



NEAL BAWA Grocapitus & MultifamilyU







COVID-19: IMPACT ON LIFE, BUSINESS, REAL ESTATE & STOCKS

Could this Black Swan Event Bring the U.S. to Its Knees?

Meet Neal

President and CEO, Grocapitus



Neal Bawa

CEO & Founder





ABOUT NEAL

- Neal's companies have owned / managed a portfolio of over \$250 Million
- Over 2,000 units of Multifamily and Student housing, in 7 states
- Nationally known Multifamily mentor and speaker
- About 5,000 investors attend his Multifamily webinar series and hundreds attend Multifamily Boot camps
- Co-founder of the largest Multifamily Investing Meetup in the U.S. with 10,000+ members.

KEY FOCUS

Investor Management

Leasing and Tenant Marketing

Submarket and Property Selection

Operations and Metrics

Sample of Grocapitus Portfolio & Track Record



Equinox at Knight

This well maintained value-add 194 unit project in suburban Atlanta is in a submarket with incredible schools, and offers projected cash flow of 8% from 2020 onwards. The property projects a 1.9X equity multiple with an 18% avg. annual return.



Equinox on Prince

Purchased March 2019, our first property in Tucson, AZ is an older 114 unit property in a growth area with new medical centers and malls nearby. Under market rents and tired units offer a true value-add opportunity. We've boosted occupancy by 10% in our 1st month as we re-brand and renovate to create a modern apt community.



The Falls at Crismon Commons

New 240-unit A class property in highgrowth metro Mesa, AZ. Development includes allocation of 40 vacation rentals and 200 long-term rentals architected to maximize income and profits.

Ground-up construction commences Q2 2020 with completion expected by Q3 2022.

The GRID

217 units ground up construction next to transit and BNMC medical university campus in Buffalo, NY.

Started construction July 2019, for Q1 2021 completion.



Chelsea Place

174-unit Class C property in East Atlanta, 95% occupied. Value Add project with under market rents, will undergo light rehab and rents pushed to market. Two miles from our other Atlanta property, so lots of efficiencies here. Purchased December 2018.



Storage Depot

718 unit value-add storage facility with adjacent land for expansion. We will rebrand and reposition it as a green facility by adding two solar arrays to power the entire complex, more climatized storage units, RV parking, as well as an EV charging station. Fully subscribed



Lakewood Oaks

Our first project in Jacksonville FL is a 138-unit Class C (vintage 1974) in an emerging Class B area, acquired in Feb 2019. With under market rents, and no renovated units, this is a true value add. We will re-brand it, reposition it, then explore the possibilities to build 32 additional units.



Park Canyon

151-unit Class B Property in Dalton GA, Chattanooga Metro. Under market rents and 20 down units from a fire gives us opportunity to add significant value in this project.

Property purchased November 2018.



Coyote Creek Apartments

116-unit new construction multifamily in St George UT, a city with 2% vacancy rate, and the property is zoned for vacation rentals as well.

Construction starts Sept 2019, for completion Q1 2021.

AND MANY MORE...



Two Cents From Our Lawyer

Please read

- We are not investment advisors, and this seminar is provided for educational purposes only.
- All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times.
- You are free to accept or reject all investment recommendations made by us. All services
 that we offer are subject to market risk and may result in loss to your investment.
- As you know, a recommendation is not a guarantee for the successful performance of an investment and we cannot guarantee against losses arising from market conditions.
- Do not invest your money on our recommendation alone. Consult a professional advisor.
- HOUSEKEEPING Recording? Questions?

The Impact of COVID-19

What We Are Going to Cover Today

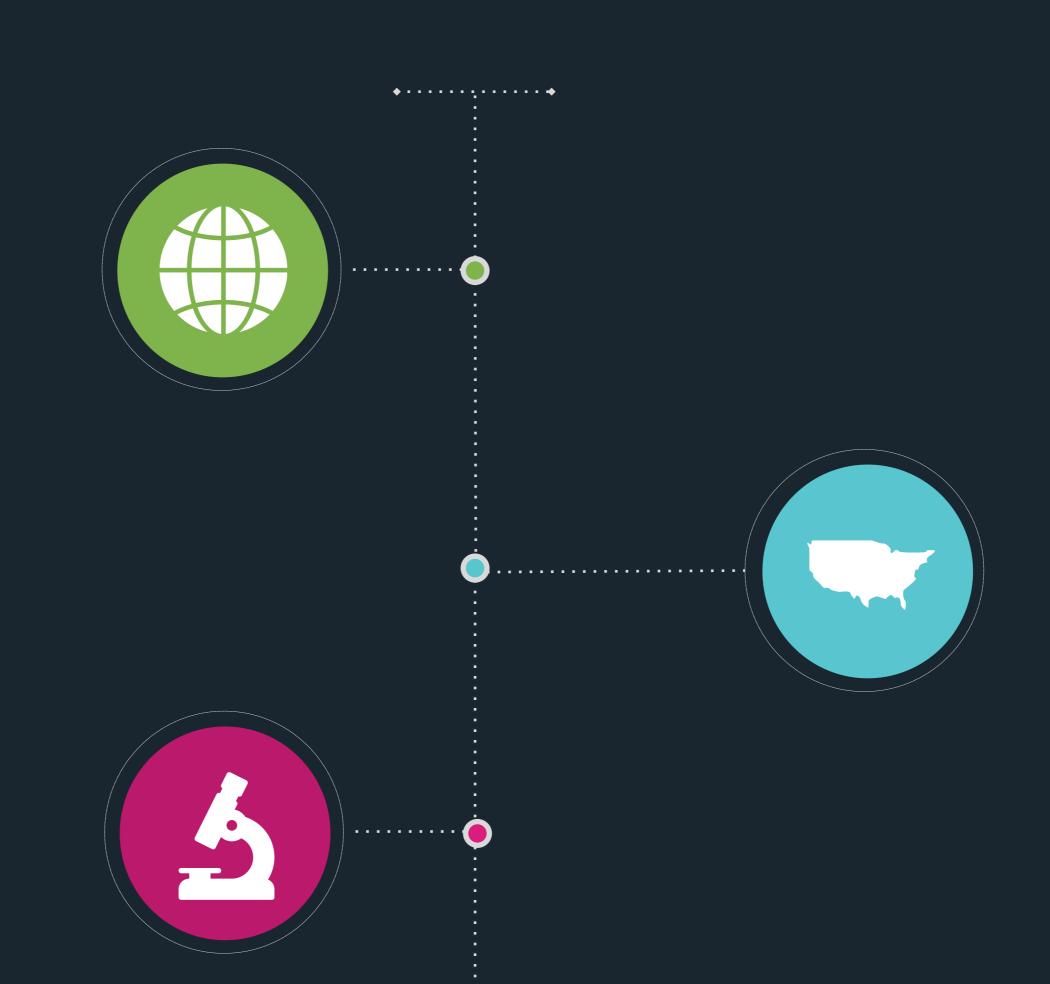
COVID-19:

Worldwide Events

A timeline that shows the progression of this black swan event

UCSF BioHub: Key Findings

Key insights into COVID-19, what industry experts know and don't know



What's Happening In the U.S?

A timeline showcasing America's response to COVID-19 to date

Impact on Your Life:

Is a Full Quarantine Coming?

We show you what the numbers are telling us





Is a Recession Coming? The Road(s) Ahead:

Two Paths Lead to Two Very Different Outcomes for the U.S.

Real Estate:

A Market Divided

Deep dive into impact to all sectors of real estate



Impact on Hotels,

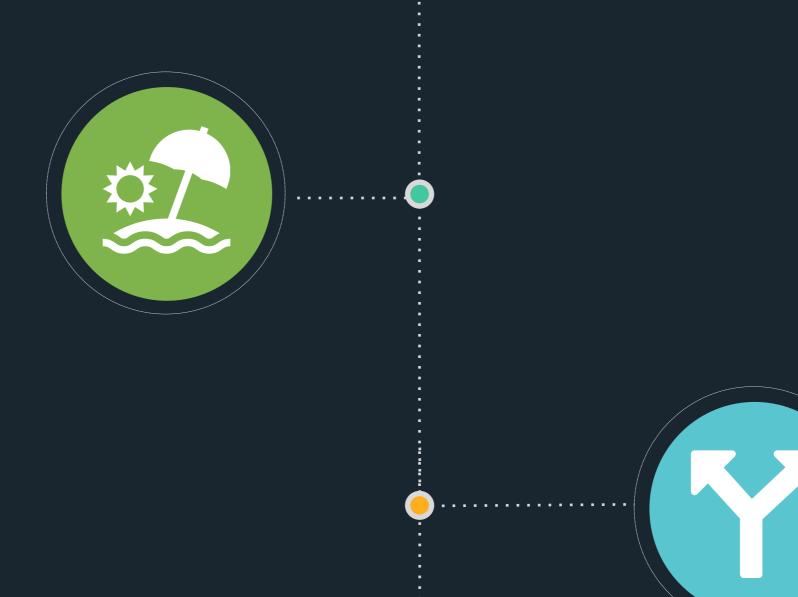
Airbnb & Stocks:

Let's look at damage to these markets



Protect your communities and investors

The best practices that industry experts are implementing











COVID-19 Timeline: Worldwide Events

A Black Swan Event that Shocked the World



DEC 31

Chinese authorities treated dozens of cases of pneumonia of unknown cause



JAN 20

Other countries, including the U.S., confirmed cases



JAN 30

The W.H.O. declared a global health emergency



FEB 2

The first coronavirus death was reported outside China



FEB 7

A Chinese doctor who tried to raise the alarm died



China reported its first death



JAN 23

Wuhan, a city of more than 11 million, was cut off by Chinese authorities



JAN 31

The Trump admin restricted travel from China



FEB 5

A cruise ship in Japan quarantined thousands



COVID-19 Timeline: Outbreak Evolves

China Serves As a Warning to the Rest of the World



FEB 10

The death toll in China surpasses the number SARS killed worldwide



FEB 14

France announces the first coronavirus death in Europe



FEB 21

The virus appears in Iran from unknown source



FEB 24

Trump administration asks Congress for \$1.25 billion for coronavirus response



FEB 28

The number of European infections spike

FEB 13

More than 14,000 new cases in Hubei Province, China



FEB 21

A secretive church is linked to outbreak in South Korea



FEB 23

Italy sees major surge in coronavirus cases and officials lock down towns



Latin America reports its first coronavirus case



What's Happening in the U.S?

America's Response to the COVID-19



FEB 25

CDC recommends preparing for severe disruptions



MAR 3

U.S. officials approve widespread coronavirus testing



MAR 10

Widespread cancellations occur, colleges/schools begin shutting down



MAR 11

Trump addresses the nation, announcing further restrictions including barring travel from Europe



MAR 13

Trump declares
National Emergency
and supports
\$50Bn relief bill



TODAY

FEB 29

U.S. records its first coronavirus death and announces travel restrictions to specific areas of Italy, South Korea and Iran





MAR 8

Public health labs in 50 states using COVID-19 diagnostic tests



MAR 11

The W.H.O. declared COVID-19 as a pandemic



MAR 12

16 states closed schools over coronavirus concerns



MAR 17

Treasury asks
Congress for
\$1Trillion bailout



WHAT'S NEXT

UCSF BioHub Panel on COVID-19

Panelists: March 10, 2020





Joe DeRisi

UCSF's top infectious disease researcher

Co-President of ChanZuckerberg BioHub (CSF / Berkeley / Stanford)

Co-inventor of the chip used in SARS epidemic



Emily Crawford

COVID task force director

Diagnostics



Cristina Tato

Rapid Response Director
Immunologist



Patrick Ayescue

Leading outbreak response and surveillance

Epidemiologist



Chaz Langelier

UCSF Infectious
Disease doctor

Key Finding 1: The U.S. is Past Containment

Taking Action A Little Too Late

COVID-19 CASES



14,265

DEATHS



218

RECOVERIES



121

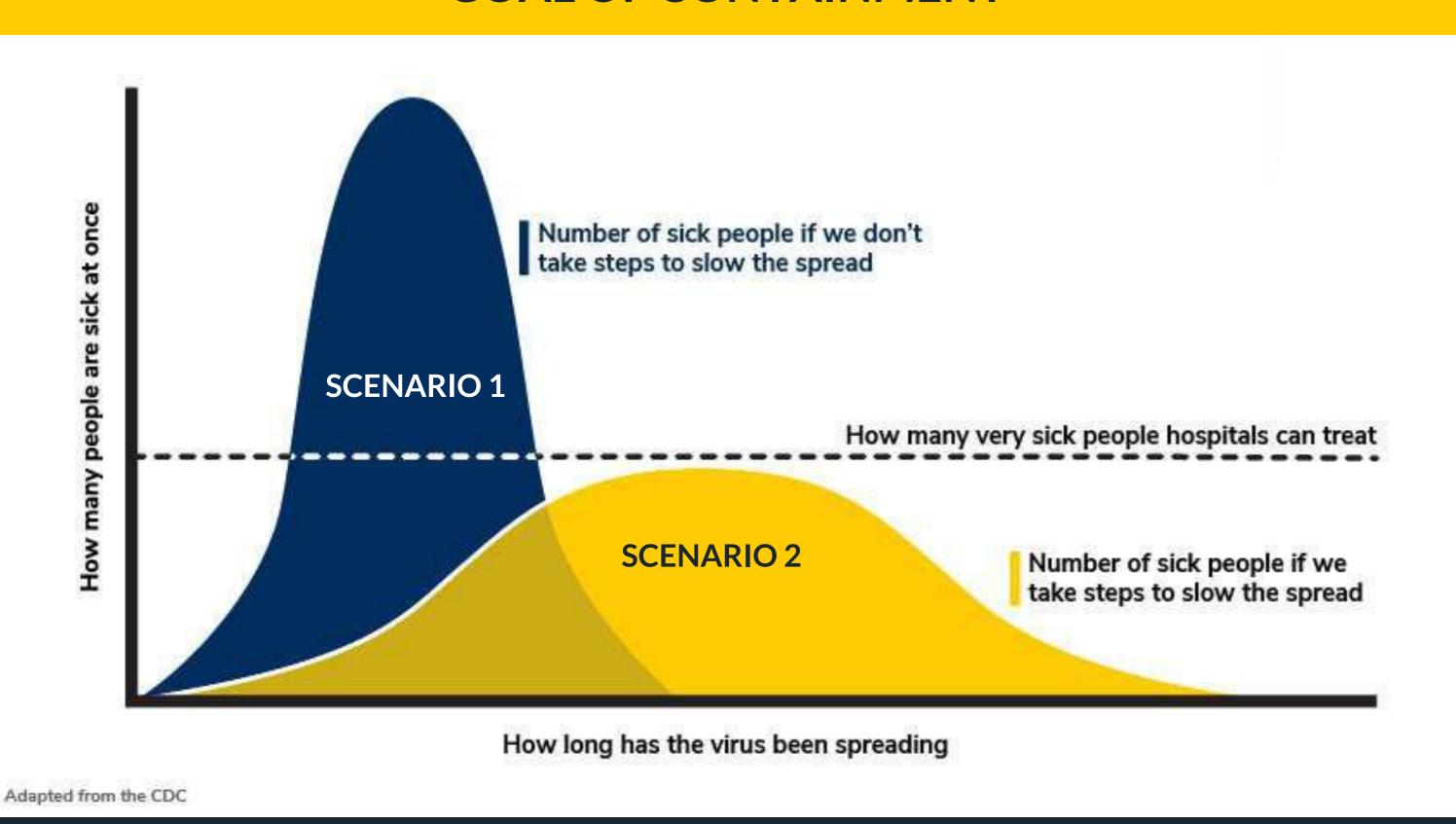
"CONTAINMENT IS BASICALLY FUTILE"

- Containment: Travel restrictions, ban large gatherings, school shutdowns, etc
- Our containment efforts won't reduce the number of infections in the U.S. as much as we think they will
- Now, we 're just trying to slow the spread, to help healthcare providers deal with the demand peak.

Key Finding 2: Flattening the Curve?

Why Social Distancing Amid COVID-19 Pandemic is Necessary, but Insufficient

GOAL OF CONTAINMENT



What Will This Achieve?

Lower the peak of the demand surge that will hit healthcare providers



Buy time, in hopes a drug can be developed

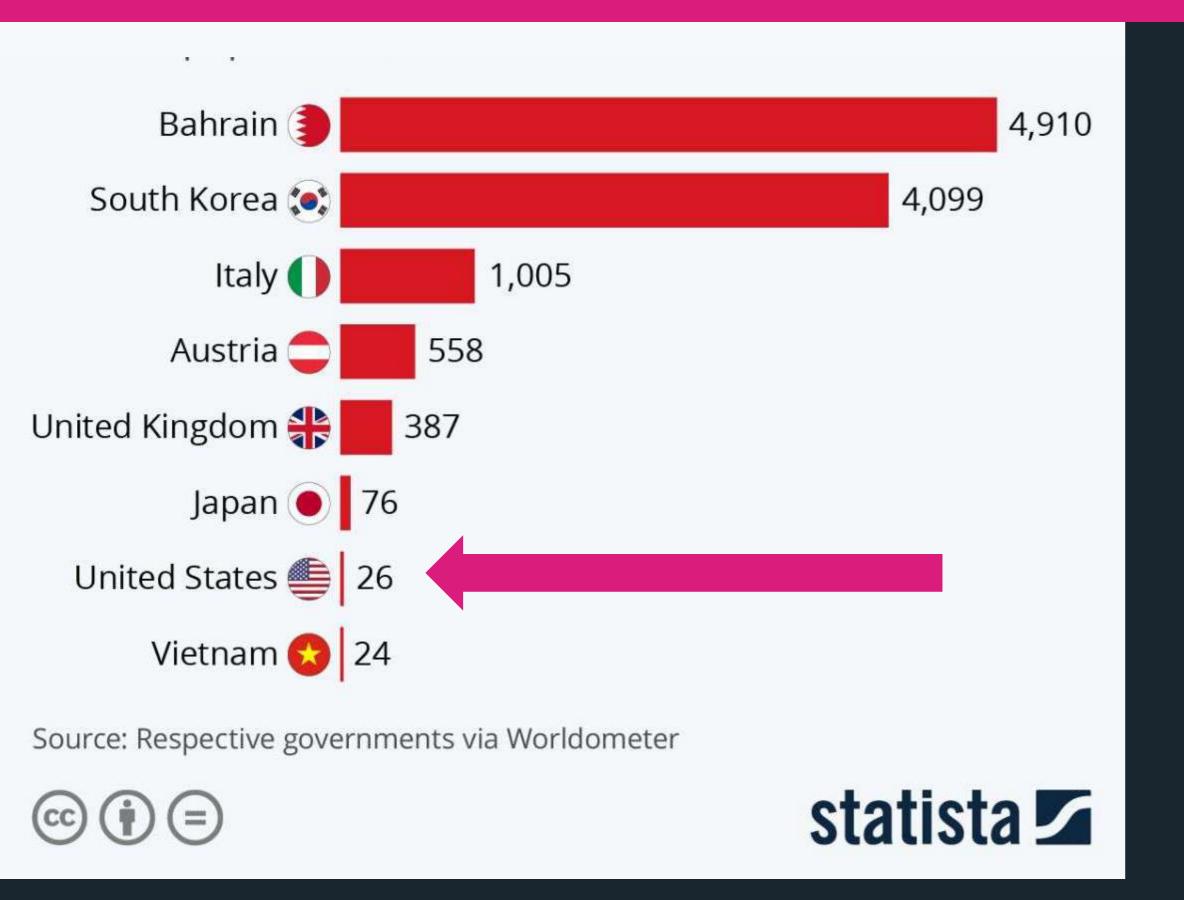


INSUFFICIENT

Key Finding 3: Latecomer in COVID-19 Testing

The U.S. Is Lagging Behind the Rest of the World

No. of COVID-19 Tests Performed per Million of Population (March 11, 2020)

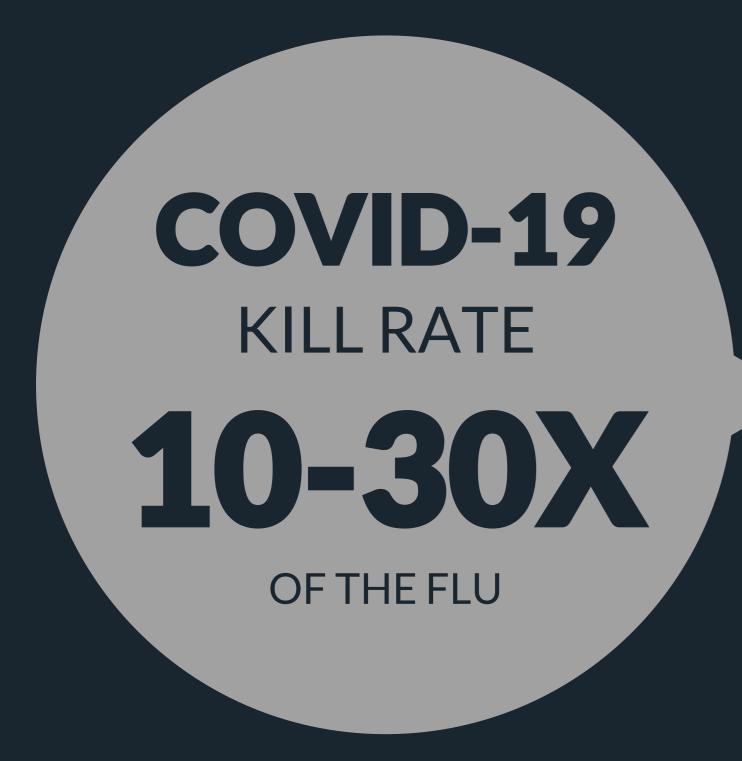


U.S. SOON TO MIMIC ITALIAN CATASTROPHE

- We are transitioning from containment to care
- How many in the community already have the virus? No one knows, community transmission remains undetected
- U.S. is currently where Italy was a week ago. Projections suggest COVID-19 is on track to spike in the U.S.
- If cases more than double every week (as they appear to be doing in Italy), we will soon be facing our own crisis
- Italy & China used lockdowns to slow infections... could we?

Key Finding 4: This is not the Flu!!

Calling it the Flu and trying to downplay the impact will end up costing thousands of lives



HOSPITALIZATION COSTS

100X
OF THE FLU



Key Finding 5: No Children or Infant Deaths

Danger Increases With Age



THE ANSWER IS SOMEWHAT REASSURING FOR OUR CHILDREN

- If COVID-19 affected children, we would see mass departures of families from cities
- Thankfully, data shows kids & infants tolerate COVID-19 better than other age groups
- Children infected by COVID-19 typically have milder symptoms or none at all
- School closures are one of the biggest societal impacts, especially elementary schools due to knock-on effects
- If elementary kids aren't in school, some hospital staff can't come to work, which decreases hospital capacity at a time of surging demand for hospital services

Key Finding 6: Mortality Rate Varies By Age

U.S. Senior Population is in Grave Danger

COVID-19 Mortality Rate By Age

Mortality rate 14.8% 15% 12% 6% 3.6% 3% 1.3% Source: Chinese Center for Disease Control and Prevention BUSINESSINSIDER

IMPACTING BABY BOOMERS & GEN X

- Those aged 60+ most at risk
- Over age 80, the mortality rate could be 10-15%



~50% Patients Admitted to ICU: Under 65





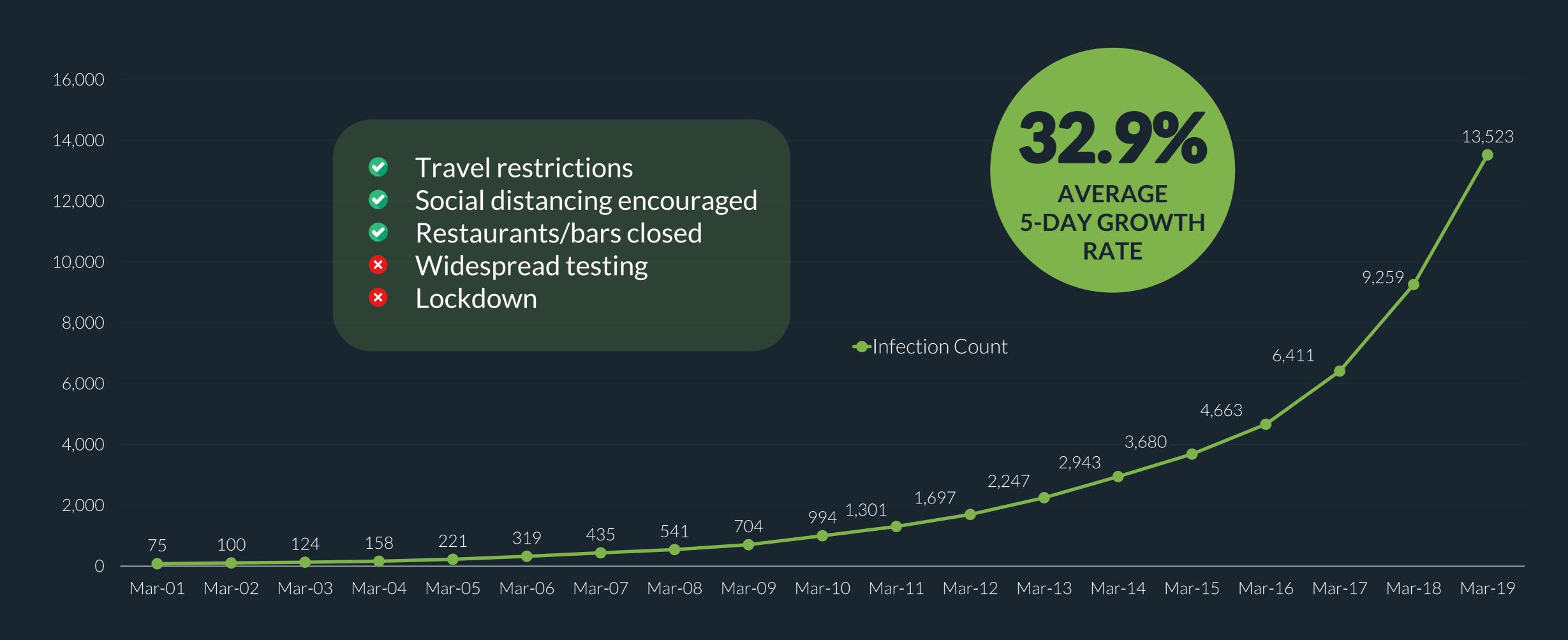
Worldwide Infection Dashboard

The Latest Numbers as at March 18, 2020

COUNTRY		INFECTION COUNT	AVERAGE 5-DAY GROWTH RATE
	USA	13,523	33%
	ITALY	35,713	15%
	SPAIN	14,769	23%
	SOUTH KOREA	8,413	1%
	IRAN	17,361	9%
	UNITED KINGDOM	2,625	27%
	GERMANY	12,327	27%
	FRANCE	9,134	20%
*:	CHINA	80,928	0.03%

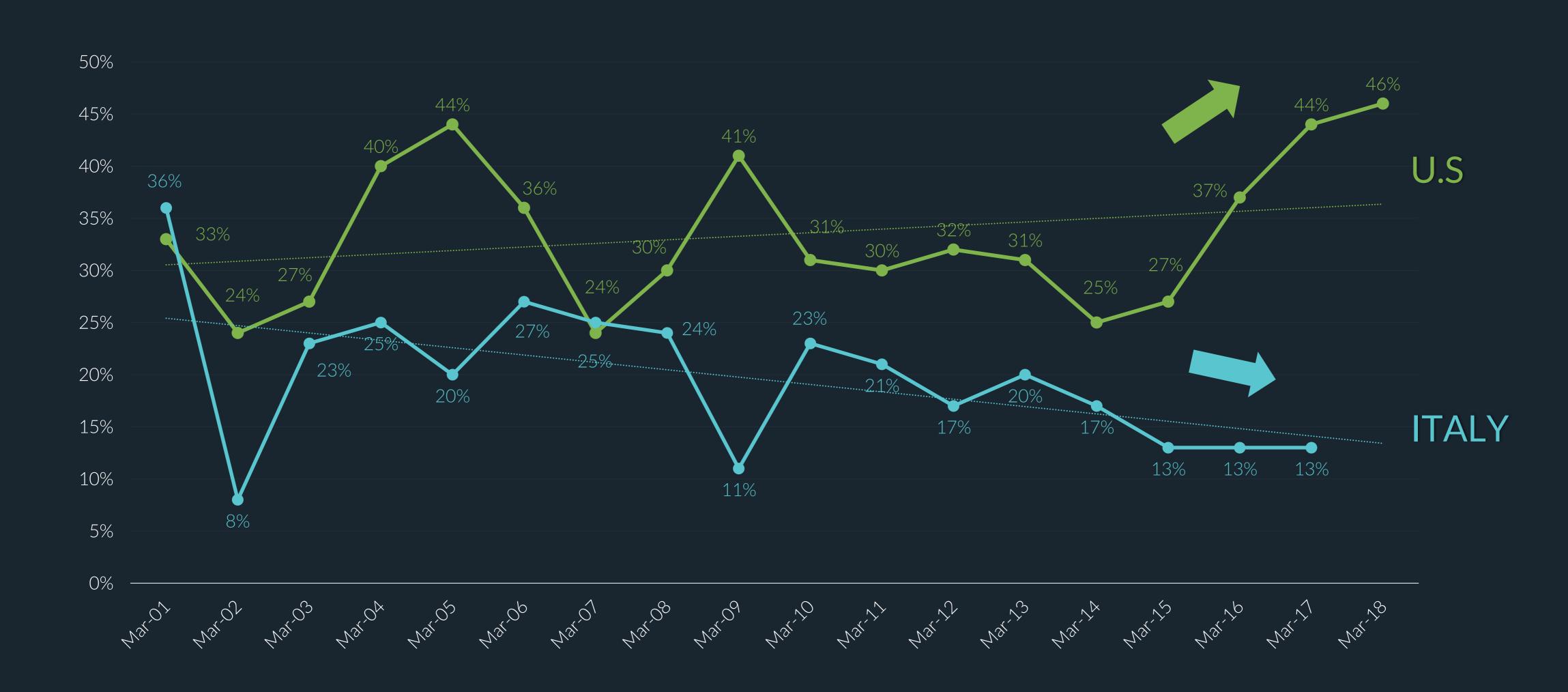
The U.S: Infections Rising at 34% on Average

Infections Growing at an Exponential Rate with No Signs of Stopping

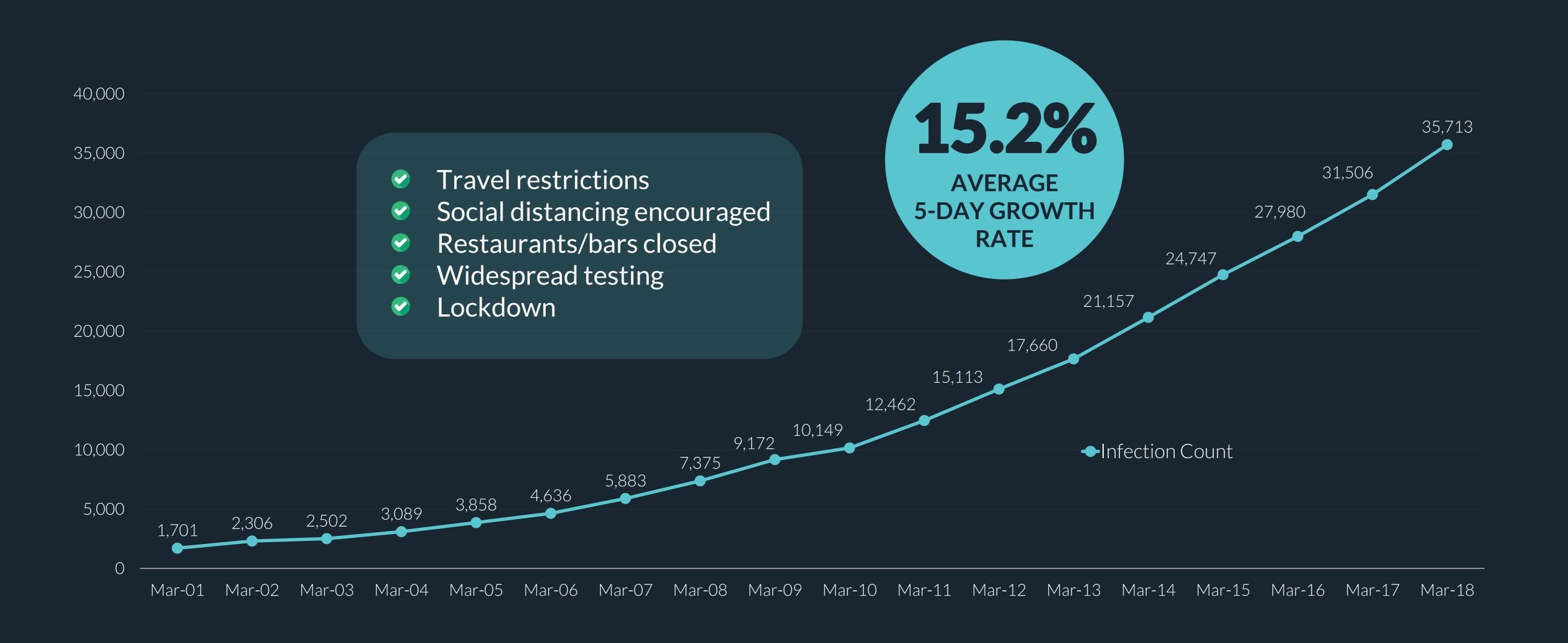


U.S. vs. Italy: Growth Rate Higher in the U.S.

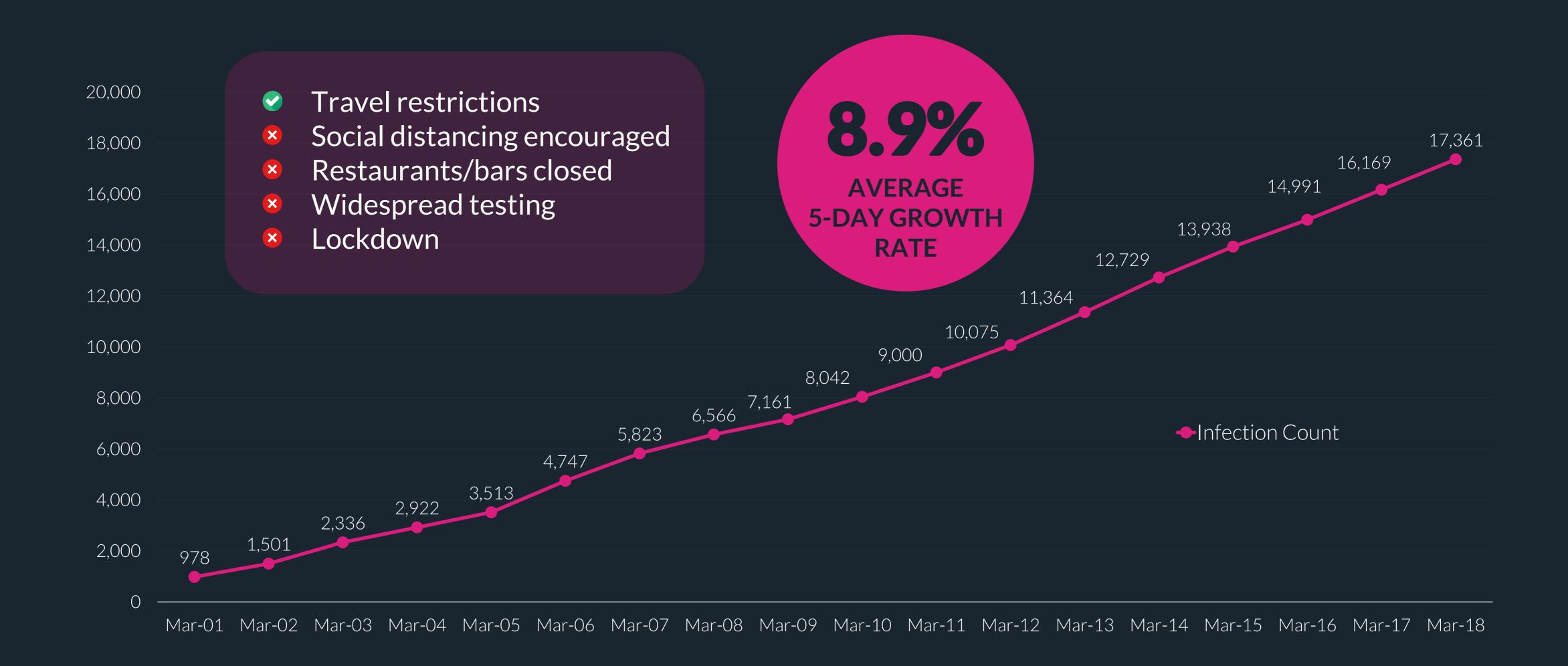
Without a Full-Scale Quarantine in Place, the U.S. Infection Rate Shows No Signs of Dropping



Italy: Infections Rising at a Steady Pace

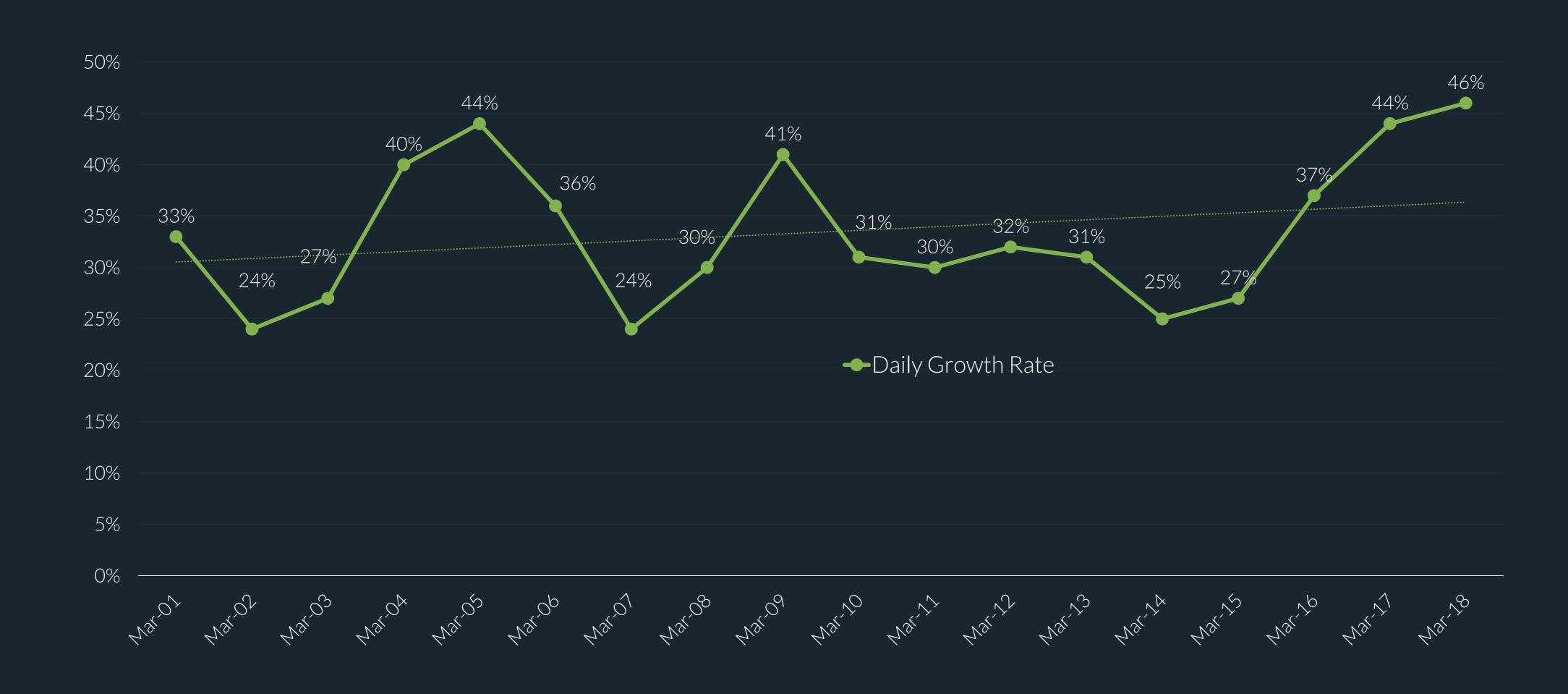


Iran: A Slowing Recovering Population



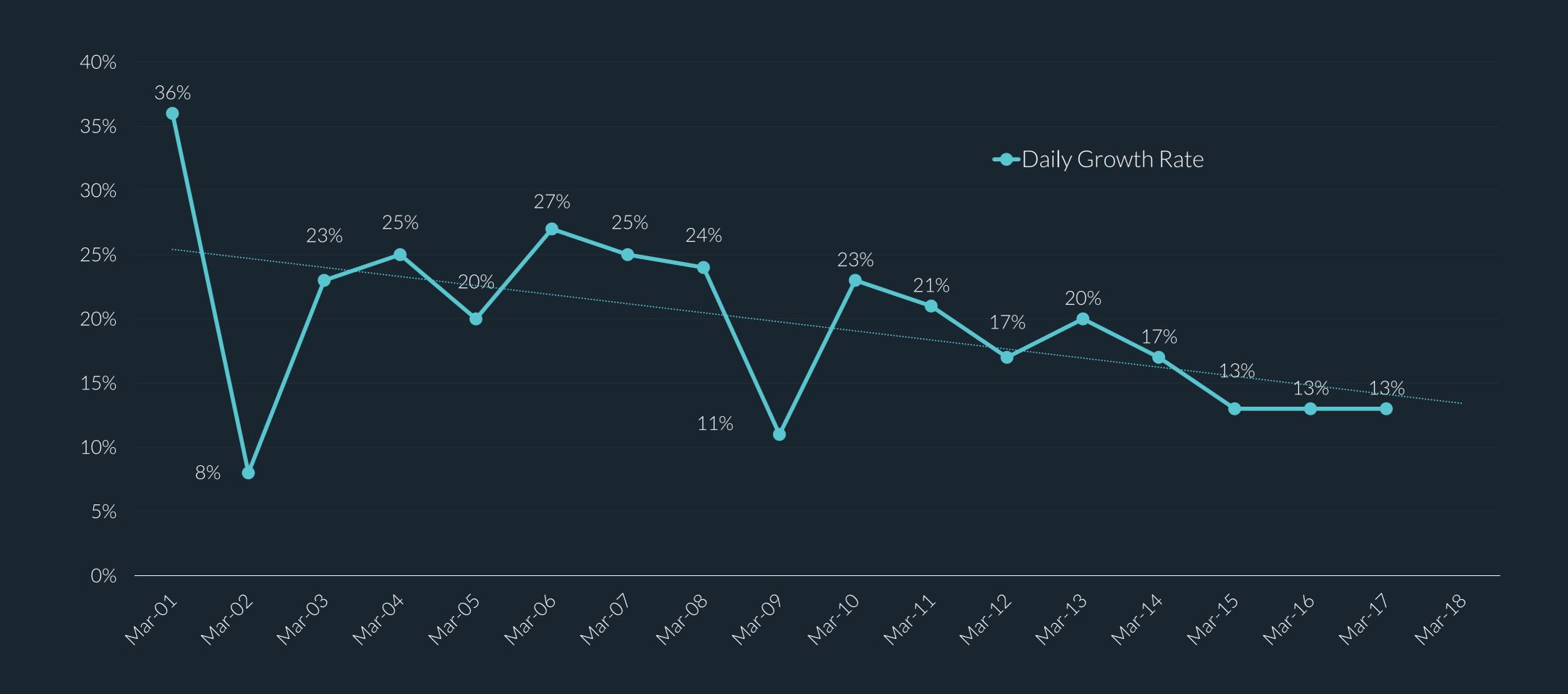
The U.S: Daily Growth Rate Not Significantly Dropping

Trending Up At Alarming Rates



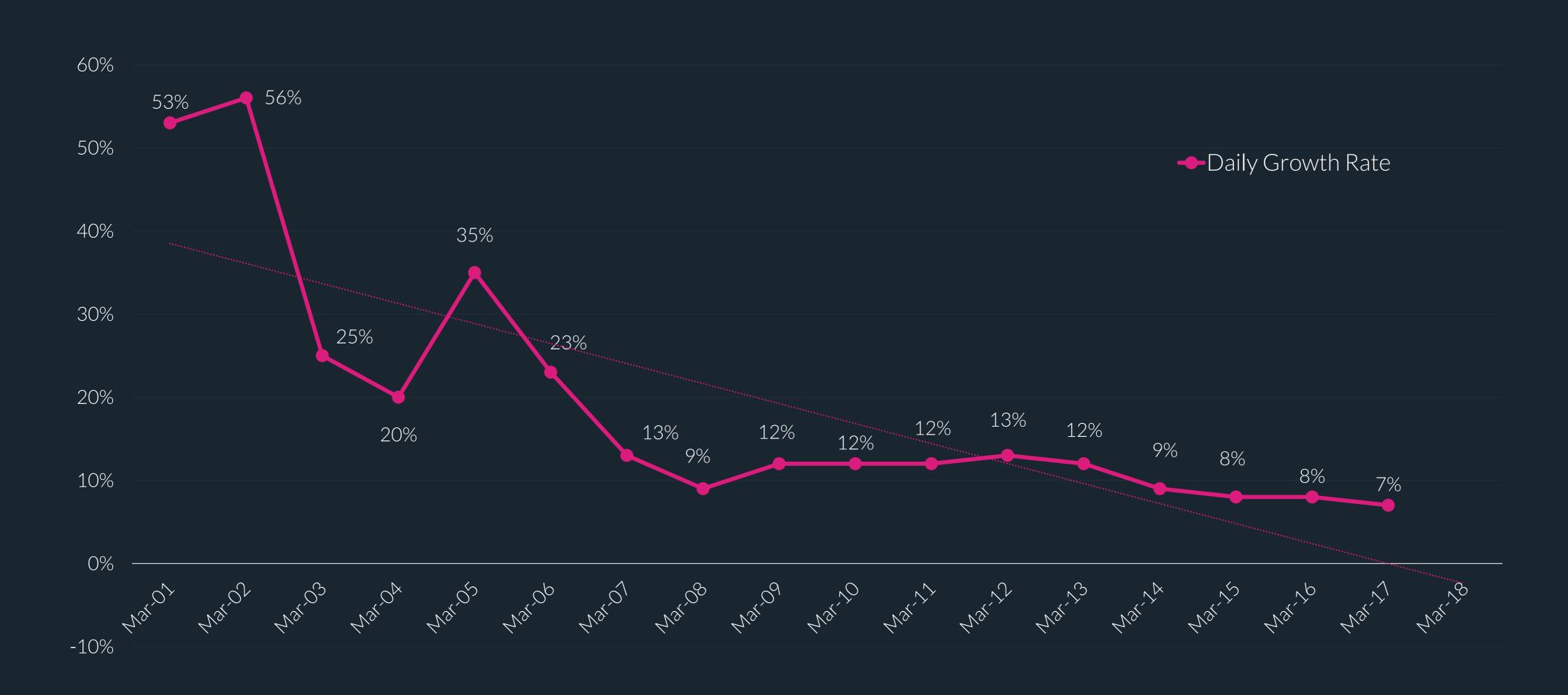
Italy: Infection Growth Rate Visibly Slowing

Their Quarantine Efforts Are Working



Iran: Infection Rate Dropping Sharply

Their Quarantine Efforts Are Working





Economic Impact Will Be Massive

Tail Risk Associated With COVID-19 Spread Has Grown



Though the dramatic shift toward social distancing should help "flatten the curve," the economic impact will be massive. Geopolitical ripple effects have materialized, such as a lower probability of a second term for President Trump and oil market turmoil. One can only guess which dominos will tumble next. Our crystal ball is as cloudy as ever."





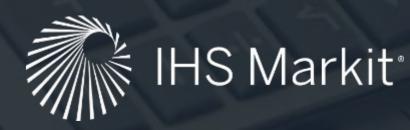
A Recession is Inevitable

More Dire Growth Predictions for the United States



We expect the US economy to shrink 8% in the second quarter, on par with the slump experienced during the 2008 financial crisis."

Joel Prakken, Chief US Economist
 IHS Markit



Goldman Sachs: Zero Growth in Q1, negative in Q2

The U.S. Will Witness Stunted Growth in 2020 at just 0.4%

On Sunday, March 15

WHY?

Goldman Sachs u.s. gdp outlook



- America's economy will now shrink 5% between April and June, after 0% growth between Jan and March.
- Q3 to pickup at 3% and Q4 should see 4% expansion. Growth for the year is forecast to come in at just 0.4%, down from 1.2%.

– Jan Hatzius, Chief Economist



Layoffs Domino Across the U.S.

COVID-19 Layoffs Surge Nationwide, Overwhelming Unemployment Offices

Layoffs are Just Beginning, and the Forecasts are Bleak

INDUSTRIES IMPACTED:

Massive wave of unemployment on a scale unseen since the Great Recession

18%
HOUSEHOLDS
IMPACTED BY
LAYOFFS OR
REDUCED HRS¹

7.4M
RESTAURANT
& BAR JOBS
IMPACTED

-56%
DINE-IN VISITS

SEEN IN MARCH
(OPENTABLE)

- Hospitality
- Airlines
- Retail Chains
- Small Businesses
- Mall Operators
- Oil Producers
- Car Producers
- Ride Share
- Theme Parks
- Gambling Destinations
- Hotels, Motels
- Vacation Rentals
- Restaurant Chains
- Cruise Lines
- Sports Venues
- ... and many more

Sources:

- 1) NPR/Marist Poll, Coronavirus Layoffs, Mar 2020.
- 2) CNN Business, Restaurant Shutdowns are Putting Millions of Jobs at Risk, Mar 2020.

COVID-19 Shock Will Claim 3M Jobs By Summer

Policy is Needed Now to Curb Further Losses

Even with fiscal stimulus, we're likely to see **3 million jobs lost by summertime.** Keeping this number down and allowing any job loss to be quickly recouped after the crisis ends should spur policymakers to act."

Josh Bivens, Director of Research

Economic Policy Institute

Likely Scenarios: The Road(s) Ahead

SCENARIO 1:

SCENARIO 2

Containment and care only



Within a week, U.S. starts putting large percentage of population centers in quarantine

No nationwide quarantine, local only

No nationwide lockdown measures People still travel



Quarantine likely to be similar to Italy's

- people won't be allowed to travel, but allowed to get groceries & visit pharmacies

40-70% of the US population become infected over the next 12-18 months



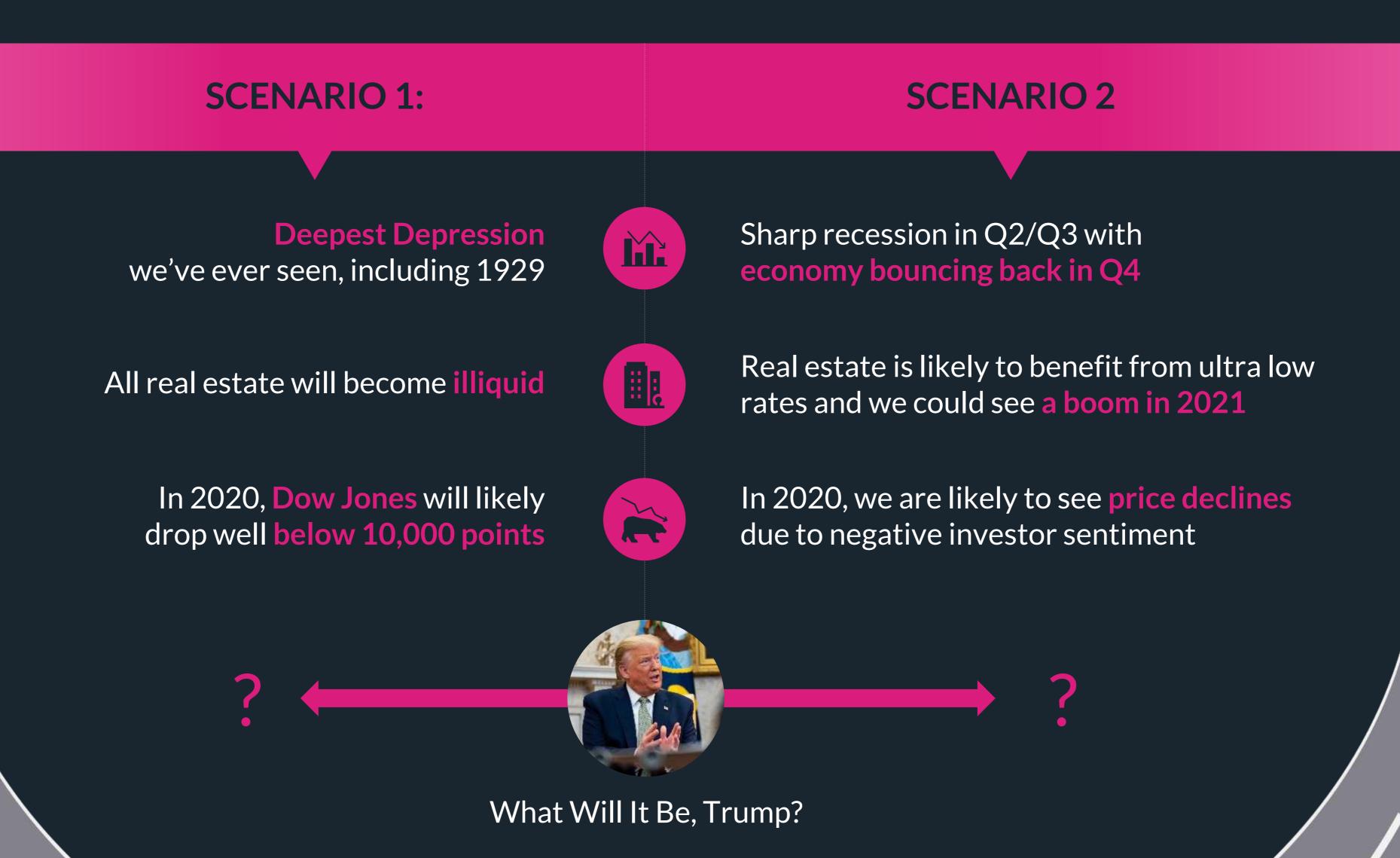
Witness a drop in the infection rate similar to China, Hong Kong and Itally

2.4M Americans die. After that, the U.S. will start to see herd immunity



Extrapolating death rates, U.S. ends up with 200,000 infections and 3,000 to 4,000 deaths

Likely Scenarios: Economic Impacts







Yardi®Matrix CBRE Marcus & Millichap







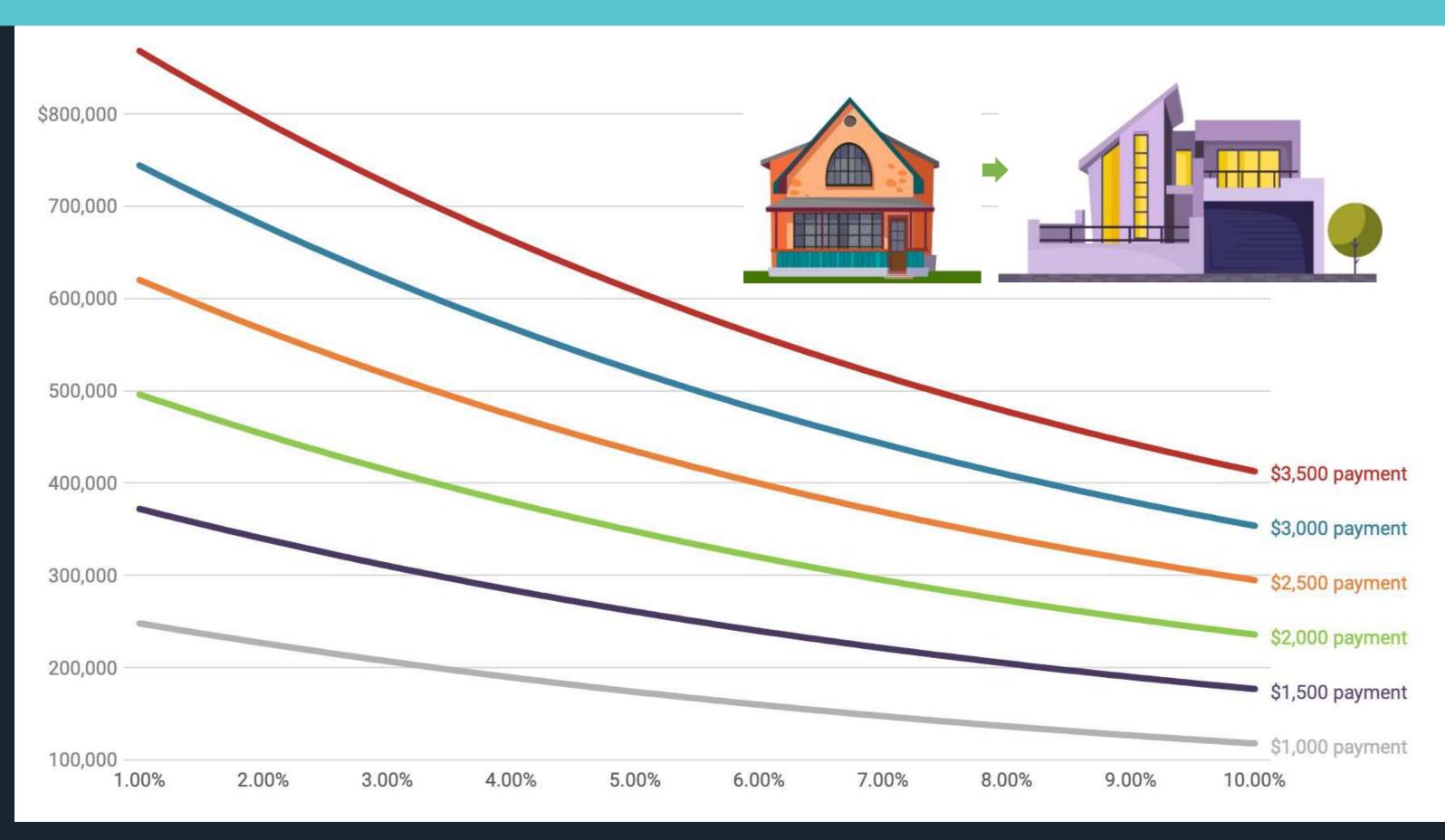


REAL ESTATE: A MARKET DIVIDED

Lower Mortgage Rates Give Homebuyers a Boost

Fed Emergency Cuts & Stimulus Puts the COVID-19 Effect at a Similar Level to GFC 2008

How Much Home Can Buyers Afford as Mortgage Rates Change?



- Despite negative COVID-19 impacts, historically low rates can offer some positive news
- This chart shows the home price you could afford for different monthly payment amounts, based on the mortgage interest rate

Assumes 20% down, 30-year mortgage, 1.25% property tax rate, 0.5% homeowners insurance rate & no HOA dues

Source: Redfin, Mortgage Rates Driven to Historic Lows by the Coronavirus Amp Up Homebuyer Purchasing Power, Mar 2020.



CBRE

Rapidly Evolving
COVID-19
Conditions Weighs
on Markets

MARCH 2020

- Property market fundamentals on firm footing
- Negative GDP growth in Q2 (est. 1.3% full-year growth) with risks biased to downside
- Property values & activity will take short-term hit



Hotels:

Expected to suffer a 20% drop in revenue, with additional downward revisions likely



Multifamily:

Structural shifts in demand remain favorable for the sector

Source: CBRE, Fed Cuts Rates to Zero as COVID-19 Weighs on Markets, March 2020.

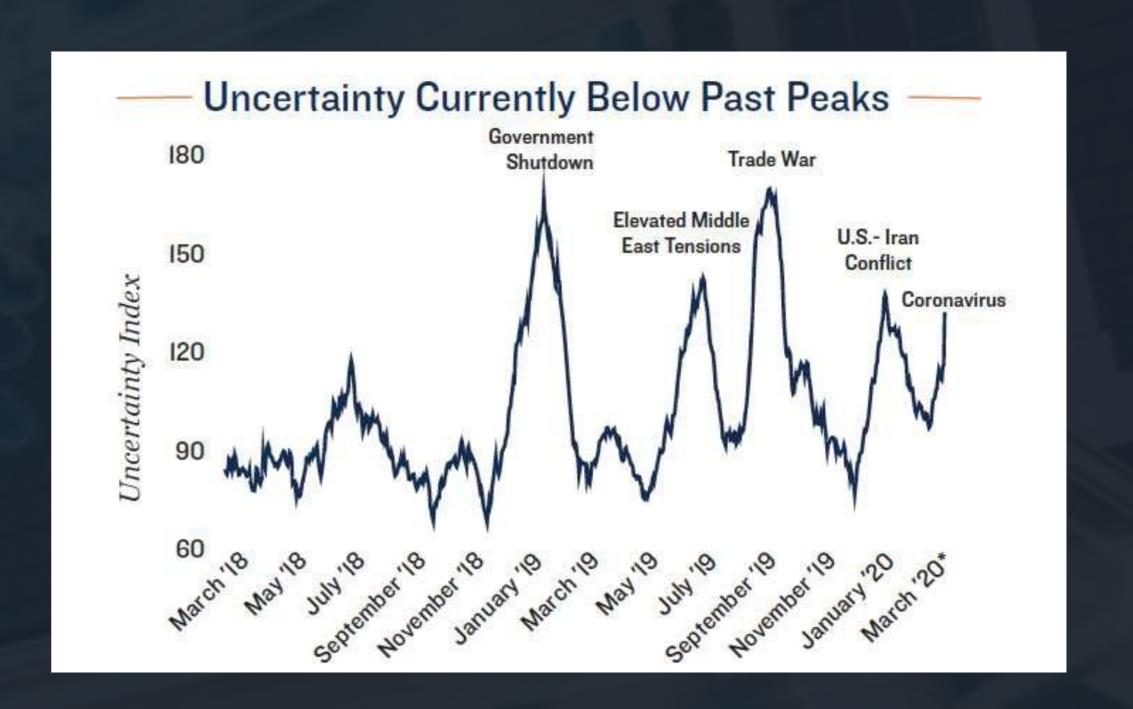


Marcus & Millichap

Sturdy Economy
To Withstand
COVID-19
Headwinds

MARCH 2020

- Sound fundamentals support steady performance assuming worst-case pandemic scenario
- Markets expected to stabilize over 3-6 months
- Barring a major economic disruption, commercial real estate yields and investment activity to remain stable.



Source: Marcus & Millichap, Coronavirus Outbreak: Implications for Real Estate, March 2020.

Yardi[®] Matrix

COVID-19 Likely to Cause Technical Recession

FEBRUARY 2020

- ✓ It seems inevitable that the U.S. economy will experience a technical recession
- We expect COVID-19 impacts to last 3-6 months, before a steady recovery boosts the economy once again
- Multifamily remains well-capitalized and strong enough to weather a modest slowdown
- Owners and operators may face short-term rent collection issues if there is a tightening in the employment market
- Flexibility with impacted tenants may be required
- ✓ Value-add projects will likely slow
- Most investors poised to sustain operations, and may see an investment opportunity for owners with ample cash available as market shocks continue

Source: Yardi Matrix, Economic & Coronavirus Update National Multifamily Report, Feb 2020.



Top COVID-19 Impacts Expected For The Housing Market



Eventual Rebound Will Take Longer Than It Did With SARS in 2000

- Unlike COVID-19, SARS did not have significant impacts on consumer spending or domestic financial markets
- The size of the impacted population and the death toll is also much larger with COVID-19, which suggests that the eventual recovery will play out over a longer period of time
- Lower rates will help to offset some of the headwinds in the housing market
- New home construction could slow further, exacerbating already-tight supply

Realtors Say It's Business As Usual

But Will COVID-19 Impact Sales, Prices and Time On The Market?

About 40% of home sales each year happen from March to June... but realtors aren't scared, YET



- ▼ 78% of Realtors said COVID-19 had no impact on homebuyers
- 77% said they saw no changes in listings
- Reduction in physical open house traffic
- Greet with hand sanitizers, not a warm handshake
- Selling homes without hosting an open house has more appeal than ever: video and virtual tours
- Customers can now see, bid, sign and close virtually
- Roofstock traffic from Asian investors rose 500%
- Instant homebuying (Zillow, iBuyer, OpenDoor, Roofstock) to benefit

Home Sellers vs. Buyers

A Shift In Real Estate Market Participant Behaviors

SELLERS

- Reluctant to list homes fearing falling prices and strangers in their homes
- NAR reported that 1 in 4 sellers nationwide are changing how their homes are shown. Requiring:
 - Prospective buyers to wash their hands;
 - Use hand sanitizer,
 - Asking buyers to remove their shoes

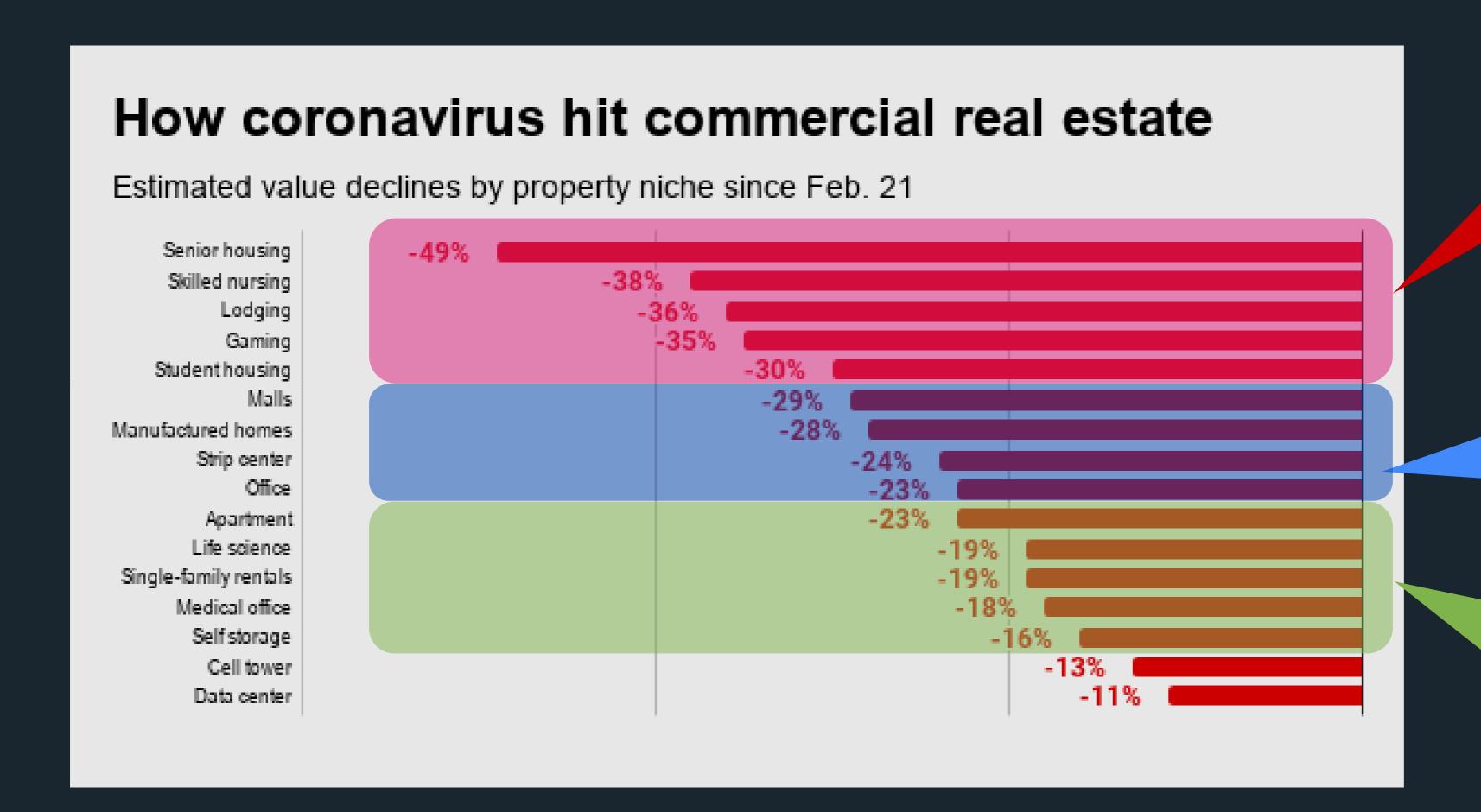
HOMEBUYERS

- Would-be buyers postponing decisions fearing further depreciation and financial instability
- Afraid to physically go to open homes.

 Resorting to video tours and 3D virtual reality tours

REIT Share Prices Hammered 35% Since COVID-19

Translating to 24% Drop in Property Values



The Biggest Losers?
Real estate dedicated to travel and to caring for the elderly

Hard hit
Malls, strip malls, student
housing and offices

Least affected
Self-Storage, medical
offices, Single family,
Apartments not as hard hit

STUNNING IMPACT ON HOTELS & AIRBNB

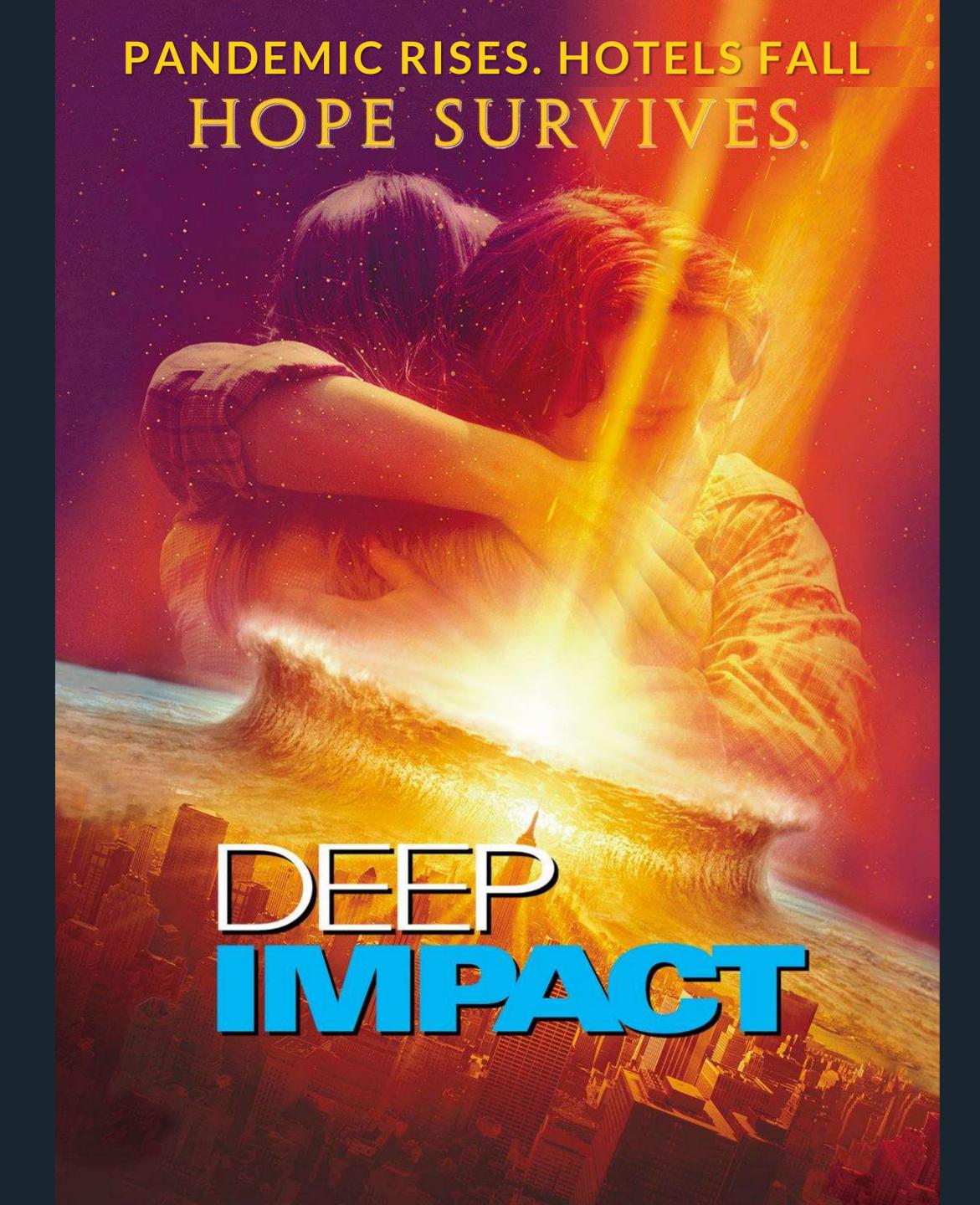














Marriott to furlough tens of thousands of workers as coronavirus batters hotel industry

USA Today

1 hour ago



Marriott is the largest hotel chain in the world with 1.38 million rooms worldwide. The company's brands include:

- Marriott
- Westin
- Sheraton
- Courtyard by Marriott
- Residence Inn by Marriott
- The Ritz-Carlton
- Renaissance Hotels

Airbnb: A 'Disaster' for Hosts

U.S. Bookings Plunge Amid Coronavirus Pandemic



COVID-19 - United States of America



This reservation qualifies for a full refund because of this incident affecting New Orleans. If you've confirmed with your host that your trip is affected, we can help you change or cancel the reservation now.

Change or cancel reservation



Airbnb Host Class Action @AirbnbHostClass · Mar 15

Calling all @Airbnb hosts that have been robbed by @airbnb's arbitrary decision to change its cancellation policy making #hosts bear 100% of the losses due to #COVID-19.

We are building a class action lawsuit.

Please connect, we have much to discuss.

Airbnb updated its "extenuated policy" on March 14 ensuring all guests are refunded for their reservations in the U.S.:

"They changed a policy for us without our permission. These were contracts with our guests. Airbnb had no right to change them. I've lost \$4,000 so far. We have bills to pay too! 100% of the cost shouldn't be on the hosts!"



- Melanie, Airbnb host, Canyon Lake CA





























WYNDHAM







American Airlines













































patagonia















facebook

































































Asset Management: COVID-19 Initiatives



Recommended Implementations Steps for Grocapitus Projects



OFFENSIVE TACTICS



DEFENSE TACTICS

- Assess community health regularly
- Provide special resident services
- Evaluate "at-risk" tenants
- Leasing: Online initiatives & occupancy
- Dealing with Delinquencies

- Limit community interactions
- Leasing office closures
- Evaluating work orders for urgency
- Unit turns
- Capital preservation
- Delinquency & financials



- Daily monitoring of COVID-19 cases on properties and general community status via phone, slack or text
- Research resident options within the community in case they contract COVID-19 (local services)
- Assess whether certain buildings are more at-risk for spread than other units



- Provide tenants with a comprehensive list of services that may assist during pandemic at federal, county and state levels for individuals and small businesses
- Reach out to residents to update them with list of services
- Understand tenant risk profiles
- Suggest remedies to tenants



- Study the employment composition of residents, targeting those employed in "at-risk" industries such as:
 - Airlines
 - Restaurants
 - Hospitality
 - Travel
 - Entertainment
- Determine level of exposure to "as-risk" residents per property



LEASING: ONLINE INITIATIVES

- Create video tours and post online to Facebook and website (our team will customize with video splicing, project logos, lower thirds)
- Implement online leasing protocols: applications and online interactions
- Provide more payment options including a "dropbox" for checks at leasing center, online
- Increase online marketing as physical leasing traffic will be reduced



- Maximize Spring/Summer Leasing Velocities: Focus on lead follow-up, social media posts and sending out renewals:
 - Offer concessions to keep occ. high
 - Offer resident referral fee
- Maintain Occupancy with Solid Tenants: Lease renewals should be sensitive to current situations who pay on time.
- Re-evaluate Prior Notices to Vacate as some tenants may now wish to stay put
- Maintain Occupancy: Provide care packages to residents: deck of cards, coloring book, etc



- Implement Lease Modification Program:
 - 1. Offer a late payment fee waiver;
 - 2. Offer one-month payment skip and lease modification that amortizes the missed rent payment over the balance of the lease term: Restricted to residents who have previously paid on time; or
 - 3. Offer 'two-chunk' installment payment option: Restricted to residents who have previously paid on time.



- Immediate cancellation of resident events
- Close all amenities: fitness & playgrounds
- No consumable goods in offices
- Cancel cleaning checks & quarterly inspections
- Add signage to offices requesting that any resident service items be handled by phone (posters with QR codes posted to doors of projects with leasing office closures



EVALUATE WORK ORDERS FOR URGENCY

- Leave DIY-fixable items at resident doors (smoke alarm batteries, furnace filters, etc)
- Non-urgent work orders to be postponed
- Urgent work orders: Maintenance technicians to wear protective suit and sanitize self and tools upon entry and completion

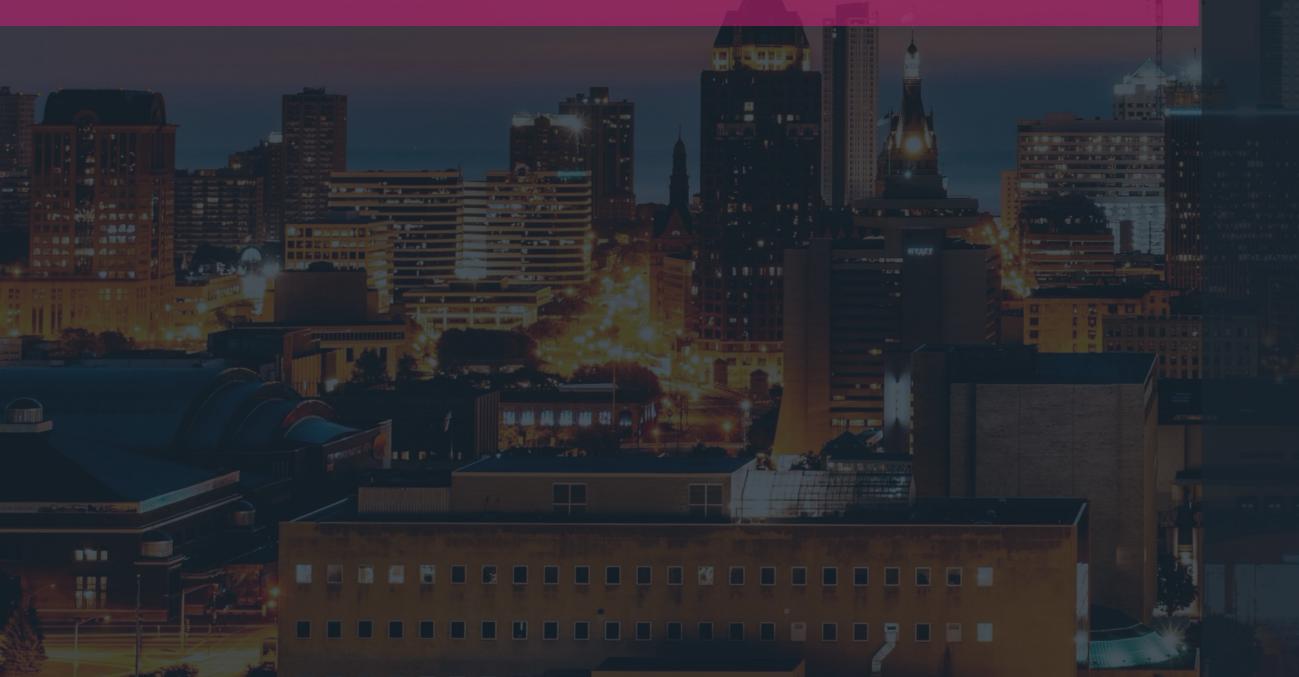


- Consider stopping renovations after immediate materials used and only turning classics (depending on capex source)
- Renovations of vacant units to proceed normally, except for limited number of nonrenovated units being released for occupancy at lower rates in an effort to preserve occupancy levels





CAPITAL PRESERVATION



- Withhold distributions to investors for immediate use
- Withhold payment of Asset Management Fees
- ▼ Reduce / remove all non-essential expenses





DELINQUENCIES & FINANCIALS

- Increase frequency of delinquency and financials monitoring, and take more care
- ✓ If delinquencies reach high amounts, partner with lenders to work out "creative" solutions

JOIN US FOR

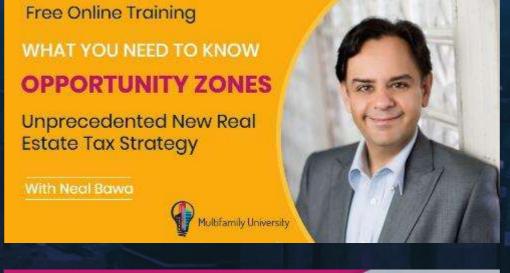
50+ Free Knowledge-Driven, Power-Packed Webinars on:

www.multifamilyu.com











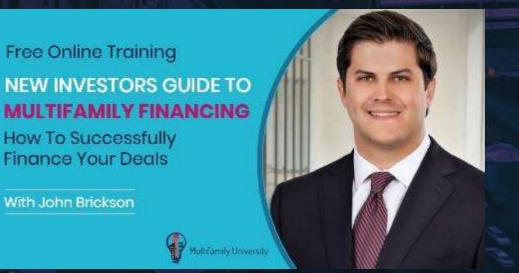












Thank You for Joining Me

QUESTIONS?



NEAL BAWA
Grocapitus & MultifamilyU



510-367-1510 neal@grocapitus.com

Travel Industry Losses: Dashboard

Equivalent to 6X the Impact of 9/11

Travel Industry Losses Alone Is **ENOUGH** to Push the U.S. Economy Into Recession

-75%
REVENUE
IN MARCH
& APRIL

\$355B
LOSSES
TO CONTINUE
OVER 2020

4.6M JOB LOSSES PROJECTED IN 2020 6.3%

JOBLESS RATE*

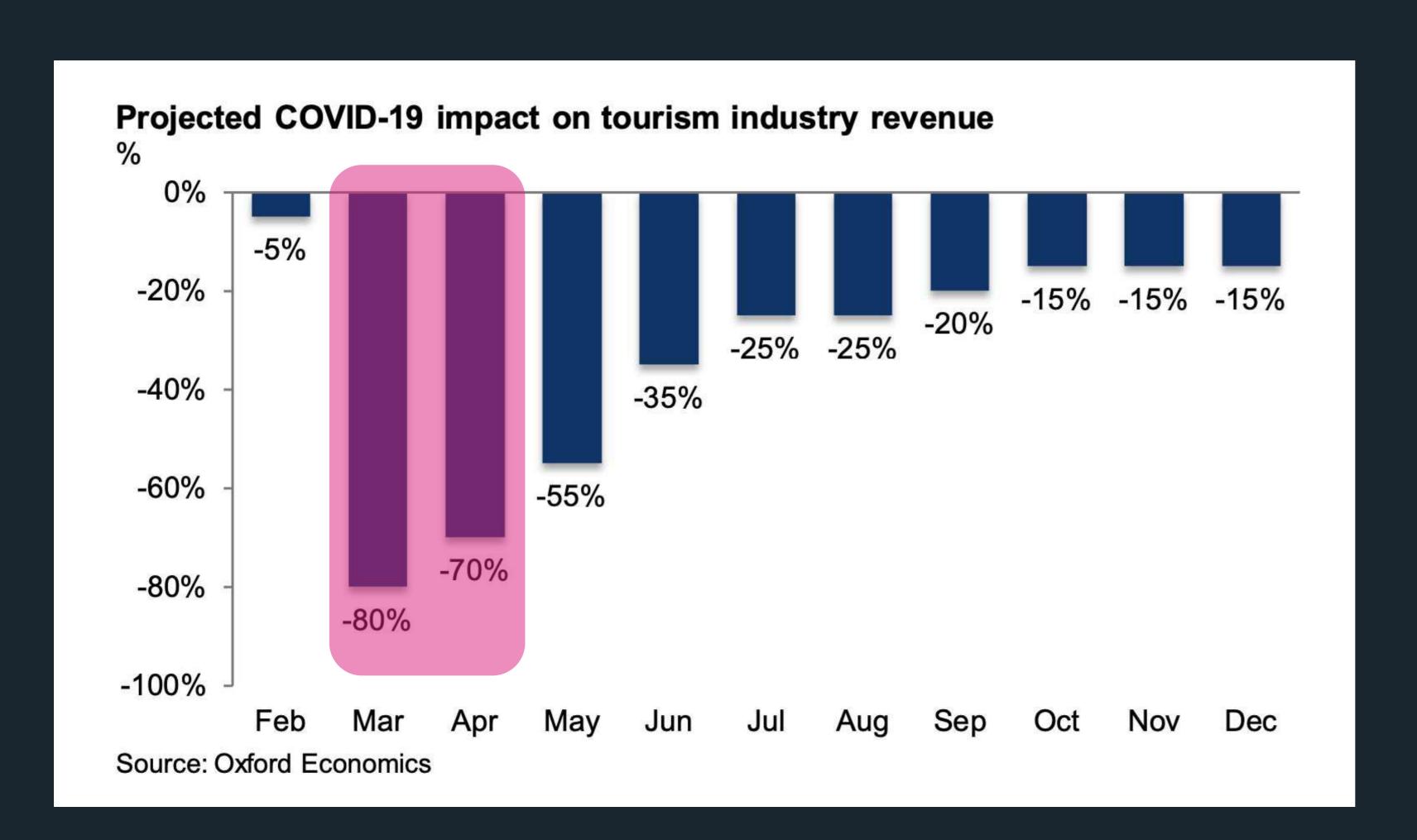
PROJECTED
FROM 3.5%

If we account for losses in other industries too, we're in deep trouble!



Travel Industry Losses To Send Shockwaves

Gradually Loosening Declines Expected in the Summer as Travel Restrictions are Loosened







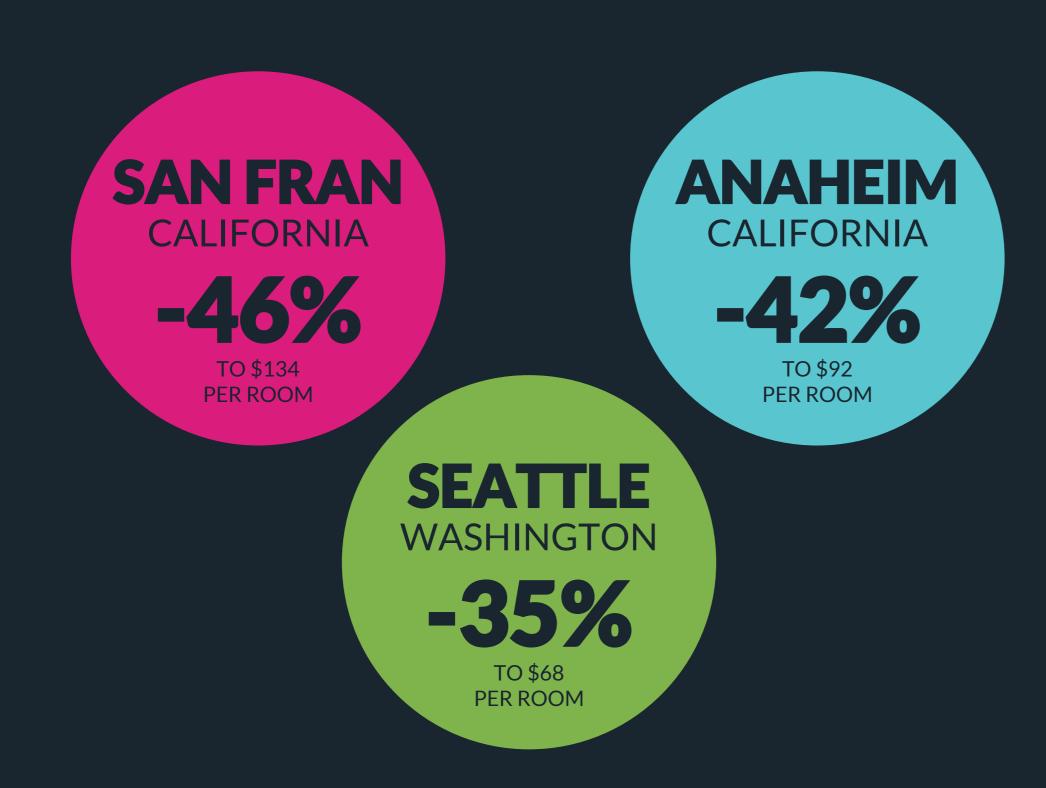


Hotels: Global Scale "Corona-Crisis"

Hotel Industry Sustains the Biggest Blow

Revenue Per Available Room (RevPAR) last week¹

PAINFUL, TANGIBLE IMPACTS



- ightharpoonup No occupancy declines for 10 consecutive years until now²
- 23 out of 25 markets saw revenue decline¹
- Drop in booking pace (corporate/events/leisure)
- Massive room rate cuts
- Increased free room & spa cancellations for free
- Staff layoffs: Marriott, MGM Resorts, Caesars, etc
- Potential business closures
- Enhanced cleaning procedures (more costs)
- Events postponed
- Pressure from banks/lenders

Sources:

1) STR, U.S. Weekly Data Ending March 7 Shows Significant Performance Declines, March 2020. 2) CBRE, U.S. Lodging Industry Is Healthy, But Growth Is Slow Through 2021, Nov 2019.





Worldwide Infection Dashboard

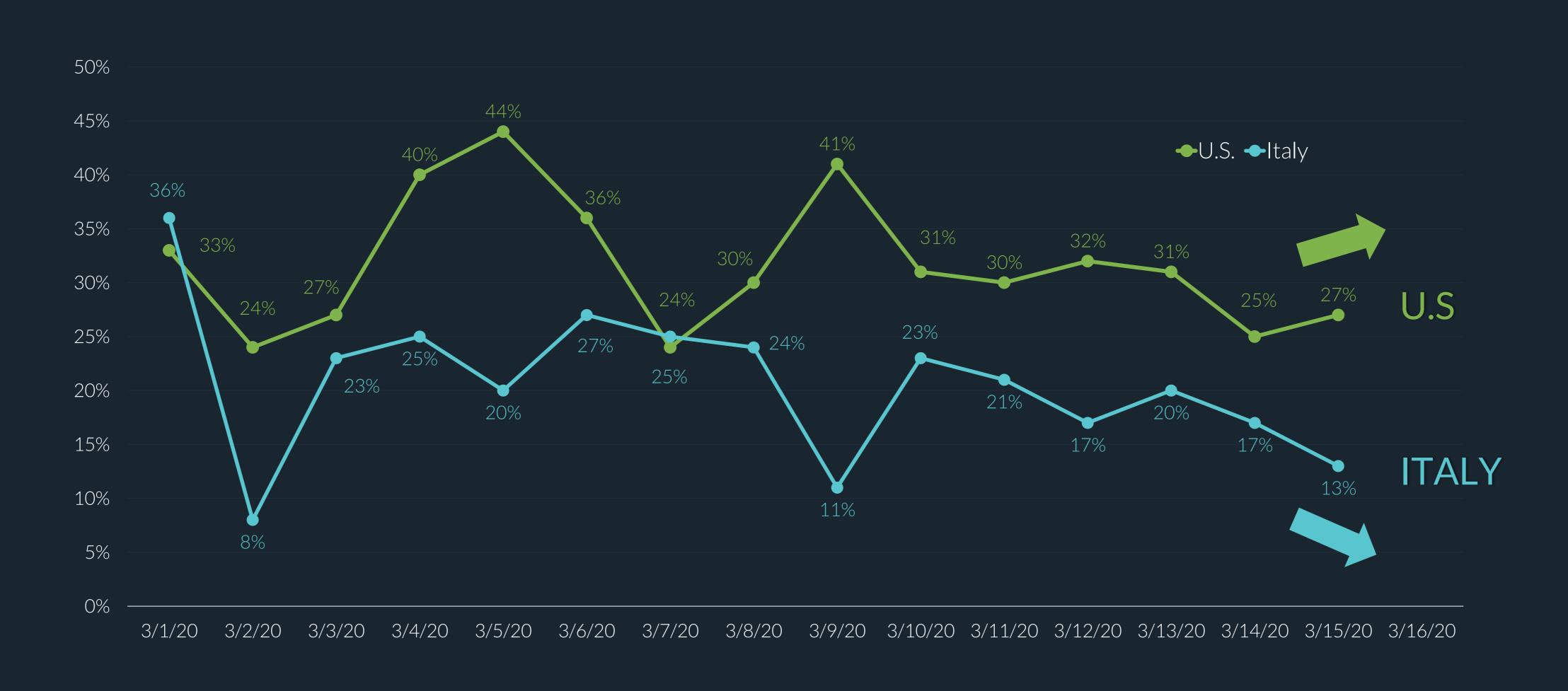
The Latest Numbers as at March 16, 2020

COUNTRY		INFECTION COUNT	DAILY GROWTH % AVERAGE
	USA	4,663	32%
	ITALY	27,980	21%
	SPAIN	9,942	38%
	SOUTH KOREA	8,236	6%
	IRAN	14,991	21%
	UNITED KINGDOM	1,543	29%
	GERMANY	7,272	31%
	FRANCE	6,633	31%
*:	CHINA	80,881	0%



U.S. vs. Italy: Growth Rate Higher in the U.S.

Without a Full-Scale Quarantine in Place, the U.S. Infection Rate Shows No Signs of Dropping





The U.S: Infections Rising at 32% on Average

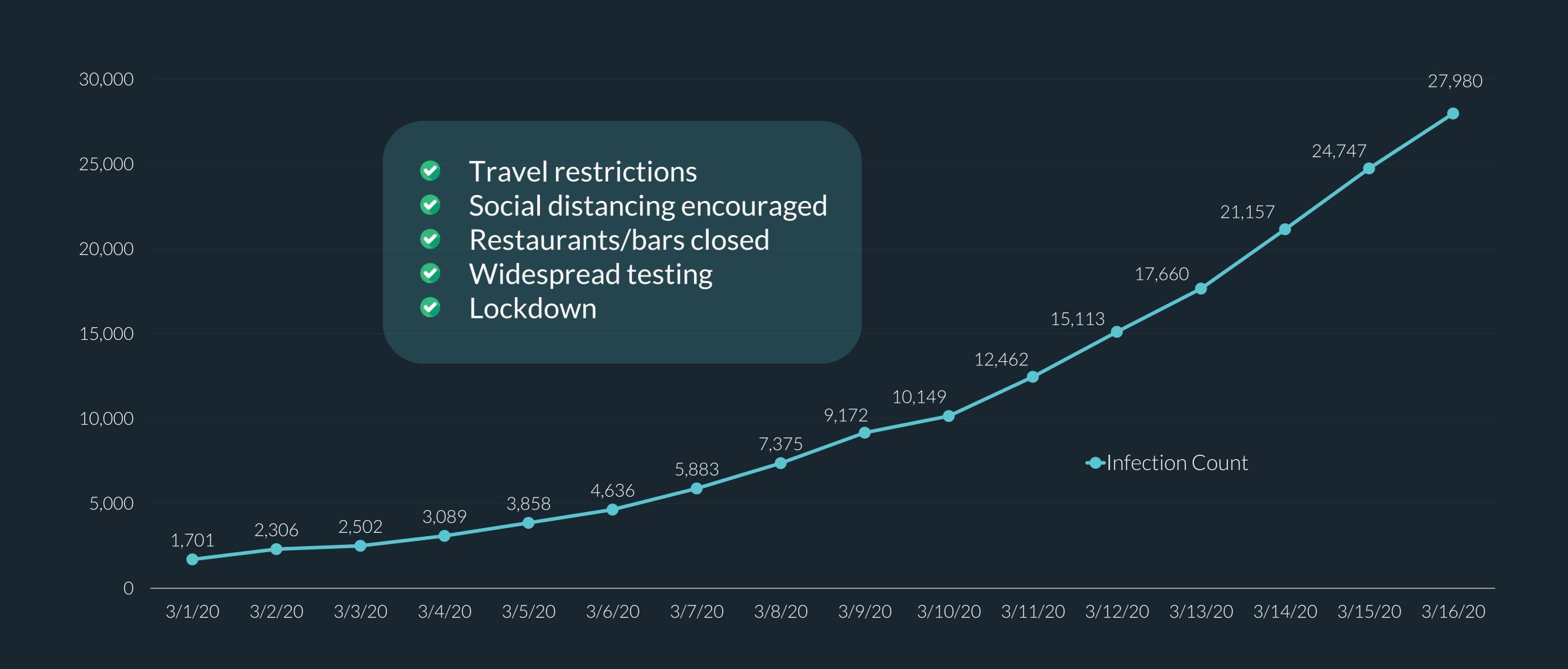
Infections Growing at an Exponential Rate with No Signs of Stopping





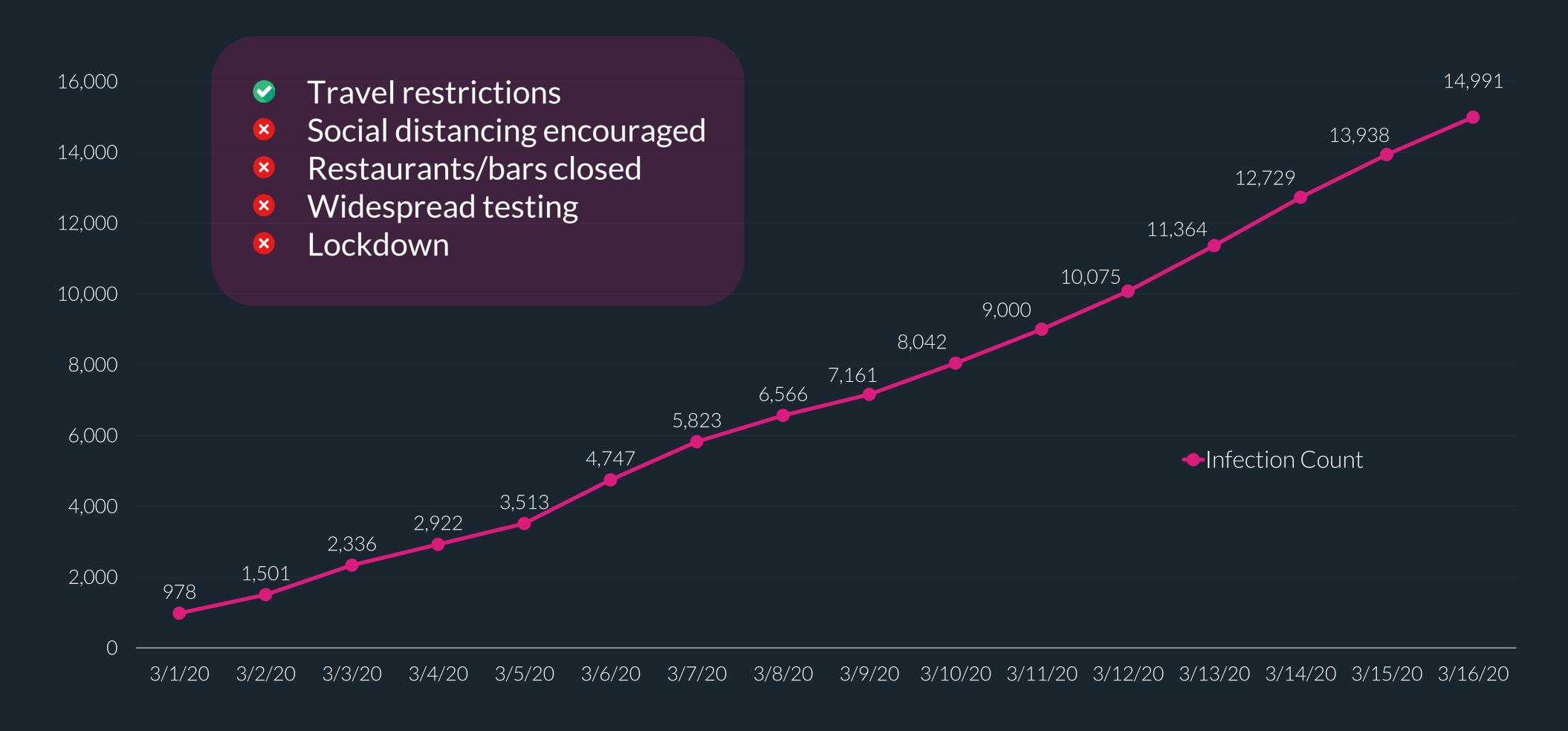
Italy: Infections Rising Steadily

XXX



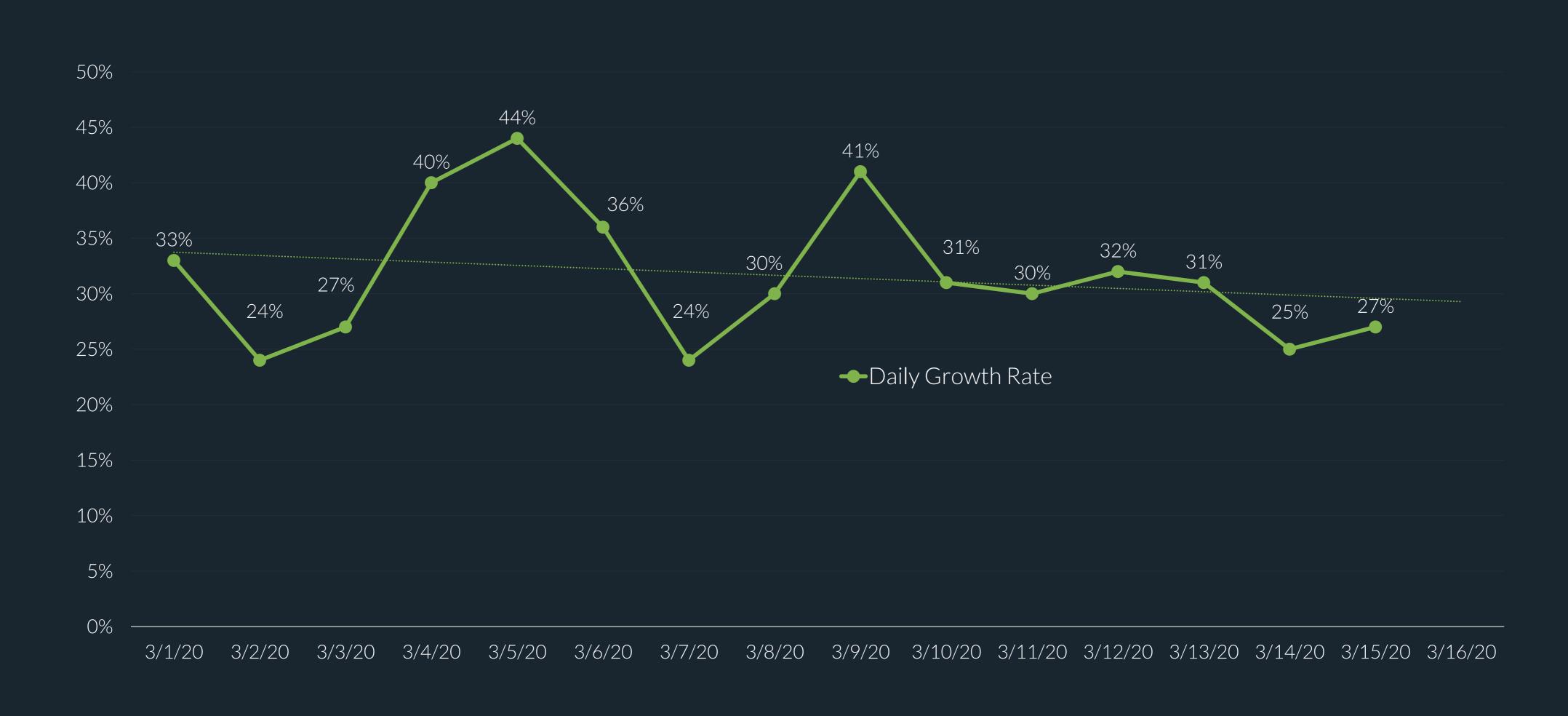






The U.S: Daily Growth Rate Not Significantly Dropping

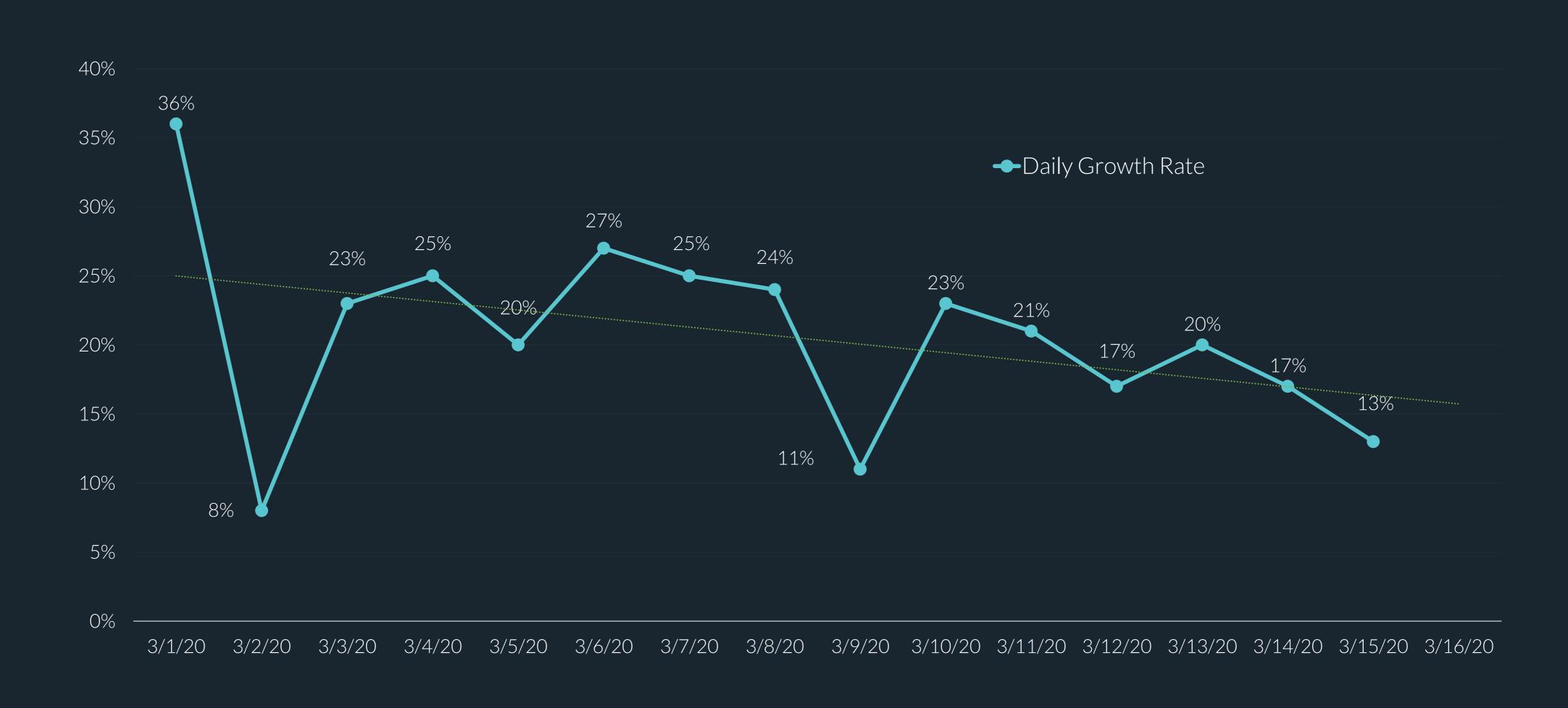
Volatile and Wildly Inconsistent





Italy: Infection Growth Rate Visibly Slowing

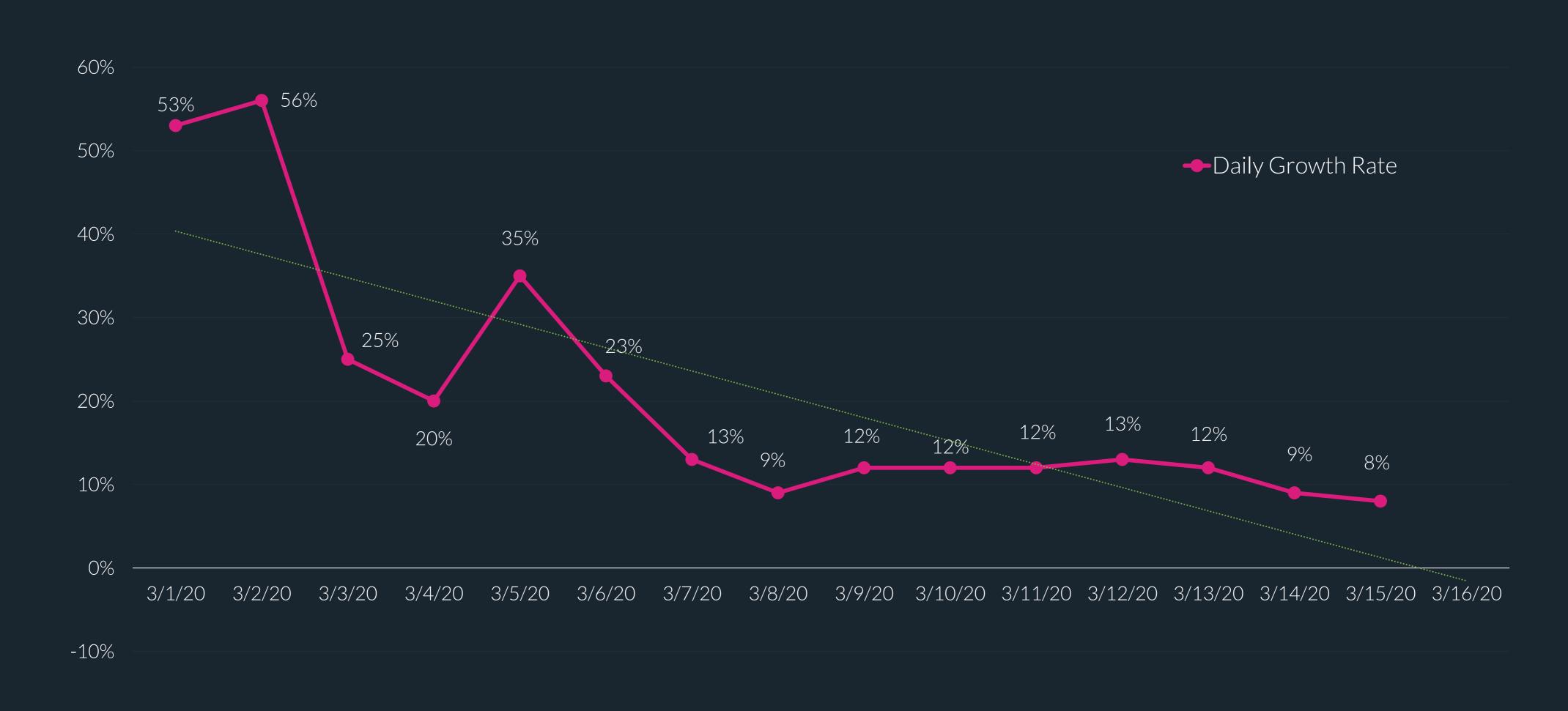
Their quarantine efforts are working





Iran: Infection rate dropping sharply

Their quarantine efforts are working



Where Can You Find Reliable News?





Sign up for COVID-19 Situational Reports at:

http://www.centerforhealthsecurity.org/newsroom/ newsletters/e-newsletter-sign-up.html

- Clinicians' Biosecurity News
- COVID-19
- Health Security Headlines
- Preparedness Pulsepoints

The New York Times

Good on scientific accuracy:

http://www.nytimes.com

- Read Live Coronavirus Updates & Coverage
- Track Coronavirus Cases in the U.S. Full Map

worldometers

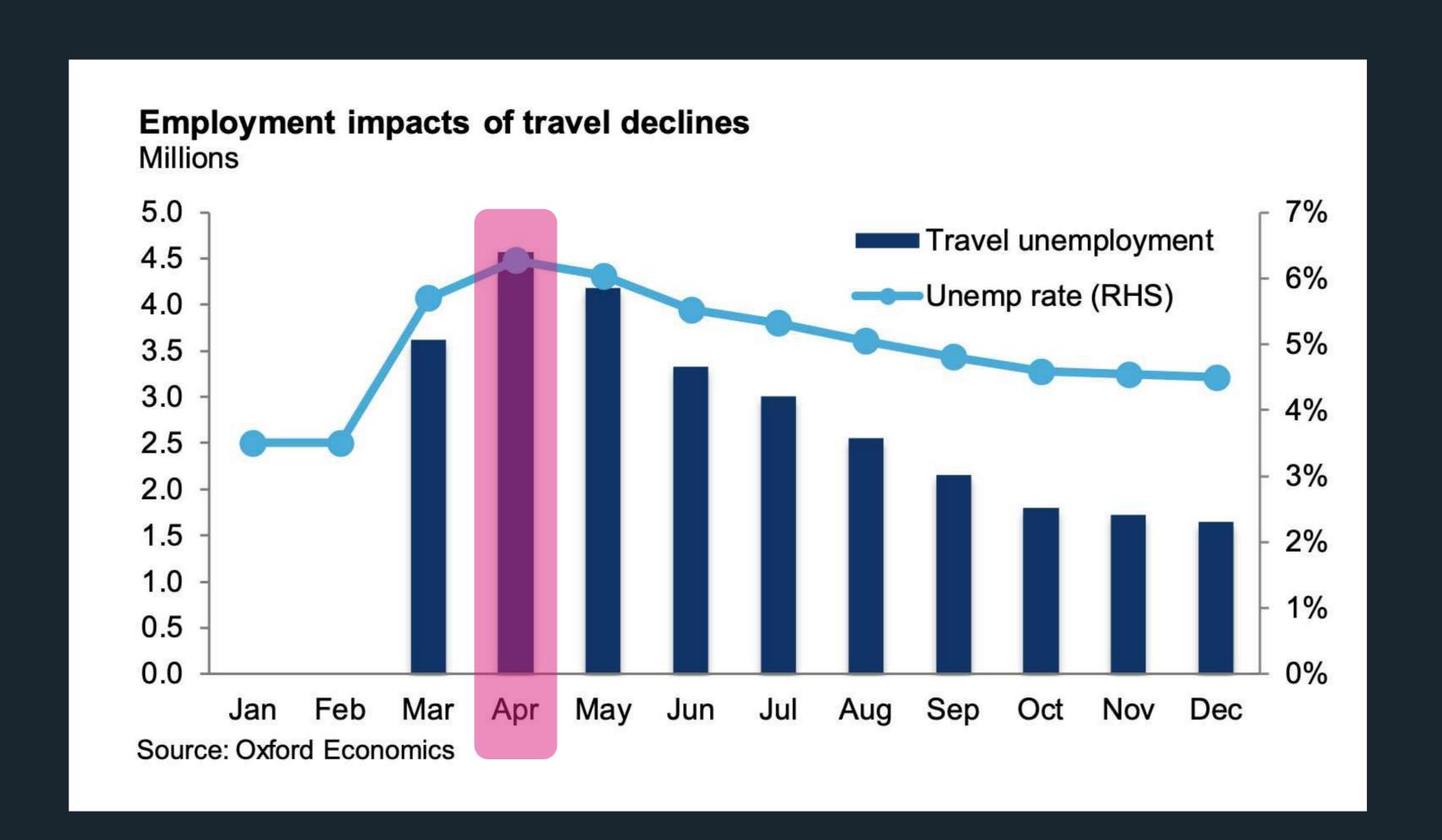
World & U.S. statistics updated in real-time

https://www.worldometers.info/coronavirus/country/us



Travel Industry: Employment Losses

4.6 Million in Job Losses Alone Will Increase the Unemployment Rate to 6.3% in Q2



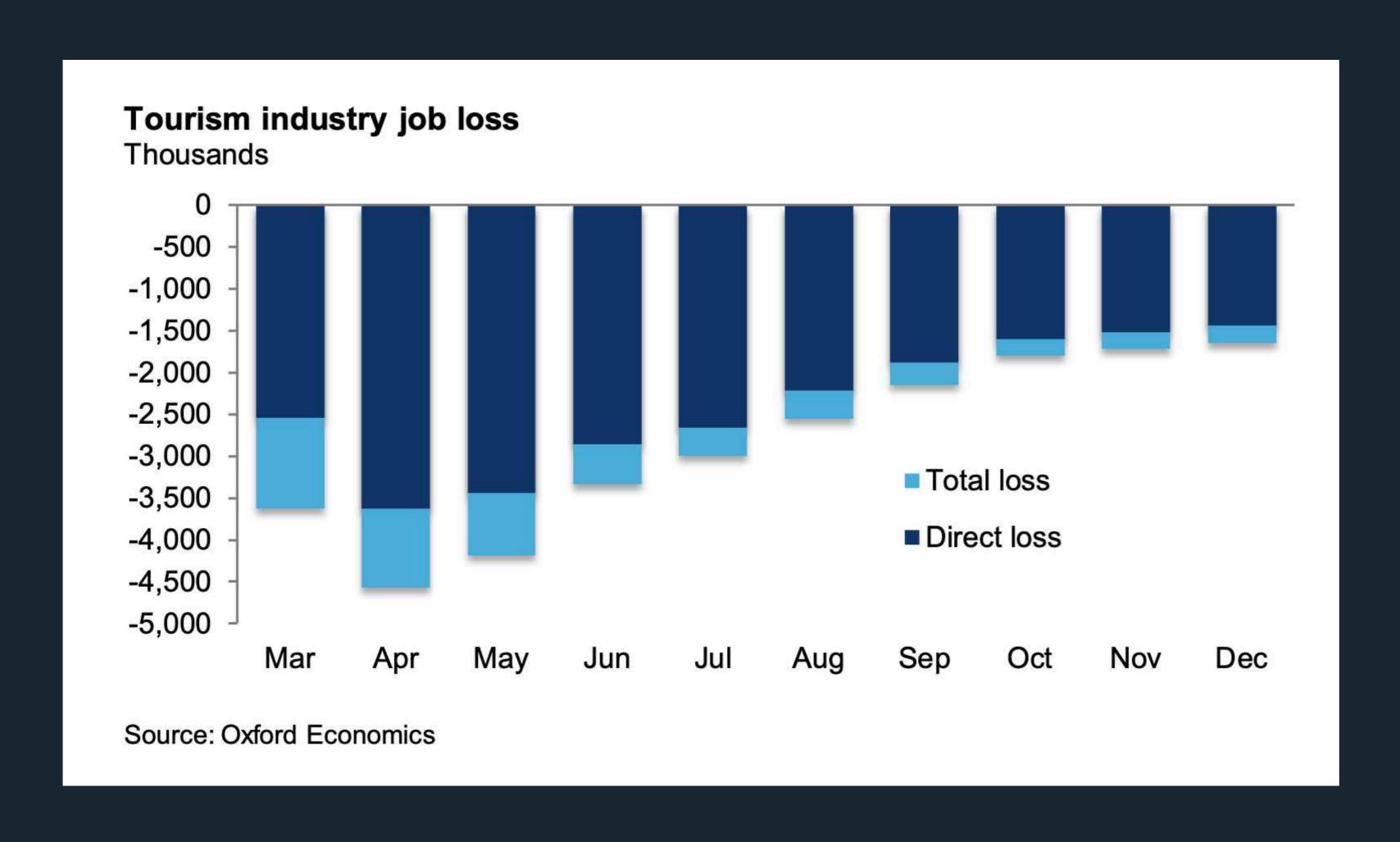






Travel Industry: The Nightmare Continues

Job Losses Will Spike in April and May, with Losses Continuing Throughout 2020

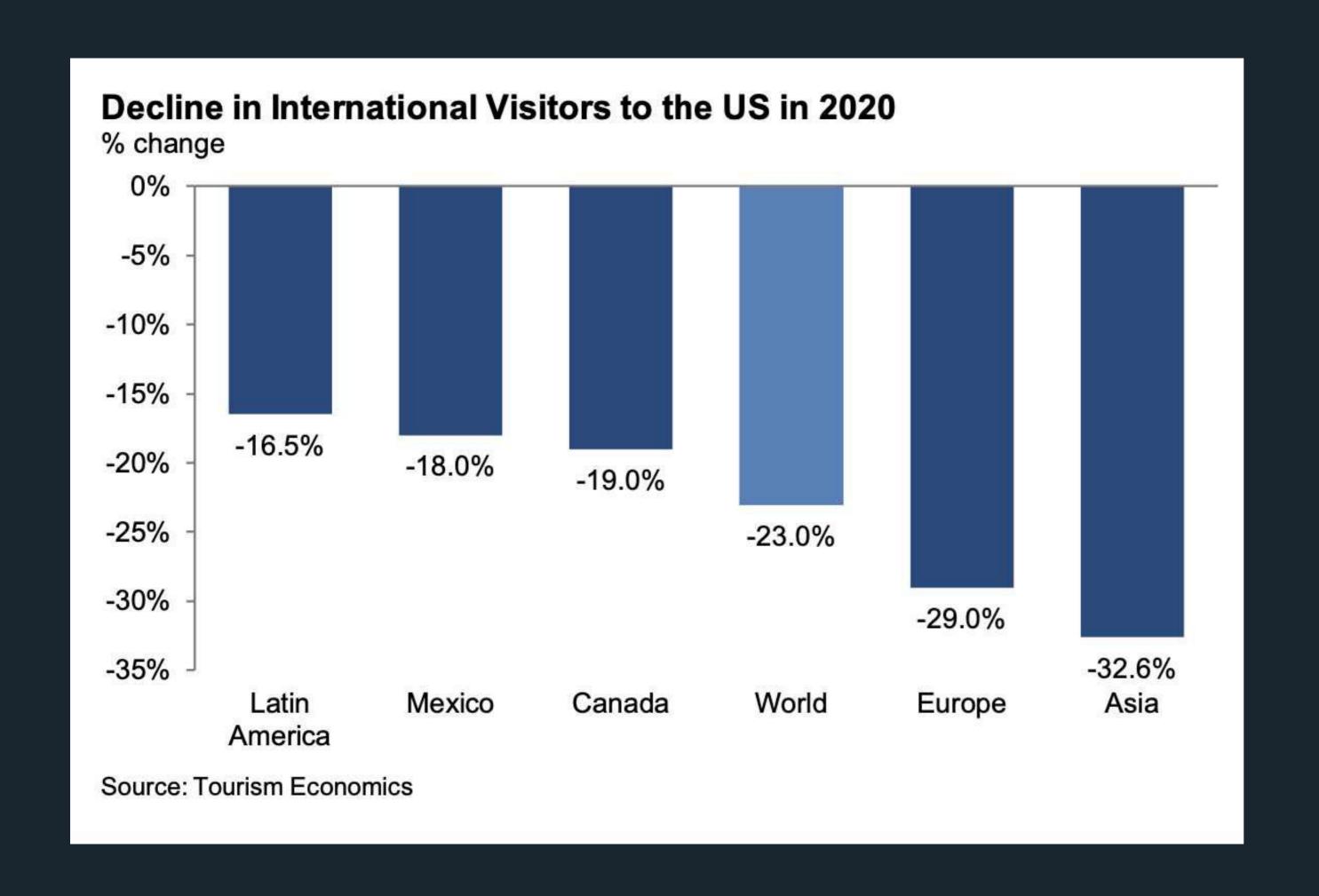






Travel Industry: International Markets Hard-Hit

Losses Span All Markets With the Largest Declines From Asia & Europe

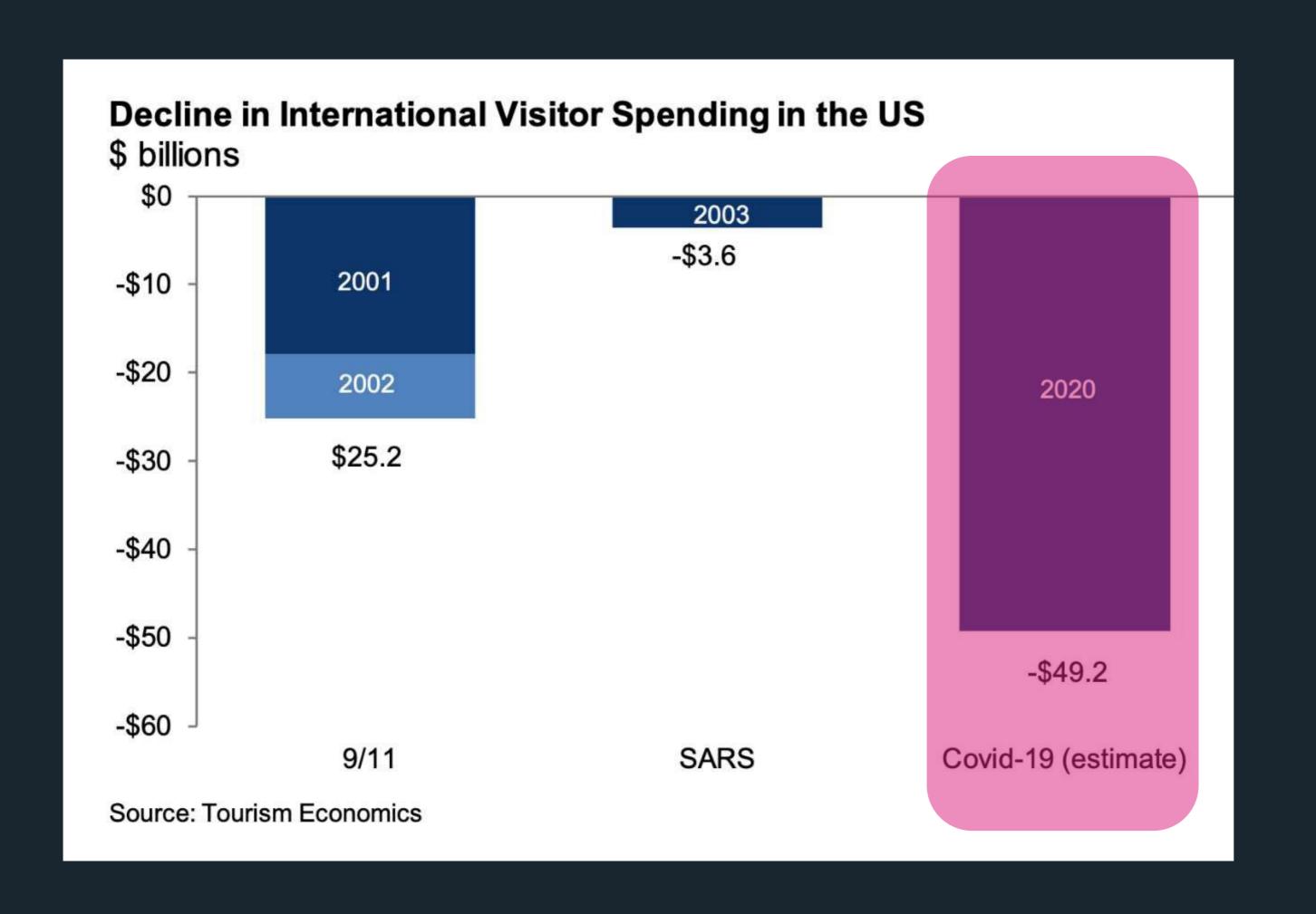


International Visits to U.S. Are Expected to Decline at Least 23% This Year



Travel Industry: International Visitor Spending Impacts

Unprecedented Decline in Both Percentage and Absolute Terms







Multifamily & Self-Storage: Set to Outperform

Not All Doom and Gloom for Specific Asset Classes



MULTIFAMILY



- Limited near-term impact on demand
- Despite slowing economic activity, people need homes more than ever
- Increased homebuying power



INDUSTRIAL



OFFICE



- Supply-chain disruptions
- Shortage of consumer goods
- Slower economic activity to temper demand for space

Office demand minimally impacted given long-term nature of leases other than temporary closures, increased janitorial expenses



HOSPITALITY



RETAIL



SELF-STORAGE



- Significant disruptions to hotels and vacation homes due to widespread travel bans
- Staff layoffs and smaller chain closures
- Negative stigma towards travel will be long-lasting



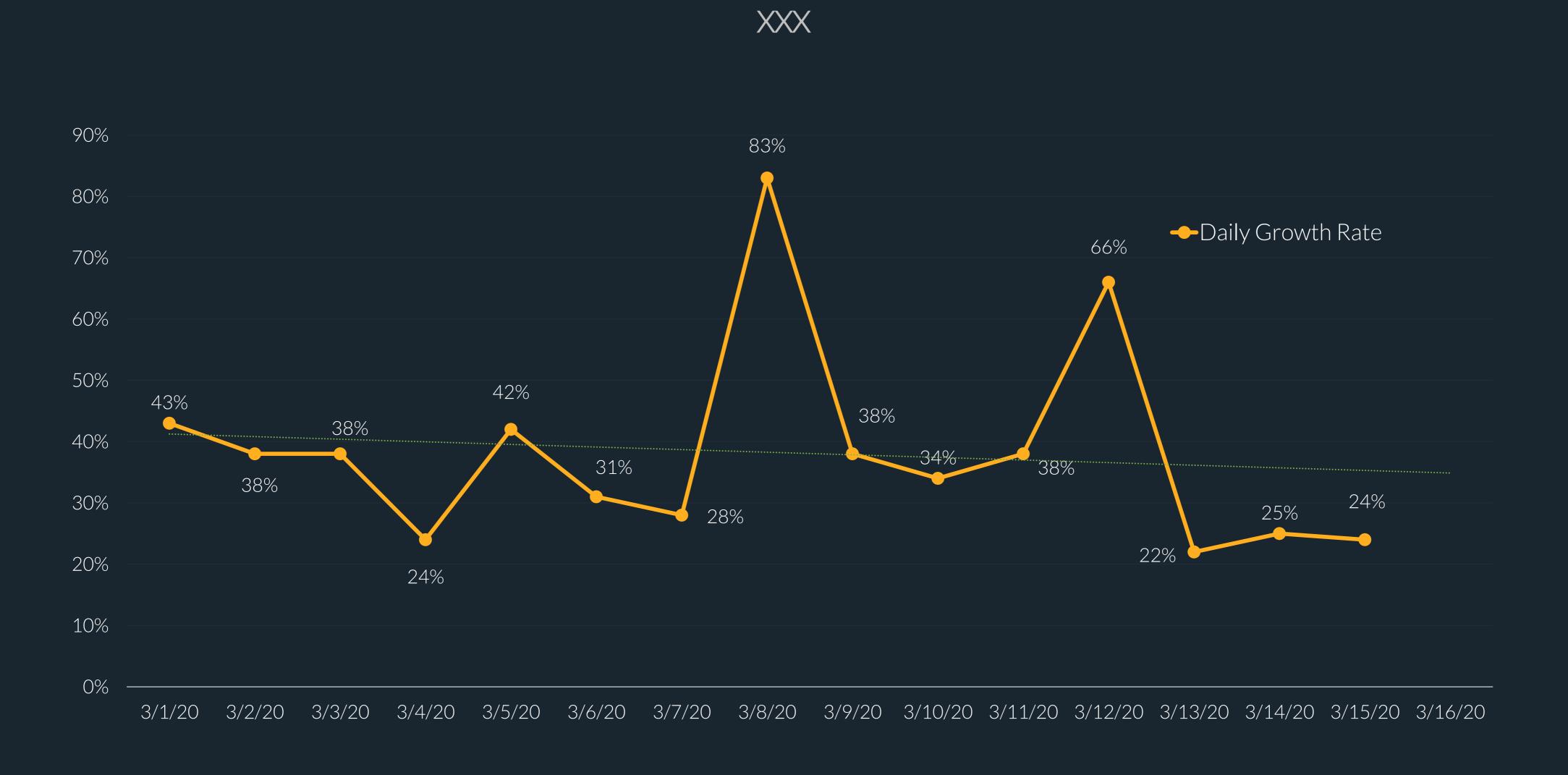
- Reduced foot traffic aside from groceries and pharmacies
- Limited profits, expansion and renewal plans delayed
- Small businesses don't have cash to weather the storm



Little if any impact

- Recession resistant (lower declines & default ratios vs other asset classes)
- In difficult times, tenants still need to store personal items and RVs

Spain: Infection Growth Rate 38% but on Decline

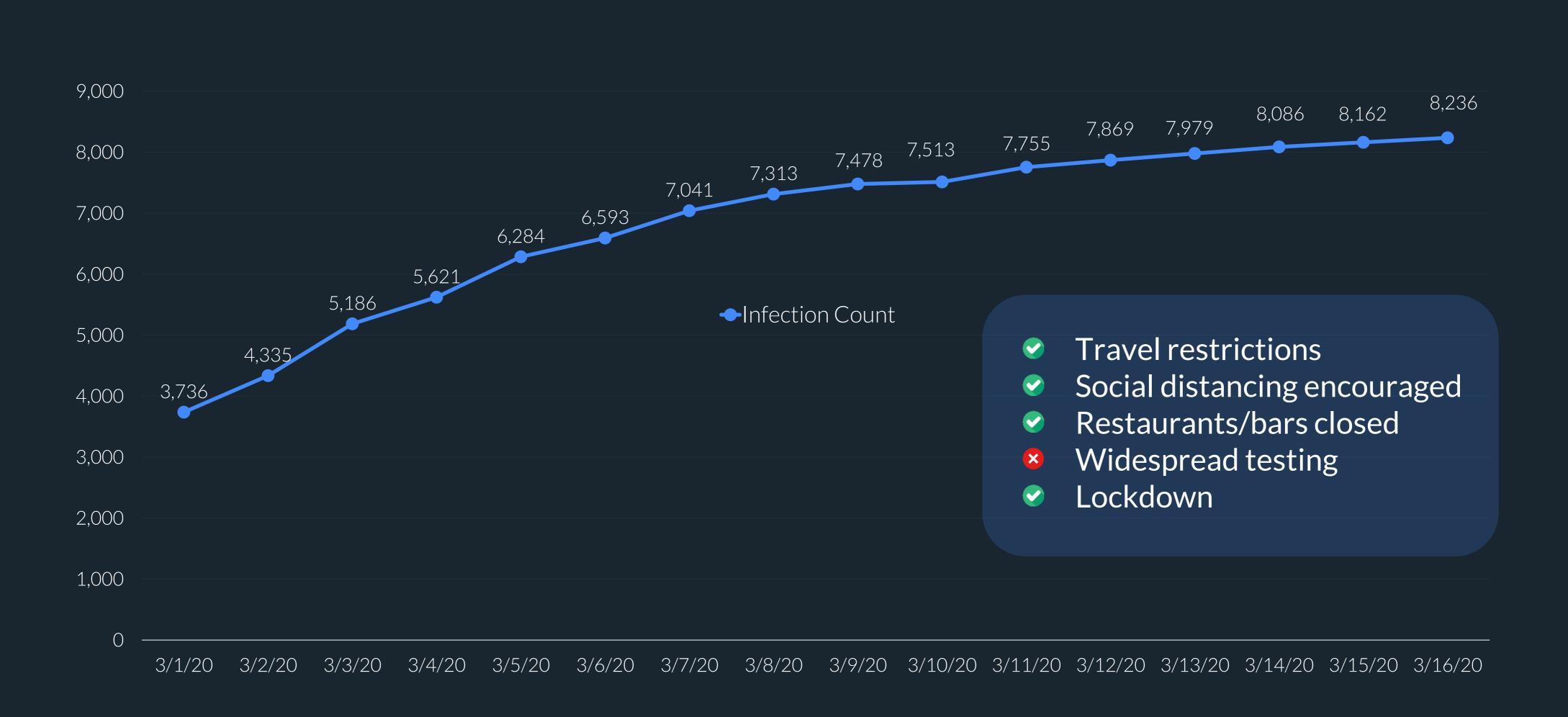






South Korea: Mostly Controlled

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South Korea: Five Consecutive Days at 1%



