



RECON

The Future Starts Now

SPECIALTY LEASING AND DEAL MAKING

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PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

#RECon15

RECON

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Course Objectives

- **Types of Space you Lease**
- **Types of Deals you Generate**
- **Creative Deal Making**
- **Converting Temporary Deals to Permanent Deals**
- **Working with Permanent Leasing**
- **Q & A**



What Type of Space Can We Sell?

RMU



What Type of Space Do We Sell?

Short Term Kiosk



Permanent Kiosk



What Type of Space Do We Sell?

In Line Location



What Type of Space Do We Sell?

The Common Area



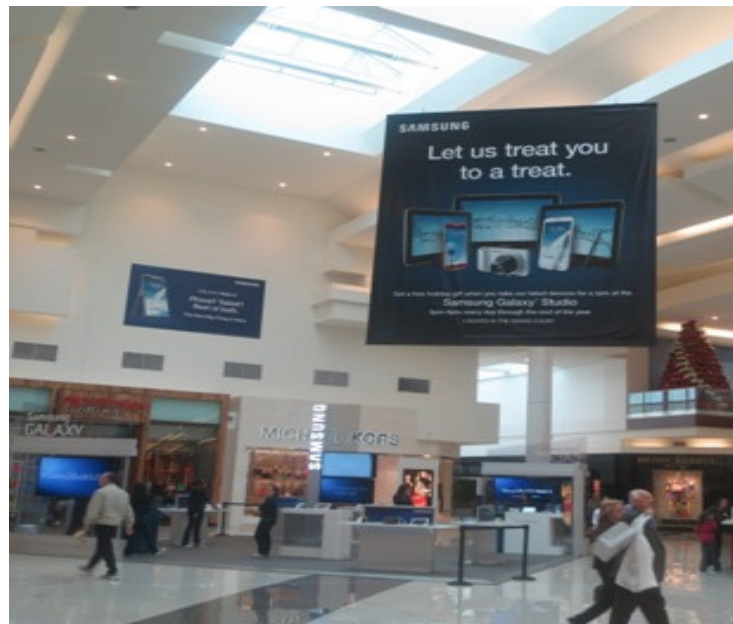
What Type of Space Do We Sell?

The Parking Lot



What Type of Space Do We Sell?

Partnership Marketing Opportunities



Types of Deals

Short Term License Agreement

Multiple year Agreements

Conversions

Permanent leases

Advertising/Sponsorship

Short Term License Agreement



Multiple Year License Agreement



Permanent Lease



Advertising/Partnership Marketing License Agreement



DEAL MAKING



"Then it's agreed. We'll negotiate and you'll try to get the best of me and I will try to get the best of you."

Deal Making

Prepare

Knowledge is Power

Understand the Situational Dynamics

Understand the merchant's needs

Know what your needs are

Be Firm, Be Fair

Winning isn't everything

Continue the relationship

~~C~~ Customer
R Relationship
~~M~~ Management



THE CONVERSION PROCESS

Partnering With Permanent Leasing

What do you have in common with permanent leasing representatives?

What do you do differently?

Partnering With Permanent Leasing



Converting Short Term to Permanent



Converting Short Term to Permanent

- Meet With Your Permanent Leasing Rep
 - Discuss your retailers who are good conversion candidates.
 - Determine the most appropriate location for each retailer.
 - Discuss preliminary rent/occupancy parameters.
 - Schedule meeting with retailer and permanent leasing representative. (this is a good idea while you are learning the process)

Converting Short Term to Permanent

- Meet With The Retailer and The Permanent Leasing Rep
 - Explain the difference between a license agreement and a lease.
 - Ask retailer about their long term plans for growth and expansion.
 - Talk to retailer about converting to a longer term deal.
 - What is their optimum size space? How would they merchandise differently?
 - Ask them to develop a business plan including sales projection.
 - Provide tenant design build out package.
 - Let them know you will need their financials if moving forward.

Converting Short Term to Permanent

Prepare a Proposal

- Minimum rent
- Utility estimates
- Use clause
- Triple net charges
- Any landlord required work.
- Any additional clauses (would be rare on a temp to perm conversion)i.e. sales kickout, landlord work, etc.
- Gross occupancy will typically be in the 12-15% depending on the center and merchandise category.
- Proposal will also include information about time line for submittal of plans, plan review, tenant work to be completed.
- Include tenant work.

Converting Short Term to Permanent

Schedule a follow-up meeting



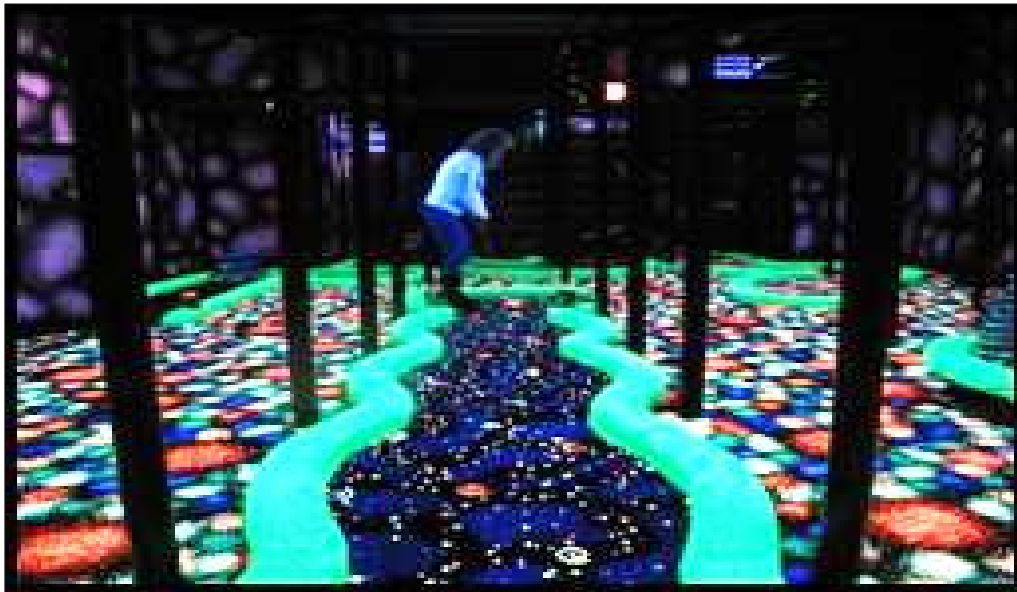
Converting Short Term to Permanent

Follow Up Negotiation

Converting Short Term to Permanent



Partnering With Permanent Leasing



- Creative Uses
 - Education
 - Fitness
 - Hobby
 - Theater
 - Call Center
 - Auto Showroom
 - Pet Adoption
 - Community
 - Medical
- Church
- Colleges
- Amusement Parks
- Private Schools
- Health Care

Partnering With Permanent Leasing



The Common Area



Partnering With Permanent Leasing



Partnering With Permanent Leasing





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