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(David Woodmansee): Thank you (Sandy). I'm (David Woodmansee). I'm with Eastman Chemical and I'm the chair of the international legal affairs committee. I will be moderating today's web cast, managing international real estate portfolios, which is sponsored by our (ILAC) sponsor (Eversheds LLP).

A couple of housekeeping tips for attendees, if you would like to post a question, you will do that in the lower left hand box of your web screen. And you will field those either during the web cast, or at the end. Additionally we'd greatly appreciate it if you would complete the course evaluation, which is in the middle box under the web links. Without further ado, I'd like to introduce our two speakers, (Julie Stobart) and Helen Thomas of Eversheds .

(Helen Thomas): Good afternoon everybody and welcome to our web cast on managing international real estate portfolios. If I may, I'll briefly tell you a little about myself, before introducing my co-presenter (Julie Stobart). So, I'm (Helen Thomas.) I'm a partner at (Eversheds LLP) in our international real estate practice. I'm based in the U.K., and I specialize in acting for major corporate many of which are U.S. based, in particular, respects of managing their legal services across multi jurisdictions.

If I could just take a moment to tell you a little bit about (Eversheds LLP). We're a global firm. We have 36 offices across Europe, the Middle East and into Asia. We have an office in Shanghai for example. We are -- we consist of over 400 partners, and in excess of 2,000 legal advisors. We have nine offices in the U.K. and overall a broad geographical spread, in particular across Europe.

(Julie Stobart): Thank you Helen. I'm (Julie Stobart). I head up the corporate occupier (set) for (Eversheds). To those of who aren't familiar with the term occupier that means that we act for anybody who occupies properties, who will normally be the tenant in these transactions. I'm responsible for the teams across our business, both in the U.K. and internationally, who deliver real estate advice to these types of clients. Many of our clients are U.S.-based, and using (Eversheds) to undertake not only their services in the U.K., but also internationally.

(Helen Thomas): Thank you Julie. The aim of today's presentation is to show our experiences of acting for major corporates, with diverse international real estate portfolios and share common issues which arise. And more importantly top tips for getting the job done with a minimum of fuss risk, and in a cost-effective way.

This sounds easy, but do you have a ½ day, a week where your organization needs to acquire a new HQ in Hungary -- terminate a lease in Lithuania and then sublet space in Slovakia? If

so, we'll look at ways of achieving all this, whilst advising on all the other legal issues that demand your attention at the same time.

To briefly cover today's running order, we'll start with a case study, where we'll take example of a fortune 500 U.S. multi-national, who operates across multiple jurisdictions. We have found that this case study pretty much covers the most common issues that arise in managing real estate, across the globe. We will examine each issue, and review different ways of approaching them to leave us with a top tip to apply to future transactions.

(Julie Stobart): Thank you Helen. So, let's take the example of a large U.S. corporate, who has over 300 subsidiaries operating in more than 130 jurisdictions.

(Group) can have counsels based in the U.S., and they face the scenario where each subsidiary was using its own surveyor and lawyers. Everyone was approached on an ad hoc basis in each jurisdiction. Group counsel had no visibility of the portfolio as a whole, and on most professional relationships at every level. The nature of the business meant that the group often had in excess of 40 property interests in each jurisdiction. When these were analyzed, they found that only five or ten were often necessary. This resulted in a number of factors. A large number of properties, with high vacancy rates, due to excess property within the portfolio -- for example they had lots of ((inaudible)) in key jurisdictions.

There was no control over legal fees, due to the wide number of professional firms being used. They have increased costs and delays, due to the differing service levels being delivered by each professional service and other professional firms -- and they didn't have an understanding of how the group needed to rationalize the portfolio as a whole. They could only see the individual areas they were advising on.

This meant unnecessary delays, while (each) subsidiary appointed the professional firms involved in the relevant transaction and the relevant jurisdiction. It was separate fee negotiations for each, and separate and different service levels on a case-by-case basis. This caused management difficulties. It was very difficult to track progress of transactions over such a wide range of jurisdictions, with so many firms involved.

Once transaction has concluded, it potentially meant missing key (date), such as (break date), which again resulted in continued liability for the company. They also have no document management system, which meant that the company could not readily identify all of its property interests and liabilities.

(Helen Thomas): Thanks Julie. So, let's look at the six issues, which come out of this particular case study and consider each of them in detail. The issues are clearly the lack of a clear overview of the portfolio at group level -- the use of multiple law firms and multiple brokerage firms across jurisdictions -- increased costs for managing such properties professionals -- service delivery issues -- issues regarding risk and compliance, and ultimately ...

Excuse me one moment. So, let's look at issue one: the lack of a clear overview of the portfolio. This can apply to a company particularly where it is a parent and a number of subsidiaries. But, also where a company -- Excuse me -- but also where a company acquired another company portfolio to for example: an (M and A) type transaction.

The lack of a centralized record of properties can often result in new property being taken by another subsidiary, when there is a vacancy within property housed in another part of the group, in the same country, or believe it or not, and I've seen this in practice, even the same city. It is often the case that in-house counsel, based at the group's head office, does not have a full picture of the extent of the property holding of each of the individual subsidiaries. And due to the disparity of the estate, would find it very difficult to manage implementation of any expansion, or rationalization plans as a result.

A solution to this is to centralize real estate services, in particular, to consider the use of a centrally appointed firm of brokers. The surveying practice can appoint a project manager, or should we say the brokering practice can appoint a project manager to understand your business, and to hold a property database collecting all the information on each property to avoid any duplication or wasted space.

This can easily be accessed and shared across the corporation -- excuse me -- We have worked with a number of clients -- I'm sorry I've got a tickly throat there, one moment -- who operate the system, and the benefit it brings them, includes having a full summary of their property holding -- a complete understanding of their (void) space and (deeded) information, such as plans of each property. This is usually available via the Internet in a secure environment -- to in-house people, external lawyers and more particularly your team on the ground.

(Julie Stobart): Sorry Helen can I just interrupt you then to ask a question.

(Helen Thomas): Sure.

(Julie Stobart): Is this going to be relevant to small portfolios? What if the community has a handful of properties out by the U.S.?

(Helen Thomas): Well I think considering that one Julie it clearly depends on what the structure is at the organization, and who has responsibility for managing that portfolio internally within the business. Clearly time is an issue and how much time that individual has to manage that portfolio. For example, if the properties are spread very widely geographically, so they have one property for example, in China, what's another in France, we've got clear time zone and conflicting issues around being able to contact people and get information.

I think it's particularly relevant the forms of reporting, which is something that I know we're going to talk about later -- become particularly of great issue, where you will actually need one person to report into you about the (correct) information to make your life easier to be able to tick off things off your list, and concentrate on issues that really do matter. So, I think the principles can be applied whether it be just in terms of having one brokerage firm, or maybe even one or two law firms -- one in Asia Pacific for example, and one in the (NEA). ((inaudible)) most of it will apply to whatever size your portfolio is to make your life easier.

(Julie Stobart): The case that it also sets out how using multiple brokers, and multiple law firms can lead to a lack of understanding at the corporate business strategy. This ties into issue one. What can work in practice is bringing the professional relationship together. You may consider using one brokerage firm and one legal firm, who can work together in partnership

to centralize property services giving individual point of contact, and a very clear recording structure.

For example, where in-house counsel were previously dealing with many different lawyers in many different jurisdictions having to explain business strategy, and necessary procedure requirements for every transaction is very time consuming. Essentially it slows transactions down. It takes into valuable time and also you'll find where there are different time zones this again can cause problems, whereas, if you have one law firm and one brokering firm investing in understanding your business, it ensures that the foreign lawyers who are instructed -- and that might be via a global law firm, or by a law firm that uses a best friend relationship. Each firm is fully apprised of what your expectations are, and what needs to be delivered.

There are various ways to cover this. There's one end of the scale, where you might have a (sole) appointment globally, or you can have appointments on a regional basis, such as (EVEA or APR) It's really whatever fits best with your internal structure. The key is to get a single point of contact who can update you in one call, rather than ((inaudible)) and a more structured reporting system.

We have even seen it where you'll have a combined reporting system, between the brokerage firms and the lawyers, but you're getting one report that covers all issues. It's up-to-date and it's important that it's right and it's on time, and delivered when you need it.

(Helen Thomas): Can I just pick you up on that point Julie, and just ask a question of you? Can you explain a little bit more by what you mean by investing time to understand your business?

(Julie Stobart): I think we see this working in a number of different ways, but really it's about building knowledge, and we will always have -- (find) clients that the important thing is to build knowledge at the outset. You need someone who's committed to spend time to understand both the strategic level and what your business is trying to achieve, and perhaps the individual business plan, whether that be by sort of different operational areas, or across the company as a whole.

And this can be achieved in a number of ways, either by doing ((inaudible)), spending time with the business, ((inaudible)) the telephone conferences, reviewing business plans, but it's really, really important that somebody take that strategic view. I mean, just sound practical issues. If you're looking to expand as one subsidiary into Eastern Europe, and the primary supplier knows that you already have vacant space in Eastern Europe those things can be married up quite efficiently. So, the key is about investing time and as I say, particularly investing time at the outset.

(Helen Thomas): Thank you Julie. That leads me very nicely into service delivery, and in particular patchy service delivery -- multiple relationships with multiple professional's leads to multiple types of service, and we look at the benefit of the one firm approach this ((inaudible)) they are quite multiple. Although there will be cultural differences, in different countries across Europe and into Asia and beyond the use of a service level agreement, with a main provider will bring dividends.

This will ensure that the same service levels are delivered in each jurisdiction. And when you're considering negotiating and setting up a service level agreement with your supplier -- your sole supplier things that you should think about are team structure. Something simple as this as in, "Will I have the support I need?" -- "Will there be a partner that will be available to me?" "How much resource will they allocate to me?" -- "What sort of contacts am I going to have access to?" Because of the time differences, "Will I be given after hours access to my team that's going to be delivering my legal solution?"

Also very important at the outset is to agree with response times. Often U.S. corporate find that in smaller European countries -- and I can speak from experience from working with them -- Lithuania, northern Eastern Europe, Poland they have different ideas of response time. Whilst the use of email is given in any transaction, understanding that if you want to negotiate your deal, and you want your documents out you need to have them out within 48 hours. All these things I would recommend built into the form of service level agreement that you put in place.

(Helen Thomas): That then cuts away all the cultural differences, when you've got it down in black and white, everybody knows the goals that they're working to. And we're going to talk a bit later about the benefits of reporting, and how you use reports to benefit your business, but getting response ((inaudible)) right at the start, we'll feed into that. Another key area that you'll have to manage is budgets, and getting clear cost information built into the service level agreement is also a very good place to start.

And then finally escalation procedures. Nobody wants to have to think about relationships not working out, or things not progressing well. But, there needs to be a clear structure in place of who do I go to, if I'm not happy with the way service is delivered. And the way we found is best is to get it right from the start.

I touched on reporting there, and I think that structuring your service in this way gives the benefit of clear lines of reporting. You'll need to ensure at the outset that the nature of the report gives you exactly what you need. Some reports are very good at hiding information, and disclosing information is what it's all about for you. You want the information that matters to your business, and above all that it's transparent reporting.

So, let me look at some examples for you. Many clients like to have in their reports a client action column, and a service provider action column. This is an easy way to differentiate between the next steps and who they fall to, and will clearly show when somebody's not delivering what they're meant to. Some clients like to agree stages of the transaction with target dates, so they can see if key dates are being met, by their service provider. I always say think traffic lights, so you can clearly see with the blink of the eye. If things are showing in red on your report that means they're not being met and there's danger.

((inaudible)) think about the control you want to have over when your reports are going to be delivered, for example, so they come in prior to your internal reporting requirement, you've always got the information at your fingertips. And another thing I think that is a good way of working is to look at the use of (extranet) internet secure connections -- get your service to (writers) -- get that available for you to invest in the relationship in that way, so you can get your reports ready for you 24/7 available.

(Julie Stobart): Helen can you think of any ways that is a direct benefit of getting the reporting structure right that will impact the transaction?

(Helen Thomas): Well I sort of touched on the way that there are different types of reports you can have, but I think the key benefit is sort of traffic light system, so you will agree key performance indicators at the beginning. So, for example, you've got in-house clients that need to move into (premises) in four or five jurisdictions or at the same time. So, important that the reports keep you in the loop, whether it be daily or weekly and to how those transactions are progressing. And you can set the same key performance indicators for every single law firm, or brokerage firm that you're using, so everybody understands what the deadlines are. And at a blink of an eye again you can see if you're on track to deliver it.

(Julie Stobart): I think one of the things that I've seen, when I've looked and worked with clients on delivering reports that work for them is that if you have a combined report, for instance a scenario where the brokerage firm is saying one thing, and the legal firm is saying another thing they have to be consistent, since they're providing a combined report. The other benefit we've seen that's been directly delivered is a reduction in the time scale of transactions. If it is obvious and transparent, where matters are being blocked, or why it's being slowed down, it's very easy then for them to be brought back on line.

If you have a report where there is so much detail that you can't actually work out what's going wrong, it tends to be overload, and therefore by having perhaps key indicators to say this transaction should have completed by now, or you know, this transaction is going to go outside the time line that the client has asked us to deliver it on -- then again it tends to be brought back on track much quicker.

(Helen Thomas): Absolutely, and another great way to achieve consistency and in keeping transactions on track is to commit time to agreeing standard negotiating positions, or a wish list of operation requirements. So, for example, as part of your business strategy you may need break requirements into your ((inaudible)). We need to -- you can't look beyond possibly three or five years in the business, but for landlord negotiation reasons you have to take a 10 year lease. You can get consistency in your documents this way.

So, operation requirements may mean break requirement, or ((inaudible)) there may be environmental indemnities, which are absolutely key to the way you do business, by agreeing with your service providers at the start what your must haves are, you will get consistent documents across each jurisdiction, meeting your preferred position. And most importantly, if that's not going to be achievable either due to factor restrictions, or market practices, for example, I talked about breaks in leases ((inaudible)) example the idea of a break ((inaudible)) is totally alien. The law doesn't allow it to happen. You have to go to court to be able to break a lease. So, there's a great example where your deal would fall at the first hurdle, so it's raising the flag very early on identifying what the issues are going to be, and finding solutions.

And the final thing that I would like to say on that is that you're going to benefit from a comfortable relationship.

(Julie Stobart): But, is their law really that different Helen in jurisdictions across Europe? It's a (mixed) advice of all countries that are very close together. I sort of assumed that they would be very similar legal system.

(Helen Thomas): Well the law across Europe is incredibly diverse. I mean, even though it's not a huge land mass the countries are all very different, and the legal systems in place are also very different. I think one of the key things, which is different for example, between the U.K. and France and Spain and Italy is the use of no (ties) so, on a property transaction for example, no (ties) will look at title -- deal with searches and ((inaudible)) on title issues, whereas, the lawyers will actually be negotiating the commercial deal. So, straightaway you're having an extra tier of professional advisors brought into the relationship, apart from the lawyers that you're dealing with. There will be no (ties) in the mix, and also legal system some of them are ((inaudible)), some of them work on the basis of statute, others a case load base very much like the U.K. So, there is a real disparity of the way of dealing with transactions across Europe, and you will need -- if you're doing a transaction there, you will need legal advice and the ((inaudible)) of each jurisdiction and that should never be overlooked, or assumptions made on that.

(Julie Stobart): Great. Thanks Helen. And if we look now at managing risks, obviously Sarbanes-Oxley and have major indications across the business community, and all that we're going to look at today is how real estate fits into that area. The result is seeing the need for greater accountability, and increased liability for compliance and accuracy in relation to real estate portfolios, as well as having to understand and respond to financial risks relating to the lease of real estate valuations and risks relating to old real estate. All attendant liability needs to be covered, in addition to understanding basic financial risks, corporations may at any time be required to supply additional information for investors.

Accordingly, it's never been more important for the information relating to real estate to be accurately recorded, obviously up-to-date and easily transmittable as data. The question is, "How available is the information to any corporation at any time?" Particularly, corporations who have a large number of real estate holdings across a large number of jurisdictions. How can you manage that in an easy and practical way?

We've seen in practice that working with a service provider that's able to offer a web-based document management system, comprising an IT-based solution for both storing and transmitting data, ensures that accurate electronic databases are provided, and also that copy documentation is immediately available. It helps you keep pace of your corporate activity, because we all understand that corporate activity moves very quickly. We would recommend, and we've found in practice that there are very strong benefits to ensuring that we've (pained) property professional's work with you to maintain the property database to ensure that any legal issues, which may impact on real estate cost are properly identified.

Now the databases can be either held internally, or through a service provider, but we would suggest that the database covers the following issues as a minimum -- the impact is current or latest environmental issues. This will vary from jurisdiction to jurisdiction, and there needs to be a note explaining, by interview only what the environmental issues might be. This could extend also to (latent) defects in the building works, as a tenant or an occupier of building, in some jurisdictions you may be liable to the cost of repair, if that people is defective, even if the original building works were incorrect.

You also need to cover third-party warranties, where you're liable to a third-party potentially outside the transaction. It's useful to put in landlord's incentive. Quite often in some

jurisdictions the landlords will offer incentives to use ((inaudible)), and that is the only thing that you need to make a note of. I think it's important to include proper documentation of lease holding ((inaudible)), and it's liable to vary from jurisdiction to jurisdiction to what you are liable for as a tenant. Clearly rent reviews are key, and a lot of jurisdictions work on the basis -- an open market rent review rather than perhaps (RPI) type or fixed increases.

It's also important to understand the date of possession and date that lease terminates, and clearly where you've offered ((inaudible)) guarantees those need to be noted. The other thing that often catches people out is that in some jurisdictions, including the U.K., the (rich) residual liability for corporations, where they occupy leases, and subsequently assign those leases -- liability can still exist for a period of time. For example, if you assign a lease in the U.K., this year in 2007 the lease itself doesn't expire until 2015. In the event that the company you assign to goes ((inaudible)) they choose after the (eleventh) the lease could revert back to you.

(Helen Thomas): Gee, that's very interesting, but can you just explain what sort of liabilities may revert back?

(Julie Stobart): Without giving too much detail, if we just look at the U.K. there are two types of lease in the U.K. -- what we call the pre-1996, or an old lease, where whoever was the original party to the lease, whenever they signed the lease the liability remains to the end term. That liability includes rent, service charge, dilapidation -- another ((inaudible)) in relation to the premises. If it's what we call a new lease, or a 1996 onward lease that liability might not last for the whole of the term, but generally last for one assignment. So, if you're fortunate that that assignee then assigns on the lease very quickly, your liability will only be for potentially a matter of months, or a couple of years.

If you're unfortunate and that tenant who you've assigned to keeps the lease for the balance of the term, and it's a long lease you could actually be liable for the next 20 years.

(Helen Thomas): OK. Thank you Julie. You cleared us off the slide change there, please.

(Julie Stobart): So, we're now onto issue six, which is cost. The key tip to come out of the case study -- thank you there's our cost slide there -- the key tip to come out of the case study is looking at ways in which corporates managing their international real estate portfolio can manage their costs. Whether that be legal or professional stand on brokers for example, property costs or litigation costs associated with mismanagement of real estate.

The issues we have covered above all give examples of ways of working, which will deliver you cost savings, such as reducing the professional services spend, by using one broker firm, one legal firm who can manage your requirements globally. Perhaps using one professional services firm for your (NEA), through Europe, Middle East and Africa, or Asia Pacific will give you cost urgency as to your spend, whether you look at using an annual retainer, or fixed fees, or agreed hourly rates.

I would also ensure that where the professional service either brings in foreign professionals on your behalf, and they do not have their own capability they are able to negotiate discount for you, which would not be available to you, if you were instructing individual multiple firms directly. The other key cost saving to you will be the reduction in your time spent managing multiple firms and property professionals. For example, a standard form of service

level agreement and cost structure agreed at the outset means that you will have a law firm or a brokering firm on your team, who will invest time into selling your business strategy, and ensure that firms and other jurisdictions have this information at day one on an up and running, ready to progress transactions for you, without having to be briefed on every occasion.

Not only does this allow strategic overview of the portfolio, but reducing the time spent at the outset means that you are free to deal with everything else waiting on your desk.

Another key cost saving to you in respect of your operational costs. Building relationship with individual firms allows partnering to occur. So, for example they have knowledge of their acting ((inaudible)) subsidiary in say the dispose of a property in a particular jurisdiction, and then when the other ((inaudible)) subsidiary instructs them to acquire space in the same country, having so supplier allows this information to be picked up on, and raised and fed back to general counsel in the U.S., who may not be aware. It gives a (joined up) approach.

And finally, it's all about saving your time -- less people to manage -- better reporting -- clearer time onto delivery -- all of this is freeing you up to get on with your day-to-day job.

(Julie Stobart): So, let's just have a quick review of where we've got to. In relation to the case study, we've looked at the issues and the solutions adopted by this particular U.S. major corporate. That solution was to appoint a sole legal and brokerage solution, and the end result was that they were left with visibility with regard to that portfolio. They over -- purchased over 130 jurisdictions, but they were still able to plan their strategy, because all the information was accessible and easily available.

Their key dates were met, which meant that unnecessary liabilities were avoided. Break dates were put in the system, and end dates were monitored. Costs were controlled and discounts were therefore secured. They benefited from a partnering relationship, between their single law firm and their single surveying firm.

They benefited from an efficient storage and management of title deeds through IT, scanning and extranet access. All the documents were available on line, both in the original language of the documentation and in a translated version, obviously in English.

They had the benefit of a single point of contact, without having to cultivate multiple relationships, and manage those across time zones. They benefited from regular monthly status reports of all transactions, irrespective of where they were in the world, in one report to their desktop.

They reduced their global office space occupied with a result of operational costs savings. They improved communications between subsidiaries, parent company, advisors and they're also Sarbanes-Oxley compliant.

(Helen Thomas): Thank you Julie. (David) that's the end of our web cast, and we're happy to take any questions that may have come in.

(David Woodmansee): Fantastic. Thank you. Excellent presentation. I don't have any questions posted yet to the board, so perhaps I'll portray the hypothetical client who just heard your presentation, very impressed -- haven't actually gone to the level of organizing my real estate documents. My CEO has just come back from Dubai, and he's worked out a -- the terms of a deal. I want to close by year-end. They've worked out all the key terms being the price and the date of the closing dinner.

They're going to be back in Dubai by the end of the year. This is a swap deal, where we want to give our real estate to the buyer. The buyer's going to give us -- their real estate's going to all work out splendidly. We have as you know some leased and owned property in Germany, Mexico and China, and we'd like to acquire some property in Italy, Slovakia, Czech Republic and Quran.

I'm going to be working on dealing with the exchange on our uranium purification facility that we're going to send to Tehran. So, I think it's going to keep me busy, and the CEO has made it clear that my bonus, which is 90 percent of my pay is contingent on getting this done by the end of the year.

So, I wanted to find out if there are any real estate issues, he said this is a technology deal they've worked out all the kinks, and doesn't want it slowed down for niggling little real estate issues. Can you help me?

(Helen Thomas): OK. Well there's no pressure on you though is there (David)? OK. So, looking at the -- to the real estate aspect of it, I think the key thing to be asking is, "Is it a corporate or an asset acquisition?" If it's a corporate acquisition then the key thing is what residual liabilities exist, and what are you getting for your money? So, ...

(David Woodmansee): Right. We bought all our properties in stock deals, so we don't really have title searches, but we -- the buyer wants to do an asset deal and get all the customer reps and warranties. Is that a problem?

(Helen Thomas): Well the key thing that you need to be looking at straightaway is what information have you got, because if you're doing -- if it's a stock transfer that you're doing, the questions are still going to be asked by the lawyers of what are they taking on, when they take the stock, so, the key thing is ...

(David Woodmansee): I think that's all something called the deed at some point. It was in some language I couldn't understand, so ...

(Helen Thomas): OK, so the key thing is, I mean obviously look at the structure within your company. Who handles the property documentation at the moment? Is it -- have you got a property director -- a group property director, or is he ...

(David Woodmansee): We had a guy, he's a really good engineer, but he's been traveling. I think he actually retired last month, and we're looking for the keys to his cabinet, but he wasn't very well organized. He kept most of the information in his head.

(Helen Thomas): OK, so one of the key things that somebody's going to have to get out and do on the ground is actually find out what properties you've got. Now whether that be a good use of your time, I don't know, but certainly somebody within the business needs to draw those

threads together. I don't know what you've got, and where you've got it and what property documentation you have available.

Otherwise we can ...

(David Woodmansee): We got most of the Czech property -- the Czech property may still be partly owned by the government, 'cause they privatized and we never quite worked out the deal on that. Is that going to be an issue for us?

(Helen Thomas): It could be an issue for you. In the Czech Republic property -- the way that property is held you'd need a Czech lawyer on board to look at what you've got. There is a land registry in Czech Republic, so properties are registered and documented there, and that would be the key thing that an on-the-ground could actually do for you.

(David Woodmansee): And I heard somebody in the U.K. -- their landlord said that we had to get a consent. Now I don't want to have to go back to them. It's a real pain, and I don't want to have to ask for his consent. Can I just make this happen, without getting that consent?

(Helen Thomas): Well, again you'd need to speak to a U.K. -- it sounds to me like you've got lots of issues, and lots of jurisdictions. You may benefit from actually -- one thing that just came to my mind actually (David) is did you use a broker firm on any basis at all for working on your property portfolio?

(David Woodmansee): You know I think we used a ...

(Helen Thomas): Are there any specials that might ((inaudible)) ...

(David Woodmansee): -- different people actually. I haven't ...

(Julie Stobart): Banks that often hold the banker's information that's used on these types of transactions.

(David Woodmansee): They had a bunch of stuff, before the fire, but I don't know what happened after that. I also ...

(Julie Stobart): ((inaudible)) as much as we can from public records, as Helen mentioned in Czechoslovakia they do have a land registry, after a lot of jurisdictions. And you can search by corporates. You can actually find out. In the U.K., we can do a land search against your corporate entity, and find out what you own that's registered in the U.K.

(David Woodmansee): OK. I found out on the Hong Kong lease that we've -- that somebody were supposed register that and record it, and we didn't and the landlord's now taking the position that it's void, and that's where our technology center is based. Is that going to be problem?

(Helen Thomas): That could be a problem, again straightaway you need to get some advice in the jurisdiction as to whether that is going to be an issue for your business. I'm not -- none of us sitting here are Chinese lawyers, but you need to find out very, very quickly.

((inaudible)) key questions to be looking at from your records are have you been paying rent? -- has the landlord been accepting it? -- how long have you been in the premises? -- what type of investment have you put into the premises? -- you need to get advice as to whether the law of the country, where you're operating in actually offers you any protection at all in such a situation.

So, again it's raising lots of flags that you need to get lawyers on board, sooner rather than later.

(David Woodmansee): Now this isn't going to slow down my deal is it? This is my bonus involved.

(Helen Thomas): Well, we talked about in our web cast about service level agreements, and key performance indicators. From what you're saying, one law firm that you can set some very, very stringent and tough key performance indicators, and deadlines where who'll manage all for you in one place is the solution that you seem to need on this type of transaction.

(David Woodmansee): OK. On the Germany property it was a former industrial site, and it does have some potential contaminants in the soil. Is that going to be an issue in handing that property over to them?

(Helen Thomas): Well, absolutely I mean again, it raises a flag. You're going to need legal advice for that jurisdiction, as to what the residual liabilities are. For example, were you the polluter? -- was it your operation that actually polluted the site? -- or, was it already contaminated, when you took it on? -- do you have the benefits of any warranties, when you bought that property? -- all these things, questions to be asking, digging around internally, and also understanding what the (stature) on your legal position is in Germany.

In Germany, how high the standards are -- the clean up for example.

(David Woodmansee): Gosh. It sounds like I would have been better off having this a little bit more organized, before I called you with this question.

(Helen Thomas): No, I think the key thing is to actually just get all your cards on the table -- air all the issues that there are -- the things that you should be looking for with any law firm now that you're going to work with is they take a full scoping with you.

You create a shopping list of all the issues that you have, before you speak to them -- ranking them in order of importance to you. So, for example, time frame is very important - - contingent liability -- also what sort of budget do you have to (throw) at this deal? Do you want (about) embrace it legal service, or do you just need somebody to summarize, and give you snapshot advice on what it leaves you with in each jurisdiction.

All these things you need to think about, and then you need to go out into the market and get you a law firm to do it for you.

(Julie Stobart): And you clearly (David) need very quick response on what are the key issues that's going to put the other corporate off, during the deal. You want to know what the deal breakers are now, so you can address them and deal with them.

(David Woodmansee): OK. Now do I have -- do we have to lay all this stuff out on the table, and the documentation I mean some of this is kind of embarrassing that we didn't do title searches, and sort of nail down the deeds right away. Can't we just do some of this like post-closing and put a bow around it later? We don't want to delay the closing dinner? Right?

(Helen Thomas): Yes, I think it has -- it depends what it is (David). Clearly we have to give full disclosure, where we have information, and they're going to ask a series of questions, which we're going to need to answer. So, I think the answer is -- it depends what it is and it also depends how smart they are, and what questions they ask. But, the more we can deal with in advance the better.

It's awful when you get these questions at the twelfth hour? The deal's about to sign, and then he says, "Well what about environmental liability?" -- "We hear there's an issue in Germany."

(David Woodmansee): Right.

(Helen Thomas): Don't want to be just waiting and hoping that it doesn't happen, or if the question isn't asked. You've got a number of ways to get the deal done. Let's get as much upfront information as we can, and give the solutions to them. We want to be saying, there is this issue, but this is the extent of it and this is the solution to dealing with it.

(David Woodmansee): OK. Well hopefully I don't ever run into a scenario like the one I just handed you.

(Helen Thomas): Well we've seen -- sorry we cannot ((inaudible)) dissimilar I have to say, that's what it's all about. That's why some of the things that we've come across just tips of ways to deal with them, making it as easy as possible. I mean, I ((inaudible)) in-house. I know what it feels like to be pulled in 50 different directions, with different time zones, and sometimes you just need one broker firm -- one legal firm -- somebody is a voice of reason, and you need these people to work joined up together to make your life easier, and deliver ultimately what your company wants.

(David Woodmansee): Sure, but it sounds like my time line may be a little unrealistic. I do have a ...

(Helen Thomas): I wouldn't dare comment on that (David).

(David Woodmansee): I do have one question posted. Is -- Do you have an example to use as a starting point for gathering all relevant documentation, and property facts internally, which would be sort of the internal due diligence checklist of things to look for.

(Helen Thomas): Well we -- yes the answer to that is yes. We've got very good experience. Let's say one of our clients operates across 130 jurisdictions, and when we started working with them they really didn't know exactly what it was that they owned across the globe. And that was a very big investment of time and effort, both by them and by us to help them collect that. That pain has been gone through, and now they have a full electronic extranet access information -- would be just scanned in, so they can actually click on line and open them up, wherever they want to, whenever they want to.

So, we do have that information here -- checklists and problem solving and we can provide that for you. So -- our email addresses are on the web cast and we'd be happy to pick that up with you, if we can help you.

(David Woodmansee): OK. Wonderful. Well it is definitely one of those things that unless you are a real estate company is one of the tasks that does get pushed to the back burner, from time to time. And especially I have found that it's usually about the time of the divestiture that you decide to do title searches -- and I would share your views, when it comes to places that have very active notaries, like Italy that you want to leave plenty of time for those sorts of issues to be resolved, because it -- otherwise, we'll perhaps end up in a post-closing scenario, where you are spending many, many months and hours of -- and outside counsel time trying to sort out the ...

(Helen Thomas): Absolutely and the cultural differences are not to be underestimated, in the sense of the way that business is delivered in other jurisdictions. Not such a commercial approach is prevalent in some jurisdictions. So, by working with law firms that have existing relationships, or firms that you have got that culture and that way of doing business already as a given. It becomes very difficult, when you get a recommendation to use somebody, but they don't really operate in the same sort of arena that you're used to operating in, and that can often really slow deals down -- and you were rewarded the nightmare scenario, where the whole law firm closes down for the month of August.

So, I'm not going to say what jurisdiction that is in Europe, but it does happen, and unless you're working and operating with the same, and understand that you do most of your business in perhaps July and August -- you really are going to catch a cold on delivering on big transactions, so you never know when you're going to need that support. So ...

(David Woodmansee): Right.

(Helen Thomas): It's a real -- I say never underestimate the cultural differences for operating, and the impact that can have on timings.

(David Woodmansee): Do you have any bench marks for how much time, effort and cost is entailed, or should be expected for sort of a medium size company to build a database, administer a database, and be able to use such a database? Is it based on the number of leased properties? -- Is it jurisdictional specific? --

Do you have measures that can sort of benchmark what a -- if someone comes to you and says, "Here's what we're spending" -- how much they could expect to save by centralizing?

(Julie Stobart): I mean we have direct examples, because one of the clients that came to us (David) said that their major concern was they were actually across a number of jurisdictions. They already had a large external legal spend outside the U.S., and what they didn't want to do was increase that legal spend. So, what we did was we ((inaudible)), well let's take the bench markers where you are now, and let us demonstrate how we can improve that both by reduction in hourly rates -- that they would achieve a -- and also in reduction in overall spend, because we were improving the transactions and we were improving the methodology behind those transactions. And we bench marked in both factors -- and we achieved an improvement both in the hourly rates that they would pay in various jurisdictions, because of our ability to negotiate discounts -- because we use the law firms where we don't have our

own offices on a regular basis -- and also because we've got fixed fees in place, which said this is the type of lease we want. We'll each get ((inaudible)) that will tell us now can we, or can't we?

We sort of reduce the time scales, so there's less hours spent and so it reduced the cost. We're also educating the offices, which aren't already in terms of using fixed fees. It is extremely common in the U.K. to have fixed fees for real estate transactions. I would say 90 percent of the time, we have a fixed fee. So, anyway it's an unusual, or complicated transaction that we don't. That isn't common in any other jurisdictions, but we're trying to make it so.

(David Woodmansee): OK. Do you also provide real estate tax advice? In many jurisdictions, taxation on the real estate and taxation on the fixtures can be -- have the appearance of being a shakedown frankly, on how those are assessed. Do you provide advice and guidance on those sorts of scenarios?

(Helen Thomas): Yes. The structure that we have all 36 offices there are tax and environmental specialists -- regulatory specialists based in each office that work alongside the real estate teams. And every single country in Europe and beyond has a different form of tax on property -- and we've got a jurisdictional guide, where we look at the key issues, which we can make available to anybody that's interested, which is in ((inaudible)) -- well we actually have an example of the different property taxes in each jurisdiction. And it makes very interesting reading, because every country's different.

So, every office that we work with, or that we recommend that people work with has tax specialists in there, because tax issues need to be picked up in the beginning, not at the end, because that's a cost implication for you and your business. If you want to know it day one, what's it going to cost me to do this deal, not to close, when people are asking for checks for 60,000 euro for example, so ...

(David Woodmansee): Right.

(Helen Thomas): Absolute key, day one shake out the tax issues.

(Julie Stobart): Now you haven't mentioned the international directory that we've put together, and we can make it available to people either in a hard copy, or in CD copy and it just covered what you would expect to see in a normal lease in Czechoslovakia or Germany, or eastern Europe -- what the taxes are -- what the costs are -- who bears the costs? -- is it the landlord or the tenant? Those sorts of issues. What security of tenure you have, and we do find that in-house counsel find it a useful, quick guide just as you're doing your transaction in a particular jurisdiction, say yes that's what I've got -- that looks right, or no it looks wildly different to what we're expecting to see in that jurisdiction. So, that can be quite useful and we're happy to associate that to anybody who would like it.

(David Woodmansee): Excellent. Sounds like a very useful tool.

(Julie Stobart): Well, I mean the feedback we've had from a lot of our U.S. clients, and we thought feedback, before we produced it into whether or not the format was right, and in the hard

copy it's a pull-out page per jurisdictions, if you fly off to -- off to Switzerland, you could just take the relevant page, or on CD, for those who are more IT literate.

(David Woodmansee): OK. Fantastic. Well, I do appreciate -- I can see that we're about to run tight on time, and didn't know if you had any other closing thoughts, or ...

(Helen Thomas): The only closing thoughts we have (David) is to say we're happy. If anybody wants to ask us any questions -- they have that opportunity to do that today, and please email us. We'll be delighted to pick anything up. As I say, it's very broad topic and we hope we've given people food for thought that when they get back to their desks they might -- you never know what might come in tomorrow, or they might just think OK, so this is something that's havoc for me. Maybe there is a different way of doing it.

And say -- we're learning all the time from working with different people, different clients -- new ways of working, and we are happy to share that with anybody that's interested.

(David Woodmansee): All right. Well, thank you very much Julie and Helen. This was a ...

(Julie Stobart): Thank you.

(Helen Thomas): Thank you.

(David Woodmansee): -- an excellent presentation and very useful and many cost savings and efficiency and compliance tips here, which are always of interest to us folks in-house, under cost pressures and time pressures, but also with an obligation to make sure we're compliant.

With that I would ask folks again to complete this -- the on line survey of the course, and the evaluation and submit those on line, and with that I would thank you and you may now disconnect.

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