



SHANNON WALTCHACK

WE LOVE REAL ESTATE



THE TEAM YOU WANT IN A CRISIS

CASE STUDY: COVID-19 PANDEMIC 2020



THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

OVERVIEW

As the coronavirus pandemic swept the globe in early 2020, all industries were consumed by unprecedented panic and uncertainty. Businesses were forced to shut down or move off-site due to government orders designed to flatten the spread of the virus. Shannon Waltchack's management portfolio— composed of retail, office, medical and industrial properties— faced an unknown future.

Due to the economic strain of the coronavirus, many of our clients and tenants were struggling financially. By utilizing resources and relationships, we were able to support our clients during this unprecedented crisis through swift management and creative solutions. Our strategy to ensure that our portfolio could survive took a five-pronged approach that started from within.



**TEAM
SAFETY**



**TENANT
SUPPORT**



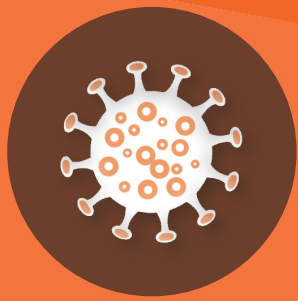
**LENDER
LEVERAGE**



**CASH FLOW
MANAGEMENT**



**COMMUNITY
ENGAGEMENT**



THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

STRATEGY

I. TEAM SAFETY

Shannon Waltchack sprang into action researching the spread of the virus in late-January. As we closely followed the news cycle, the leadership team formulated a plan to ensure continuity in serving our tenants and clients safely from home, should we have to close the office. We developed a 3-phase approach, clearly marking when the office would shut down and how we would operate remotely. The office closure was implemented much sooner than anticipated. Less than 48 hours after Phase I, Phase II began. The plan was reevaluated every 30-days as the situation evolved.

SW has embraced and invested heavily in technology over the years so moving to remote working was not an obstacle for us. All of our software operates securely in the cloud, allowing for a seamless transition to working off-site. We were completely focused on regular communication with each member of the team, to keep everyone safe and healthy.

TECHNOLOGY





THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

STRATEGY

II. TENANT SUPPORT

We believe retaining tenants is always the most cost effective option and we knew that we would have to offer rent assistance in order to keep them afloat. As soon as it became clear that many of our tenants were going to be severely affected by the virus, our team implemented a plan that included developing the following processes to support our tenants:

- Communication strategy to touch base with each and every tenant
- Detailed tracking system to assess tenant status Rent Relief Request Form and process implemented
- Simple Agreement developed to offer tenant support in an efficient manner
- COVID-19 resource page on our website and posts on social media

Communications Strategy - We quickly executed a communication plan to directly connect with tenants and proactively understand their unique circumstances. The goal was to check-in with each tenant via phone to assess their situation, offer reassurance and partner with them to ensure that they could remain operational. An all-hands-on-deck approach led by the Property Management Team allowed us to act nimbly and effectively.

Tracking System - Our team executed a sophisticated tracking system, analyzing each tenant in our portfolio and identifying their AR and relief request status. Our partners, managers and staff stepped up to the plate to communicate daily on Microsoft Teams calls to carefully handle each tenant on a case-by-case basis.





THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

STRATEGY

Rent Relief Request Form - We developed a form as tenants began contacting us for concessions. The document required an explanation of circumstances, insurance claim information, sales figures, and their CARES Act application information. Once forms were submitted, our team evaluated them and quickly determined what assistance (if any) would be granted.

Simple Agreement - Working closely with legal counsel, we developed a simple letter agreement offering tenants relief on a case-by-case basis. All tenants requesting concessions were required to join SW's ACH program and pursue all funds available through the CARES Act. Through the end of May, we entered into roughly 80 tenant agreements. Relief options included suspended late fees, CAM reconciliation collections and deferral of a portion of base rent. Rent abatements were not offered unless a tenant extended their lease. This strategy created stability across the portfolio.

Resource Page - A resource page was immediately created on shanwalt.com with real-time information to update our tenants on government programs, grants and opportunities that were providing support for small businesses. We regularly contacted tenants via email to announce timely updates on relief packages and opportunities. These emails offered assistance to connect tenants with lenders who could help them with the PPP application process.

COVID-19 RESOURCES

COVID-19 is causing unique challenges for us all. While navigating these uncharted waters, we are monitoring relief programs from federal, state, local and the private sector. Until we can gain better clarity as to what the future holds, we will continue to communicate the resources made available thus far. We will get through this together. These impacts are being felt at every level, in every segment of every industry. We are hyper-focused on managing through this unprecedented situation. Please continue to check back for updated resources.

Shannon Waltchack is in Birmingham, Alabama. March 21 · Instagram

So many businesses are closed, but curbside pickup and other precautions are allowing some of our tenants to remain open! Lets all do our best to #shoplocal as we keep our distance and #flattenthecurve @ Birmingham, Alabama

Shannon Waltchack April 7

Alabama small businesses can apply for emergency relief through TruFund \$5M fund. Read more in the link below!



THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

STRATEGY

III. LENDER LEVERAGE

During the first week of working from home in March, our team quickly connected with lenders to discuss the options and assess any debt relief they could provide. We approached all 22 of our lenders and reached loan deferral agreements with 20 of them in a matter of 14 days. This allowed us the flexibility to reach out to tenants and offer assistance.

We have always been committed to building strong relationships with our financial partners. Their reassurance and assistance during this crisis is a testament to our network of trusted lenders. We leveraged these deep lending relationships to provide valuable insight and advice to our third party owners.





THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

IV. CASH FLOW MANAGEMENT

All capital expenditures projects were put on a temporary hold and we reduced services at a number of our properties as traffic was greatly reduced. All vendors were immediately put on Net 30 terms. Alongside tenant outreach, we proactively managed every detail of our operating expenses. Since many municipalities enacted “shelter in place orders” the activity at our properties was down considerably. We reached out to vendors to 1.) Ask they would continue servicing our properties and 2.) Formulate a plan to reduce and delay services including HVAC, trash and recycling, sweeping, portering and pest control. Distributions and escrow transfers were greatly reduced.

Due to low activity at properties, our building technicians were experiencing a lighter workload. We employed them with a few in-house projects, which would normally have been completed by outside vendors. Although all capital expenditures were immediately put on hold, we took advantage of the shut down to perform a major remediation project. Many of our tenants did the same during the shutdown. In times of great uncertainty, “cash is king”. These strategies help us increase cash balances by over 50% in a 3-month period.





THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

STRATEGY

V. COMMUNITY ENGAGEMENT

We opened our hearts to any opportunities allowing us to serve the community during the COVID-19 pandemic. First, the American Red Cross needed a venue to conduct a blood drive, as they experienced an urgent shortage in blood during the COVID-19 crisis. We provided a convenient donation site at one of our vacant retail spaces at a major intersection south of Birmingham.

Additionally, we supported the BHM Cares initiative, which provided food deliveries to local healthcare facilities for frontline workers. Our corporate philanthropy committee allocated their annual budget to send meals to these deserving heroes. We placed to-go orders with a number of our tenants to boost their businesses while we also supported local medical workers.

We implemented a signage campaign across our property portfolio, creating awareness and remaining vigilant in protecting our tenants from the virus. Signs included one-way floor decals, six foot distance 'rulers', entry-way announcements and elevator ride limits. We also installed stanchions to remind outside guests and customers to wear face coverings, wash their hands and follow CDC guidelines.





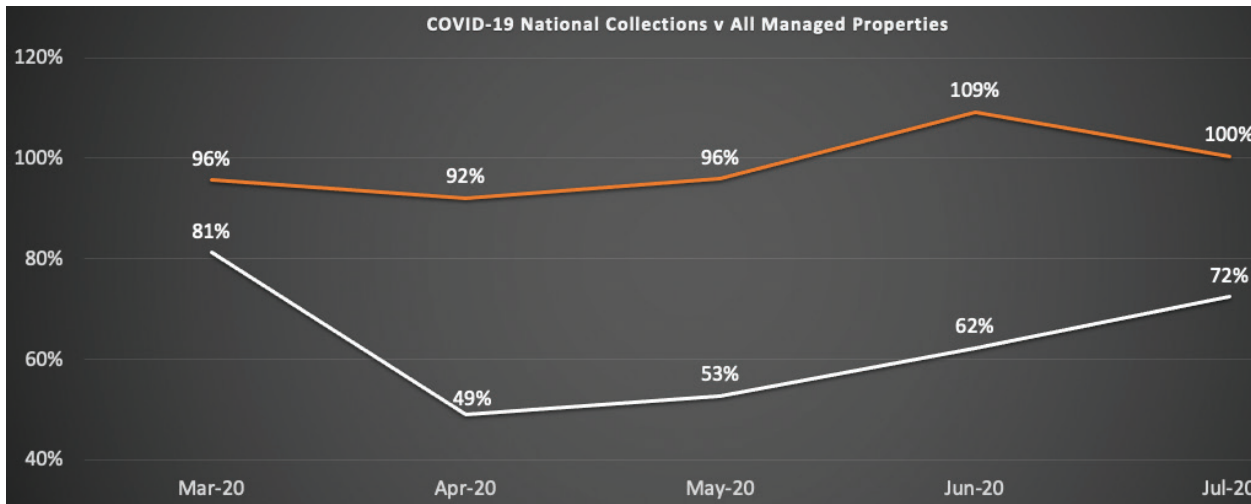
THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

RESULTS

We are proud that we were able to connect with our tenants, lenders and partners to weather the storm together and extend a hand during times of great unpredictability. We resisted the opportunity to wait around and watch the virus ravage our tenant roster and client list. Instead, we rose to the occasion, and remained active in forming partnerships and agreements to mitigate the economic damage.

As the table shows below, we were able to collect 99% of rent during COVID-19's most destructive months. We attribute our success to our extremely hard-working team, resilient tenants who were able to secure government assistance, strong relationships with financial partners, expert cash flow management, and ongoing community engagement efforts.



Source for National Data: Datex Property Solutions

Our team communicates regularly with trusted peers to assess our performance and share successes and ideas. We learned that our aggressive approach in protecting our clients and portfolio was not the standard procedure in the marketplace. We are proud of the vigorous initiative taken which helped lessen the blow for our clients.

We know that this is going to be a long, slow recovery, and we aren't out of the woods yet, but we are confident in tackling the future challenges that come our way.



THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

TESTIMONIALS

“

We appreciate the extra support that you guys have so generously provided. It has allowed us to get through this horrible time.

“

We appreciate the deferment and since signing the agreement we dropped a payment off at your office. The agreement was something we needed to sign due to the circumstances and we felt that it was in the best interest for both parties.

“

Thank you [for your assistance]! I can't tell you what a weight this lifts off my family.

FROM OUR TEAM:



“I know that when we were in the throws of mid-March and were calling all tenants, our approach was greatly appreciated. Overall, tenants were (1) surprised to hear from us and (2) very happy to have someone that listened to what they were going through. The relational equity that was earned in that 30-day window will last for years to come.”

- MATT JAEGER, ASSISTANT PROPERTY MANAGER



THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

ABOUT SW

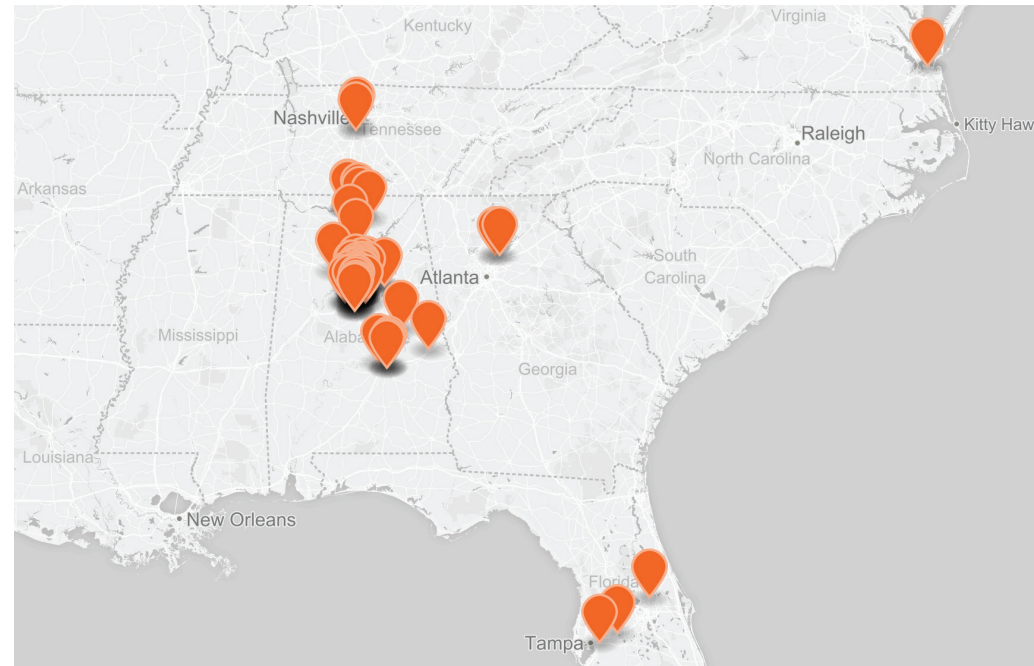
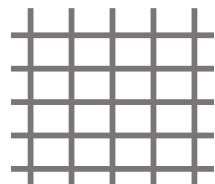
At Shannon Waltchack, we think like an owner. Unlocking potential. Protecting your assets. Opening doors to new possibilities. And we're on a mission—to build wealth and create value—for you through strategic acquisitions, effective management, and aggressive sales and leasing of commercial real estate. We've worked on all sides of real estate deals, so we have an insider's perspective. We understand all the angles, and we know what it takes to maximize your investment.

As a full service real estate firm, we manage, broker, develop, and acquire property across the southeast. By doing what we love to do, we transform and enrich lives and communities. Just ask our clients.



108 Properties Managed
Across the Southeast

3.3+
MILLION SF
Under Management





THE TEAM YOU WANT IN A CRISIS

COVID-19 PANDEMIC 2020

CONTACT US

If you have a property in need of property management, facilities management, accounting or maintenance, please do not hesitate to reach out. We would love a chance to add value to your investment.

CONTACT

Jeff Chopin, CPM
Director of Property Management
205-977-9797
jc@shanwalt.com

1616 2nd Avenue South
Suite 100
Birmingham, AL 35233

