL = Low. Bensenville FS, CHB, &amp; FSL = High.</td>
<td>IE</td>
<td>Facility which functions purely as a CHB would have a lower value than a facility which serves as an FSL, FS, CHB, and DC.</td>
</tr>
<tr>
<td>Facility Attributes</td>
<td>Appropriate facility fit for services performed</td>
<td>Greater fit = higher strategic value</td>
<td>Wichita, KS (inefficient FSL) = low. Louisville 30' + clear = high.</td>
<td>Facilities Engineering</td>
<td></td>
</tr>
<tr>
<td>Facility improvements</td>
<td>Value of specific improvements made in facility</td>
<td>Higher dollar value = higher strategic value</td>
<td>Harrisburg healthcare DC = high. Ontario &quot;dead storage&quot; bldg # 1 = low.</td>
<td>Facilities Engineering</td>
<td>Facilities with specific modifications made for our operations yield a greater value.</td>
</tr>
</tbody>
</table>

Market Criteria

<table>
<thead>
<tr>
<th>INDEX</th>
<th>EXPLANATION</th>
<th>RELATIONSHIP</th>
<th>EXAMPLE</th>
<th>PROCESS OWNER</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Churn</td>
<td>Turn rate of customers in market</td>
<td>Lower churn = higher strategic value</td>
<td></td>
<td>Sales &amp; IE</td>
<td>Low customer churn increases stability, increasing strategic value</td>
</tr>
<tr>
<td>Network value</td>
<td>Value of location to the transportation network</td>
<td>Integral part of network = higher strategic value</td>
<td>Chicago = High Omaha = Low</td>
<td>IE</td>
<td>Network value should be determined by IE &amp; transportation district</td>
</tr>
<tr>
<td>SCS Growth</td>
<td>Forecasted future growth rate within the specific market</td>
<td>Higher growth = higher strategic value</td>
<td>Portland, ME = Low Los Angeles = High</td>
<td>Sales &amp; IE</td>
<td>Exception may be explosive growth. Could cause shorter term in facilities, lowering strategic value.</td>
</tr>
<tr>
<td>Geo Risk</td>
<td>Market demand in particular geo. Risk of not turning the facility quickly if we vacate.</td>
<td>Lower risk = higher strategic value</td>
<td>Des Moines = High Los Angeles = Low</td>
<td>Real Estate</td>
<td>Corp RE can determine forecasted days on market, based on current information.</td>
</tr>
</tbody>
</table>

FACILITY CRITERIA: STRATEGIC & NON-STRATEGIC CONSIDERATIONS:

**Strategic Considerations:**
- **Term** – Many years/10 or more years = higher strategic value
- **# of Customer(s)** – 3 or more in one facility = higher strategic value
- **Service(s)** – Higher number of services = higher strategic value
- **Facility Attributes** – Higher fit = higher strategic value
- **Facility Improvements** – Higher dollar value = higher strategic value

**Non-Strategic Considerations:**
- **Term** – One or a few years = less strategic value
- **# of Customer(s)** – 1 customer in one facility = less strategic value
- **Service(s)** – Fewer services = less strategic value
- **Facility Attributes** – Less of a fit = less strategic value
- **Facility Improvements** – Less dollar value = less strategic value
MARKET CRITERIA: STRATEGIC & NON-STRATEGIC CONSIDERATIONS

Strategic Considerations:
- **Customer Churn** – Lower churn/turn = higher strategic value
- **Network Value** – Integral part of Network = higher strategic value
- **Organization Growth** – Higher growth projected in that market = higher strategic value
- **Geo Risk** – Lower risk for facility to sit vacant = higher strategic value

Non-Strategic Considerations:
- **Customer Churn** – Higher churn/turn = lower strategic value
- **Network Value** – Not integral part of Network/a one off location = lower strategic value
- **Organization Growth** – Lower growth projected in that market = lower strategic value
- **Geo Risk** – High risk for facility to sit vacant = lower strategic value
EXHIBIT 11.4

Sample: Facility Management Organization Chart

Organization: Insurance
Type of Organization: Service
Number of Facilities: 100 (670,000 RSF)
Owned Facilities: 2 (Corp. Headquarters, Computer Center – 140,000 RSF)
Leased Facilities: 98 (Regional offices, training, sales offices, etc. – 530,000 RSF)

Sample: Corporate Real Estate Organization Chart

Organization: Manufacturing
Type of Organization: Product
Number of Facilities: 1000 (21.5 M RSF)
Owned Facilities: 200 (Corp. Hq., manufacturing, assembly, etc. – 15.5 M RSF)
Leased Facilities: 800 (Regional offices, sales offices, etc. – 6.0 M RSF)