

Example Lease Reallocation

The Department of Motor Vehicles is tenant for 10 years in a 10,000 square foot office location.

DMV 10,000 Sq. Ft. — 100%. The rent is payable as follows:

DEPARTMENT OF MOTOR VEHICLES		
Year	Annual Rent	Cumulative Rent
1	\$1,000.00	\$1,000.00
2	\$1,200.00	\$2,200.00
3	\$1,400.00	\$3,600.00
4	\$1,600.00	\$5,200.00
5	\$1,800.00	\$7,000.00
6	\$2,000.00	\$9,000.00
7	\$2,200.00	\$11,200.00
8	\$2,400.00	\$13,600.00
9	\$2,600.00	\$16,200.00
10	\$2,800.00	\$19,000.00
	\$19,000	Total Value of the Contract

The 10-year value of the contract is \$19,000.00 to be paid by DMV.

Three years into the lease, OGS RES negotiates an agreement whereby DMV will give up 2,000 square feet of their space to the Gaming Commission. At this point, DMV will no longer be responsible for the full \$19,000.00 value of the contract; their responsibility will be reduced by the percentage value of the space assigned to GAM for the remaining seven years of the contract. GAM will then be responsible for their proportionate share of space for only the seven years remaining on the contract.

DMV 8,000 Sq. Ft. — 80% | GAM 2,000 Sq. Ft. 20%

The DMV contract will need to be reduced by \$3,080.00 (20% of the remaining 7 years).

The GAM contract will need to be established for \$3,080.00 (20% of the remaining 7 years).

Year	DMV		GAM	
	Annual Rent	Cumulative Rent	Annual Rent	Cumulative Rent
1	\$1,000.00	\$1,000.00	-	-
2	\$1,200.00	\$2,200.00	-	-
3	\$1,400.00	\$3,600.00	-	-
4	\$1,280.00	\$4,880.00	\$320.00	\$1,600.00
5	\$1,440.00	\$6,320.00	\$360.00	\$3,400.00
6	\$1,600.00	\$7,920.00	\$400.00	\$5,400.00
7	\$1,760.00	\$9,680.00	\$440.00	\$7,600.00
8	\$1,920.00	\$11,600.00	\$480.00	\$10,000.00
9	\$2,080.00	\$13,680.00	\$520.00	\$12,600.00
10	\$2,240.00	\$15,920.00	\$560.00	\$15,400.00
	\$15,920	DMV Value of Contract	\$3080.00	GAM Value of Contract
		\$19,000	Total Value of Contract	