

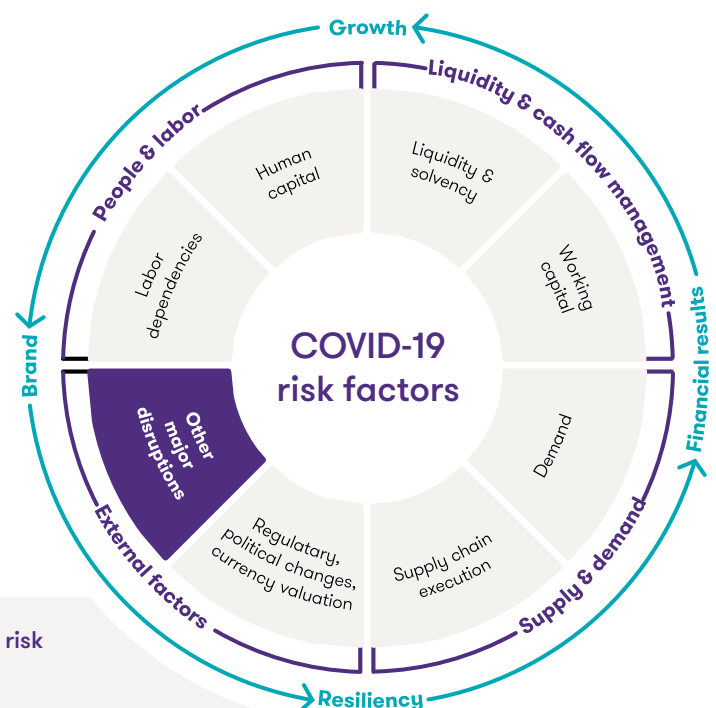
# Corporate real estate considerations during COVID-19

The COVID-19 environment and resulting economic downturn have created unprecedented conditions for companies across all sectors around real estate. Companies are considering questions such as:

- What should I be focused on right now at properties / locations where employees work and where business takes place?
- How do I manage costs, such as rent and other operating expenses in this environment?
- What steps can I take now to respond and prepare for lifting of restrictions and expected surges?

## Immediate actions you can take

- Review lease agreements for Force Majeure clauses ("Act of God") to assess provisions and notice requirements.
- Pursue rent solutions like "blend and extend" and other concessions to get through the hardest periods.
- Communicate with lenders and share where you stand on existing debt, location operations and plans for addressing challenges. By taking these critical steps now, you will encourage more cooperation with lenders as you continue to the other side of the downturn.
- Review location profits and losses (P&L), including scrubbing variable real estate spend, capex costs and underlying operational practices to find ways to save and cut back.
- Review maintenance contracts and other areas to contain costs during any periods of shutdown.
- Review contracts and construction agreements to determine if delays and costs are addressed, being sure to adjust scheduled dates, including deliveries and openings.
- Contact insurance companies to review and discuss insurance reimbursement for company losses related to real estate closures and address requirements to obtain recoveries.
- Assess locations from a safety, operational, P&L and other risk perspectives and rank actions to be taken based on severity to mitigate current disruptions and navigate in the evolving environment.
- Measure and model data to adapt and make critical operational decisions, such as deciding to improve technology capabilities and creating or enhancing online space to generate and meet demand.
- Prepare operational scenarios and plans, keep financial and other reporting up to date and formulate an effective and safe restart. Be ready to pivot based on a range of possibilities.



Resiliency starts with a commitment to identify and mitigate risk factors that can further disrupt your business

## At the ready to help you

Our corporate real estate advisory team is on standby to help you navigate real estate challenges and opportunities in the current environment and as you move towards resiliency. We can share additional insights as well as provide services, such as an immediate assessment of your locations and underlying factors, lease agreements and property cost analysis. We can also work with you to review opportunities and the roadmap needed to minimize risk and maximize your real estate assets.

Living our values of collaboration, leadership, excellence, agility, respect and responsibility, you can count on us to:

- Bring a calm and deliberate approach to discussing key considerations
- Deliver perspective from our comprehensive real estate experience to help you head off trouble
- Filter out the noise and create actionable plans
- Respond at the speed of your need

### Location Assessment example analyses

Financial risk analysis of real estate locations by factors

|            | Location Risk Assessment | P&L Impact Assessment | Operations Impact | Tenant Mix | Degree of Financial Risk |
|------------|--------------------------|-----------------------|-------------------|------------|--------------------------|
| Property 1 | High                     | \$800K                | Medium            | Low        |                          |
| Property 2 | Medium                   | \$220K                | High              | Low        |                          |
| Property 3 | Medium                   | \$245K                | Low               | Medium     |                          |
| Property 4 | High                     | \$735K                | Medium            | Medium     |                          |
| Property 5 | Low                      | \$120K                | Low               | High       |                          |

Analysis of lease agreements and real estate property costs



Observations and recommendations unique to each client. Visuals reflected in the document are illustrative.



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