

# Typical Commercial Leases

Mid Atlantic Acquisitions

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Type of Lease	Rent Basis	Often Used In
<u>Triple Net Lease (NNN)</u>	Tenant pays rent, real estate taxes, insurance, utilities and common area maintenance (CAM). Tenant usually responsible for maintenance and cleaning of the premises. These fees are charged monthly from the beginning of the lease based upon budgeted assumptions. Annual reconciliations are performed.	Any commercial lease; usually lessens Landlords responsibility to maintain the premises.
<u>Percentage Lease</u>	<u>Base Rent</u> + Triple Net costs and Percent of Monthly Sales	Retail Businesses; Malls
<u>Full Service Lease</u>	Landlord directly pays all or most usual costs. These costs are often passed on to tenant in rent as a "Load Factor." The load factor is the actual square footage of the space plus an added load factor – or core factor (1,000 SF plus 15% core factor = 1,150 SF). This percentage is based upon the common area measurement of the building. This lease offers the tenant the best budgeting option. Annual reconciliations are performed	Office, some industrial and retail leases.

# Operating Expense Reconciliation

2014 Annual Reconciliation of Operating Expenses per Lease Agreement					
<b>Operating Expenses</b>					
	Building Engineer		\$	73,615.00	
	Direct Labor & Cleaning		\$	146,979.07	
	G & A and Other		\$	10,410.00	
	Maintenance & Repair		\$	122,548.37	
	Contract Services		\$	116,517.71	
	Utilities		\$	382,135.48	
	Facilities/Safety		\$	7,000.00	
	Parking Maintenance		\$	-	
	Insurance		\$	21,874.00	
	Administrative		\$	-	
	Property Management Fee		\$	73,424.18	
	<b>Total Escalatable Costs</b>		\$	<b>954,503.80</b>	\$ 954,503.80
	Tenants' Percentage				11.90%
	<b>Total Tenant Share</b>				\$ 113,585.95
	Less - Tenant's Base Amount (2011)				\$ (91,293.92)
	Less - Prepayments Billed				\$ (24,000.00)
	<b>Total Due/(Credit)</b>				<b>\$ (1,707.97)</b>
<b>Real Estate Taxes</b>					
	Total Escalatable Costs				\$ 193,193.08
	Tenant's Percentage				11.90%
					\$ 22,989.98
	Less - Tenant's Base Amount (2011)				\$ (20,718.92)
	Less - Prepayments Billed				\$ -
	<b>Total Due/(Credit)</b>				<b>\$ 2,271.06</b>
	<b>Total Due/ (Credit) per this Invoice</b>				<b>\$ 563.09</b>