

**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 2<sup>nd</sup> or 3<sup>rd</sup> 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](http://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 "Strategy and Portfolio Planning Community", a search bar, and navigation links: HOME, ABOUT, MEMBERSHIP, LEADERSHIP, RESEARCH, DIRECTORY, LIBRARIES, DISCUSSIONS, SPP EVENTS, and CALENDAR. The main banner reads "STRATEGY & PORTFOLIO PLANNING COMMUNITY" with a "JOIN NOW" button. A "Featured Events" sidebar lists upcoming events, including a Chapter Event on Sep 15 and two SPP Technology Research Task Force Calls on Sep 16. The main content area welcomes visitors and provides information about the community's goals and resources, including a link to the "Phoenix Summit" and "London Summit". A "Sponsors" section highlights Gold sponsors like Cushman & Wakefield.