



D. Trump
The Donald Enterprises
1 City Center
Suite #7000
New York, NY 009991000

September 15, 2016

Re: 2015 Escalations prepayments for Test Building

Pursuant to your lease for suite number(s) 7000/77 at 1 City Center, an invoice is attached for your review.

This invoice represents the new monthly escalation prepayment amount due for your company's portion of 2015 operating expense escalations. An accompanying schedule explains the calculations, which were prepared in accordance with your lease.

We have budgeted an 2.8% increase in operating expenses for 2015.

Once final operating expense escalations have been calculated, you will be sent a reconciling invoice or credit.

Your new payment goes into effect on 1/1/2015. Please forward this notice to your accounts payable department so that they can update their records.

If you have questions or comments, please refer to your lease document or contact Joe Accountant, CPA in our office at 212-333-3333.

Melissa Manager
General Manager

attachments



John Jones
XYZ Corp.
1 City Center
Suite #2000
New York, NY 009991000

01 October, 2016

Re: Final Reconciliation of 2014 Escalations for Test Building

Pursuant to your lease for suite number(s) 2000 at 1 City Center, an invoice is attached for your review.

This invoice represents a final reconciliation of the actual operating expense escalations incurred at the property for 2014 versus the pre-payments billed to your company during the last year. Supporting information and calculations are also included for your review.

If the invoice indicates a credit is due to you, that amount will be credited to your account and can be used to pay any outstanding charges until the credit balance is fully offset.

The property's tax and operating expenses increased by 7% from the prior year mainly due to higher electricity costs and property taxes. We have appealed of the property's tax assessment. If our tax appeal is successful, you will be given a credit for the reduction as soon as it is finalized.

As always we strive to keep our operating expenses as low as possible while providing a pleasant working environment for all of our tenants.

If you have questions or comments, please refer to your lease document or contact Joe Accountant, CPA in our office at 212-333-3333.

Melissa Manager
General Manager

attachments



Test Building

Expense Cap Calculation

Year 2014

CSOTA

Tenant Name XYZ Corp.
Lease ID tbXYZ
Profile # 607
Suite Numbers 2000
Expense Pool # 1 Actual Expenses - No Gross Up
Calculation Type Separate Tax & Operating Expenses
Controllable or All Oper? All Operating
Operating Exp Cap?
Separate Tax Exp Cap?
Annual or Cumulative? Cumulative
Fixed Cap% per Lease. 1.00%

Operating Expense Cap Info (Operating Portion of Separate Tax/Operating Calc):

Cumulative Cap Info:

2014

Base Operating Exp Amount Subject to Cumulative Cap: **500,000**
 Initial Escalation year for Cumulative Compounding: **1997**
 Current Year Cumulative Cap %: **119.61%** Cumulative Limit: **598,074**
 Budget Year Cumulative Cap %: **120.81%** Cumulative Limit: **604,054**

Current Year Operating Exp. Calc.	Full Expenses	Current Year Cap Limit	Allowable Oper. Exp. per Lease
Total Operating Expense	982,842	598,074	598,074

Property Tax Cap Info (Tax Portion of Separate Tax/Operating Calc):

Base Operating Exp Amount Subject to Cumulative Cap: **100,000**
 Initial Escalation year for Cumulative Compounding: **1997**
 Current Year Cumulative Cap %: **119.61%** Cumulative Limit: **119,615**
 Budget Year Cumulative Cap %: **120.81%** Cumulative Limit: **120,811**

Current Year Tax Expense Calc.	Full Taxes	Tax Cap Limit	Allowable Tax Exp. per Lease
Building Property Tax Expense	293,923	119,615	119,615



Test Building Expense Pool Summary

01/01/2014 to 12/31/2014

Exp Pool # 2 100% Grossed Up Expenses

Sq. Ft. 100,000

Building Expense Pool Breakout for 2014

Account Group	Current Year Expense	Current Year Accrual	Prior Year Accrual	Current Year Adjusts	Current Year GrossUps	Current Year Cap Amort	Current Year Totals	Prior Year Totals	Net Chg	% Chg	Curr Yr PSF*	Prior Yr PSF*
Operating Expenses												
Administrative	163,895	0	0	0	8,203	0	172,099	157,147	14,230	9.1%	1.72	1.57
Cleaning	156,259	0	0	1,980	17,623	0	175,862	172,122	3,740	2.2%	1.76	1.72
Elevator	19,407	0	0	0	1,135	0	20,542	18,661	1,881	10.1%	0.21	0.19
Utilities	259,329	0	0	-18,497	41,268	0	282,099	222,406	59,693	26.8%	2.82	2.22
R&M	281,465	0	0	0	0	0	281,465	270,639	10,826	4.0%	2.81	2.71
Insurance	90,406	0	0	0	0	0	90,406	86,929	3,477	4.0%	0.90	0.87
Capital & Amortizable	0	0	0	0	0	17,075	17,075	17,075	0	0.0%	0.17	0.17
Operating Expenses	970,762	0	0	-16,517	68,229	17,075	1,039,549	944,979	93,847	9.93%	10.40	9.45
Property Taxes												
Taxes	293,923	0	0	0	31,988	0	325,911	282,618	43,293	15.3%	3.26	2.83
Property Taxes	293,923	0	0	0	31,988	0	325,911	282,618	43,293	15.32%	3.26	2.83
Exp Pool Total	1,264,685	0	0	-16,517	100,217	17,075	1,365,460	1,227,598	137,140	11.17%	13.65	12.28



Test Building

2015 Prepayment Invoice

Tenant Name XYZ Corp.
Lease ID: tbXYZ
Profile ID: 609 **Suite #: 2000**

2015 BUDGETED OPERATING EXPENSE CALCULATION

Allowable Budgeted Operating Expenses per Lease	828,468
Less: Tenant Base Amount	400,000
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Budget Year Operating Expense Increase	428,468
Tenant's Prorata Share	10.0000%
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Projected Budget Year Operating Expense Escalation Liability	\$42,846.77

BUDGETED PROPERTY TAX EXPENSE CALCULATION

Allowable Budgeted Property Tax Expenses per Lease	120,811
Less: Tenant Base Amount	80,000
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Budget Year Property Tax Increase	40,811
Tenant's Prorata Share	10.0000%
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Projected Budget Property Tax Expense Escalation Liability	\$4,081.09

Computation of Monthly Prepayment (Based upon Budget)

Allowable Budgeted Total Tax/Operating Escalation Liability	46,927.86
Divided by 12 Months	12
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**** New Monthly Prepayment Based On Budget ****	3,910.66

BACKCHARGED AMOUNT DUE FOR RETROACTIVE CHANGE IN MONTHLY PREPAYMENT

Allowable Budgeted Property Tax Expenses per Lease	3,910.66
Less: Current Monthly Prepayment	0.00
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Increase/(Decrease) in Monthly Prepayment	3,910.66
Number of Months to backbill since	0
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Backcharged Amount Due for Change in Monthly Year Prepayment	0.00

BudgetProrata



Test Building Escalation Invoice

Year 2014

Tenant Name: XYZ Corp.
Lease ID: tbXYZ

Separate Tax & Operating
Expenses

Profile ID: 609

Suite #: 2000

2014 OPERATING EXPENSE ESCALATION CALCULATION

Allowable Operating Expenses per Lease	809,697
Less: Tenant Base Amount	400,000

Operating Expense Increase	409,697.09
Tenant's Prorata Share	10.0000%

Tenant's Share of Increased Operating Expenses	40,969.71
Percentage of Year Occupied	100.00 %

Tenant's Operating Expense Escalation Liability	\$40,969.71

2014 PROPERTY TAX ESCALATION CALCULATION

Allowable Property Tax Expense per Lease	119,615
Less: Tenant Base Amount	80,000

Property Tax Increase	39,614.75
Tenant's Prorata Share	10.0000 %

Tenant's Share of Increased Taxes	3,961.47
Percentage of Year Occupied	100.00 %

Tenant's Property Tax Escalation Liability	\$3,961.47

2014 RECONCILIATION of FINAL AMOUNT DUE or OVERPAID:

Allowable Total Tax/Operating Escalation Liability	44,931.18
Less: Total Prepayments Charged	200.00

Amount Due	\$44,731.18

Saturday, October 1, 2016

Test Building, 1 City Center, New York, NY 00999

Prepared using ALPHA Office Escalations and BOMA-approved methodology