

1. Trey Wilson: You've likely addressed this, but what specifically have landlords been asking of tenants to confirm that they have applied for federal/state/local assistance before considering rent relief?

Answer: In most cases, we are seeing Landlords request proof of application for some sort of loan/funds. Whether that is an email confirmation, application number or something similar. In addition, they are requesting financials and asking tenants to check with their insurance agent for loss of business coverage.

2. Trey Wilson: What metrics are landlords asking of tenants to consider rent relief? Like 2019 financials, Q1 2020, etc.?

Answer: There is no set formula, but landlords are asking for an explanation for the need and financials to support it. It would make sense to ask for historical, say the last 2-3 years so they can examine the balance sheet over the healthy economic period leading up to COVID-19, as well as YTD 2020, so they can see the effect the virus has had on the tenant's business.

3. Barney Smith: I am searching for guidance to provide to our tenants that addresses what they should be thinking about and planning for relating to their reopening for business. Have any of you located such guidance?

Answer: There has been speculation that tenants will want more space in order to maintain more distance between staff. The days of the 8:1,000 ratio may be behind us, at least in the short term, and shifts may be staggered to lower the headcount on a given shift. More diligence will be paid to janitorial service of CRE space, more often and more thorough. Employees may be required to be screened for elevated temperatures upon entry and required to wear masks. Tenants will want hands-free technology where applicable, for example restroom fixtures and doors. They may want to install UV lights in the HVAC system to destroy the virus. I have not located a specific source for guidance. We could tie this into an upcoming webinar about how the future of CRE will look.

4. Kimberly: What type of conversations are you having with your owners, regarding what technology or change to spaces will need to happen, and how it will be paid for?

Answer: New space under construction may include some of the health technology as a feature and differentiator. For existing spaces, requests for these upgrades will likely be handled like any TI, and either offered as part of a TI package or amortized into the rent.

5. Joanna Murray: Is ProLogis seeing an average of 68 days rent relief from all of their tenants, or is that the average of the 10-25% who have asked for relief? Do we know if that request is for deferred or abated rent? Or a combination of the two?

Answer: Prologis' average rent relief request has been 69 days or roughly 2.5 months. This applies to the +/-24% of tenant's that have made requests, not all tenants across the portfolio. They were not specific about tenants asking for abatement v/s deferment, but Prologis is only agreeing to defer rent payments, and that is reserved for the companies with a true need. In the Q1 2020 earnings call on April 21st, Prologis stated a reduction in the average number of days of rent deferment. The updated statistic is an

average of 33 days of requested deferment. Of the total requests, 7% were granted, all of which are required to be paid by year end 2020. A little over 20% of requests were still under review and the remaining requests were denied.

6. Peter King: CARE and equivalent programs are available for commercial industrial tenants only?

Answer: These programs are available to small businesses and not specific to industrial tenants. The links below contain more information related to the SBA loans, and PPP and EIDL programs.

<https://naiopnefl.com/covid-19/>

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

7. Unknown Attendee: We are seeing that JCPenney likely will file for bankruptcy protection. How will that affect the malls they anchor and the tenants within those malls?

Answer: If JC Penny stores go dark, that may trigger co-tenancy clauses for some of the smaller tenants or junior anchors, which will further add to the “retail apocalypse” phenomenon. However, retail is not dead, its evolving, so some of the locations will be repurposed, especially considering that many of the stores are located in prime, infill areas.

8. Unknown Attendee: E-commerce prospects continue to look for space in Jacksonville. How will that impact the industrial market, rents and occupancy?

Answer: Right now, the industrial market is healthy, with vacancy at about 5% in the Jax Metro. We do expect to see absorption of much of the 3M SF of spec industrial that was delivered in the last 16 months. The unknown is how much space will be taken back by landlords due to COVID-19. If we don't start to see positive net absorption, the market will become more favorable to tenants, with lower rates and increased tenant incentives.