

The Colliers logo is located in the top right corner of the image. It consists of the word "Colliers" in a white serif font, centered within a dark blue rounded rectangle. Below the text are three horizontal stripes: a yellow stripe on top, a red stripe in the middle, and a blue stripe on the bottom.

Colliers

# Lease Audit Services

## Colliers Canada

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Accelerating success.

**Colliers Lease Audit Services** provides a detailed critical analysis of all the financial terms of a tenant's lease documentation in relation to the landlord's buildings in order to ensure that the tenant pays no more than is prescribed in the lease and by industry standards.

### Why is an audit necessary?

Real estate occupancy costs represent the second or third highest operating cost for most commercial tenants, yet often receive little or no attention by corporations as they strive to deal with their core business. Lease audits are an important tool allowing corporations to reduce costs and improve their bottom line.

### Why Colliers?

Our dedicated Lease Audit team has years of experience in office, industrial and retail leases in addition to landlord billing practices. Our clients vary from multinational corporations with millions of square feet of leased space to small individual tenants. Colliers has saved its clients millions of dollars in rent and related occupancy cost overbillings over the years. We work in a professional, courteous manner, and are always mindful of maintaining good landlord and tenant relationships.

Colliers has an established North American database when benchmarking industry standard costs in relation to operating/common area maintenance expenses, realty taxes, utilities and other related occupancy costs.

### Documentation Required

Copies of the lease, amendments, renewals, landlord's billing statements, client's accounts payable/accounting statements.

## LEASE AUDIT PROCESS

### Phase 1 - Internal Audit/Desk Audit:

Colliers performs a detailed review of landlord's billings in relation to the lease documentation to ensure that all costs have been calculated in accordance with the terms of the lease, and by industry standards. Colliers prepares a preliminary report for the client, highlighting any anomalies or issues identified as a result of the above.

### PHASE 2- EXTERNAL AUDIT:

Colliers performs a review of the landlord's books and records (with client's prior approval), if warranted and identified under Phase 1, and if allowed under the terms of the lease.

### Phase 3 - Conclusion, Negotiation & Recovery:

With client's prior approval, once Colliers has conclusively determined that there has been an overbilling through either Phases 1 or 2, Colliers will proceed to demonstrate to the landlord the basis for the overcharge and will solicit an adjustment through either a refund or credit.

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### NO RISK

If we find no savings, the client does not pay.

### BENEFITS

- Recovery of past overpayments
- Reduce future occupancy costs
- Identifies unfavourable lease clauses for remedial action or future lease renewal negotiations.

### FEES

35% of client recovery related to current and past overbillings. There is no fee related to future cost savings.

## COMMON BILLING ERRORS

- Charging for more space than occupied.
- Incorrect calculation of gross-up.
- Incorrect application of caps, CPI, or other capping mechanisms.
- Change in landlords/property managers that result in incorrect information transfer.
- Inclusion of expense items where no such expense provision is provided in the lease.
- Utility costs not properly allocated.
- Lease amendments regarding operating costs or square footage not reflected in billings.

### SAVINGS OF \$252,000

#### Award winning auto parts manufacturer

- Incorrect allocation of property taxes.
- Original construction costs erroneously included in operating costs.
- Future monthly payments reduced by \$5,200
- \$252,000 credit to client.

### SAVINGS OF \$350,000

#### Multinational outsourcing provider of supply chain management solutions.

- Recalculated property tax, operating & insurance billings to reflect lease terms.
- \$350,000 credit to client.
- Future monthly payments reduced by \$12,000.

### SAVINGS OF \$312,000

#### Third party logistics provider in the health care & home entertainment industry

- Sub-sublease reviewed.
- Billings re-allocated and recalculated.
- Costs reduced by 33%, resulting in a \$312,000 credit to the tenant

### SAVINGS OF \$310,000

#### Bakery for North American grocery chains

- Discrepancies between Offer to Lease & Lease regarding tenant's liability for additional rent.
- Future monthly payment reduced by \$6,600.
- \$310,000 refund to client.

### SAVINGS OF \$174,000

#### Office of multinational technology company

- Landlord billed tenant \$3,000/month for water usage based on consumption.
- Landlord was erroneously recording/billing the tenant's water consumption in cubic metres instead of imperial gallons.
- Water bill reduced to \$100/month.
- Savings of \$174,000 over five years.

**"The refund you achieved for us on our facility through your lease audit was significant and provided an additional bonus to our bottom-line"**

*William Simeon, Finance Manager  
Starr Culinary Delights Inc.*

**"Since little effort was required from us, and your compensation model was a percentage of our savings, our company came out a winner. I would recommend this service to other organizations."**

*Michael Dunlop, President & CEO  
Unigistix*



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