



ARIZONA
SMALL
BUSINESS
BOOT CAMP &
COLLECTIVE

RESPOND → PLAN → RETURN STRONGER



KEYSER
relentless client champion

Presentation Title Slide Version 1

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SHOULD I JUST
NOT PAY
MY RENT?



HERE'S WHAT YOU SHOULD DO

**COMMUNICATE,
COMMUNICATE,
COMMUNICATE**

with a strategic plan in place.

1

Be proactive in communication

2

Get your financials and projections in order

3

Investigate **ALL** your options

- Subleasing
- Rightsizing
- Buyout
- Rent Relief

4

Explore other relief and assistance programs

5

Seek professional advice from a tenant broker and your attorney

MOST COMMON IMMEDIATE RENTAL RELIEF OPTIONS

1

Short Term Rental
Deferment Loan

2

Rent Deferred
to Lease End

3

Blend & Extend
Lease Renegotiation

4

Pay Only CAM / OPEX

5

True Rental Abatement

HOW LANDLORDS ARE RESPONDING



EMPATHY:

Offered tenants the option of postponing rent for 90 days as of April 1st



SKEPTICISM:

“We’re not going to stand for rent not being paid from Fortune 100 Companies. People should not use this market condition opportunistically.”



REJECTION:

Notified tenants in March that they must pay rent



FOR THOSE LANDLORDS WHO REJECT YOUR RENTAL RELIEF REQUESTS...

WHAT WE'RE EXPERIENCING:

- Landlords using form letters
- Asking for huge reams of data
- Organizing with other landlords
- Their first offer is NOT their best offer

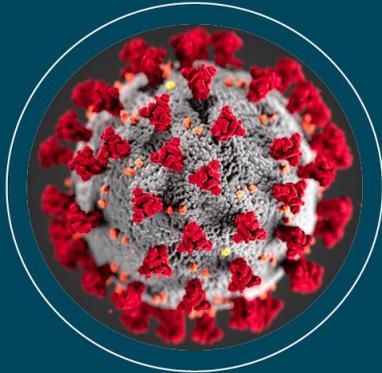
WHAT YOU CAN DO:

- The squeaky wheel gets the grease
- Be organized and present “going concern” business case
- Understand the landlord’s challenges - look for creative solutions
- Don’t be adversarial—be collaborative

HELP THEM SEE THE VALUE IN HELPING YOU!

Q1

Does the current situation constitute an “Act of God”, thus triggering the Force Majeure clause in my lease?



PROBABLY NOT

BUT...THE SITUATION VARIES DEPENDING ON:

- Language in your lease
- Landlord’s position
- Geographic location
- Government intervention

ULTIMATELY THE COURTS WILL DECIDE

Q2: I've signed a lease and construction is underway...how does this affect me?



- Some landlords are looking to **invoke Force Majeure to avoid TI Payments**
- **Revisit the construction timelines** and obligations within your work letter
- Read and **understand the default and landlord obligation clauses** within your lease
- **Minimize your out-of-pocket costs** as much as possible until this shakes out
- Expect delays. Some permitting departments and title agencies **challenged with working remotely**
- **Avoid holdover** by proactively communicating with your current landlord

Q3:

What to consider regarding the leases I am in the middle of negotiating.



THE WORLD HAS CHANGED

- The terms you were considering prior may no longer be applicable
- Reassess your space needs for all active negotiations
- Consider escrow or other forms of securitization for tenant improvements
- Flexibility is everything in this uncertain environment
- Real estate pricing will decrease further before it recovers
- Don't rush – time is your ally

FLEXIBLE LEASE TERMS ARE EVERYTHING

Q4:

Is now the right time to consider a portfolio lease renegotiation strategy?



IT DEPENDS...EACH FACILITY REQUIRES AN INDIVIDUALIZED STRATEGY

- Business drivers trump real estate market considerations
- Your leverage will continue to increase through the end of the year
- Understand how material your tenancy is to your landlord
- Be very thoughtful and strategic about optimizing market timing

Don't miss this once in a lifetime opportunity to drive costs savings across your portfolio

Q5

What happens if my landlord gives the keys back to the lender?

YOUR TENANCY MAY BE AT RISK SO WHAT DO YOU DO?

- A significant number of properties will go back to the lenders
- Carefully review your SNDA language in your lease
 - Be mindful of how your situation has changed
- Be prepared for attornment - Anticipate delays and indecision
- Create immediate contingency plans



KNOW YOUR LEASE AGREEMENT, SPECIFICALLY THE FOLLOWING ITEMS:

1 Understand your personal exposure

2 Late or missed payment penalties

7 Restoration and holdover

8

Non-Disturbance and Attornment

3

All critical dates and notice periods

4 Defaults and remedies

6 Landlord responsibilities and obligations

5 Go dark and abandonment provisions

9 Business interruption & Force Majeure



SO WHAT CAN WE EXPECT IN THE FUTURE?



People experiencing both pros and cons of working from home



Higher demand for cleanliness in the workplace



Density considerations across all product types



Refurbishment of building HVAC systems and surfaces integrating anti-bacterial materials



Temperature scanning into buildings and mass transit?



Increased remote working across all sectors

OVERALL, **A RENEWED APPRECIATION** FOR THE SOCIAL CONNECTION A WORK ENVIRONMENT BRINGS

REMEMBER,
WE ARE ALL IN THIS
TOGETHER

Landlords, tenants, stakeholders, lenders, employees, brokers, vendors...

EVERYONE IS IMPACTED.

In order to get through this, we all need to work together.

WE ARE HERE TO HELP.



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Free Infographic

10 Answers Every Tenant Needs to Know

www.keyser.com/10-answers/

Additional Resources:

www.keyser.com/tenant-resource-center/