Navigating Real Estate Concerns and Solutions

Presented by: Illinois Restaurant Association, Taft Stettinius & Hollister LLP, and Cornerstone Commercial Real Estate

in conjunction with

Cook County Board President Toni Preckwinkle and the Cook County Community Recovery Initiative including partners Illinois Business Immigration Coalition and National Partnership for New Americans.

Thursday, December 3, 2020

Para escuchar en español, use el botón Interpretación

此网络研讨会设有中文及英文两种放送版本
Panelists

Patrick Wartan
Partner / Chair of the Food and Beverage Practice Group
Taft Stettinius & Hollister LLP

Joe Grody, CRRP
Executive Vice President
Cornerstone Commercial Real Estate
Patrick Wartan
• Partner / Chair of the Food and Beverage Practice Group
• Email – pwartan@taftlaw.com
• Direct – 312.836.4131
The Landscape

- Rent collection rates
- Eviction moratoriums
- What does the future hold?
Understand Your Rights and Obligations

* Force Majeure
  * In re Hitz Restaurant Group LLC (N.D. Ill., Case Number 20-05012)
    * Obligation to pay rent is generally an independent covenant
    * Generally, tenant may be excused from other obligations (i.e. make repairs or continuous operation) but not the payment of rent.*
      * *each lease is different and the force majeure provision should be carefully reviewed.

* When is rent due and what are your cure periods?
* Does your lease require continuous operation or occupancy by any co-tenants?
* Has your landlord failed to meet any of its obligations?
What Are Your Options?

- Start the dialogue immediately
  - plan for the Winter
  - be prepared to overshare financial reports
- Options
  - rent deferral
  - rent abatement
  - rent reduction or conversion to percentage rent
  - application of security deposit
- What’s the ‘norm?’
- What’s the catch?
Cornerstone Commercial Real Estate

* Joe Grody, CRRP
  * Executive Vice President
  * Email – Joe@ccptwo.com
  * Direct – 312.348.1000
Overhead

Pre-Covid vs. During Covid
Overhead

Pre-Covid

- Rent
- Payroll
- Restaurant Supplies
- Maintenance
- Repairs
- Utilities
- Accounting
- Linen

- Legal
- Events/Promotions
- Licenses and Permits
- Uniforms
- Phone and Internet
- Equipment Rental
- Credit Card Fees
- Marketing/Advertising
Overhead

During Covid

- Rent – Reduced and/or Deferred by Some Landlords
- Payroll – ??? – PPP???
- Restaurant Supplies
- Maintenance
- Repairs
- Utilities
- Accounting
- Linen
- Legal

- Events/Promotions
- Licenses and Permits – Deferred by Some Municipalities
- Uniforms
- Phone and Internet
- Equipment Rental
- Credit Card Fees – Reduced by Some Processors
- Marketing/Advertising
• Rent – Reduced and/or Deferred by Some Landlords
• Payroll – ??? – PPP???
• Restaurant Supplies
• Maintenance
• Repairs
• Utilities
• Accounting
• Linen
• Legal

• Events/Promotions
• Licenses and Permits – Deferred by Some Municipalities
• Uniforms
• Phone and Internet
• Equipment Rental
• Credit Card Fees
• Marketing/Advertising
## Overhead

### Pre-Covid
- Rent
- Payroll
- Restaurant Supplies
- Maintenance
- Repairs
- Utilities
- Accounting
- Linen
- Legal
- Events/Promotions
- Licenses and Permits
- Uniforms
- Phone and Internet
- Equipment Rental
- Credit Card Fees
- Marketing/Advertising

### During Covid
- Rent
- Payroll
- Restaurant Supplies
- Maintenance
- Repairs
- Utilities
- Accounting
- Linen
- Legal
- Events/Promotions
- Licenses and Permits
- Uniforms
- Phone and Internet
- Equipment Rental
- Credit Card Fees
- Marketing/Advertising

### CLOSED During Covid
- Rent
- Payroll - ??? – PPP???
- Restaurant Supplies
- Maintenance
- Repairs
- Utilities
- Accounting
- Linen
- Legal
- Events/Promotions
- Licenses and Permits
- Uniforms
- Phone and Internet
- Equipment Rental
- Credit Card Fees
- Marketing/Advertising
Percentage Rent
Assignment / Sublease
Operating Co-Tenancy
Termination Right
Government Mandated Closings
ILLINOIS RESTAURANT ASSOCIATION

ATTORNEY

ACCOUNTANT

COMMERCIAL REAL ESTATE BROKER