

## Leased Real-Estate Example

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#### Background:

ICON provides a full reimbursement of Client's remaining lease obligation (base rent & additional rent) on a surplus leased location.

ICON enters into a Real-Estate Agreement with Client that outlines ICON's payment to Client for your full financial lease obligation. This payment can be structured in a number of different ways, at your discretion, including a lump-sum payment upfront, annual payments or monthly payments. As an inducement to provide this payment, ICON retains the right to direct the subleasing process and collects any proceeds from the successful subleasing of the space. ICON typically will retain your current broker for this space (they know the market and will have an insight into the parties who may have expressed an interest in subleasing the property) and ICON will be responsible for any leasing costs, including Brokerage Commissions and TP's.

ICON's Real-Estate Agreement is not an actual sublease and thus does not require Landlord approval. If a subtenant is found, the sublease will be between Client and said subtenant, thus requiring the approval of both Client and the Landlord. ICON will be included in the sublease document as the receiver of sublease payments.

ICON's due diligence for this transaction includes a review of the Lease and any subsequent amendments, as well as a review of the last 12-24 months of Tenant Billing Statements. This allows for an accurate projection of ICON's payment to Client as well as an understanding of the Subleasing provisions of the Lease.

Clients that enter into a Real-Estate Agreement with ICON for excess leased space then purchase a predetermined amount of media advertising from ICON. This media is delivered by ICON for the same price and with exactly the same terms and conditions (positioning, cancellation options, added value and payment terms, etc.) as would otherwise be provided by the clients' advertising agency. The existing advertising agency continues to plan and price the media advertising, ICON simply completes the planned media execution.

#### Assumptions:

- Client has a Lease with a remaining Landlord Obligation of \$1 million.
- Assumed sublease value of the property after taking into account downtime, sublease value, and leasing costs is \$300,000.
- ICON has performed due diligence on Client's media advertising and determined that ICON has a 20% leverage/trade factor.

#### Possible Barter Transaction:

- ICON pays Client \$1,000,000 to cover the remaining Lease Obligation
- Client agrees to purchase \$5,000,000 of media advertising from ICON.
- ICON assumes the subleasing risk on the property with no consequence for Client if there is a shortfall.

The financial result is that Client has no economic loss resulting from the underperforming real estate. In other words, the cash paid by ICON equals the remaining lease obligation for the property. The loss incurred from the anticipated sublease recovery as compared to the remaining Landlord Obligation is recovered by ICON through the leverage existing on the media advertising expenditure.