

5-27-20

Shoppes of Ft. Wright KY LLC  
90 Carlisle Ave  
C/O David Goldberg & Co  
Deerfield, IL 60015-5046

Re: Ft. Wright, KY-WalMart-BOR# 75320

Dear Landlord,

**Regis greatly values their historical tenancy with you, and we're all dealing with this COVID-19 crisis together.** Nevertheless, our corporation and its franchise partners are struggling to manage the significant challenges associated with a new and far more expensive operating environment caused by the pandemic. **Given these circumstances, we ask for your support so that we may ensure the long-term continuity of our business relationship.**

We are attempting to successfully navigate through unprecedented business disruptions and an uncertain future. Regis is moving forward to re-open the majority of our company-owned and franchised salons by July 2020. As we reopen, we will face significant and ongoing operational complexity and financial dilution that is associated with operating hair salons in a COVID-19 environment.

We are closely adhering to official guidance from the CDC and from local, state and federal authorities. From *Shelter in Place* and *Safer at Home* orders to evolving social distancing protocols, we have and will continue to invest in the safety equipment, fixtures, training, communications, and personnel necessary to keep our stores open and our customers and employees safe. We expect our hair salons to be a sustainable and safe domain for consumers for many years to come.

**However, the actions required to operate in a safe environment have and will significantly reduce our operating cash flow for the foreseeable future.** Based on our current long-range planning, we expect COVID-19 to have a material adverse effect on our earnings until our nation returns to a more typical commercial environment or the pandemic itself is brought under control through a vaccine or other healthcare initiatives.

*Sustained impacts to our local salon operations include:*

- Reduced operating hours and suspension of certain salon services
- 6-foot social distancing requirements; leaving salon chairs vacant throughout the salon
- Limits on the number of people allowed in salons; including metered entry for clients
- Stylists concerns on returning to work and customer reluctance to return to salons

*The result will be a sustained reduction in sales coupled with a lower operating margin:*

- Less sales potential resulting from compliance with social distancing, along with each service taking longer due to safety and sanitation requirements
- Increased operating costs due to personal protective equipment for employees and customers, increased use of cleaning supplies, increased time between services due to enhanced sanitization, and increased staff to manage the customer queue
- A sustained reduction in customers' traffic patterns as they follow *Safer at Home* mandates
- A significant drop in all transactions (services, as well as retail product sales)

It is unknown when or if our customer visits will return to pre-COVID-19 patterns, or whether we and others must adapt to a "new normal" of reduced sales and margins.

**Therefore, please find amended lease terms Regis is prepared to commit to effective immediately.** These terms are designed to provide a path for our salons to remain open and operating. Without your agreement, it is unlikely that our salon will remain a viable business in your property during the "new normal" of COVID-19.

The Amendment you are receiving includes the following:

1. **Extended Lease Term** – If your lease expires prior to 12/31/23, the lease term will be extended to 12/31/23. Any options contained in the lease are pushed out by the length of the extension.
2. **Abatement** – Landlord waives gross rent for April 2020, May 2020, and June 2020.
3. **Ramp Up & Adjusted Rent** - Because heavy safety and sanitation and social distancing restrictions are likely to be in place over the next six months or longer, we propose the following adjusted rent schedule:
  - July 1, 2020 through December 31, 2020, base rent will be reduced 50%.
  - January 1, 2021 through December 31, 2021, base rent will be reduced 25%.
  - January 1, 2022 through remainder of lease, base rent will revert to current lease terms.
4. **Shelter in Place** language stating that in the event something like this ever happens again, we will go back to abatement during the time in which the local governments mandate the restrictions.

**Because of the exceedingly tough restrictions put on Regis Salons by Social Distancing, the Company needs to your response by 5:00PM EST Friday June 5, 2020.** Regis has engaged Jones Lang LaSalle (JLL) to manage our portfolio and you will be hearing from an associate from their firm to finalize terms.

For more information on how we are responding to COVID-19 please visit:  
<https://www.regiscorp.com/about-regis/covid-19-update.html>

We appreciate your prompt attention to this proposed modification to our agreement. Please let us hear from you.

Respectfully,

Erik Busch  
VP of Real Estate  
Regis Corporation  
[Erik.Busch@regiscorp.com](mailto:Erik.Busch@regiscorp.com)