

[SLIDE 1 – COVID - COVID IMPACTS ON THE OFFICE MARKET]

I know a lot of you may have questions about how we as an office building owner are handling Covid-19 and what our outlook is for the office market.

Because of the large number of credit-worthy tenants in our portfolio, we're well positioned to weather Covid. As of the most recent period ending in June, we've collected nearly **95%** of all tenant rents across our 2.3 million square foot portfolio.

Many of you may have read news articles about how, going forward, everyone will be working from home and that there will no longer be a need for office space. Ironically, for almost every story about a company allowing its employees to work from home, there's another contradictory article. For example, Google's Eric Schmidt believes that demand for office space will actually grow as companies will need to spread workers out to prevent the spread of the virus.

The reality is probably somewhere in between. Although some employees may permanently work from home, most employees will return to the office for at least some portion of the week. When these employees return to work, they will occupy much more office space per capita in order to maintain social distancing.

Following the 2008 recession, employers discovered that they could reduce office rent by jamming more and more workers into less and less office space. We refer to this historical trend as densification. Pre-Covid, office densification reached a pinnacle in 2019. We expect this trend to reverse in a dramatic way due to social distancing. The new buzz-word will likely be "undensification"!

[SLIDE 2 – WORKING FROM HOME VERSUS THE OFFICE]

A recent survey by Gartner Inc. found that employers planned to keep only 5-10% of their employees working exclusively from home.

Backing that up, Gensler, one of the largest architects in the United States, surveyed over 2,300 full-time U.S. office workers and found that only 12% wanted to work from home permanently. Workers seem to understand intuitively what one Stanford study confirmed, that employees who work from home are far less likely to be promoted and are less likely to be given a raise.

One of the best indicators for office space is the pace of leasing right now during the height of Covid fears. I'm happy to report that we have nearly 39,000 sq. ft of new leasing activity pending across the portfolio. We were also very happy to see that a neighboring building in downtown St. Petersburg just signed a 37,000 sq. foot lease.

[SLIDE 3 – WFH Article]

Here's a very important article that just appeared in the Wall Street Journal. According to the article, employers are reporting that when employees work from home projects are taking longer, and training is tougher. Also, hiring and integrating new employees is more complicated. Employer report that workers appear less connected and they fear that younger professionals aren't developing at the same rate as they would in offices, sitting next to colleagues and absorbing how they do their jobs.

Recently, I was quarantined for months in my home. Even some of our closest friends didn't want to come see us. It didn't take long before I started to feel like Tom Hanks in that movie Castaway. In case you didn't see the movie, the character played by Tom Hanks was shipwrecked on a deserted island. In case you didn't see the movie, Tom Hanks had all the food and shelter he needed, but due to his total isolation from other people, he began losing his mind. His only companion was his volleyball named Wilson. Recently during my own quarantine, there were times I felt like screaming Wilson! Wilson!

[SLIDE 4 – WILSON! WILSON!]

The reason I'm talking about the movie Castaway is that I think it's very instructive about the future of office space. The point you can't go without other people for too long. *So, I think that once the virus abates, employees will want to return to the office.*

An interesting analogy between the future of office space is the current situation with respect to universities and schools. My son Mack is in process of completing his masters in real estate. Pre-Covid, he was enjoying an incredible university experience by networking face-to-face with his peers, both in the classroom and in study groups. When Covid hit, he was forced to complete his studies online. He feels that he's been cheated and that the experience is nowhere near the quality of the collaboration that comes from in person education.

With the large influx of millennials into the workplace, it's critical for these young workers to be mentored by older and more experienced co-workers. This can only happen through face-to-face communication.

We've been in the midst of a loneliness epidemic in the United States long before Covid hit. It has real health impacts – one study found that isolation was about as

lethal as smoking fifteen cigarettes a day. Isolating office workers in their homes away from coworkers will only exacerbate this.

[SLIDE 5 – COVID TECHNOLOGY]

So we know most workers will want to return to the office, but how do we make them feel safe?

We've implemented a range of different measures at our properties, both high-tech and low tech to help mitigate the spread of the virus. On the low-tech side, it's a lot of the things you've seen and heard about. We're limiting capacity in elevators, putting markers on the lobby floor to encourage social distancing, masks are required in the buildings and we hand them out to those that forget one.

On the hi-tech side, we're looking at a host of systems that can help mitigate the virus and give our tenants the security they need to feel safe at the office. One system ionizes the air providing a positive and negative charge that kills Covid. The side benefit of this technology is that it cleans and purifies the air actually making it smell better. A study that came out in mid-June found these systems to be 99.9% effective against airborne microbes.

Recently, we completed a lease negotiation in which we committed to incorporate the ionization system into a tenant improvement package for a full floor tenant.

[SLIDE 6 – COVID TECHNOLOGY]

We're also testing UV light systems that can be installed into light fixtures or in ductwork. The system will circulate and sterilize the air with UV lighting. This is a photo of the New York City subway system testing UV Lighting. UV technology has been around for decades and is a proven killer of microbes.

Another new technology we're looking into is dry hydrogen peroxide gas. Similar to the ion technology, a very low dose of hydrogen peroxide is suspended in the air in the form of a gas. It is completely harmless to people but kills microbes very effectively.

[SLIDE 7 – MAKING BUILDINGS FEEL SAFE]

We don't know what the future demand is going to be for office space. What we do know is that by investing in new technology we can make our buildings safer places to work. And by making our buildings better than our competition, we will grow our market share.