How to Reinvent and Reposition Your Business
Agenda

1. Reopen Your Business
2. Reevaluate Your Footprint
3. Reduce Underutilized Space
4. Reassess Your Lease Terms
5. Roadmap to Recovery
6. Cresa Can Help
Reopen Your Business

How can you bring employees back to the office safely?
Create Optionality

Empower employees by allowing them to choose when and how they return to the office.

Re-entry Tips

• **Timing.** Some organizations plan to return to work 30 days after state stay-at-home orders are lifted.

• **Diversify.** Returning groups should contain a cross-section of employees to ensure business continuity in case of illness.

• **Wellness.** Nominate a Chief Wellness Officer to monitor employee health and morale upon return to work.

Your re-entry plan should be **flexible** to meet the diverse needs of your employees.

- **Phased Re-entry**
  - Staggered shifts or alternating days

- **Remote Work**
  - Ability to work from home full or part-time

- **Blended Solution**
  - Pairing remote and on-site work to maximize productivity
Priorities for the Return to Office

Ensure your employees feel engaged, productive and healthy.

Reduce Density
Reconfigure your workspace to adhere to the CDC’s latest social distancing guidance.

Increase Sanitization
Elevate cleaning protocols and offer sanitizing stations throughout your space.

Foster Productivity
Develop a Change Management and Communication Plan to facilitate the transition.
Modified Floor Plans

Create a near-term plan to reduce density in your space.

Rethinking your existing space to reduce exposure and enhance wellness.
Develop and Articulate Your Plan

Manage employee expectations by communicating the Return to Office Plan.

**Change Management Plan**
Identifies required modifications to workplace and the sequence of alterations and communications.

**Communications Plan**
Familiarizes employees with new policies regarding shared spaces, work shifts and cleaning protocols.

<table>
<thead>
<tr>
<th>Month 1</th>
<th>Week 1</th>
<th>Week 2</th>
<th>Week 3</th>
<th>Week 4</th>
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</thead>
<tbody>
<tr>
<td><strong>Employee Communications</strong></td>
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<tr>
<td>Identify, Assess &amp; Communicate</td>
<td>Distribute Return to Work Schedule</td>
<td>Solicit Employee Feedback for the Assessment and Adjust</td>
<td>Complete Re-entry Process</td>
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<td><strong>Corporate Planning &amp; Communications</strong></td>
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<tr>
<td>Determine and Activate Form(s) for Approval</td>
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<tr>
<td><strong>HR &amp; Finance</strong></td>
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<tr>
<td>Identify, Assess &amp; Communicate</td>
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**Return to Office**

**What to Expect**

**Same Space, New Habits**

**FAQs**

- Is everyone returning to the office at once?
  No. Please see the Phased Return to Office Schedule on the following page for more details.

- What measures are being taken to sanitize the workspace?
  In addition to elevated cleanings between shifts/workdays, each workspace has a sanitization station equipped with masks, gloves and hand sanitizer.

- Can we utilize shared spaces (meeting rooms, kitchen, etc.)?
  Yes. Signage showcasing the new capacity for these spaces has been posted. Please adhere to these recommendations and be mindful of the suggested distancing measures denoted by floor and desk stickers.
GoSpaces Mobile

Apply technology and gamification to ensure a safe Return to Office.

- Using **Locate Space** your team can feel comfortable knowing they are returning to work safely. Floor plans on the app account for social distancing and sanitized seating.

- In **My Workplace**, users can easily inform you that hand sanitizer is running low or a light over a desk is broken, this is an easy method of recording problems and tracking corrections.

- **My Contributions** is used to boost your employee engagement and promote positive company culture by gamifying social responsibility programs into customized challenges.
Reevaluate Your Footprint

Do you need all the space you have?
Has Your Space Requirement Changed?

The pandemic has prompted the adoption of new work styles.

While some companies prepare for the Return to Office, many others are incorporating remote work into their long-term workplace strategies.

For these occupiers, it will be important to reevaluate your space utilization and shed what you no longer need.

Our workspace experts can help you explore your options.
Space Utilization Study

Though the rate of reduction may vary, most companies can thrive in less space.

Sample Space Optimization Study

The Process

• Classify employees by work schedules (agile, anchored or full-time remote)

• Understand support and shared space utilization to ensure the right types and quantities of non-desk spaces

• Determine ideal ratio of anchored and flexible workspaces

• Oversee any necessary alterations to space

• Assist team with the transition to new environment
Explore Your Current v. Future State

Achieve cost avoidance by shedding space while still supporting employees with the space they need.

35% Space reduction achieved.

11,950 SF
Sample Office - CURRENT STATE

7,750 SF
Sample Office - FUTURE STATE
Reduce Underutilized Space

Do you have excess space to sublease?
The Subleasing Process

**Define Objective & Collect Data**
- Execute listing agreement
- Define business goals and other financial/accounting considerations
- Collect necessary documents to confirm brokerage costs, sublease rights and landlord consent process

**Strategy Development**
- Evaluate market
- Run Sublease Recovery Analysis/Buyout Analysis
- Evaluate Capex required for marketing
- Identify target prospects and competitive rental rate
- Alert landlord of intent to sublease

**Go to Market**
- Develop marketing materials and outreach strategy
- Generate awareness through consistent outreach (brochures, virtual tours, databases, etc.)
- Agree on cadence and form of activity reporting

**Transaction Management**
- Agree on proposal format
- Analyze offers
- Evaluate subtenant credit risk/security deposit
- Negotiate proposals and LOI
- Execute sublease in collaboration with attorney
- Manage landlord consent process
- Support delivery of premises
Launch Marketing Campaign

We'll leverage our professional network and begin active outreach to target tenants.

Sample Activities
- Live and virtual tours
- Listing featured on nationwide sites
- Creation of custom marketing collateral
- Direct email campaign to target occupiers
- Open houses and events for brokers in submarket

Sublease Flyers
Will be developed for both digital and print distribution.

360° Virtual Tours
Make your space available to tour at any time, from anywhere.
• **Billions** of commercial square feet are represented on the landlords’ behalf nationally.

• A listing agent wants the highest return for their client – the landlord.

• Listing agents will prioritize major listing assignments, **not smaller subleases**.

• Cresa **never does business** on behalf of the landlord.
Reassess Your Lease Terms

Can you secure more favorable lease terms in the current climate?
Occupier Leverage is Increasing

As remote work increases, many occupiers will require less space. Building vacancies will force landlords to assume more risk and be more transparent.

2010–2019
Limited vacancies create competition for space and less leverage for occupiers.

2020 & Beyond
Increased vacancies prompt landlords to assume more risk to secure tenants.
<table>
<thead>
<tr>
<th><strong>Reduce Cost</strong></th>
<th><strong>Maximize Flexibility</strong></th>
<th><strong>Mitigate Risk</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rental Rate</strong> Leverage market conditions for more favorable rent structure</td>
<td><strong>Length of Lease</strong> Is shorter really better?</td>
<td><strong>Holdover</strong> Plan for the unexpected</td>
</tr>
<tr>
<td><strong>Base Rent Escalation</strong> Reduce the rate of escalation to lower fixed costs</td>
<td><strong>Renewal Options</strong> Renew all or part of your space with less notice</td>
<td><strong>Subleasing &amp; Recapture Rights</strong> Ensure you can use your space your way</td>
</tr>
<tr>
<td><strong>Rent Abatement</strong> Delay rent to start, offsetting costs</td>
<td><strong>Termination Rights</strong> Only you should decide how long your space works for you</td>
<td><strong>Abandonment</strong> Ensure you can work where you want, when you want</td>
</tr>
<tr>
<td><strong>Tenant Improvement Allowances</strong> Reduce exposure by reducing capital expenses</td>
<td></td>
<td><strong>Notice Provisions</strong> Secure communication timeframes that meet your needs</td>
</tr>
<tr>
<td><strong>Security Deposits</strong> Preserve cash so you can use it to support your business</td>
<td></td>
<td><strong>Landlord Default</strong> Protect yourself from over-leveraged landlords</td>
</tr>
<tr>
<td><strong>Base Year</strong> Minimize long-term expenses</td>
<td></td>
<td><strong>Force Majeure</strong> Rent protection from the unknown (pandemics)</td>
</tr>
<tr>
<td><strong>Audit Rights</strong> Landlord mistakes are unintentional, but inevitable</td>
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</table>
Roadmap to Recovery

What does the future look like for your organization?
### Position Your Organization for Success

Our experts help you determine where you are now and where you want to be in the future.

<table>
<thead>
<tr>
<th>STABILIZE</th>
<th>ASSESS &amp; PLAN</th>
<th>IMPLEMENT</th>
<th>OPTIMIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Immediate actions</strong></td>
<td><strong>Within the next month</strong></td>
<td><strong>Within the next 2-3 months</strong></td>
<td><strong>At the 4-6 month mark</strong></td>
</tr>
<tr>
<td>- Review key lease terms (force majeure, etc.)</td>
<td>- Assess efficacy of remote work program</td>
<td>- Implement plans for re-entry and make required physical adjustments to work environment</td>
<td>- Continue to monitor economic, functional and cultural effects of pandemic on your organization</td>
</tr>
<tr>
<td>- Explore opportunities for immediate rent relief</td>
<td>- Monitor impacts of pandemic to operations and revenue</td>
<td>- Implement and monitor the phased work schedule</td>
<td>- Evaluate the challenges and virtues of your &quot;new normal&quot;</td>
</tr>
<tr>
<td>- Consider additional options for relief (federal and state stimulus packages)</td>
<td>- If facing a renewal, consult your Cresa advisor; a 6-12 month deferral may be advantageous</td>
<td>- Execute plan to enhance engagement with clients/customers/vendors</td>
<td>- Identify opportunities for strategic investments or operational modifications that support long-term growth</td>
</tr>
<tr>
<td>- Identify employees who need access to the workspace and offer remote work if possible</td>
<td>- Monitor efficiency of supply chain and viability of inventory plans</td>
<td>- Formulate a task force to discuss business continuity planning</td>
<td>- Identify the ideal operational model to support your strategic plan post pandemic</td>
</tr>
<tr>
<td>- If workers remain in the office, elevate cleaning protocols and increase fresh air</td>
<td>- Consult our workspace experts about reconfiguring your space to meet CDC standards and developing a phased work schedule</td>
<td>- Streamline formal decision-making and communication processes</td>
<td>- Understand how location strategy and geographic diversity can drive business continuity planning</td>
</tr>
<tr>
<td>- Assess disruption to supply chain</td>
<td>- Consult our remote enablement experts about elevating your remote work program</td>
<td>- With your attorney and Cresa advisor, determine unintended impacts of not receiving your rent</td>
<td>- Determine if your space requirement has changed due to the pandemic or transition to remote work</td>
</tr>
<tr>
<td>- Formulate a task force to discuss business continuity planning</td>
<td>- Evaluate implementation of hands-free devices and request the same of landlords</td>
<td>- With your attorney or tax advisor, determine impacts of receiving relief on your balance sheet</td>
<td>- Achieve savings by looking at your portfolio holistically and shedding underutilized space</td>
</tr>
<tr>
<td>- Streamline formal decision-making and communication processes</td>
<td>- Assess impact of social distancing on relationships with clients/customers/vendors</td>
<td>- Safeguard your space by limiting exposure to future contaminants (HVAC upgrades, etc.)</td>
<td>- Evaluate opportunities for a sustainable space and travel policy that prioritizes employee health</td>
</tr>
<tr>
<td>- With your attorney and Cresa advisor, determine unintended impacts of not receiving your rent</td>
<td>- Speak to our supply chain experts about future-proofing your supply chain</td>
<td>- Evaluate opportunities for a sustainable space and travel policy that prioritizes employee health</td>
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## Our Approach to Portfolio Optimization

<table>
<thead>
<tr>
<th>360° Assessment</th>
<th>GAP Analysis</th>
<th>Scenario Development</th>
<th>Analysis and Recommendation</th>
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</thead>
<tbody>
<tr>
<td>Leadership interviews</td>
<td>How does the current portfolio align with the business model</td>
<td>Identify optimization tactics including:</td>
<td>Model cost to achieve and steady state financial impact of short-listed scenarios</td>
</tr>
<tr>
<td>Key strategic issues impacting real estate</td>
<td>Supply/demand assessment</td>
<td>- Dispositions and Contractions</td>
<td>Evaluate implementation timing, feasibility, risks</td>
</tr>
<tr>
<td>Project goals and evaluation criteria</td>
<td>Identify targets for portfolio performance improvement</td>
<td>- Receiving Sites</td>
<td>Rate scenarios on quantitative and qualitative criteria</td>
</tr>
<tr>
<td>Demand analysis and forecasting</td>
<td></td>
<td>- Renovations and Restacks</td>
<td>Recommend solutions</td>
</tr>
<tr>
<td>Future operational model</td>
<td></td>
<td>- New Acquisitions</td>
<td></td>
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<tr>
<td>Baseline data gathering</td>
<td></td>
<td>Create scenarios</td>
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Value-to-Fee (VtF) Index

First-time portfolio optimization achieves an average VtF ratio of 5:1.

End-to-End Savings and Cost Avoidance

Lease Administration
- CAM Reconciliations
- Lease Audits
- Process Improvement
- Platform Selection

Transaction Management
- Occupier-focus
- Create Leverage
- Skilled Negotiation
- Creative Leasing Solutions

Project Management
- Competitive Bidding
- Value Engineering
- Cresa Vendor Relationships
- Efficiencies of Scale

Facilities Management
- Competitive Bidding
- Benchmarking
- Spend Analysis
- Self-Performance

Consulting
- Remote Advisory Services
- Location Strategy/Incentives
- Occupancy Planning
- Supply Chain Optimization
Remote Advisory Services

Are you considering remote work as part of your ongoing work strategy? We’ll help you:

• **Understand the considerations, the benefits and the challenges** of a remote work strategy and how it affects your real estate

• **Create a plan** to maximize productivity, financial benefits, talent acquisition/retention and the investment in real estate

• **Implement the plan**; leveraging human resources, technology and real estate solutions
A Holistic Look at Your Business

We’ll create a strategic plan that balances new costs and savings opportunities.

**INCREASED COSTS**
- $$$ De-densification of space
- $$ New HVAC systems
- $ Anti-microbial surfaces
- $ PPE and self-service cleaning supplies
- $ Training and enforcement
- $ Supplemental cleaning and disinfecting

**SAVINGS OPPORTUNITIES**
- $$$ Workforce reductions
- $$ Remote work
- $$ Market rent reductions
- $$ Flight from urban to suburban
Cresa Can Help

Contact a Cresa advisor to learn more about how we can help you reinvent and reposition your business.
In 2019 we provided unbiased, conflict-free advice for over 61 million SF of transactions.

Cresa is the preeminent partner for real estate occupiers everywhere.

In 2019, our unique strategic approach helped over 2,347 clients, in 60 industries in 1,091 cities globally.
Focused entirely on occupier needs, we provide integrated real estate solutions that support your entire business.
Everything we do is from your perspective – and to your advantage.
Why Partner With Cresa?

Cresa is the largest global commercial real estate firm exclusively serving occupiers.

We offer the capabilities of a large CRE provider with the personalized service of a boutique firm.

We’re relationship-oriented, not transaction-oriented.

We never serve landlords or developers. We are completely conflict-free.
Think beyond space.