

QUIZ - Winner gets an iPad - Prep for next SPP event

Financial IQ – SPP Summer Social, July 2012

Number: _____

1. We have all heard many times that “Occupancy Expense” is the 2nd or 3rd largest enterprise expense next to people, i.e., “Salaries and Benefits”. On average for a CoreNet Global end-user company, how does Occupancy Expense compare to Salaries & Benefits, when including rent, invested capital, facility management, TI and other capital expenditures, energy, etc.?

___ 90% of S&B

___ 75% of S&B

___ 50% of S&B

___ 25% of S&B

___ 10% of S&B

___ 5% of S&B

2. What is the closest % to the typical cost of capital or WACC (“Weighted Average Cost of Capital”) for a CoreNet Global end-user company in the Fortune Global 500?

___ 15%

___ 10%

___ 6%

___ 3%

3. A CoreNet Global end-user company enters into a 100,000 RSF lease for 10 years in the United States, leaving a previous location with one year remaining on that lease. From a US GAAP reporting / accounting perspective (and thus for performance metrics), which of the following are directly reported on the Income or P&L Statement? (check all that apply)
- ☐ Rent
 - ☐ Depreciation of build-out capital expenditures
 - ☐ Operating Expense and RE Tax Escalations
 - ☐ Energy consumption
 - ☐ None of the above
 - ☐ All of the above
4. Same 100,000 RSF lease... under current GAAP lease accounting rules, which of the following are capitalized on the Balance Sheet and depreciated / amortized for the new leased location? (check all that apply)
- ☐ Demolition of leasehold improvements at previous location
 - ☐ Out-of-pocket TI capital expenditure by tenant
 - ☐ TI contribution from landlord
 - ☐ Brokerage commissions for tenant rep and leasing agent
 - ☐ Architect's fees paid directly by tenant
 - ☐ None of the above
 - ☐ All of the above
5. How big is the Class 'A' office market in Manhattan?
- ☐ 100 million square feet
 - ☐ 300 million square feet
 - ☐ 1.5 billion square feet

What is Strategy and Portfolio Planning? SPP means different things to different organizations. Some have very mature SPP approaches while others have a long way to go. In a general sense, SPP means a corporation is being proactive, as opposed to reactive, and looking at real estate holistically, from a portfolio as well as individual property perspective, with business objectives, right timing, right sizing and financial efficiency in mind.

The goal of the **Strategy and Portfolio Planning Community** is to gather, share, discuss and advance best practices in the field of SPP.

The **SPP Website** at spp.corenetglobal.org provides a good guide to how you can participate in the SPP Community. Here's a highlight of some of the activities.

- Our most visible events so far have been at the CoreNet Summits in North America, Europe and Asia. Find out about past events at the **SPP Events** tab.
- **SPP NYC** and research task forces are a core part of the SPP Community. Activities have included case study and survey discussions, webinars, and New York Chapter and Summit presentations.
- See who the members are and how to join SPP on the **Membership** tab.



The screenshot shows the homepage of the Strategy and Portfolio Planning Community website. The header includes the CoreNet Global logo, the site title, and navigation tabs: HOME, ABOUT, MEMBERSHIP, LEADERSHIP, RESEARCH, DIRECTORY, LIBRARIES, DISCUSSIONS, SPP EVENTS, and a CALENDAR link. A search bar is located in the top right corner.

The main content area features a large banner with the text "STRATEGY & PORTFOLIO PLANNING COMMUNITY" and a "Welcome to the Strategy and Portfolio Planning Community!" message. To the left, there is a "Featured Events" section listing upcoming events, including "Chapter Events" and "SPP Technologies Special Event". To the right, there is a "Sponsors" section featuring a "Gold" sponsor, Cushman & Wakefield, and a "JOIN NOW" button.

The footer contains additional information, including a "Visit the About and Membership pages" link and a "Join the SPP Community" link.