



Commercial Real Estate Advisory Services

The Schenk Company, Inc Central Ohio's only Exclusive Tenant/Buyer representative Brokerage/Advisory service firm is a member of *SIOR*, the Society of Industry and Office Brokers, a professional organization made up of 2,800 of the most experienced and savvy brokers serving their clients in 450 cities around the world. Within *SIOR* there is a group, including **The Schenk Company**, of exclusive Tenant/Buyer-oriented commercial brokerage companies. Spanning the globe, these elite brokerages average 15 years experience and oversee real estate facilities for companies with their leases, purchases, investment acquisition's and build-to-suit transactions.

What can you expect from an *SIOR* member?

- **Undivided Loyalty** - Representation of tenants, buyers and investors exclusively
- **Teamwork** - International access to timely, objective data and sophisticated strategies
- **Expertise & Experience** - Analyzing and structuring short and long term strategic goals to benefit the tenant or buyer or investor.
- **Comprehensive Real Estate Advice**- For property acquisitions, leasing, asset and lease administration and project management, including the most cost-effective approach to such leases and purchases.
- **Databank**-Property information on all property types worldwide!

Services Performed

- ✓ Consulting & Strategic Real Estate Planning
- ✓ Multi-Market Corporate Services
- ✓ Auditing bills on utilities including gas, electric, trash, other operating expenses
- ✓ Tenant/Buyer Representation & Investment Acquisition
- ✓ Lease Renewals
- ✓ Market Research & Financial Analysis
- ✓ Lease Administration Relocation Studies & Relocation/Move Management
- ✓ Design/Build Project Administration & Construction Consulting
- ✓ Space Planning Programming
- ✓ Build-to-suit Development
- ✓ Building & Site Acquisitions

Services Coordinated With:

- Attorneys • Accountants • Architects and Interior Designers • Building Contractors & Construction Managers • Environmental, Structural, Mechanical and Electrical Engineers
- Relocation Consultants • Lease Auditors • Moving Companies • Appraisers
- Computer & Wiring Specialists • IT & Telecom Experts • Demographic Consultants

Commercial Real Estate Advisory Services

1714 Churchview Lane, Suite 100 • Columbus, OH 43220 • 614-487-1972 • Fax: 614-635-3442

BIOGRAPHY

Greg Schenk

CEO

The Schenk Company, Inc.



Gregory P. Schenk, SIOR is the founder of The Schenk Company, Inc. Central Ohio's only Exclusive User, i.e. Tenant/Buyer/Investor representative brokerage firm. Greg began his career in commercial Real Estate in 1986 with what was then Coldwell Banker Commercial (then CB Commercial, now CB Richard Ellis) and in 1995 after representing two firms with the largest leases in the city decided to form his own firm dedicated to advising, consulting and assisting companies and individuals with their facilities space, site and investment property acquisition needs here and around the country. Greg has nineteen years experience in the

business ranging from various market studies and articles on segments in the office and investment market to representing tenants and buyers in locating and negotiating office, warehouse, retail, medical space and investment projects as well as build to suit, 1031 exchanges, lease buy outs and termination options as well as teaching seminars nationally to Brokerage firms who want to learn the process of representation and corporate services. His expertise is in the area of site selection and "win win" negotiation strategies. Greg was an Evans Scholar at Ohio State University with a degree in Business

Administration with a major in Marketing. He is very creative in his solutions for his clients problems and provides smart strategic short and long range planning to assist in achieving their goals and improving bottom line! Greg has studied and trained in all aspects on consultation, contract negotiation and site selection criteria. He has achieved the highly sought after SIOR designation as one of the leading brokers in the country and has taken the entire CCIM curriculum pertaining to investment analysis and acquisition. He has authored numerous articles on these subjects and has won many Awards including CB Commercials

prestigious Presentation Excellence award at CB University, was a member of its tenant advisory services group, won locally Business First "40 under 40" award as a top businessman and community leader. He was named my Midwest Real Estate News one of the Top 50 brokers in the Midwest in 2002 and 2003 and recently named a Top Power Broker by CoStar! He has developed two courses and numerous seminars that he teaches around the country on his craft of representing

tenants and corporate services to brokerages and their agents and is available for counsel. He is an instructor this year at Capital Universities Center for New Direction and recently led a panel speaking at the Spring SIOR conference in Boca Roton, Florida on tenant representation. He leads conferences worldwide to insure his clients are kept up to speed on what is happening both locally and globally.

Finally, Greg is committed to giving back to the community and assists mentoring students from Ohio State University as well as various local charities including The Jeff Schenk Memorial Fund at Children's Hospital which funds cancer research, First Team Basketball Camps for inner city kids, Big Brothers/Big Sisters and The Evans Scholars Foundation.



Commercial Real Estate
Advisory Services Firm

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Columbus, OH 43220

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The Schenk Company, Inc

Worldwide Advisory Brokerage Services

Providing creative solutions for your commercial real estate needs, **The Schenk Company, Inc.** has been serving clients worldwide since 1986, and has been Central Ohio's only Exclusive Tenant Representative Brokerage firm since 1996.

The Schenk Company and its founder, Gregory P. Schenk, SIOR (Society of Industry & Office Brokers) assist companies globally, national tenants and buyers with all of their commercial real estate needs, including the entire process of evaluating alternatives and coming up with creative solutions to:

- **Renew/ renegotiate leases**
- **relocate**
- **find suitable space to lease, purchase or build-to-suit**
- **assist with investment property acquisition and 1031 exchange purchases**

The Schenk Company's professional Tenant Advisory Services Group assists clients with implementing new strategies and reaching long-term goals. "Value added services" complete all phases of the *process* (ie: financing, real estate attorney, the move itself, furniture, wiring, cable, phones).

A 20 year commercial real estate veteran specializing in Tenant Representation and Advisory Services for local and national clients, Mr. Schenk was CB Commercial's top "Tenant Rep" broker in Columbus before starting **The Schenk Company, Inc.** Mr. Schenk leads national **"Competitive Edge" seminars** to instruct other professionals and brokerage firms in the art of representing tenants and buyers locally and around the country.



Gregory P. Schenk
President

The creative solutions and experience of **The Schenk Company** has been well documented by the local and national press, including:

- 2006 Micro Entrepreneur of the year award winner
- Costar Magazine Power Broker 2004*
- Midwest Real Estate News "Top 50 Brokers"*
- The Lowe Report "Fastrac Connections"*
- 2 Time Nominee for "Small Business Person of the Year"
- Business First "40 under 40" Award for Top Business Leaders*
- The Columbus Dispatch "Leading Edge"*
- CEO Magazine *"The Last Loophole: 1031Exchanges"*
- Small Business News, Realtor Magazine*
- WTVN Radio Talk Show
- Who's Who in Commercial Real Estate

For lease information and letters of recommendation, please consult our web site: <http://www.irephtenant.com>

Recent Clients:

Manley Deas Kochalski

52000 SF Law Firm HQ

Dr Leslie McDougal DDS

King Business Interiors-Lease renewals office & warehouse

Blue Chip Sales: warehouse purchase

Retail Appliance Installation:

5 warehouse leases Midwest

Entrotech: Lease at Scitech

Fresenius Medical Care

Kidney Dialysis Clinics & opinion of value letters nationally

Cox Stein Pettigrew-offices

Arnold Law Firm Build to Suit

Northwest Mutual Financial

Services-regional offices.

ITT Technical Institute

Branch campus at Mill Run.

Malcom Pirnie Inc.

Lease Renewal in Polaris.

Midwest Allergy Acquisition of 16,000 sq ft Medical building.

WD Partners purchase

Progressive Medical, Inc.-

Headquarters site analysis, land purchase, tax abatement, build-to- suit headquarters.

Private Investors

Acquisitions of a \$2.9 million, 33,000 sq. ft. retail center, a \$1.8 million downtown office building,,numerous properties

Core Properties LLC

Purchase of a \$4.5 million 112-unit apartment complex.

Industrial/Manufacturing

Action Group Purchase of a 155,000 sq. ft. \$3.5million warehouse.

Sophisticated Systems, Inc.

Site selection.

Franklin University Branch

Campus expansion

Disciplinary Council of The Supreme Court of the State of

Ohio- New headquarters

Children's Hospital Downtown space for "IT division".

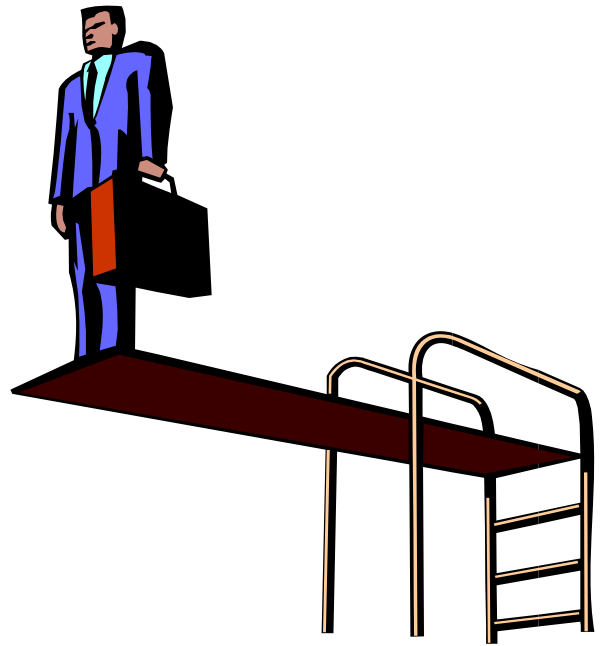
Columbus Speech &Hearing-

Dublin branch.

American Express

Lease renewal.

TOP
10
LEASE
NEGOTIATION
&
SITE SELECTION
MISTAKES



Greg Schenk SIOR
The Schenk Company, Inc
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614-487-1972
www.irephtenant.com.

Dear Valued Clients,

Thank you for your time. We want to assist you and your clients improve their bottom line on leased and owned properties worldwide. We have record high vacancies in Central Ohio and many areas around the country! We can help you and your clients take advantage of that by giving them a no cost overview of their leased or owned facilities. We can assist them in restructuring or renewing their lease early to take advantage of this great tenant's market or help them with subleases, lease buyouts, sale leasebacks, 1031 exchanges and acquisitions.

We have prepared with the following material to help take the mystery out of site selection and lease negotiations.

We hope you find it interesting and useful. Additional information and a full description of our services can be found at www.irephtenant.com.

Definitions and other information can be found at: www.LeaseSmart.com.

With record high vacancies let us insure your client's facilities next lease renewal or relocation is done in the best terms and conditions for their company. Proper planning will insure this will be done! If we can be of service to you here and around the country please let us know!

Sincerely,

Greg Schenk SIOR
President
The Schenk Company, Inc

"Were our word is our bond and accountability to the client is everything"
Providing Creative Solutions for your Worldwide Commercial real estate needs!

TOP 10
LEASE NEGOTIATION
&
SITE SELECTION MISTAKES

The following list of common mistakes is the result of a survey taken among members of the prestigious International Tenant Representative Alliance. Participants drew from an average of well over 15 years of Tenant Representation experience, representing and advising national and local commercial tenants with hundreds of leases totaling millions of square feet. Most major U.S. markets were included.

The **main risks** to consider when commencing the Facilities Acquisition Process (Lease or Purchase) can be broken down to the following three categories:



MONEY - Were the best possible rate and terms achieved?



RISK - This includes the risk of making a bad location or operational decision, and whether you have the right lease clauses, which prepare for future, unknowable requirements such as business expansion, contraction or relocation needs.



TIME - How much *time* is going to be spent on the Facilities Search and Acquisition process, and what will it cost the company in terms of lost productivity?

Information in this guide will eliminate or reduce these issues!

**#1
Most
Common
Mistake**



NOT ALLOWING ENOUGH TIME

Facility research, property inspections and comparison analysis can usually be completed in a week or so by motivated companies already familiar with the local market. However, those tasks are only the *tip* of the “time drain” iceberg, and several commonly overlooked complications needing to be factored into the relocation timeline:*

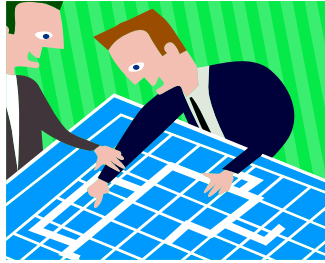
- 1) Negotiations with the Landlord and preparation of the lease can take months.
- 2) Once the Lease is signed the interior usually needs to be finished or renovated, which can take several months.
- 3) Before renovations can begin, building permits need to be obtained which can take up to two months, and
- 4) Before permits can be obtained, architectural plans must be completed, and may take one to two months.

If existing facilities cannot be found which are acceptable, new construction can easily take 12 months or longer.

Bottom line: 6 - 12 months is a good time frame to use when looking for new facilities, even longer if experienced professionals are not used to guide the process.

* This assumes the space is not going to be taken as-is, which is possible, but unlikely.

*2nd
Most
Common
Mistake*



NEGLECTING LONG-TERM PRIORITIES

Owners who think only about solving immediate needs face expansion problems very soon again! In addition to evaluating short term needs relative to square footage requirements (number and size of rooms), type of floor plan (open, private, or a mixture), communications needs, parking needs, access and security needs, etc., be sure to factor in long term needs. By obtaining *facilities* and *lease terms* which will allow the company to expand, downsize or relocate as circumstances dictate, business owners can avoid the unnecessary headaches, loss of business and costs associated with relocating. Examples of such important lease clauses include:

- Expansion right obligates the Landlord to provide Tenant with more space should it become necessary.
- Cancellation right (commonly referred to as a “kick-out” clause) allows the Tenant to break the lease under certain conditions such as when the Tenant needs to expand and the Landlord cannot provide them additional space on the premises.
- Extension right is similar to an option, and allows the Tenant to remain in the premises (a right of first refusal is a type of extension right).
- Sublet right gives the Tenant flexibility in that if it must relocate, it may sublease the space and mitigate the economic pressure.

Suggestion: *After discussing the company's immediate needs and long terms goals with senior management in all departments, meet with leasing experts and space planners/architects to determine a) the most productive combination of office size and layouts (modular furniture, hoteling, size, amenity requirements, etc.), b) facilities which are flexible enough to service future needs, and c) certain lease clauses which will be negotiated into the lease document..*

**3rd
Most
Common
Mistake**



INADEQUATE REPRESENTATION

Unless someone in the company is already an **expert** in commercial real estate, most business owners cannot afford the time necessary to learn this complicated industry. Lack of knowledge combined with time pressures can cause unrepresented owners to a) make location decisions without being aware of ALL the choices, and b) make costly errors that cut into their profits and increase their financial exposure leaving valuable dollars on the table during negotiations to renew a lease or relocate to lease, purchase or build..

An experienced and specialized Tenant Rep counterbalances the Landlord's/Sellers professionals, and will insure that the Tenant receives the best possible rates, terms, incentives and lease clause protections. Incredibly, this valuable service may cost the business owner nothing, since Tenant Reps split the Leasing fees paid by the Landlord or Seller.

Using the *wrong* broker may lead to incomplete information or conflicting loyalties because of hidden agendas or Landlord relationships.

Note: Business owners who do not use a Broker will likely not be aware of all the possible facility choices. This is because an experienced Tenant-Rep broker has developed a databank of every property on the market, an extensive network, and commonly finds facility choices which are not yet vacant or on the market.

Suggestion: Tenants should also keep their broker involved in the expansions, contractions, renewals and extensions that occur during the lease to prevent uninformed decisions that lead to lost opportunities.

**4th
Most
Common
Mistake**



**LEASE COMMENCEMENT DATE
IS NOT TIED TO BUILDING COMPLETION**

This has been a disaster for many inexperienced Tenants who found that unexpected delays in the planning, permitting and construction stages ate into their rent-free build-out period and caused budget nightmares.

Suggestion: Tenants should always propose a clause to the lease which provides for an extension of the lease commencement date if pre-opening delays are encountered which are beyond the control of the Tenant. Your professional and a good real estate attorney can suggest some good lease language.

**5th
Most
Common
Mistake**



**UNDERESTIMATING THE CONDITION
OF THE PREMISES**

Tenants who take a property “as-is” put themselves at great risk. Even when the space looks fine and has been previously occupied, building codes may have changed or the unit’s infrastructure may be broken or inadequate.

Suggestion: It is best to have the Landlord guaranty the space is up to current building, fire, safety, and zoning and ADA codes. It is also good to have the Landlord guaranty the condition of the electrical, plumbing, heating and air-conditioning systems for the first 90 days (if not the entire term of the lease).

**6th
Most
Common
Mistake**



USING THE LANDLORD’S PROFESSIONALS

Tenants should use architects, general contractors and legal counsel under their control to create and review the various space plans, specifications, costs and documents. Otherwise, Tenant may receive inferior designs and/or fixtures that are less efficient and may dramatically increase yearly operating costs.

**7th
Most
Common
Mistake**



MISUNDERSTANDING THE TRUE SPACE COSTS

Business owners who are inexperienced with commercial real estate are often unable to perform true “apples to apples” analysis when comparing different facility choices. It can be complicated, even for the pro, to compare the different lease types such as: Full Service, Gross, Semi-Gross, Net, Triple Net, etc. Additionally, each Landlords interior finish levels, Tenant Improvement (TI) contributions, lease incentives and a myriad of other factors need to be part of the comparison equation.

This confusion leads many owners to make less than optimum decisions.

**8th
Most
Common
Mistake**



PAYING TOO MUCH RENT

Companies which do not obtain accurate, current market research may pay too high a rental rate. Landlord “flexibility” changes constantly depending upon many factors including current occupancy rates in their building and the competition, lease length, tenant’s use, parking requirements, financial strength of tenant, etc.

Negotiations are especially important with lease renewals, since Landlords are most competitive when the space is placed on the open market.

**9th
Most
Common
Mistake**



NOT ENOUGH LANDLORD INCENTIVES

Due to a lack of experience, Tenant did not obtain as many incentives as they might have been able to negotiate. Typical incentives include periods of free rent both before and after lease commencement; discounted rent for various time periods, Landlord contributions to tenant’s build-out costs, landlord improvements to the space, limits on future rent increases, etc.

**10th
Most
Common
Mistake**



NO OUTSIDE INCENTIVES

When a company relocates it may be possible to obtain substantial economic incentives from local government. These incentives include tax rebates, relocation assistance, payroll subsidies during employee training, infrastructure improvements and others.

Many times the statutory incentives can be negotiated up very substantially, and an inexperienced company may leave millions of dollars on the table. Recently we helped a fast growing company get an additional half million dollars in city and State incentives that they wouldn’t otherwise have received.

Suggestion: Use an experienced “location analyst & incentive negotiator” to make sure you obtain the best incentives possible.

