

Commercial Lease Code Solution

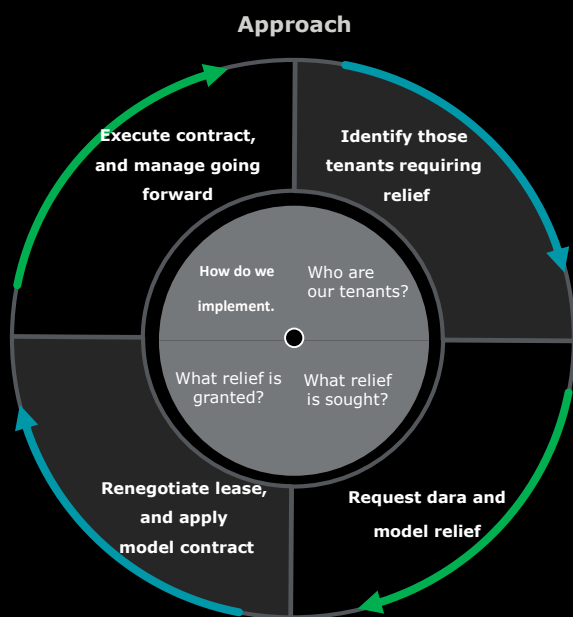
The Commercial Lease Mandatory Code of Conduct has been issued, and will be given effect to through state and territory legislation. The Code established a set of principles to be applied when renegotiating commercial leases affected by COVID-19.

The need for a holistic approach

The Code requires that relevant commercial leases are renegotiated as soon as practicably possible.

Issues and approach

States and territories will quickly enact legislation enforcing the Code, and landlords will need to rapidly activate a process to assess commercial leases, model new arrangements, and negotiate and contract these.



Process:

- Tenants may request relief, but the Code requires landlords to offer a reduced rental arrangement.
- Restructured rental arrangements to be modelled.
- Assess which tenants are entitled to relief.
- Request relevant information from tenants to assess applicable rental model.
- Negotiate proposed amendments with tenant, and draft contract reflecting agreed terms.
- Bankers may need to be consulted.
- Monitor and manage the interim arrangement to termination.
- Leverage for future state of contracting.

Design

Technology

Landlords want to **extract key data quickly**. Who are the affected tenants? What do their current contracts provide? What information have they provided, and what does it indicate from a rental relief perspective?

Technology platforms such as Relativity enable rapid assessment and data extraction from large volumes of contracts and documents.

Landlords want to know which subset of their contracts have **force majeure provisions**. Do we want to activate them?

Technologies such as Kira allow rapid contract review capability.

Landlords want to **negotiate the relevant contract components**, so that new arrangements can be concluded. Failure to do so could activate mandatory mediation proceedings.

Technology based contracting tools can gather necessary information for contracting on an automated basis.

Contract amendments or letters of agreement covering interim arrangements need to be concluded, implemented, monitored and managed.

Technology based contract drafting tools generate large volumes of contracts or documentation quickly and efficiently.

To be an effective turnkey solution, the process must be technology based, rapidly deployed and well managed. The Deloitte Halo technology can effectively project manage the process.

Done well, this crisis can be the foundation for digital property contracting going forward.

Start the conversation



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Deloitte Halo

Deloitte Halo is a cloud based inquiry management platform. It can be rapidly set up and configured for the landlord's circumstances in the context of the Covid-19. It could support efficient, systematic and consistent treatment of tenant queries.

Halo at a Glance

Deloitte Halo is an inquiry resolution system capable of dealing with a range of issues from a simple question from a tenant through to matters in dispute

It efficiently and securely manages digital reporting, assessment and remediation in the cloud

It uses a fully automated workflow that can be configured to keep landlords and tenants up to date

It includes audit trails, security, analytics, dashboards and case management

Tenant Inquiry Workflow



Benefits

Focus of the platform is for "rental hardship queries capture, prioritization and lease management"

Helping Landlords manage significant levels of tenant inquiry outside normal process – provides a trackable, managed process that can take pressure off call centres and other BAU infrastructure

Fully secure and access-managed cloud-based platform – designed for inquiry management

Quickly configurable with URL, language and workflow tailorable to be unique to providers

Allows for rapid deployment of a user-facing inquiry site – standalone or to manage overflow during COVID-19 response

Tenant is given Unique ID and log in to return for additional information and updates (based on system notifications)

System manages each step and automatically workflows according to predetermined process flow

All information, content, data and tenant communications captured and digitised – no paper or email trails

Full monitoring and management of all issues – with capability for analytics and reporting automated (stage management)

Remote and scalable with multiple concurrent team members working on queries

Expedites a tenant sensitive rapid resolution management process

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